

Annual Separate Management Report
Corporate Governance Statement
Independent Auditors' Report
Annual Separate Financial Statements

KOZLODUY NPP EAD

31 December 2024



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**ANNUAL SEPARATE
MANAGEMENT REPORT
31 DECEMBER 2024**



GENERAL INFORMATION**Board of Directors as at the date of the financial statements**

Iliya Iliev - Chair of the Board of Directors

Ivan Andreev, Member of the Board of Directors and Chief Executive Officer (as of 04 July 2024)

Svilena Nikolova - Member of the Board of Directors

Slavyan Lachev - Member of the Board of Directors

Iva Nikolova - Member of the Board of Directors

Address

Bulgaria

3321 Kozloduy, Vratsa District

Servicing banks

DSK Bank EAD

Investbank AD

United Bulgarian Bank AD

UniCredit Bulbank AD

Eurobank Bulgaria AD

D Commerce Bank AD

Bulgarian American Credit Bank AD

First Investment Bank AD

Central Cooperative Bank AD

Auditor

DZZD AUDIT BEH with participants:

Grant Thornton OOD

Zaharinova Nexia EOOD

MANAGEMENT REPORT

This management report was prepared in compliance with the provisions of Article 39 of the Accountancy Act and Article 187e, Article 247, para.1, 2 and 3 of the Commerce Act. The management report contains the information required pursuant to Appendix No. 2 of Regulation 2 of 09 November 2021 on initial and subsequent disclosure of information in public offering of securities and admission of securities to trading on a regulated market to the Financial Supervision Commission relating to persons under para. 1e of the Supplementary Provisions of the Public Offering of Securities Act, on the grounds of Article 100m, para.7, i.2 of the Public Offering of Securities Act, and non-financial information under Article 29, para. 4 of the Public Enterprises Act.

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

The report presents commentary on and analysis of the financial statements and other material information on the financial position, and the operating results of Kozloduy NPP EAD. It covers the period from 01 January to 31 December 2024.

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

1. GENERAL INFORMATION

Corporate name: Kozloduy NPP EAD

UIC: 106513772

Address: Bulgaria, Vratsa District, Kozloduy 3321

Principal activities

- Using nuclear power to generate electricity and heat energy. For the execution of these activities the Company holds and maintains: valid licence for generation of electricity and heat energy by the electricity generating facility as defined therein; valid licences to operate nuclear facilities, as per the Safe Use of Nuclear Energy Act (SUNEA), issued by the Nuclear Regulatory Agency (valid permit for generation activity by the generating facility as defined by the licence, issued by the Inspectorate on the Safe Use of Atomic Energy for peaceful purposes);
- Import and export of fresh and spent nuclear fuel;
- Investment activities, related to the Company's activities as defined under the Company's principal business;
- Construction, installation and maintenance in the fields of electrical and heat energy generation;
- Sales of high- and medium-voltage electrical energy and sales of heat energy;
- Operation of radioactive waste management facilities, holding a valid licence pursuant to the Safe Use of Nuclear Energy Act (SUNEA).

Management

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

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

The Company has a one-tier management system and is managed by a Board of Directors consisting of five members. At the beginning of the reporting period as at 01 January 2024, the Board of Directors consisted of:

- Iliya Iliev - Chair of the Board of Directors;
- Valentin Nikolov - Member of the Board of Directors and Chief Executive Officer;
- Svilena Nikolova - Member of the Board of Directors;
- Georgi Kirkov - Member of the Board of Directors;
- Iva Nikolova - Member of the Board of Directors.

By Resolution No. 67 of 28 June 2024 of the Board of Directors of BEH EAD, Valentin Aleksiev Nikolov was dismissed as a member of the Board of Directors of Kozloduy NPP EAD and Ivan Todorov Andreev was elected in his place. The circumstance was entered in the Commercial Register and Register of Non-Profit Legal Entities on 04 July 2024.

On the basis of a resolution dated 28 June 2024 of the Board of Directors of Kozloduy NPP EAD, Ivan Todorov Andreev was elected executive member of the Board of Directors, and was assigned to manage and represent Kozloduy NPP EAD.

By resolution No. 77 of 30 July 2024 of the Board of Directors of BEH EAD, Georgi Kirov Kirkov was dismissed as a member of the Board of Directors of Kozloduy NPP EAD and Slavyan Petrov Lachev was elected in his place. The decision was entered in the Commercial Register and Register of Non-Profit Legal Entities on 05 August 2024.

As at 31 December 2024, the Board of Directors consisted of the following members with a 5-year mandate:

- Iliya Iliev - Chair of the Board of Directors;
- Ivan Andreev - Member of the Board of Directors and CEO;
- Svilena Nikolova - Member of the Board of Directors;
- Slavyan Lachev - Member of the Board of Directors
- Iva Nikolova - Member of the Board of Directors.

As at 31 December 2024, the Company is represented by the CEO - Ivan Andreev.

Licences

- Licence for operation of a nuclear facility, Serial No. E, Registration No. 5303 of 03 November 2017, valid as of 06 November 2017 (amended with Order No. AA-04-131 of 18 July 2022 and Order No. AA-04-139 of 26 July 2024), for the operation of Kozloduy NPP EAD Unit 5, issued by the Nuclear Regulatory Agency (NRA), with unlimited validity period.
- Licence for operation of a nuclear facility, Serial No. E, Registration No. 5535 of 27 September 2019, valid as of 03 October 2019 (amended by Order No. AA-04-132 of 18 July 2022 and Order No. AA-04-140 of 26 July 2024)), for the operation of Kozloduy NPP EAD Unit 6, issued by the Nuclear Regulatory Agency, with unlimited validity period.

- Licence for operation of a nuclear facility - Serial No. E, Registration No. 6200 of 20 June 2024, valid as of 26 June 2024 for the operation of the Spent Fuel Storage Facility issued to Kozloduy NPP EAD by the NRA with unlimited validity period.
- Licence for operation of a nuclear facility, Serial No. E, Registration No. 5016 of 28 January 2016 (amended by Order No. AA-04-138 of 26 July 2024) for the operation of a Dry Spent Fuel Storage Facility for spent fuel from WWER-440 reactors, issued by the NRA, with unlimited validity period.
- Licence Serial No. O, Registration No. 6149 of 21 March 2024, valid as of 01 April 2024 for the use of sources of ionising radiation for business purposes – performing non-destructive testing using radiation methods, issued by the NRA. Licence validity - 01 April 2034;
- Licence Serial No. O, Registration No. 6147 of 20 March 2024, valid as of 08 April 2024 for the use of sources of ionising radiation for business purposes – performing radiochemical control, radiation environmental monitoring, and metrological control, issued by the NRA. Licence validity - 08 April 2034;
- Licence Serial No. T, Registration No. 6195 of 19 June 2024, valid as of 12 July 2024 for transportation of radioactive substances, issued by the NRA. Licence validity - 12 July 2034;
- Licence Serial No. CO, Registration No. 5794, valid as of 05 October 2021, for conducting specialised training for activities in nuclear facilities and activities involving sources of ionising radiation which have an impact on safety and the issue of licences to professionals working in nuclear facilities and with sources of ionising radiation, apart from the ones stipulated in Article 64, para.1, items 1 and 2 of the SUNEА, issued by the NRA. Licence validity - 05 October 2026;
- Licence for generation of electric and thermal power No. А-049-03 of 11 December 2000, issued by the Energy and Water Regulatory Commission, valid for thirty years – until 11 December 2030;
- Licence for transmission of heat energy No. 050-05 of 11 December 2000, issued by the Energy and Water Regulatory Commission, valid for thirty years - until 11 December 2030;
- Licence for trading in electricity No. А-216-15 of 18 December 2006, valid until 18 December 2026, issued by the Energy and Water Regulatory Commission.

Basis for preparation of the financial statements

Kozloduy NPP EAD operates in compliance with the Bulgarian and European legislation. The annual separate financial statements are prepared in conformity with the IFAS adopted by the European Union. The financial statements have been prepared on a historic cost basis. The financial statements are presented in Bulgarian Leva (BGN) and all disclosed amounts are rounded up to the nearest BGN thousand.

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

The management is not able to reliably assess the effects of the military conflict between Russia and Ukraine as events unfold on a daily basis and the long-term impact may also affect trading volumes, cash flows, profitability, etc. In this regard, the management believes that the going concern basis of accounting is applicable to the Company for the 2024 financial statements.

Management responsibilities

The management confirms that adequate accounting policies have been applied in the preparation of the annual separate financial statements as at 31 December 2024 and have been prepared on a going concern basis.

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

Information required under Article 187e and Article 247 of the Commerce Act (CA)

Share capital

As at 31 December 2024, the Company's share capital amounts to BGN 1,744,584,890 allocated in 174,458,489 ordinary, registered, voting shares with a nominal value of BGN 10 per share. All ordinary shares are fully paid.

The Company has not acquired and/or transferred any treasury shares in 2024.

The Company does not hold any treasury shares.

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

Remuneration of the members of the Board of Directors (BGN'000)	2024	2023
Short-term remuneration, including:	592	638
Salaries, including bonuses and compensations	525	561
Social security contributions	31	32
Social costs	36	45

Detailed information about the members of the Board of Directors is presented in Note 33.5 Transactions with key management personnel contained in the Company's financial statements for 2024.

Information on the Company's shares, acquired, held, and transferred by the Members of the Board of Directors throughout the year

No shares or bonds of the Company were acquired or transferred by the members of the Board of Directors. The members of the Board of Directors do not hold any shares of the Company. No privileges or exclusive rights to acquire Company shares and bonds are provided to the Members of the Board of Directors. Kozloduy NPP EAD is a 100% owned subsidiary of BEH EAD. All shares of BEH EAD are owned by the state.

Information on the participation of the Members of the Board of Directors as general partners in commercial entities, information on the ownership of over 25 percent of the capital of another entity, as well as information on their participation in the management of other entities or cooperative, as Procurators, Managers or Members of a Board of Directors (in accordance with the requirements of Article 247, para. 2, i.4 of the CA).

➤ Valentin Aleksiev Nikolov, member of the Board of Directors of Kozloduy NPP - New Build EAD, UIC 202058513 as a representative of Kozloduy NPP EAD until 04 July 2024, partner – 50% in MDV Consult OOD with UIC 203320833 as of 30 August 2022; partner – 49% in Suzvezdie Luv OOD with UIC 202787168 as of 24 October 2013, Association National Committee of Bulgaria for the World Energy Council with UIC 131077686 – chair of the BoD, Association Paziteli na Bulgarshtinata with UIC 176796184 – member of the BoD;

➤ Ivan Todorov Andreev, Member of the Supervisory Board of POD Allianz Bulgaria, with UIC 121050885, member of the Board of Directors of Association LRD Sokol-Oryahovo, with UIC 106528144.

➤ Georgi Kirov Kirkov - member of the BoD of Kozloduy NPP - New Build EAD, UIC 202058513, as of 25 October 2022 to 12 January 2024; Member of the BoD of Kozloduy NPP EAD until 05 August 2024.

➤ Svilen Nikolova Nikolova - Partner with a share of 50% of the capital of ASM - Group EOOD with UIC 203293350 as of 29 November 2024.

The other members of the Board of Directors have not stated circumstances under Article 247, para.2, i.4 of the CA.

Information on the contracts under Article 240b of the Commerce Act

During the reporting period, the Company did not conclude any contracts under Article 240b of the CA with members of the Board of Directors, nor with entities related to them.

Legal and arbitration proceedings

As at 31 December 2024, Kozloduy NPP EAD is not a party under any legal, administrative or arbitration proceedings, associated with liabilities or receivables of the Company, with financial interest amounting to at least 10 percent of its equity.

Legal claims to the amount of BGN 808 thousand were brought against the Company (31 December 2023: BGN 4,963 thousand). None of the above claims is set out in details herewith, so as not to seriously affect the Company's position in the dispute resolution.

Research and development

During the reporting period, research and development expenses in the amount of BGN 63 thousand were capitalised related to the development and validation of procedures for migration of the Ovation 3.6 platform to Ovation 3.8.

Companies within the Kozloduy NPP EAD Group**Subsidiaries**

Kozloduy HPP EAD is registered at the Vratsa District Court under Company file No.495 of year 2004, with the purpose of building a Hydro Power Plant, generation and distribution of electric power generated by a small Hydro Power Plant in order to utilise the residual power generating capacity of spent water from Kozloduy NPP EAD. Kozloduy NPP EAD is the sole owner (100%) of the capital of Kozloduy HPP EAD, comprised of 1,082 ordinary, registered, materialised, voting shares, with a nominal value of BGN 1,000 per share.

Kozloduy NPP - New Build EAD is a single-shareholder joint stock company, registered in the Commercial Register of the Registry Agency on 09 May 2012, with UIC 202058513. The Company has its registered office at: Vratsa District, Kozloduy Municipality, town of Kozloduy, NPP site. The Company's registered capital amounts to BGN 16,800 thousand. Kozloduy NPP EAD is the sole owner (100%) of the capital of Kozloduy NPP - New Build EAD, comprised of 151,680,000 ordinary, registered shares with a nominal value of BGN 10 each. Pursuant to Decision No. 28, dated 09 June 2015 and Decision No. 36, dated 07 July 2015 of the Company's Board of Directors, it was decided to simultaneously decrease the capital of Kozloduy NPP - New Build EAD by cancellation of 135,100 ordinary, registered, voting shares with a nominal value of BGN 10 each, and increase the capital with BGN 1,351,000 by subscribing 135,100 new, ordinary, registered, voting shares, with a total nominal value of BGN 1,351,000 by consideration in cash.

Pursuant to Decision No. 28, dated 18 November 2020 of the Company's Board of Directors it was decided to simultaneously decrease and increase the capital of Kozloduy NPP - New Build EAD, as follows: The capital was decreased from BGN 14,000,000 to BGN 9,800,000 by cancellation of 420,000 ordinary, registered shares with a nominal value of BGN 10 each. The decrease of the capital was carried out in order to cover the accumulated loss as at 31 December 2020 in the amount of BGN 4,200,000. Increase of the capital from BGN 9,800,000 to BGN 16,800,000 by issuing 700,000 ordinary, registered, voting shares with a nominal value of BGN 10 each and taking over of these shares by Kozloduy NPP EAD.

By the decision under item 33.1.1.1. of the Minutes 33 of 22 December 2023 of Kozloduy NPP EAD Board of Directors, the capital of Kozloduy NPP - New Build EAD was increased by BGN 1,500,000,000 by issuing 150,000,000 ordinary registered, voting shares with a nominal value of BGN 10 each. The change was registered in the Commercial Register and Register of Non-Profit Legal Entities on 04 January 2024.

By the decision under item 51.1.1.1. of the Minutes 102-24 of 23 October 2024 of Kozloduy NPP EAD Board of Directors, the capital of Kozloduy NPP - New Build EAD was increased by BGN 300,000,000 by issuing 30,000,000 ordinary registered, voting shares with a nominal value of BGN 10 each. The change was registered in the Commercial Register and Register of Non-Profit Legal Entities on 06 January 2025.

NPP Construction Supervision EOOD is a company, registered in the Commercial Register of the Registry Agency on 25 November 2021, with UIC 206736961, having its registered office and management address at: Vratsa District, Kozloduy Municipality, town of Kozloduy, Kozloduy NPP site with capital amounting to BGN 5 thousand. Kozloduy NPP EAD is the sole owner (100%) of the capital of NPP Construction Supervision EOOD, comprised of 50 (fifty) shares with a nominal value of BGN 100 each.

The principal activity of the Company is to assess the compliance of the investment projects and exercise construction supervision over the design and construction as well as to perform any other business activity not prohibited by law.

NPP Service EOOD is a company, registered in the Commercial Register of the Registry Agency on 11 March 2022, with UIC 206858488. The Company has its registered office at: Vratsa District, Kozloduy Municipality, town of Kozloduy, Kozloduy NPP site with capital amounting to BGN 750 thousand. Kozloduy NPP EAD is the sole owner (100%) of the capital comprised of 1,000 (one thousand) shares with a nominal value of BGN 750 each.

The principal activity of this subsidiary is servicing of automation and computer systems and instrumentation for the nuclear energy and other industries which use similar equipment, supply of and trading in hardware and software products, training and retraining of nuclear energy safety-related hardware and software maintenance and operation specialists, production and domestic and foreign trade, as well as any other commercial activity not prohibited by law.

Companies with controlling interest and other investments

Interpriborservice OOD was established pursuant to Decision No.55, dated 13 April 1988, of the Council of Ministers, as a specialised entity for installation, setting up, maintenance and technical servicing of automated process control systems, supply of instrumentation, equipment and spare parts for NPP, TPP, and others. The partners in the company are Russian and Ukrainian entities, operating in the energy sector. The Company had a controlling interest of 63.96% in Interpriborservice OOD - in bankruptcy, Kozloduy, which represent 71 shares of its capital which amounts to 111 shares, at nominal value of BGN 100 each. In April 2022, the Company discontinued the transactions connected with the service and maintenance activities previously provided by the subsidiary; on 11 September 2023, with a decision of Vratsa District Court it was declared bankrupt.

In view of the fact that Kozloduy NPP EAD, as the majority owner, has lost control over Interpriborservice OOD - in bankruptcy, the investment in this company has been impaired 100% by the Decision No. 51 of 09 January 2025 of the Board of Directors of Kozloduy NPP EAD.

Kozloduy NPP EAD has a share of 1.12% of the capital of **ZAD Energy Insurance Company**. The value of the investment as at 31 December 2024 amounts to BGN 284 thousand.

Branches of the Company

The Company does not have any branches.

2. ACTIVITY OVERVIEW

Common factors directly affecting the Company's business activity in 2024

The share of renewable energy in the electricity mix of European energy companies is increasing, with similar growth rates for Bulgaria. This growth is crucial for the competitiveness of the supply and marketing of the electricity generated by the base load producers, such as Kozloduy NPP.

A lower demand profile, mild weather, low conventional generation and increased competitive supply from renewables reflected in falling prices in European electricity markets in the first four months of the year. At the same time, the subsequent rapid warming, which started in May, continued into the summer months and developed into extremely high temperatures, was reflected in increased demand and high spot segment prices. Increased availability for renewable generation in 2024 resulted in periods of volatile electricity price levels, both low and high, bringing uncertainty to the

business climate. This trend continued in the last two months of 2024, where the sharp cooling saw the average market price rise significantly.

The short-term segments, the so-called spot markets, reacted predictably to all the momentary factors with strong price volatility and no guarantee of sold volumes.

Day-ahead market prices and clearing prices in various European markets have shown a steady trend in the first half of 2024, with negative daylight hours prices, while the last quarter has seen a price increase in the region. On the one hand, this was due to the shutdown of Kozloduy NPP Unit 6 in mid-June, which deprived the region of 1000 MW of electrical output. On the other hand, the persistently hot weather in July and August (a prerequisite for difficulties in the operation of hydro power plants), increased consumption combined with disruptions in cross-border capacities to Hungary contributed to the increase in prices. In view of the fact that it operates as part of the market pool, these factors also affected wholesale electricity prices in Bulgaria on the Day-Ahead Market (DAM) segment.

The Company minimised the downside of selling electricity on the spot markets by switching to long-term products, which in principle guarantee sales of the produced quantities.

With amendments to the Energy Act, promulgated in the State Gazette No. 39/2024, the beginning of the transitional period of market liberalisation after 01 July 2025 was postponed. In this regard, by Decision of the EWRC No. II-17/30.06.2024 the following prices were approved for the regulatory period 01 July 2024 - 30 June 2025:

- price for energy of Kozloduy NPP EAD at which it sells electricity to the public supplier in the amount of 65.47 BGN/MWh, 1.99 BGN/MWh higher than the price for the previous regulatory period (63.48 BGN/MWh);
- availability for electricity production by Kozloduy NPP EAD (quota for the regulated market) in the amount of 5,431,200 MWh for the public supplier to cover the consumption of the end suppliers, 34% more than the quantities for the previous regulatory period;
- price for access to the electricity grid for producers connected to the electricity transmission and distribution networks to the amount of 4.66 BGN/MWh, almost double the price for the previous regulatory period of 2.43 BGN/MWh. Kozloduy NPP EAD pays a price for access to the electricity transmission network on the total amount of electricity generated.

By virtue of Decision II-16/30 June 2024 of the EWRC, a new price of thermal energy produced by Kozloduy NPP EAD was approved amounting to BGN 68.69 per MWh for the regulatory period 01 July 2021 – 30 June 2025, 9.32 BGN/MWh higher than the price for the previous regulatory period which was 59.37 BGN/MWh.

The Decision of the EWRC No. II-3/01 January 2025 amended the Decision No. II-17/30 June 2024 and increased the quota of Kozloduy NPP EAD for the public supplier by additional 400,000 MWh of electricity to secure the consumption of the customers of the end suppliers, allocated in the months of January, February, March, and April of 2025.

The mechanism for raising earmarked contributions to the Electricity System Security Fund has been extended by § 3, para. 1 of the State Budget Act for 2024. The earmarked contribution represents the positive difference between the market revenue and the defined revenue cap for the respective generator type. By Decree of the Council of Ministers No. 167/14 March 2024 and Decree of the Council of Ministers No. 537/25 July 2024, the revenue cap for the electricity producer type Kozloduy NPP EAD was set at 150 BGN/MWh for the period until 31 December 2024.

GENERATION OF ELECTRICITY

For 2024, Kozloduy NPP EAD reported the following results from its production activity:

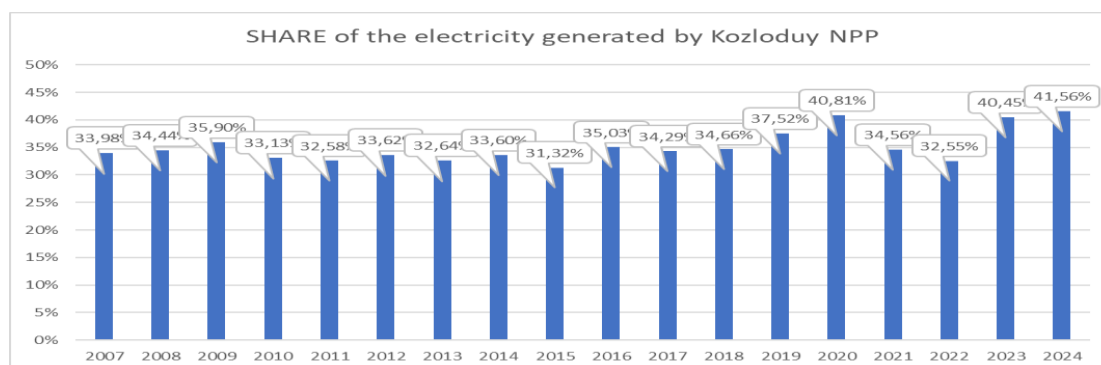
Indicator (MWh)	2024 Statements as at	2023 Statements as at	2024/2023 Change	2024/2023 % amended
Generation (gross)	15,777,075	16,163,276	-386,201	-2%
Gross electricity generation Unit 5	8,352,942	8,280,916	72,026	1%
Gross electricity generation Unit 6	7,424,132	7,882,360	-458,228	-6%

In 2024, the two nuclear power units produced a gross amount of electricity of 15,777,075 MWh, 2% less than the production in the 2023.

The electricity generated by nuclear power unit 5 (gross) amounted to 8,352,942 MWh. The production is 1% more than the 2023 production, and in the first quarter of 2024, the unit has a record production performance since its start-up.

Electricity generated by nuclear power unit 6 (gross) was 7,424,132 MWh, down 6% from 2023. During the reporting period, the unit operated in optimum mode of operation and was shut down in mid-June for planned preventive maintenance.

The share of the electricity produced by Kozloduy NPP EAD in the national annual electricity generation in Bulgaria's grid, according to ESO EAD data, was at a record high of 41.56% for the period of operation of the plant with two units.



In accordance with the European Energy Security Strategy and following the Programme for Diversification of Fresh Nuclear Fuel Supply for Units 5 and 6 developed at Kozloduy NPP in 2019, a phased transition of Unit 5 to operation with RWFA type nuclear fuel fabricated by Westinghouse was started in 2024. To secure the production programme with fresh nuclear fuel, during the 2024 outage, 43 RWFA assemblies were loaded in the Unit 5 reactor embarking on a 4-year process of phased transition of the unit to RWFA type nuclear fuel.

Sale of electricity

The total amount of sold electricity from Kozloduy NPP during the reporting period was 15,031,942 MWh, 2% less the amounts sold in 2023 which was the result of reduced generation.

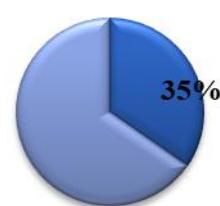
Indicator (MWh)	2024 Statements as at	2023 Statements as at	2024/2023 Change	2024/2023 % amended
Electricity sold, incl.:	15,031,942	15,364,648	-332,706	-2%
Regulated market NEK EAD	5,195,990	4,075,580	1,120,410	27%
Non-regulated market	9,804,549	11,264,657	-1,460,109	-13%
Sales pursuant to Article 119 of the Energy Act	19,704	19,832	-128	-1%
Supply to own sites under Article 119, para. 1 of the Energy Act	11,700	4,579	7,121	156%

2023



■ Regulated market ■ Non-regulated market

2024



■ Regulated market ■ Non-regulated market

In accordance with the monthly quotas set by the Energy and Water Regulatory Commission, 35% of the net production (5,195,990 MWh) was allocated to the Public Supplier at regulated prices. Electricity supply on the regulated market was 27% higher compared to 2023, which is reflected in a decrease in the free market quantities. The rest of the electricity was successfully sold on the organised power exchange market administered by the Independent Bulgarian Energy Exchange EAD, balancing market, sales under Article 119 of the EA and supply to own sites under Article 119 para. 1 of the EA.

Market sales structure

The sales at unregulated prices in 2024 were 9,804,549 MWh, most of which were sold on the mandatory exchange market which is dominated by sales in the Bilateral Contracts (BC) segment. Bilateral contracts account for ~62% of the total trading turnover of the Bulgarian Independent Energy Exchange EAD.

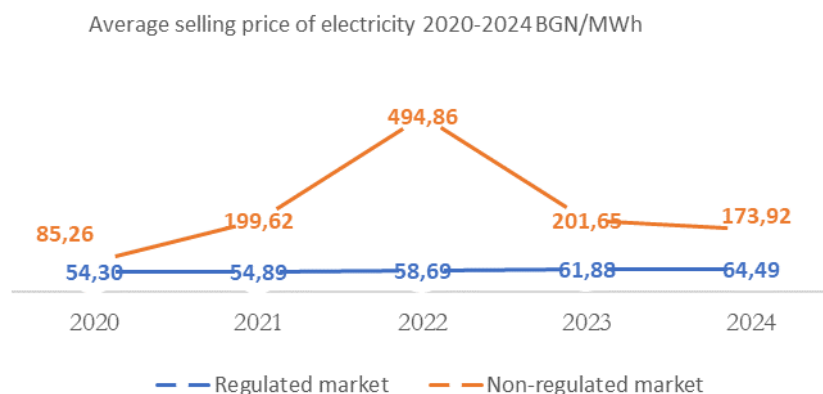
Sales (MWh)	2024 Statements as at	2023 Statements as at	2024/2023 Change	2024/2023 % amended
Electricity sold on non-regulated market, incl.:	9,804,549	11,264,657	-1,460,109	-13%
Power exchange, incl.:	9,789,905	11,236,039	-1,446,134	-13%
Power exchange - DAM	3,625,653	6,026,971	-2,401,318	-40%
Power exchange - BC	6,090,456	5,119,218	971,238	19%
Power exchange - IDM	73,796	89,850	-16,054	-18%
Balancing market - surplus	14,643	28,618	-13,974	-49%

The Day-Ahead Market (DAM) volumes were reduced by 40% compared to last year on account of sales under bilateral contracts and increased quota on the regulated market. The BC segment sales were up 19% from the previous year. The BC segment is used as a tool for base load producer sales, providing certainty, predictability and ensuring the operation of production facilities at optimum load. The volumes traded in the Intraday Market (IDM) to manage and optimise imbalances were down 18% compared to those reported in 2023. The difference is due to portfolio optimisation to avoid huge volumes unsold in the hourly DAM, as well as around-the-clock dispatch for the purpose of supplying or demanding hourly and fifteen-minute products as close to the start of the delivery period as possible.

The amounts of surplus electricity sold in the balancing market are in a significantly reduced volume to allow for the round-the-clock commercial dispatch in working out normal production fluctuations.

As regards the over-the-counter transactions, the volumes traded to on-site end customers, mainly SE RAW sites, were relatively flat. Consumption at the Company's own sites on the territory of the country was about 2.5 times the previous year's level, due to the continued operation of the power line feeding the Bank Pump Station and the low temperatures during the autumn-winter period.

The average selling price of the electricity produced by Kozloduy NPP, sold in all markets in 2024, was 135.99 BGN/MWh and was down 17% compared to 2023. The average selling price for the public supplier NEK EAD in the reporting period was 64.49 BGN/MWh (2023 - 61.88 BGN/MWh), and on the unregulated market it was 173.92 BGN/MWh (2023 - 201.65 BGN/MWh).



GENERATION AND SALES OF HEAT ENERGY

Kozloduy NPP EAD carries out production, transmission and sale of heat energy with hot water as the heat carrier, in accordance with the licences issued by the EWRC.

The technological systems for heat generation are part of the technological systems in the Units 5 and 6 secondary side. The thermal energy is used to ensure normal operating conditions for the equipment and personnel involved in the production of electricity. Part of the thermal energy produced is supplied for heating and domestic hot water supply to consumers in Kozloduy and to commercial consumers on the plant site.

Heat energy generated by Kozloduy NPP EAD is sold at prices regulated by the EWRC.

The production and consumption of heat energy are highly dependent on weather conditions, therefore, usually there are significant differences between forecast and reported data, as well as when comparing with data from previous years and periods.

The heat energy produced by the nuclear power unit 5 boiler facility in 2024 was 124,524 MWh, by 13% less than in 2023. Net generation (reported consumption by end-use customers) decreased compared to the previous year. The total amount of thermal energy consumed on-site and in Kozloduy was 69,766 MWh, 5% less than in 2023.

Domestic consumption accounts for the largest share, followed by the consumption by facilities located on the nuclear power plant site. Consumption, both on site and in the town of Kozloduy, showed a decrease during the reporting period compared to the same period of the previous year due to the mild winter.

PERFORMANCE INDICATORS

The World Association of Nuclear Operators (WANO) and the International Atomic Energy Agency (IAEA) have defined specific performance indicators for monitoring and analysis of the achieved level of reliability and safety of the nuclear units and also for trending nuclear energy status globally.

Indicator	2024	2023	2024/2023	2024/2023
	Statements as at	Statements as at	Change	% amended
LF - Load Factor	86.35	88.71	-2.36	-3%
UCF - Unit Capability Factor	85.44	87.80	-2.36	-3%
UCLF - Unit Capability Loss Factor	0.01	0	0.01	

The lower values of the LF and UCF indicators are a consequence of the operating mode of the units during the period and the shutdown of Unit 6 in mid-June 2024.

All indicators are at an excellent level in accordance with the WANO and IAEA criteria and standards for the degree of reliability, safety and efficiency of operation of the nuclear units and Kozloduy NPP, and testify to a high degree of optimisation of the production process and production sales. UCF and LF levels of over 80% with the increased thermal power level of the plant of 104% ranks it among the leading plants with WWER-1000 type reactors worldwide.

MAINTENANCE PROGRAMME

The annual maintenance programme of Kozloduy NPP comprises a large number of preventive maintenance activities, performance tests and inspections, specialised inspections and diagnostic non-destructive testing of structures, systems and components of the safety systems, systems important to safety, and systems important to the production process.

All the activities were carried out in compliance with the licensing obligations, technical specifications for the safe operation, and manufacturer requirements in order to ensure the operability of the nuclear installations and the common plant facilities in the long term.

The main scope of the annual maintenance programme is performed while the units are shut down for outage and refuelling. The 2024 outage of Unit 5 lasted ~36, and Unit 6 outage was ~35 days. Resources and technical preparation by the nuclear power plant and external companies contracted for work and/or services were provided to the required extent. The preparation also included a risk assessment of failure to secure supplies and outsourcing of activities,

including documentation of planned design modifications, which are critical to the successful conduct of the outage, in relation to the complicated international situation.

Along with the required maintenance activities, the scheduled activities in the long-term operation programme, safety enhancement programme, and ageing management programme, as well as the activities enhancing the equipment resilience to extreme external impacts, have been implemented during the outage.

The defects that occurred on equipment and components, identified during operation, periodic checks and tests, shift walkdowns, periodic inspections, etc., registered in the OOA Information System were removed in a timely manner, in accordance with the process conditions and limits.

On-call duty during the period was provided without deviations, with efficiently completed tasks (no need of further intervention by other specialised teams).

Actions were implemented to prepare Units 5 and 6 for operation in summer weather conditions in 2024. This autumn season was again characterised by lack of rainfall (in the months of September and October) and drought throughout Europe, the level of the Danube River fell below the critical level, so at the end of October for a period of about three days, without having to reduce the electrical load at Kozloduy NPP EAD, a procedure for action in case of emergency low level of the Danube River - below 21.60 meters - was launched. The required preventive actions to minimise the impact of adverse weather conditions and ensure the safe operation of Units 5 and 6 in winter conditions in the period 2024/2025 were carried out in due time.

All maintenance and modernisation activities were carried out with uncompromisingly high quality and were financed with the nuclear power plant's own funds.

The value of the activities implemented under the Kozloduy NPP EAD maintenance programme for 2024 amounted to BGN 158,625 thousand, including BGN 15,273 thousand for maintenance activities of investment nature.

The costs of the following maintenance and repair activities had the largest share in the maintenance programme:

- Maintenance of common plant facilities - BGN 96,775 thousand. Contracted activities were carried out for the supply of spare parts, consumables and the implementation of maintenance and electrical installation activities on major and auxiliary equipment and instrumentation and control systems of nuclear power Units 5 and 6 during or related to the outage of the two units;
- Servicing of equipment – BGN 14,790 thousand. The performed activities covered maintenance, repair and supply of spare parts and consumables of measuring equipment, automation equipment, laboratory equipment, warning systems, radiation control systems and equipment, air-conditioning and refrigeration equipment; preventive and corrective maintenance of the Engineered Safety Features Actuation System of Units 5 and 6 control safety systems;
- Maintenance of valves, pipelines, pressure vessels and tanks – BGN 12,977 thousand. The implemented activities included used materials and spare parts for safety valves, stop valves, isolating valves, sealing materials, safety and main steam isolation line valves related to units 5 and 6 routine maintenance;
- The maintenance and repair of the systems and equipment manufactured, supplied and installed by AREVA NP GmbH and SIEMENS AG at the switchyard, bank pump station and Units 5 and 6 - BGN 6,610 thousand.

SAFETY – OUR TOP PRIORITY

Nuclear Safety

The operation of Kozloduy NPP nuclear facilities is carried out in full compliance with the conditions of the licences issued by the NRA, the requirements of the technical specifications, and the operating procedures.

At the end of March 2024, amendments were made to the Safe Use of Nuclear Energy Act, with which the licences for the operation of nuclear facilities where nuclear material is used, handled or stored are not limited in time. In

accordance with these amendments, on 26 July 2024, the Chair of the Nuclear Regulatory Agency amended the Operating licence for Kozloduy NPP Unit 5, Serial No. E, Registration No. 5303/03 November 2017, the Operating licence for Kozloduy NPP Unit 6, Serial No. E, Registration No. 5535/27 September 2019 and the Operating licence for the Dry Spent Fuel Storage Facility for fuel from WVER-440 reactors, Serial No. E, Registration No. 5016/28 January 2016 whereby they became of unlimited validity.

In June 2024, a new operating licence of Kozloduy NPP Spent Fuel Storage Facility was obtained. As of 26 June 2024, the Licence with Serial No. E, Registration No. 6200 for the operation of the Spent Fuel Storage Facility came into effect with unlimited validity.

During the reporting period there were no violations of the limits and conditions for safe operation. There were 5 operational events registered, which were assessed at level '0' - below the IAEA INES scale (events without safety significance).

In 2024, there were no reactor scrams at Units 5 and 6.

Following an application submitted by Kozloduy NPP, on 22 April 2024, the Nuclear Regulatory Agency issued a permit for a phased transition to new RWFA-type nuclear fuel manufactured by Westinghouse for Unit 5 of the nuclear power plant.

Radiation Protection

To ensure continuous enhancement of radiation protection effectiveness, Kozloduy NPP systematically applies the ALARA principle (as low as reasonably achievable). The high level of safety of the workers and public is achieved through reliable and effective radiation monitoring, training, staff motivation enhancement, accurate planning, preparation and analysis of activities, use of internal and international best practices.

The collective dose of the personnel and external organisations that worked in the controlled area of Kozloduy NPP EAD for the reporting period was 353.37 manmSv and reached 64% of the estimated annual value of the indicator. The maximum individual dose rate was 7.84 mSv and reached 98% of the estimated indicator.

Radioactive Waste Management

The underlying principle of radioactive waste (RAW) management at Kozloduy NPP is minimising the quantities of generated RAW. The generated solid and liquid radioactive wastes were handed over to the RAW Specialised Division for further processing.

Spent Nuclear Fuel Management

Kozloduy NPP spent nuclear fuel (SNF) is managed according to the National Strategy for SNF and RAW Management, and is stored in compliance with all safety requirements. After being kept for a specified time period in the spent fuel pools (SFP), the spent fuel assemblies are transferred to the wet spent fuel storage facility (wet SFSF) which is common for all power units. Spent nuclear fuel from Units 1, 2, 3, and 4 loaded in Constor 440/84 casks is stored in the Dry Spent Fuel Storage Facility (DSFSF).

As Licence holder, Kozloduy NPP EAD implements and finances radioactive waste and spent nuclear fuel management activities during and after the operation of the nuclear facilities in accordance with Bulgarian legislation and the national policy defined in the Strategy for Spent Nuclear Fuel and Radioactive Waste Management. The spent fuel management activities are related to the storage of spent fuel on the Kozloduy NPP site in the spent fuel pools and the spent fuel storage facilities - wet-type SFSF with subsequent transportation of the spent fuel for technological storage and reprocessing outside the country subject to favourable financial and technical opportunities or subsequent storage in an on-site dry spent fuel storage facility.

As a result of the complicated situation in Ukraine and the Black Sea, the Russian competent authority, the Federal Service for Technical and Export Control (FSTEC), did not issue a licence to FSUE 'Production Association Mayak' for import of spent nuclear fuel into the Russian Federation, as a result of which no SNF has been transported since the beginning of the military conflict. In order to meet the obligations under the SNF Management Strategy and to provide the necessary funding, the Company has accrued costs for provision for the obligation to transport SNF for

technological storage and reprocessing in the amount of BGN 31,738 thousand in the current expenses for 2024. As at 31 December 2024, the provision for transport, reprocessing and storage of SNF is BGN 112.8 million.

Emergency Planning and Preparedness

Maintaining and improving emergency preparedness of the personnel in compliance with the requirements of national legislation, European and global standards is an important aspect of ensuring safety at the nuclear power plant.

The Emergency Preparedness Department coordinates, organises and implements activities related to planning and maintaining the permanent preparedness for response action of Kozloduy NPP EAD in the event of a nuclear, radiological or other accident, disasters and catastrophes and exercises control over the obligations of the personnel pursuant to the Kozloduy NPP Emergency Plan.

To improve the qualification of the staff in the field of emergency preparedness, 1,628 employees of Kozloduy NPP, 86 employees of SE RAW, 3,747 employees of Kozloduy NPP On-Site Police Department, Kozloduy NPP Fire Safety and Civil Protection Service, Headquarters for Implementation of Regional/Municipal Disaster Protection Plan and representatives of external organisations were trained on Emergency Planning and Emergency Preparedness topics in 2024.

In order to promote the safe operation of the plant among adolescents, on the initiative of the Emergency Preparedness Department, training was conducted for 528 students and 32 teachers from schools in the municipalities of Kozloduy and Miziya on the topic 'Protective Measures and Behaviour in Case of an Accident at Kozloduy NPP'. Additionally, on 25 April 2024, a secondary school competition was held with the participation of schools from the municipalities of Kozloduy, Miziya, Belene and Montana on the topic '50 Years Kozloduy NPP - Safety and Responsibility'.

In order to improve and raise the level of emergency preparedness of the personnel, in 2024, a National Full-Scale Emergency Exercise 'Protection 2024' was held with the participation of teams from the Unified Rescue System of the Republic of Bulgaria, the leadership of the National Headquarters, the Nuclear Regulatory Agency, the Bulgarian Red Cross, the National Institute of Meteorology and Hydrology, the State Agency 'National Security', the General Directorates 'Gendarmerie, Special Operations and Combating Terrorism' and 'Fire Safety and Civil Protection', the regional and district subdivisions of the Ministry of Interior, the municipal administrations in Kozloduy and Miziya, etc. The response and actions of the state's emergency teams in protecting the population in the event of disasters, accidents and catastrophes were actually tested.

Additionally, 6 emergency drills were held in 2024 with the Nuclear Regulation Agency, with SE RAW, and one general emergency exercise. During the exercises and drills, the Kozloduy NPP emergency teams demonstrated high levels of knowledge and skills to take adequate actions to contain and eliminate the simulated accidents, as well as good coordination with the representatives of the different institutions.

In 2024, a new version of the Kozloduy NPP EAD on-site emergency plan was put into effect.

Health and Safety at Work

Maintaining health and safety at work is a major responsibility of Kozloduy NPP senior management. The modern approach applied at the plant includes implementing highly effective health and safety measures, enhancing the safety culture of workers and building safety conscious behaviour. The Company strictly adheres to the requirements of the normative acts on occupational health and safety that are in force in the Republic of Bulgaria, and applies the best international practices in this field.

The long-term industrial safety enhancement and risk evaluation programmes have been harmonised with the recommendations of the International Atomic Energy Agency and relevant international practices. The programmes cover the protection and prevention of occupational risks arising from work processes, work equipment and the working environment in all aspects of the nuclear power plant activities – operation, maintenance, repairs, etc.

Risk assessment at workplaces and laboratory measurements of working environment parameters are conducted systematically. Only individuals with the required education, qualification or licence are admitted to work. Workers

periodically undergo training on safety at work, and receive the mandatory briefings – initial, on-the-job, periodic, daily and extraordinary.

During the reporting period, four occupational accidents and one occupational incident involving employees of Kozloduy NPP EAD were registered; they occurred under circumstances not directly related to non-compliance with the regulatory requirements for ensuring OHS. One occupational incident was registered with a worker in an external organisation operating on the Kozloduy NPP site. There are no registered occupational accidents with employees of external organisations.

As a result of the applied measures, Kozloduy NPP has established a sustained downtrend for the lost-time rate due to industrial incidents.

Radioecological Monitoring

The radiological parameters of the environment in the Kozloduy NPP area are subject to continuous monitoring with detailed and systematic investigations carried out using methods of analysis and measurements that have been validated and recognised in practice. The main components of the environment - air, water, soil, vegetation, agricultural production - are monitored. The high-tech systems for laboratory and automated monitoring allow recording even the smallest changes in the radiation situation and analysing the causes for them. Analyses are performed in an accredited plant laboratory for radioecological monitoring, which additionally guarantees the quality and accuracy of the results. The activities are in full compliance with the requirements of Article 35 of the Euratom Treaty, Recommendation 2000/473/Euratom, and IAEA documents.

Some 1,210 measurements of the gamma background radiation, 4,143 laboratory analyses and 2,128 samples of different environmental constituents were conducted in 2024. The gamma background results are in the range $0.05 \div 0.16 \mu\text{Sv/h}$ and do not deviate from the natural background levels typical for the area. They are fully comparable with data from previous years. No radiological impact of Kozloduy NPP on environmental components has been detected. The analysed environmental radiation parameters are within normal background limits.

Environmental Protection

The motto of Kozloduy NPP – Clean Energy, clearly states the responsibility with which the largest electricity producer in the country addresses environmental protection.

As a producer of clean energy, Kozloduy NPP is strongly committed to protecting the environment. All environmental permits issued to the Company in accordance with the regulatory framework are kept up-to-date.

Within the framework of the in-house non-radiation monitoring, 1,495 tests of waste water, surface water and groundwater were carried out in the nuclear power plant area. The analyses were performed by Kozloduy NPP accredited laboratories and by the Vratsa Regional laboratory at the EEA. The results fully comply with the individual emission limits specified for the plant.

The nuclear power plant uses its own landfill for non-radioactive municipal and industrial waste operated in compliance with the regulatory requirements and good practices. The separate collection and recovery of the bulk of the non-radioactive waste generated allows the filling of the landfill second stage at a slower pace than planned. The design life of the landfill is 15.3 years and 38% of its capacity has been filled since the beginning of operation.

In 2024, a Plan for minimisation of landfilled mixed municipal waste at Kozloduy NPP EAD was developed, which formulated measures and activities aimed at reducing the amount of landfilled mixed municipal waste and increasing the responsibility of employees. The measures and activities set out in the plan have an implementation period of 3 years.

During the year, 9 inspections were carried out by the control authorities, during which no non-compliances were found and no prescriptions were issued.

Greenhouse gas emissions are formed in the atmosphere as a consequence of the operation of diesel-generators and diesel-pumps, designed to provide emergency power supply for Kozloduy NPP safety systems. These facilities are kept in 'hot standby' and are periodically tested.

Kozloduy NPP EAD holds a greenhouse gas emissions permit No. 143-H4/2023 issued for the operation of these systems. The total amount of CO₂ emissions generated in 2024, is about 442 tons (pending verification of the Company's annual report).

Compared to the conventional TPPs using coal, in 2024, Kozloduy NPP prevented the adverse impact of emissions of about 17 mln tons of CO₂, about 42 thousand tons of SO₂, 13 tons of NO_x, and 3 thousand tons of ashes containing natural radioactivity.

Ensuring Physical Protection of Nuclear Facilities, Nuclear Material and Radioactive Substances

The physical protection system of Kozloduy NPP EAD fulfils the intended functions and provides the necessary effectiveness to counteract the design threat.

The analysis of the results of the activities carried out shows that the requirements for ensuring physical protection have been met. No violations posing a threat to the nuclear safety and the production cycle of the plant have been identified. The planned functional tests were carried out according to the approved schedules.

The preventive work of the technical security systems has improved, leading to the timely detection of potential problems and avoiding serious degradation of the functionality of the systems. An electronic access control system has been introduced.

Fire Safety

Kozloduy NPP maintains a high level of fire safety in accordance with Bulgarian legislation and IAEA and EU standards.

In accordance with the adopted priorities and key measures based on the requirements of national and international regulatory documents, the requirements of the relevant standards, good national and international practices, the planned fire safety training of the staff and officials in the organisational units of the nuclear power plant was conducted during the reporting period. An assessment was made of projects, technical solutions and terms of reference to be implemented for compliance with the requirements of the regulatory documents. Oversight was carried out to ensure compliance with the regulatory requirements for fire safety. A project for construction of new seismically qualified garages and a building for the On-site Fire Safety and Civil Protection Service at Kozloduy NPP is in progress. In 2024, fire incidence was prevented.

INVESTMENT PROGRAMME

The total amount of the funds invested under the Company's Investment Programme in 2024 was BGN 153,777 thousand, provided by Kozloduy NPP own funds.

More than 85% of the total reported investment expenditures were used to finance the implementation of measures to maintain and enhance safety at Kozloduy NPP EAD, to improve the performance of the facilities and equipment in connection with ensuring long-term operation (LTO) of the nuclear power units and the reliable operation of the reactor installation of Units 5 and 6 when operating the units at uprated power.

The rest of the investment costs cover the phased implementation of measures to enhance energy efficiency in compliance with the obligations of the Company pursuant to the Energy Efficiency Act (EEA) with the aim of achieving a stable improvement of the energy consumption indicators; measures ensuring the normal operation of the common plant facilities supporting the production activities and measures to maintain and continuously improve the level of the physical protection and access control at the Kozloduy NPP EAD site.

There is an optimisation of the investment process, improvement of the organisation and acceleration of the activities for the preparation and implementation of the investment programme in the reporting year 2024 compared to the performance in recent years.

✓ **Activities to ensure the long-term operation (LTO) of Kozloduy NPP EAD Units 5 and 6 and to ensure the safe and reliable operation of the reactor plant at uprated power.**

Kozloduy NPP Units 5 and 6 long-term operation is essential for the reliable functioning of the energy system in Bulgaria.

The following are foreseen to be implemented during the LTO period: measures resulting from the assessment of the residual lifetime of structures, systems and components (SSCs) of Units 5 and 6; recommendations from the Kozloduy NPP EAD Units 5 and 6 Lifetime Extension Project; performed Periodic Safety Review of Units 5 and 6; proactive ageing management of structures and components; assessment of safety requirements from applicable regulations and international institutions; identified improvements to SSCs, taking into account the effects of ageing and obsolescence.

In 2024, the amounts invested in securing Units 5 and 6 long-term operation were BGN 103,295 thousand of which the largest share was reported for the following activities:

- BGN 21,045 thousand for supply of pneumatic cylinders for isolating pneumatic valves for Unit 5 and 6 to replace equipment with new equipment meeting seismic and safety class requirements;
- BGN 26,303 thousand for activities related to the upgrade of the Reactor Control, Surveillance, and Limitation System, Automatic Rod Control System, and Reactor Power Cutback System of Units 5 and 6;
- BGN 6,705 thousand for upgrade of diesel generator control system of Units 5 and 6;
- BGN 5,942 thousand for upgrade of the release monitoring system;
- BGN 11,352 thousand for supply of sensors, analysers, level switches and digital instruments;
- BGN 7,380 thousand for supply and installation of safety and check valves at Units 5 and 6;
- BGN 3,393 thousand for upgrade of the Rod Control System of Units 5 and 6;
- BGN 3,053 thousand for upgrade of rotary filter grilles of the water purification system for the river water 5,6VA in Circulation Pump Stations 3 and 4;
- BGN 3,794 thousand for partial upgrade of the electric protection recorders on the main circuit diagram and excitation systems of units 5 and 6 SIMEAS R;
- BGN 3,712 thousand for partial upgrade of the Automatic Switchover System AUE 3-S type of the common unit 6 kV buses 5(6)BA, BB, BC and BD;
- BGN 2,562 thousand for replacement of Unit 5 In-Core Monitoring System Upper Layer Hardware & Software and delivery of the APA-H suite of applications (ALPHA-H, PHOENIX-H, ANC-H).

✓ **Measures resulting from operating experience, inspections carried out or requirements of regulatory documents**

Total investments in 2024 amounting to BGN 50,482 thousand for maintenance of main and auxiliary facilities, as well as for ensuring normal operation of the common plant facilities supporting the production activities - upgrading of equipment not covered by the investment measures for the LTO period; measures for maintaining and increasing the security and physical protection of the facilities at Kozloduy NPP EAD; measures related to increasing energy efficiency; phased implementation of measures to increase the efficiency and quality of heat supply for the needs of Kozloduy; technical tools and software for network management and increasing the security and capacity of the Kozloduy NPP information system, etc.

Implemented activities with large funding:

- BGN 5,062 thousand for improving the reliability of the switchyard houseloads;
- BGN 1,531 thousand for replacement of 220 kV disconnectors;
- BGN 2,877 thousand for isolation valves of group A service water drain pipelines;
- BGN 2,220 thousand for erection of new power supply to facilities of the Automated Information System for Off-Site Radiation Monitoring;
- BGN 2,079 thousand for construction and refurbishment of pipelines;
- BGN 1,819 thousand for purchase of RWFA handling equipment;
- BGN 1,161 thousand for upgrade of Unit 6 surveillance specimen sets to ensure 60 years of operation of the reactor installation. Supply of upgraded assemblies with flat containers holding surveillance specimens from Unit 6;
- BGN 2,309 thousand for energy efficiency measures.

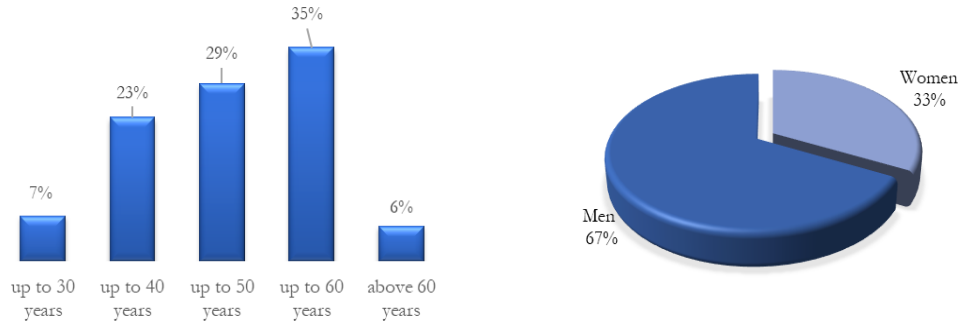
HUMAN RESOURCES

As at 31 December 2024, the number of the staff employed by the Company under employment contracts is 3,813 (2023 - 3,796), including 1,250 women.

In 2024, a change was made to the Company's organisational and management structure, as well as to the staffing table. The changes are related to the optimisation of work and communication processes. The Company's staffing levels have not changed.

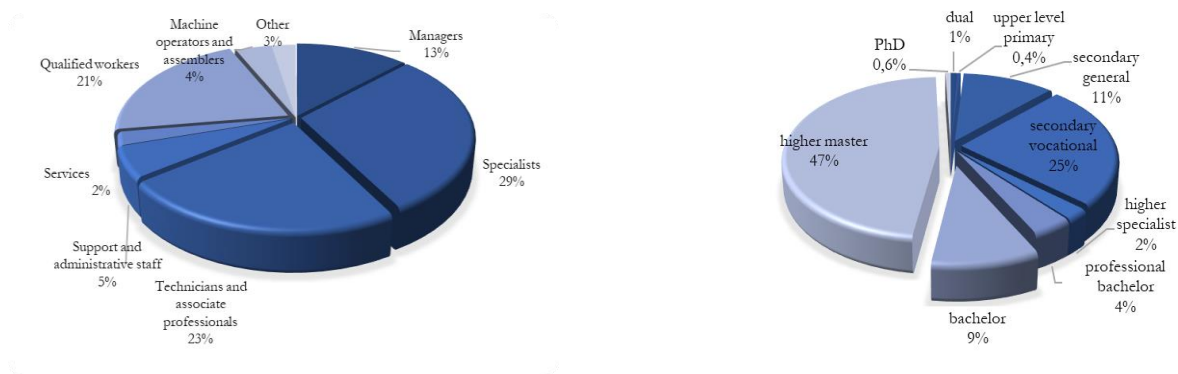
In the period from January to December of 2024, 276 employees were employed by the Company. During the past year, 263 employees were laid off, with the largest proportion (71%) of these on account of having fulfilled retirement conditions.

Age structure



The age distribution of the staff shows that the largest number of employees is in the 50 to 60 age range - 35%, followed by those between 40 and 50 - 29%.

Educational and qualification structure



The educational structure of the personnel is preserved. The relative share of the personnel with higher and secondary vocational education is 87%, while the personnel with upper level primary education is less than 1% of the total number of personnel.

To ensure conditions for the preservation and transfer of existing knowledge and the continuous accumulation of information and data in specific areas of strategic and technological importance, the Company applies a systematic and coordinated approach to managing the risk of knowledge loss, the application of which supports continuity and helps to identify and preserve key competencies. In this regard, the Total Risk Factor has been assessed in 2024 for 139 (99%) employees of the Company becoming eligible for retirement after 2 years, those appointed to key positions in the previous year and those with Individual Job Performance (ITP) score above 4.49. In 2024, 88 preventive measures assigned for implementation through OOA IS have been completed with special attention given to overdue tasks through the communication channels of the respective individuals responsible for their timely completion.

The objective of the tacit knowledge management activities is to prevent the loss of key knowledge and skills necessary for the safe operation of Kozloduy NPP which are in the possession of the Company's employees. In order to help in getting into the rhythm of work, socially and psychologically adapting to the team and organisational culture, learning job functions, duties and responsibilities, acquiring knowledge and practical skills, and improving work performance, 34 individual mentoring programmes for interns and 4 mentoring programmes for newly recruited employees were developed and implemented in 2024.

In order to provide personnel for the long-term operation of the Kozloduy NPP EAD units and in terms of the prospects for the construction of new nuclear build at the NPP site, particular attention is focused on attracting young specialists. In this regard, the Company continues to develop a number of initiatives to support young people, both in the field of higher and secondary vocational education.

In order to determine the future competence needs for a 10-year period, priority specialties in the field of secondary and higher education have been identified for Kozloduy NPP EAD.

Kozloduy NPP EAD has existing cooperation agreements in the field of higher education with the following academic organisations: Institute for Nuclear Research and Nuclear Energy, BAS; University of Mining and Geology 'St. Ivan Rilski', Sofia University 'St. Kliment Ohridski', University of Ruse 'Angel Kanchev', Technical University of Varna, South-West University 'Neofit Rilski', University of Chemical Technology and Metallurgy, Trakia University, University of Shumen 'Konstantin Preslavski', Technical University of Sofia, Technical University of Gabrovo, and the University of National and World Economy - Sofia.

Nuclear Horizons Internship Programme paid summer internship 2024 was organised and conducted for 34 students, as well as unpaid internships for 12 students.

Spring and fall campaign for undergraduate scholarship programme was carried out - 12 new applicants were approved. Student trainings were organised for the Technical University of Sofia and Sofia University 'St. Kliment Ohridski'. The company took part in 11 career forums.

Kozloduy NPP EAD has existing cooperation agreements with 'Igor Kurchatov' Vocational School of Nuclear Energy in Kozloduy, 'Marie Skłodowska Curie' Vocational School of Nuclear Engineering in Belene, and 'Vasil Levski' Vocational School in Miziya to support the educational process, conduct student internships and practices and improve the facilities of the schools. On the basis of these agreements, the Company provides scholarships to students enrolled specialties that are a priority for Kozloduy NPP. September 2024 saw the start of the school year for 28 twelfth-grade students in the dual form of studies in the specialties 'Nuclear Power Engineering' and 'Heat Engineering - Heat, Air Conditioning, Ventilation and Refrigeration' at Kozloduy NPP.

In 2024, a total of 3,270 training courses were conducted for the Kozloduy NPP staff, and 608 courses for the staff of external companies and organisations. A total of 277,300 man-hours of specialised training of in-house personnel were delivered (99,710 man-hours of which were delivered through the ESTRA e-learning system).

FINANCIAL PERFORMANCE IN 2024

Upholding Kozloduy NPP EAD financial stability is of key significance for ensuring safe, efficient and clean energy generation.

In 2024, the financial and economic indicators of Kozloduy NPP EAD are good, with a decrease compared to 2023.

Indicator	2024	2023
Return on equity	0.04	0.11
Return on assets	0.04	0.10
Return on sales	0.11	0.21
Total liquidity ratio	2.97	4.25
Leverage ratio	0.17	0.15

Return on equity = net profit/equity

Return on assets= net profit/assets

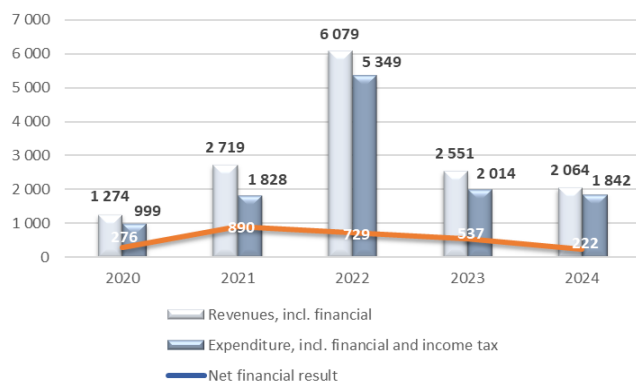
Return on sales = net profit/sales revenue

Total liquidity = current assets/current liabilities

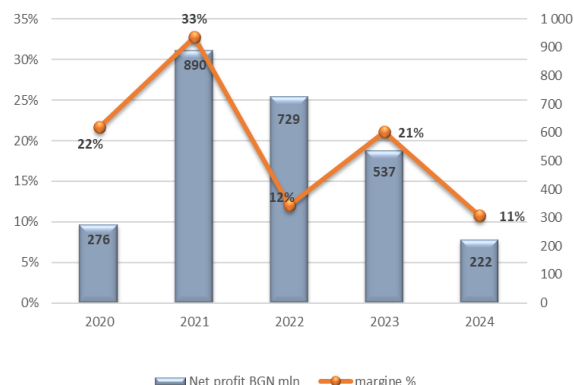
Leverage ratio = liabilities/equity

The Company ended the year 2024 with net profit to the amount of BGN 221,913 thousand (a profit of BGN 537,052 thousand was reported for the year 2023) with cash and cash equivalents to the amount of BGN 549,318 thousand (BGN 912,588 thousand for 2023). The main impact on the reported lower financial result was the decline in electricity prices traded on the exchange market, where 65% of the electricity generated by the Company was sold, and the increased quota of Kozloduy NPP for the regulated market (the quota was increased by the EWRC).

Revenue, expenses, profit (BGN mln)



Net profit (BGN mln), margin (%)



Revenue

The annual income of the Company for 2024 amounts to BGN 2,064,363 thousand of which operating income to the amount of BGN 2,061,839 thousand (2023 - BGN 2,545,128 thousand). The main factor for the 19% lower revenues compared to the last year is the drop in electricity prices of energy sold on the exchange markets.

Types of revenue	2024 (BGN'000)	Structure %	2023 (BGN'000)	Structure %
Annual revenue	2,064,363	100%	2,550,722	100%
Operating income	2,061,839		2,545,128	
Revenue from electricity sales, incl.:	2,042,629	99%	2,526,020	99%
Revenue from regulated market	335,101		252,200	
Revenue from non-regulated market	1,705,244		2,271,537	
Sales to customers pursuant to Article 119, para. 1,2 of the Energy Act	2,284		2,283	
Revenue from thermal energy	4,105	0.20%	3,848	0.15%
Income from financing	7,277	0.35%	7,278	0.29%
Other income	7,828	0.38%	7,982	0.31%
Financial income	2,524	0.12%	5,594	0.22%

Revenue from electricity

Regulated market – The reported revenues from electricity sold to the Public Supplier NEK EAD are in the amount of BGN 335,101 thousand, with an increase of 33% compared to the reported in 2023, as a result of the increased amount of electricity and the increased price set by the EWRC in the second half of 2024.

Indicator	2024	2023	2024/2023	2024/2023
	Statements	Statements	Change	% amended
Electricity sold on the regulated market (MWh)	5,195,990	4,075,580	1,120,410	27%
Revenue from regulated market (BGN'000)	335,101	252,200	82,901	33%
Price on regulated market - average annual (BGN/MWh)	64.49	61.88	2.61	4%

Non-regulated market – The revenues from the sale of electricity at non-regulated prices amount to BGN 1,705,244 thousand, which is by 25% (BGN -566,293 thousand) below the amounts reported for 2023.

Types of revenue	2024 (BGN'000)	Structure %	2023 (BGN'000)	Structure %
Revenue from non-regulated market, incl.:	1,705,244	100%	2,271,537	100%
Revenue from the power exchange - DAM	754,881	44.27%	1,300,368	57.25%
Revenue from the power exchange - BC	941,449	55.21%	959,742	42.25%
Revenue from the power exchange - IDM	6,759	0.40%	9,540	0.42%
Revenue from Balancing market - surplus	2,155	0.13%	1,885	0.08%

The decrease is due to less electricity sold on the exchange market at the expense of the regulated market and a fall in exchange prices. In 2024, the exchange electricity sales are mainly distributed between the DAM and the Bilateral Contracts market, with a dominant share of the BC market (55.21%). The average exchange price for 2024 is BGN 173.96/MWh, recording a 14% decrease compared to the 2023 price (202 BGN/MWh).

Indicator	2024 Statements	2023 Statements	2024/2023 Change	2024/2023 % amended
Electricity sold on the exchange market (MWh)	9,789,905	11,236,039	-1,446,134	-13%
Revenue from exchange market (BGN'000)	1,703,089	2,269,651	-566,562	-25%
Price on exchange market - average annual (BGN/MWh)	173.96	202.00	-28.04	-14%

Electricity sales to end customers - The revenues from electricity sales to end customers, connected via direct lines to the Kozloduy NPP own switchyard as per Article 119, para. 1 and 2 of the Energy Act, amount to BGN 2,284 thousand (2023 - BGN 2,283 thousand).

Revenue from thermal energy – reported BGN 4,105 thousand from the heat produced, with an increase of ~7% compared to the previous year (2023 - BGN 3,848 thousand), as a result of a higher price approved by the EWRC for the regulatory period 01 July 2024 - 30 June 2025.

Reported income from financing in 2024 amount to BGN 7,277 thousand (Note 17 Financings), which represent the current portion of the long-term financing of the DSFSF (31 December 2023 - BGN 7,278 thousand).

Other income - BGN 7,828 thousand which include income from the sale of services, goods, materials, rents, penalties under contracts, insurance indemnities, and others. There is no material change compared to the previous year 2023.

Expenses

In 2024, the annual expenses (including financial and income tax expenses) of the Company are worth BGN 1,842,450 thousand. Of these, 98% are operating expenses for the conduct of business in the amount of BGN 1,803,416 thousand and mark a decrease of 7% compared to 2023.

Types of expenses	2024 (BGN'000)	Structure %	2023 (BGN'000)	Structure %
Annual expenses	1,842,450	100%	2,013,670	100%
Operating costs, incl.:	1,803,416	98%	1,945,764	97%
Variable costs	523,210	28%	543,335	27%
Production costs	154,617	8%	115,539	6%
Costs for contributions to the RAW Fund, NFD Fund, and ESS Fund	315,251	17%	391,471	19%
Costs for access to the electricity grid	53,341	3%	36,324	2%
Fixed costs	891,242	48%	826,155	41%
Costs for operation, maintenance and other costs	289,881	16%	253,643	13%
Salaries and social security contributions	391,944	21%	363,819	18%
Depreciation costs	209,417	11%	208,693	10%
Earmarked contributions to ESS Fund	388,964	21%	576,275	29%
Financial costs	9,298	0.5%	8,303	0.4%
Income tax costs	29,736	1.6%	59,603	3.0%

In 2024, there is a change in the cost structure compared to 2023.

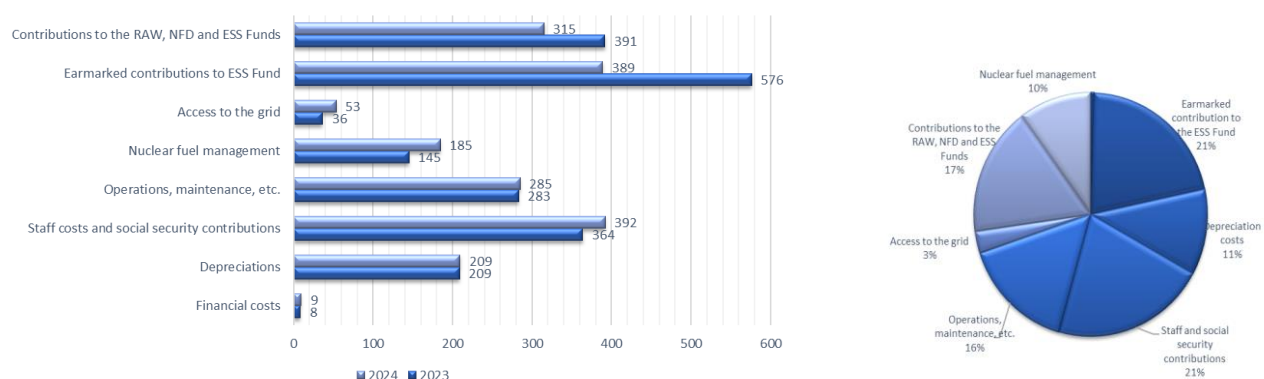
The main share is accounted for by fixed costs (48%), including costs for the operation and maintenance of nuclear and auxiliary facilities, personnel, and depreciation. For 2024, the fixed costs amount to BGN 891,242 thousand, increasing by 8% compared to the previous year (BGN 826,155 thousand).

A significant share of the operating expenses is accounted for by the cost of earmarked contributions to the ESS Fund and the statutory cost of contributions to the RAW, NFD and ESS Funds (15.5% of electricity revenues). The decrease in the cost of contributions to funds compared to the previous year is due to lower revenues from electricity sales.

For 2024, BGN 388,964 thousand are reported for earmarked contributions to the ESS fund with a 21% share in the expenses, for 2023 the amount was BGN 576,275 thousand (29% share). The cost of earmarked contributions to the ESS Fund are charged to the Company as a measure of the State to compensate non-household customers for the high price of electricity and have no direct relation to the Company's costs for the performance of its core activities. The contribution to the ESS Fund represents the positive difference between market revenues and the revenue ceiling set for the nuclear power plant. In 2024, Kozloduy NPP EAD paid earmarked contributions under a revenue ceiling set by the Council of Ministers at 150 BGN/MWh. For the first six months of 2023, BGN 293,627 thousand were accrued for earmarked contributions to the ESS Fund, with the revenue ceiling of 180 BGN/MWh for the NPP set by the Decision of the Council of Ministers No. 29/12 January 2023. A new value of BGN 150 per MWh has been set by the Decision of the Council of Ministers No. 580 of 30 August 2023. For the second half of 2023, BGN 282,648 thousand have been accounted under this item.

Expenditure on statutory funds - RAW, NFD and ESS account for 17% of the operating costs. In the current year, BGN 315,251 have been reported (2023 - BGN 391,471 thousand).

Structure of expenditures (BGN mln)



Statement of Financial Position

The change in the main financial performance indicators of the Company as at 30 December 2024 compared to 31 December 2023, is as follows:

Indicator (BGN'000)	2024	2023	2024/2023	2024/2023
	Statements	Statements	Change	% amended
Total assets, incl.:	6,149,829	5,552,368	597,461	11%
Non-current assets	4,645,415	3,888,081	757,334	19%
Cash and cash equivalents	549,318	912,588	(363,270)	-40%
Equity, incl.	5,266,885	4,830,758	436,127	9%
Financial result for the current period	221,913	537,052	(315,139)	-59%
Working capital	998,289	1,272,463	(274,174)	-22%
Return on equity	4%	11%		-62%
Return on assets	4%	10%		-63%

As at 31 December 2024, the Company's assets are worth BGN 6,149,829 thousand, 11% above those reported at the end of December 2023. Significant changes were reported in cash (down 40%) and non-current assets (up 19%). The increase in non-current assets is due to a revaluation of the fair value of the Company's tangible fixed assets performed at the end of 2024 by an independent licensed appraiser. In accordance with the Company's accounting policies,

property, plant and equipment are revalued once every three years, or at shorter intervals, if there are data indicative of significant changes in market values. A fair value measurement was performed as at 31 December 2024 in accordance with the requirements of IAS 16 and IFRS 13.

The value of working capital is BGN 998,289 thousand, which is 22% below the level reported as at 31 December 2023. The decrease in working capital is due to a decrease in current assets, mainly as a result of lower cash balances compared to the end of 2023. The Company's shareholders' equity at the end of December 2024 is BGN 5,266,885 thousand, a 9% increase compared to 31 December 2023.

Cash and cash equivalents

As at 31 December 2024, the cash and cash equivalents of Kozloduy NPP EAD amounted to BGN 549,318 thousand.

During the current year, the Company has maintained the required amount of cash with electricity sales as its source. The activities of the annual production and maintenance programmes, measures for maintenance and improvement of safety of nuclear facilities were financially secured.

During the reporting period, instalments due under contracts for the fabrication of fuel assemblies, dummy assemblies and enriched uranium product management services for Kozloduy NPP Units 5 and 6 were paid.

The activities implemented in 2024 under the investment programme were financed from the Company's own funds.

In 2024, the total amount of the Company's proceeds was BGN 2,343,743 thousand. Of these, BGN 2,337,750 thousand were the annual receipts from the Company's core business of selling electricity, down 22% from their reported value in 2023.

From unregulated electricity sales, revenues amounting to BGN 2,018,466 thousand were realised, decreased by BGN 666,467 thousand from their 2023 value. The main factor for the negative trend is the significant price decrease of the exchange sales in the current year compared to the previous year.

From regulated sales of electricity in 2024, the Company received BGN 319,284 thousand. As at 31 December 2024, the payment of the regulated supplies was within due dates.

The loan in the amount of BGN 37,865 thousand granted to BEH EAD pursuant to Decision No. E-PA-21-22/04 July 2022 of the Ministry of Energy is regularly serviced in accordance with the repayment plan. The final maturity date is 30 June 2026.

On 01 February 2024, the repayment obligations under the loan granted to Kozloduy NPP - New Build EAD for financing of initial investment activities for the construction of Unit 7 were finally repaid before their maturity date. Pursuant to the decision under item 1 of Minutes No. 101-2024/18 October 2024 of the meeting of the Board of Directors of Bulgarian Energy Holding EAD, approved by the Minutes No. E-PA-21-34/18 October 2024 of the Minister of Energy and the decision under item 1 of Minutes No. 50/18 October 2024 of the meeting of the Board of Directors of Kozloduy NPP EAD, a cash loan in the amount of BGN 25,000 thousand was granted to BEH EAD under a Loan Agreement with a final repayment date of 19 November 2024. By Addenda No. 1 of 18 November 2024 and No. 2 of 13 December 2024 to the Contract, the deadline for repayment of the loan was extended to 19 January 2025, without any change in the other terms of the loan.

As at 31 December 2024, the Company ended the reporting year without any outstanding payments.

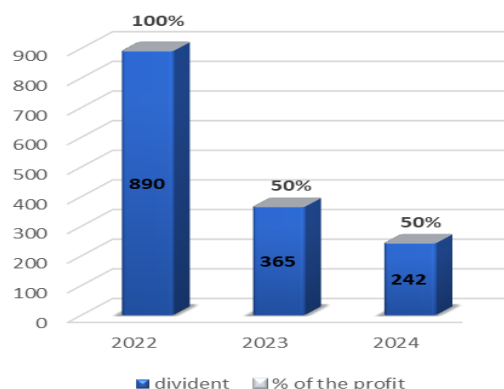
The Company's obligations arising from regulatory and licensing conditions have been paid within the statutory deadlines and in the amounts payable.

Insurance premiums have been paid in relation to the insurance regulated by the SUNEА and the Vienna Convention. Their net amount is BGN 15,012 thousand.

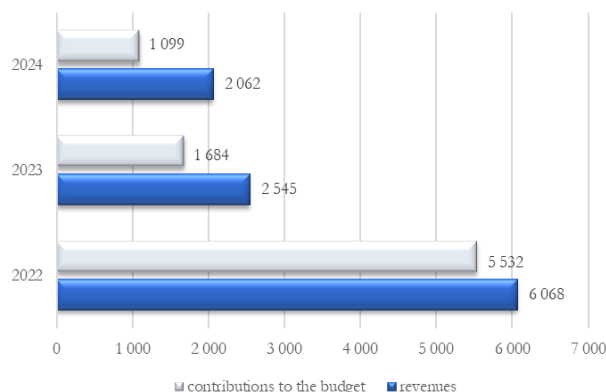
In 2024, BGN 1,098,698 thousand were paid into the state and municipal budgets. Of these, BGN 318,801 thousand are current contributions to the NFD, RAW and ESS funds, BGN 382,327 thousand are earmarked contributions to the ESS Fund for the provision of compensation for electricity, BGN 327,289 thousand - taxes to the state and municipal budgets, and BGN 70,281 thousand - social and health insurance contributions.

Pursuant to Resolution No.1/27 March 2024 of the Council of Ministers, a dividend of BGN 241,673 thousand was paid to BEH EAD and deducted from the profit for 2023.

Dividends paid (in BGN million)



Payments to the state and local budget, National Social Security Institute (NSSI) and National Health Insurance Fund (NHIF) (in BGN million)



During the past year, the Company continued to exercise constant control over the lawful, appropriate and efficient use of its financial resources by carrying out pre-commitment control and daily post-commitment control over budget execution by avoiding overstepping of the financial framework of the approved programmes.

3. FINANCIAL INSTRUMENTS USED BY KOZLODUY NPP EAD

Financial risk management goals and policy

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

The implementation of the financial risk management policy aims at giving assurance when accomplishing the strategic and operative goals of the Company and to guarantee trouble-free operation of the nuclear power plant, while observing the regulatory and the licensing conditions. The Company observes the basic guidelines, action framework, principles and practices set out in the Risk Management Strategy and Policy established at the companies within the BEH Group. Specific activities to identify, analyse, assess and monitor the impact of negative events on an ongoing basis are undertaken regularly, followed by timely and appropriate intervention to mitigate adverse consequences depending on the individual risk management approach used - tolerate, minimise, transfer or terminate. The risk management procedures in place regarding the Company's budget and finance are executed in relation to material risks that are a major threat to the Company's balance sheet.

The primary objective of senior management is oriented towards maintaining a sound financial and economic position of the Company and effective cash management by ensuring the optimum amount of financial resources allocated in accordance with the Company's key business priorities.

Risk factors

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

➤ Market risk

The Company is exposed to market risk from changes in specific prices due to its operating and investing activities. A significant impact on electricity prices can be expected given the upcoming restructuring of the electricity market in view of the planned moving of household consumers to the market after 2025. A significant risk factor is the drastic reduction of exchange electricity prices in 2024 which had an immediate negative impact on the revenues for the reporting period.

The market integration processes in the region and Europe will have a significant effect on the market situation in the country. Significant impact on the electricity market is expected due to renewables, which are compensated by the ESS fund and have a planned growing share, as well as the uncertain future of coal plants. The market in the country is expected to follow European trends. The future medium-term outlook for the electricity market is one of volatility and price dynamics.

As at 31 December 2024, a decline in inflation rates is reported and there is a favourable outlook for a slowdown in inflation in Bulgaria. Although in the short term no drastic jump in market prices of supplies and services in Bulgaria is expected, price risk is possible in connection with a potential change in prices of supplies and services, including a change in prices for the supply of fresh nuclear fuel, which accordingly leads to an increase in expenses and a negative effect on the financial result.

➤ **Credit risk**

In 2024, the credit risk for Kozloduy NPP EAD is estimated at level '1'. The risk exposure maintains a low value due to the absence of overdue receivables at regulated prices as at 31 December 2024. The year-end regulated price receivables are serviced by NEK EAD with some delay, but are within the final maturity dates, with no defaults. A deterioration in the collectibility of receivables from NEK EAD is observed in early 2025, and in connection with this measures have been taken to conclude an agreement for rescheduling of the Public Supplier's debt.

The risk of default on payment obligations for electricity sales is differentiated with respect to electricity customers mainly by sales on the long-term contract segment. The risk of default is significant given the unfair market behaviour of exchange participants and the lack of adequate protection mechanisms for the offering of long-term products in the current Power Exchange Operational Rules. The risk level is assessed as medium. As part of the preventive measures to minimise the risk and limit the uncollectible receivables from long-term sales, the Company is currently implementing an advance payment mechanism for electricity sales which is expected to continue in the future.

➤ **Liquidity risk**

As part of liquidity risk management, daily, monthly and annual forecast cash outflow and inflow estimates were prepared during the period to identify the Company's financial needs.

Kozloduy NPP EAD manages cash and cash equivalents on a regular basis in such a way, so as to avoid net exposures to one credit institution in the end of each month exceeding 25 percent of the Company's total cash, in compliance with the rules on concentration under the Rules for Implementation of the Public Enterprises Act. The application of the rules is part of the measures implemented in the Company, focused on diversification of financial resources and reduction of the amount of uncollectible receivables in the event of insolvency of banking institutions, in view of which the probable risk is limited to a low degree.

A liquidity risk for the Company's finances is likely in connection with changes in dividend policy and with respect to regulatory/licensing obligations relating to the operations of Kozloduy NPP EAD, including legal provisions for payment of earmarked contributions to the ESS Fund, distribution of a dividend to shareholders in the amount of 100% of profits in accordance with the Ministry of Finance's Updated Medium-Term Budget Forecast for the period 2025-2028.

Such decisions have a material negative effect on the stability of the Company, deteriorating financial performance and expected cash flows. There is a serious risk of Kozloduy NPP EAD not being able to set aside funds to cover future key commitments for the management of SNF and RAW. Based on preliminary estimates, the indicative estimate for the construction of a deep geological repository is at least BGN 5 billion.

Another key challenge for the Company is the construction of Units 7 and 8 at the Kozloduy NPP Site 2 approved by the Nuclear Regulatory Agency. The implementation of the large-scale investment project requires the availability of significant resources on the part of the Company to provide financial support for the construction of a new nuclear build.

➤ **Currency risk**

Currency risk is unlikely in relation to the foreign currency payments made in Euro to repay the Company's suppliers, as they are made at a fixed BGN/EUR exchange rate.

Currency risk is probable in relation to currency payments in USD to Westinghouse for the supply of fresh nuclear fuel assemblies. The negative effect will be caused by potential losses from differences due to changes in exchange rates of the Bulgarian lev against foreign currencies other than EUR between the date of the relevant transaction and the settlement date of the liabilities. Currency risk for currencies such as USD, GBP implies monitoring the trend of currency markets.

➤ **Interest risk**

The Company's policy is focused on minimising the interest risk in long-term funding. Interest risk is unlikely with regard to the credit, granted to the subsidiary company Kozloduy HPP EAD, under floating interest rate conditions, namely - interest rate based on the BIR plus a margin of 2.5%. The effect of the drop or rise of the variable interest rates in respect of the financial assets granted in BGN on the profit or loss, respectively the equity of the Company is minimal, given the immaterial balance to be repaid on the loan.

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

In connection with the loans granted by the Company to BEH EAD, interest rate risk does not exist, since the agreed interest rate is fixed on an annual basis. All the other financial assets and liabilities of the Company are contracted with fixed interest rates and annuity payments in order to have a better predictability of the expected values of the financial flows.

➤ **Cash flows risk**

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

4. POST-REPORTING DATE EVENTS

Decision II-3/01 January 2025 of the EWRC has amended the estimated monthly availability of electricity production of the producers from which the public supplier shall purchase electricity and the quantities of electricity which the public supplier shall provide to cover the consumption of the customers of the end suppliers, determined by Decision II-17/30 June 2024 for the period 01 July 2024 - 30 June 2025. As of 01 January 2025 additional quantities of electricity from Kozloduy NPP EAD in the amount of 400,000 MWh have been determined, whereby the quota for the regulated market, determined for the period 01 July 2024 - 30 June 2025, shall be changed from 5,431,200 MWh to 5,831,200 MWh, maintaining the current regulated price of 65.47 BGN/MWh.

By Decision No. 1 of 09 January 2025 of the Board of Directors of Kozloduy NPP EAD, it was decided to reclassify the real estate owned by Kozloduy NPP EAD as 'investment property' in the financial statements of the Company as of 01 January 2025.

On 20 January 2025 the loan in the amount of BGN 25,000 thousand granted to BEH EAD pursuant to the decision under item 1 of Minutes No. 101-2024/18 October 2024 of the meeting of the Board of Directors of Bulgarian Energy Holding EAD, approved by Minutes No. E-PA-21-34/18 October 2024 of the Minister of Energy and decision under item 1 of Minutes No. 50/18 October 2024 of the meeting of the Board of Directors of Kozloduy NPP EAD, was finally repaid together with the due interest.

By § 2, para. 1 of the Final Provisions of the Act on Collecting Revenues and Incurring Expenditure in 2025 until the Adoption of the 2025 State Budget of the Republic of Bulgaria Act, the 2025 Public Social Insurance Budget Act and the 2025 National Health Insurance Fund Budget Act, the mechanism for collection of earmarked contributions to the Electricity System Security Fund was extended. The earmarked contribution represents the positive difference between the market revenue and the defined revenue cap for the respective generator type. By Decision of the Council of Ministers No. 121/05 March 2025, a revenue cap of BGN 150 per MWh was set for the type of NPP producer for the period from 01 January 2025 to 31 December 2025. According to point 2 of the decree, the revenue cap may be changed if necessary upon a proposal of the Minister of Energy.

Decision II.20 of the Board of Directors of BEH EAD of Minutes No. 28-2025/10 April 2025, agreed on the Decision under item 14.1.2 of Minutes No. 14/04 April 2025 of the Board of Directors of Kozloduy NPP EAD, for the conclusion of an agreement for the rescheduling of liabilities for delivered electricity between NEK EAD and Kozloduy NPP EAD for the principal amounts of invoices in the total amount of BGN 101,371,561.31 with annual interest of 3.225 % and repayment term 15 December 2025.

Two deliveries of fresh nuclear fuel were made in accordance with the provisions of Annex 52 to the contract with TVEL JSC. On 25 March 2025, the first delivery of 42 TVSA-12 and 12 RCCAs was made. The second delivery of 42 TVSA-12 assemblies was made on 23 April 2025.

On 10 April 2025, 42 RWFA nuclear fuel assemblies fabricated by Westinghouse Electric Sweden AB were delivered. On 15 April 2025, the subsidiary Kozloduy HPP EAD finally paid the balance of the overdue principal amount of BGN 112 thousand under loan agreement No. 880080/07 October 2008. All obligations of Kozloduy HPP EAD for accrued penalties, interest and principal under the loan have been settled.

By Resolution No. 1/02 May 2025 of the Council of Ministers of the Republic of Bulgaria, the bodies exercising the rights of the state in the single owner companies with state participation in the capital, should distribute the profit of the companies according to the annual financial statements for 2024 after taxation and adopt a decision for distribution of dividend in the amount of 100 percent of the profit for joint stock companies, in compliance with the requirements of Article 247a of the Commerce Law, in accordance with Article 101 of the 2025 State Budget of the Republic of Bulgaria Act.

There are no adjusting or other non-adjusting post-reporting date events that require additional disclosure or adjustment in the financial statements of Kozloduy NPP EAD as at 31 December 2024.

5. FUTURE DEVELOPMENT OF KOZLODUY NPP EAD

The planned business policy of the Company for 2024 is in compliance with the five-year Business Programme for the period 2025 – 2029 adopted by the Board of Directors of Kozloduy NPP EAD with Minutes No. 2 of 14 January 2025.

The strategic goals of Kozloduy NPP EAD are to ensure the highest level of safety, efficient and competitive production, to maintain licensed, competent and motivated staff and to sustain the financial stability of the Company.

Safety is the primary responsibility of Kozloduy NPP EAD as an organisation operating nuclear facilities. To fulfil this responsibility, the Company maintains an effective safety management system. The means by which safety objectives are implemented are defined in Kozloduy NPP EAD Safety Management Strategy and Kozloduy NPP EAD Security Management Strategy. In accordance with the licence conditions, the Integrated Programme for the Implementation of Safety Improvement Measures at Unit 5 for the Period 2017-2027 and the Integrated Programme for the Implementation of Safety Improvement Measures at Unit 6 for the Period 2019-2029 are being implemented.

In pursuance of the requirements of the EURATOM Supply Agency for diversification of fresh nuclear fuel supply, the activities under the contracts concluded with Westinghouse for the supply of fresh nuclear fuel assemblies for Unit 5 and with Framatome for the supply of fresh nuclear fuel for Unit 6 will be implemented.

The period 2025 - 2029 is set to be a key one for the energy sector in Bulgaria, putting both local and regional energy policies to the test. Sustainable development and diversification of the energy mix will be essential to address existing challenges and ensure stability and security in the energy sector.

Significant dynamics and unpredictability of the market environment are expected in the current and coming years as a result of significant external factors, such as ongoing military conflicts and a highly price volatile electricity market. Internal factors such as measures to protect businesses from high electricity prices, frequent changes in the regulatory framework also have an impact. The amendments and supplements to the Energy Act (prom. State Gazette, issue 96 of 2023) change the current model of parallel functioning of regulated and free market and transition to the next stage of electricity market liberalisation, which provides for full liberalisation of the wholesale electricity market while keeping household consumers on the regulated market until 2026. The Public Electricity Supplier (PS) figure, the determination of the estimated monthly electricity generation availability of the generators from which the PS is to purchase electricity, and the amount of electricity according to which the PS is to transact with end suppliers shall be abolished. In this respect, the EWRC is no longer responsible to approve prices at which: the producers within their determined availability sell electricity to the PS; the PS sells to the end suppliers the purchased electricity for the needs of the regulated market and the end suppliers sell electricity to the household end customers for sites. During the transitional period until 2026, the end suppliers are obliged to supply household end customers at regulated prices, and it is foreseen that the EWRC will determine a component of this price. It is also foreseen that the EWRC will determine monthly compensation to cover part of the costs of household end customers for electricity purchased from an end supplier at regulated prices, as it is regulated how this compensation is formed.

As of the second half of 2025, Kozloduy NPP EAD will conclude electricity transactions only on an organised power exchange market, with the exception of sales under Article 119 of the EA. The priority for a base load nuclear generator such as Kozloduy NPP, operating entirely in market conditions, is to secure the operation of the units with rated power (base load) in the long term, in strict compliance with the characteristic technological requirements and limits. With regard to this, the business activities of the Company over the planned period will be aimed at ensuring full realisation of the generated electricity. The Company's pricing policy for the non-regulated market will be oriented towards ensuring secure and regular sales revenue, consistent with the market conditions.

The Company will ensure the implementation of all reconstructions and upgrades of the major facilities, necessitated in the course of their operation, or as a result of the operating experience analysis. Investment activities that will be implemented are systematised according to their priority:

- Activities included in the integrated programmes for safety enhancement of Units 5 and 6, ensuring their long-term operation;
- Implementation of technically justified measures to ensure the reliable operation of the reactor installations of Units 5 and 6 at uprated power;
- Measures related to Kozloduy NPP safety not covered by the integrated programmes scope - arising from operating experience, inspections or regulatory requirements;
- Implementation of investment activities for routine maintenance of the units, auxiliary facilities and infrastructure;
- Measures to increase the level of physical protection at Kozloduy NPP;
- Energy efficiency measures.

The management's main priorities in implementing the strategic goals of the business and finance policy are to provide the necessary financial resources for the operation, maintenance of equipment, maintaining and enhancing the level of safety for the operational lifetime of the nuclear installation and in the management of radioactive waste and spent fuel. The management will continue to implement measures to ensure the Company's long-term financial stability, such as, but not limited to: measures to maintain rhythmic revenues from electricity sales, ensure profitability, achieve efficiency and effective control, etc. Increasing cost efficiency continues to be among the priorities of the Board of Directors, in the context of Regulation No. E-PA-04-4 of 14 July 2016 on public disclosure and optimisation of costs of commercial companies with 50 and more than 50 percent state or municipal participation in the capital, performing activities under the Energy Act, with measures being focused on the nature and direction of costs, with the aim of strengthening their contribution to increasing the profitability of the Company.

In order to achieve the objectives in the area of personnel management, a ten-year Strategy for Human Resource Management at Kozloduy NPP EAD is being implemented. Maintaining a sufficient number of licensed, competent and motivated personnel for ensuring the safe operation of the units over the relevant licensing period remains a major priority of the plant Management in its intentions related to the Company management. The Company will continue to recruit the necessary staff through a professional selection system, in accordance with the educational and other requirements set out in the job descriptions. Over the next years, particular attention will be focused on activities

related to maintaining the high interest and attracting the necessary candidates for work in the Company among the graduates of technical specialties both from secondary vocational and higher education. There will be paid university student group practical training, unpaid university and high school student group practical training, unpaid individual university student internships, and a paid summer internship programme. Awarding scholarships to university students studying courses directly related to nuclear energy will continue. In the nuclear industry, sufficient knowledge and experience is essential for the safe, effective and efficient operation of facilities. To ensure sufficient, motivated, competent and qualified staff and to create an organisational culture with a focus on safety, a knowledge management system has been implemented at Kozloduy NPP EAD. During the planning period, the Company will continue performing activities to assess the risk of knowledge loss of its employees and to prepare and carry out plans to prevent knowledge loss.

At present, the main challenge outside the normal activities is the implementation of the National Assembly's decision to take concrete steps on the construction of Units 7 and 8 at Kozloduy NPP EAD Site No. 2 with AP1000 technology. The implementation of the new nuclear build is related to the need for the Bulgarian state to take action to ensure long-term base load facility in connection with the green deal and the ongoing energy transformation, given the advantages and opportunities of nuclear energy as a safe, reliable, sustainable and low-emission alternative. On 04 January 2024, the capital of the project company Kozloduy NPP - New Build EAD was increased by BGN 1,500 million with the purpose of financing the next stage of the investment intention for the construction of a new nuclear build, namely the actual engineering, including the preparation of a technical design. By the decision of Minutes No. 102-0224/23 October 2024 of the Board of Directors of BEH EAD, consent was given to increase the capital of Kozloduy NPP - New Build EAD by BGN 300 million in accordance with the decisions taken in the Minutes No. 51/23 October 2024 of the Board of Directors of Kozloduy NPP EAD. At this stage, it is also foreseen to start the activities on structuring the financing for the project and start negotiations with banking institutions in order to attract the necessary funds.

The Company Management does not consider that there are significant risks resulting from the dynamic fiscal and regulatory environment in Bulgaria that could necessitate adjustments to the separate financial statements for the year ending 31 December 2024.

6. ADDITIONAL INFORMATION under APPENDIX No. 2 of Regulation No. 2 of 09 November 2021 of the Financial Supervision Commission

1. Information presented in terms of value and quantity data regarding the main categories of goods, products and/or services provided, with an indication of their share of sales revenue as a whole and changes that occurred during the financial year under review;

The two main activities of the Company are the generation of electricity and the generation and transmission of heat energy. The main product of Kozloduy NPP EAD is the electricity generated by Units 5 and 6, and the second product is the result of the operation of the boiler plants of Units 5 and 6, which produce heat energy.

Main products	2024	% share	2023	% share
Net electricity (in-house generation), MWh	14,959,004	99.64%	15,342,941	99.99%
Purchased electricity, MWh	53,424	0.36%	2,010	0.01%
Total electricity sold, MWh	15,012,428	100%	15,344,952	100%
Heat energy sold, MWh	69,766		73,233	

In 2024, Kozloduy NPP EAD realised income in the total amount of BGN 2,064,363 thousand. Almost 100% are from electricity sales and a very small insignificant share are from heat energy sales. Revenues reported for services provided are from: hotels, recreational facilities, rental of departmental housing, transport, metrology and medical services performed for external organisations, and other services performed by specialised units of the Company. In accordance with the Company's accounting policies, part of the funding for the construction of the Dry Spent Fuel Storage Facility is recognised annually as current revenue.

Structure of revenues from sales and share of main categories

Indicator	2024 (BGN'000)	% share of income	2023 (BGN'000)	% share of income
Total income	2,064,363	100.00%	2,550,722	100.00%
Total revenue from sales of production	2,046,734	99.15%	2,529,868	99.18%
Revenue from electricity sales	2,042,629	99.80%	2,526,020	99.85%
Revenue from sales of heat energy	4,105	0.20%	3,848	0.15%
Income from financing	7,277	0.35%	7,278	0.29%
Income from services and other income	7,828	0.38%	7,982	0.31%
Income from sales of services	2,463	31.5%	2,857	35.8%
Other sales and income	2,746	35.1%	2,643	33.1%
Income from sales of assets	2,619	33.5%	2,482	31.1%
Financial income	2,524	0.12%	5,594	0.22%

No material changes in the structure of the main income categories occurred during the reporting financial year.

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

The revenues from sales of production are generated entirely on the internal (domestic) market, all the Company's customers are based on the territory of the country. After the change of the market model in 2018 and the introduction of the exchange trading as the only and mandatory market mechanism, the main customer of Kozloduy NPP EAD is the Independent Bulgarian Energy Exchange (IBEX EAD). The share of the revenues from IBEX EAD is 37% of the company's revenues, with a significant decrease compared to the previous year (for 2023 it was 51.48% of the company's revenues), due to the sales under bilateral contracts.

The contracts concluded within the reporting period do not go beyond the usual business activities of the Company and do not deviate from the market conditions.

3. Information on major transactions concluded

In 2024, the Company did not enter into any major transactions outside the ordinary business activities, or such that are material in nature in terms of their impact on the financial results. Information on transactions and events over the year is disclosed in the annual separate financial statements of the Company as at 31 December 2024.

4. Information regarding transactions entered into between the Company and related parties during the reporting period, proposals to enter into such transactions, and transactions that are outside the Company's ordinary course of business or materially deviate from market conditions to which the Company, or its subsidiary, is a party, with an indication of the value of the transactions, the nature of the relationship and any information necessary to assess the impact on the Company's financial position;

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

Quantitative data regarding the transactions with related parties is disclosed in detail in the annual separate financial statements of the Company as at 31 December 2024 (Note 33 'Related Party Disclosures').

5. Information on events and indicators of an unusual nature for the Company, having a material impact on its operations and its revenues and expenses incurred; an assessment of their impact on the current year's results;

The accrued expenses for earmarked contributions to the Energy System Security Fund, which amount to BGN 388,964 thousand in 2024, are classified as an event of an unusual nature for the Company having a material impact on its operations, revenues and incurred expenses. The measure is introduced in response to Council Regulation (EU) 2022/1854 of 06 October 2022 to tackle high energy prices. The earmarked contributions are defined as the difference between the market prices and the revenue cap set for the respective generator. For the first half of 2023, a 'cap' of 180 BGN/MWh was set for Kozloduy NPP EAD. After 01 July 2023 and currently, in view of the decline in the exchange price levels, the 'ceiling' for a nuclear power plant has been reduced to 150 BGN/MWh (for 2024, the ceiling is stipulated in § 3, para. 2 of the Transitional and Final Provisions of the 2024 State Budget of the Republic of Bulgaria Act).

The earmarked contributions to the ESS Fund have a significant impact on the financial result, representing 21% of the expenses. In addition to a reduction in Kozloduy NPP EAD cash resources, the negative effect is also reflected in a reduction in the reported accounting profit.

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

The Company does not have any transactions, carried off-balance sheet in 2024. The Company reports off-balance sheet foreign assets pledged as collateral. These are bank guarantees and insurance policies provided in favour of Kozloduy NPP in accordance with the contractual requirements for performance guarantees and guarantees for advance payments received, which the contractors are obliged to provide.

Other entity's assets, pledged as compensation (BGN'000)	Available as at 01 January 2024	Received in 2024	Discharged in 2024	Available as at 31 December 2024
Received guarantees, incl.:	32,190	22,879	26,755	28,314
Received guarantees under insurance contracts for maintenance activities, denominated in BGN	11,901	11,304	6,813	16,392
Received bank guarantees under maintenance contracts, denominated in BGN	4,659	3,567	4,253	3,973
Received bank guarantees, denominated in foreign currencies (BGN equivalent)	15,631	8,008	15,689	7,950

7. Information on the Company's shareholdings, its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate), as well as investments in equity securities outside its economic group within the meaning of the Accountancy Act and the sources/means of financing;

By the decision of Minutes No. 95-2023 of 22 December 2023 of the Board of Directors of Bulgarian Energy Holding EAD and in compliance with the decision of the National Assembly of 18 December 2023 to take action for the construction of the Units 7 and 8 at the site No. 2 of Kozloduy NPP EAD with the AP1000 technology, prom. in the State Gazette No. 105/2023, as well as the decision of the Minister of Energy of the Republic of Bulgaria, according to Minutes No. E-PA-21-37/21 December 2023, the capital of Kozloduy NPP EAD was increased by a cash contribution of BGN 1,500,000 thousand through the issuance of new ordinary registered voting shares with a nominal value of BGN 10 each, in order to increase the capital of the subsidiary Kozloduy NPP - New Build EAD in the same amount. After the increase, the capital of Kozloduy NPP EAD amounts to BGN 1,744,584,890. This circumstance was entered into the Commercial Register and Register of the Non-Profit Legal Entities on 03 January 2024.

The increase in the capital of the subsidiary Kozloduy NPP - New Build EAD by BGN 1,500,000,000 through the issuance of 150,000,000 new ordinary registered voting shares with a nominal value of BGN 10 (ten) each was entered in the Commercial Register and Register of the Non-Profit Legal Entities on 03 January 2024. The capital increase is for investment purposes for the construction of Units 7 and 8 at the site No. 2 approved by the Nuclear Regulatory

Agency. The new shares are fully assumed by Kozloduy NPP EAD. After the increase, the Company's capital amounts to BGN 1,516,800,000 divided into 151,680,000 ordinary registered voting shares with a nominal value of BGN 10 each.

In 2024, the capital of the subsidiary Kozloduy NPP - New Build EAD was also increased by BGN 300,000,000 through the issuance of 30,000,000 new ordinary registered voting shares with a nominal value of BGN 10 (ten) each. The new shares are fully assumed by Kozloduy NPP EAD. After the increase, the Company's capital amounts to BGN 1,516,800,000 divided into 181,680,000 ordinary registered voting shares with a nominal value of BGN 10 each. This circumstance was entered into the Commercial Register and Register of the Non-Profit Legal Entities on 06 January 2025.

Information on the assets held is presented in detail in the Company's annual separate financial statements as at 31 December 2024 (Notes 7 'Investments in Subsidiaries' and 8 'Capital Instruments at Fair Value through Other Comprehensive Income').

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

The Company does not have any agreement for a loan received in 2024. Details on the loans received by the Parent Company and subsidiaries are disclosed in the annual separate financial statements of these companies as at 31 December 2024.

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

Pursuant to the decision of the Minutes of Meeting No. 31-2022/11 May 2022 of the Board of Directors of the Bulgarian Energy Holding EAD, approved by the Minutes No. E-PA/21-22/24 March 2022 of the Ministry of Energy, a loan agreement was concluded between Kozloduy NPP EAD as the lender and the Bulgarian Energy Holding EAD as the borrower in the amount of BGN 37,864.950 thousand. The funds were provided to BEH EAD for the purpose of financing the costs of Bulgartransgaz EAD for the purchase of natural gas. The deadline for the loan repayment is 30 June 2026. According to the repayment plan attached to the Contract, the repayment of the principal commenced on 01 January 2023 through 42 annuity instalments. The loan is contracted at a fixed interest rate of 1.66% per annum. In 2024, the annuity instalments due under the loan were paid monthly in accordance with the repayment schedule. The outstanding repayments on the loan totalling BGN 21,367.6 thousand, the balance to be repaid on the principal is BGN 16,497.3 thousand.

By a decision of the Bulgarian Energy Holding EAD dated 07 November 2008, the Credit Line Agreement No. 880080 dated 07 October 2008 and annexes to the agreement were concluded, whereby Kozloduy NPP EAD granted a credit of BGN 22,000 thousand to the subsidiary Kozloduy HPP EAD, UIC 106588180. The funds are provided for the purpose of constructing a hydro power plant. According to Annex No. 4 of 20 January 2015 to the Agreement, the maturity date of the loan is 15 January 2024, with the repayment starting on 15 July 2013. The loan is repayable in 22 instalments, and the amount of the first 2 instalments is BGN 150 thousand (15 July 2013) and BGN 1,300 thousand (15 January 2014), respectively. A repayment schedule was prepared for the remaining 1/15 portion of the unpaid principal after 15 January 2014. In accordance with Annex No. 4, a floating interest rate comprising the BIR plus a 2.5% margin was agreed. The loan is secured by a promissory note and as at 31 December 2023 the loan has been regularly repaid. BGN 20,999 thousand have been repaid and the principal balance is BGN 1,001 thousand, representing an overdue repayment due on 15 January 2024. In connection with the matured debt, the Company accrues penalties in accordance with the terms of the agreement.

By the decision of Minutes No. 20/10 August 2023 of the Board of Directors of Kozloduy NPP EAD, approved by the decision of Minutes No. 55-2023/17 August 2023 of the Board of Directors of Bulgarian Energy Holding EAD, an earmarked cash loan agreement was signed between Kozloduy NPP EAD as the lender and Kozloduy NPP - New Build EAD as the borrower, in the amount of BGN 16,000 thousand to finance investment activities (front end engineering works and EIA procedure). The first tranche of BGN 10,000 thousand was granted in 2023. The loan repayment deadline is 01 September 2032. The loan has been contracted with a fixed interest rate of 5.70% per annum

and a grace period of 3 years. During the grace period, the accrued interest is capitalised into the principal amount of the loan. The loan obligations were repaid early on 01 February 2024 in the total amount of BGN 10,242 thousand together with the interest due.

Pursuant to the decision under item 1 of Minutes No. 101-2024/18 October 2024 of the meeting of the Board of Directors of Bulgarian Energy Holding EAD, approved by the Minutes No. E-PA-21-34/18 October 2024 of the Minister of Energy and the decision under item 1 of Minutes No. 50/18 October 2024 of the meeting of the Board of Directors of Kozloduy NPP EAD, a cash loan in the amount of BGN 25,000 thousand was granted to BEH EAD under a Loan Agreement with a final repayment date of 19 November 2024. By Addenda No. 1 of 18 November 2024 and No. 2 of 13 December 2024 to the Contract, the deadline for repayment of the loan was extended to 19 January 2025, without any change in the other terms of the loan.

Detailed information on the movements and balances of the granted loans is disclosed in the Company's annual separate financial statements as at 31 December 2024.

As at 31 December 2024, the Company has provided the following guarantees and collaterals:

- Monetary guarantee under a contract for organised exchange market - BGN 3,200 thousand;
- Monetary guarantee on the provision of a financial limit when initiating a CMBC bid for electricity - BGN 350 thousand;
- Monetary guarantee on the provision of a financial limit for participation on IBEX CMBC segment- BGN 11,498 thousand;
- Monetary guarantee for concluding electricity trade transactions - BGN 75 thousand;
- Monetary guarantee for participation on the electricity exchange market - BGN 5,251 thousand;
- Monetary guarantee for obligations to society for trading in electricity - BGN 567 thousand;
- Monetary guarantee on balancing contract - BGN 326 thousand;
- Monetary guarantee under a contract for supply of reactive power to the off-site emergency response centre (ERC) - BGN 19 thousand;
- Monetary guarantee under a contract for access and transmission of electricity - BGN 153 thousand;
- Guarantee collateral on securing financial limit to cover transactions - BGN 5,500 thousand;
- Guarantee collateral on procuring electric devices for the collection of road user charges for vehicles of over 3.5t – 6 thousand;
- Guarantee collateral under a framework contract for provision of electricity – BGN 16 thousand;
- Guarantee collateral under an office rent agreement – BGN 2 thousand.

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

No securities were issued during the reporting period.

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

The Company has not published any financial results estimates.

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

The Company's financial resources are managed jointly by the senior management and the Board of Directors. The main priority is to secure short- and medium-term cash flows for settling the Company's liabilities without obtaining funds from financial markets and in accordance with the financial and payment conditions and the requirements of the Bulgarian legislation. The Company has an effective financial management and control system in place, functioning

through policies and procedures, designed to ensure confidence in achieving the Company's objectives, as set in the Business Programme. Ongoing activities include:

- provision of objective and accurate financial and economic information in order to take timely and effective preventive actions to avoid possible threats;
- ensuring control over financial resources through periodic (daily, weekly) assessment of the risks (credit risk, interest rate risk, liquidity risk, currency risk and cash flow risk).

As at 31 December 2024, the Company's net debt, calculated as the difference between the liabilities and the available cash, amounts to BGN 333,626 thousand.

Indicator (BGN'000)	2024	2023
Total liabilities	882,944	721,610
Cash and short-term deposits	-549,318	-912,588
Net debt	333,626	
Long-term liabilities	376,819	329,786
Equity	5,266,885	4,830,758
Long-term liabilities/Equity ratio	0.07	0.07

The Company does not experience any difficulties in servicing its liabilities. Detailed information on possible threats and measures taken is provided earlier in the report. The risks that Kozloduy NPP EAD faces on the electricity market are mainly related to the unpredictability in the market price dynamics as well as the ongoing military conflict between Russia and Ukraine.

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

In 2024, Kozloduy NPP EAD was in a stable financial position. During the year, the Company maintained a high level of cash resources, which enabled timely payment of all current liabilities. The financing of investment activities was provided entirely from own funds. As at 31 December 2024, the cash and cash equivalents of Kozloduy NPP EAD amounted to BGN 549,318 thousand.

For 2025, the Company's investment programme has been approved in the amount of BGN 200 million. The implementation of the investment intentions is to be secured with own funds. The assessment of the opportunities for realisation of the planned investments is based on the amount of cash as at 31 December 2024 and the estimates of sales proceeds from core business in the Company's Business Programme. During the planning period, the Company is expected to generate regular proceeds from sales in the exchange market to service its commitments as they fall due. At this time, under the current forecast parameters, the Company does not anticipate incurring any long-term debt and changes to the financing structure of this business.

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

No changes in the core management principles of the Company and its economic group occurred in 2024.

15. Information on the key features of the internal control and risk management systems, implemented by the Company in the process of preparing its financial statements;

The Company has integrated an adequate and effective financial management and control system, through developed policies and procedures, in compliance with the requirements of the Financial Management and Control in the Public Sector Act, in order to ensure reasonable assurance that the goals set by the management will be achieved. The financial management and control system is characterised by: risk assessment; control environment; control activities, exchange of information and communication; activity monitoring.

Part of this system is internal audit, which appears as a third line of defence. Pursuant to the Internal Auditing in the Public Sector Act, the internal auditing is one of the tools to assess the adequacy and effectiveness of the financial management and control system. Kozloduy NPP EAD has an Internal Audit Department which reports directly to the CEO; the department's main activity is to plan and perform audit engagements to provide assurance or advice. The

internal audit activities at Kozloduy NPP EAD are carried out in accordance with the Internal Auditing in the Public Sector Act, the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics for Internal Auditors, the Regulations/Statutes of the Internal Audit Unit and the Methodology for Internal Audit in the Public Sector approved by the Minister of Finance. The management system established in Kozloduy NPP is process-based which guarantees good synchronisation in managing the risks assumed by the Company.

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

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

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

The following changes in the composition of the governing bodies occurred during the reporting year 2024:

At the beginning of the reporting period as at 01 January 2024, the Board of Directors consisted of:

- Iliya Iliev - Chair of the Board of Directors;
- Valentin Nikolov - Member of the Board of Directors and Chief Executive Officer;
- Svilena Nikolova - Member of the Board of Directors;
- Georgi Kirkov - Member of the Board of Directors;
- Iva Nikolova - Member of the Board of Directors.

On 28 June 2024, Valentin Aleksiev Nikolov was dismissed as a member of the Board of Directors and Chief Executive Officer of Kozloduy NPP EAD and Ivan Todorov Andreev was elected in his place. The circumstance was entered in the Commercial Register and Register of Non-Profit Legal Entities on 04 July 2024.

As of 04 July 2024 the Board of Directors consists of:

- Iliya Iliev - Chair of the Board of Directors;
- Ivan Andreev - Member of the Board of Directors and Chief Executive Officer;
- Svilena Nikolova - Member of the Board of Directors;
- Georgi Kirkov - Member of the Board of Directors;
- Iva Nikolova - Member of the Board of Directors.

By resolution No. 77 of 30 July 2024 of the Board of Directors of BEH EAD, Georgi Kirov Kirkov was dismissed as a member of the Board of Directors of Kozloduy NPP EAD and Slavyan Petrov Lachev was elected in his place. The circumstance was entered in the Commercial Register and Register of Non-Profit Legal Entities on 05 August 2024.

As of 05 August 2024 the Board of Directors consists of:

- Iliya Iliev - Chair of the Board of Directors;
- Ivan Andreev - Member of the Board of Directors and Chief Executive Officer;
- Svilena Nikolova - Member of the Board of Directors;
- Slavyan Lachev - Member of the Board of Directors
- Iva Nikolova - Member of the Board of Directors.

As at 31 December 2024, the Company is represented by the Chief Executive Officer - Ivan Andreev.

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

Remuneration of the members of the Board of Directors (BGN'000)	2024	2023
Short-term remuneration, including:	592	638
Salaries, including bonuses and compensations	525	561
Social security contributions	31	32
Social costs	36	45

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

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

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

As at 31 December 2024, there are no pending proceedings, relating to liabilities or receivables of the Company, amounting to at least 10 per cent of its equity. The Company is not a party in any proceedings with an amount of the claim/receivable of at least 10 per cent of its equity.

20. Additional information about the Company

Information about the Company is published on the official website: www.kznpp.org.

21. Other information

The Company considers that there is no other information that would be important to the users..

7. NON-FINANCIAL INFORMATION

Information under Article 29, para.4 of the Public Enterprises Act

Kozloduy NPP EAD is the only nuclear power plant in Bulgaria and the country's major electricity producer, providing for more than one third of the national annual electricity generation.

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

- Regulated market - selling to the public supplier NEK EAD under prices regulated by the Energy and Water Regulatory Commission. The obligations to the regulated market (supply quotas) are determined by the EWRC based on an estimate consumption by the end suppliers;

- Non-regulated market - transactions with electricity at freely negotiated prices on an organised exchange market, administered by the IBEX EAD;
- Supplying Company's facilities (Article 119, para.1 of the Energy Act) and end customers connected through their own electrical systems (Article 119, para.2 of the Energy Act).

The heat energy generated by Kozloduy NPP EAD is sold at prices regulated by the EWRC to satisfy the needs of:

- Domestic and non-domestic consumers in the town of Kozloduy;
- Non-domestic (business) consumers on-site and in the close vicinity of the plant site.

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

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

To achieve this goal, the Management of Kozloduy NPP EAD implements an integrated Management System that brings together all the requirements for the activities, in compliance with the following priorities:

- The highest level of safety;
- Efficient and competitive production;
- Licensed, competent and motivated personnel;
- Financial stability.

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

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

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

RISK ASSESSMENT REPORT

The Company applies risk management to ensure that all actions have been taken to identify, assess, plan, and implement measures to minimise the risks' impact on achieving the Company's goals.

The Company's strategic goals are defined in the Business programme approved by the Board of Directors. The management goals regarding the management policy and specific areas of activity are defined in the Company's policies summarised in the Kozloduy NPP EAD Policies document.

The plant risk management policy is to integrate risk management in the Company's management system processes, implementing the concept of 'risk-based thinking'.

The risk management strategy at Kozloduy NPP EAD is based on a conservative approach where safety is a priority in all activities and measures are taken to minimise the consequences for each identified considerable risk.

The general procedure, responsibilities and requirements for risk management are presented in the process model and documented in the 'Quality Rules. Risk management at Kozloduy NPP EAD'.

Current status for 2024

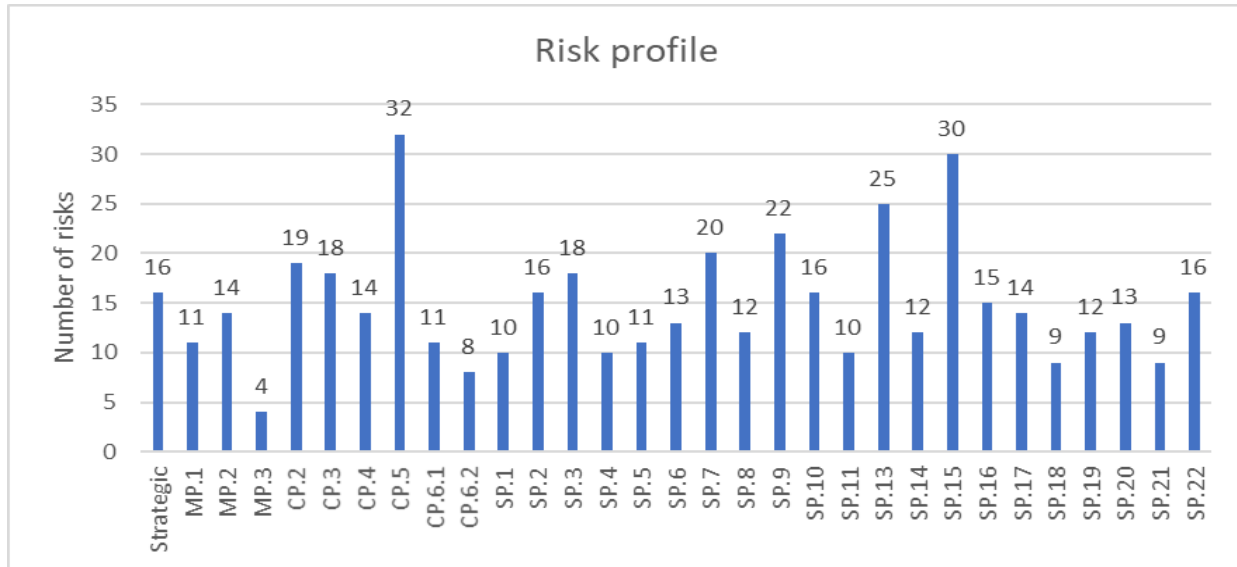
Kozloduy NPP EAD maintains an up-to-date Business Risk Register. Business risks include strategic and process risks. The Safety and Quality Committee performs periodic review of the risk profile and control over the measures to minimise risk.

Risk profile is determined based on the identification of inherent risks that naturally occur in the Company's operations. The assessment of the identified risks is carried out using the Business Risk Assessment Methodology by the relevant risk officer. As a result of the score, the risk category is determined in accordance with the scale: 'Very Low', 'Low', 'Medium', 'High' and 'Very High'.

Regarding the inherent risks, after analysis and assessment, measures to minimise them have been identified and integrated into the processes. Regarding the residual risks in the 'Medium', 'High' and 'Very High' categories, additional risk impact measures have been identified to control and minimise them to an acceptable level.

A review of the Company's risk profile was carried out in 2024.

A total of 460 risks have been identified. The distribution of strategic and process risks is presented in Figure 1.

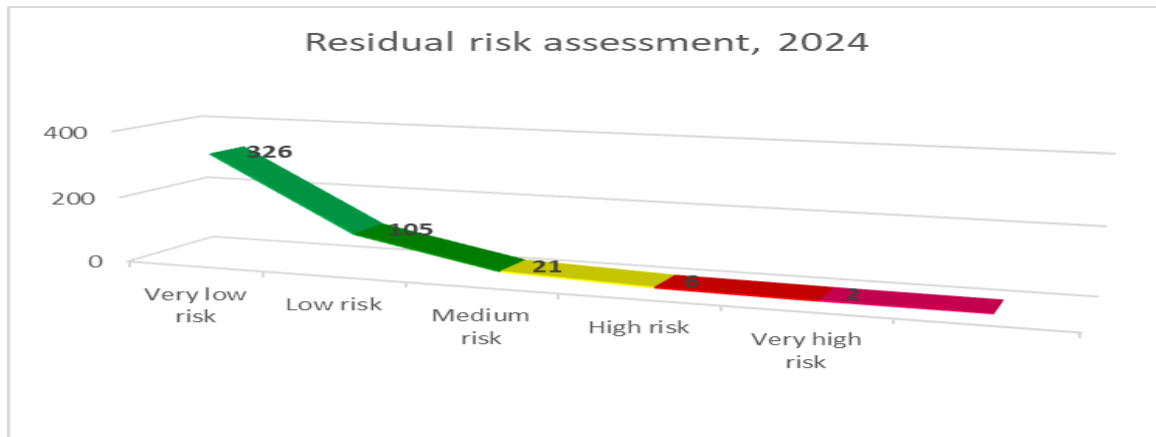


Strategic risks are 16 in number and process risks are 344.

Residual risk impact measures have been formulated for 12 strategic risks and 36 risks for the following 15 processes:

- MP.2 Strategical and Operational Planning
- MP.3 Organisational Change Management
- CP.3 Design Support
- CP.4 Maintenance
- CP.5 Nuclear Fuel Cycle Management
- CP.6.1 Electricity Sale
- SP.1 Emergency Planning and Preparedness
- SP.5 Licensing and Assessment of Investment Intentions
- SP.6 Metrological Assurance
- AP.7 Surveillance on structures, systems and components (SSCs)
- SP.8 Training and Knowledge Management
- SP.9 Environmental Management
- SP.20 Human Resource Management
- SP.21 Nuclear Security
- SP.22 Finance management

As a result of the review of the risk register, it was found that the risk profile at this stage is in the **'Very Low'** category area (Figure 2).



Two risks have been identified in the **'Very High' category** for **process CP.6.1 'Electricity sale'**:

- Risk CP.6.1-4 'Changes in the market environment (drop in demand and/or oversupply of energy leading to a drastic drop in price levels and/or energy not fully sold)';
- Risk CP.6.1-6 'Lack of conditions for effective management of imbalances in case of significant production deviations (insufficient demand/supply, available input/output capacities)', which is formed at the level of the EU internal electricity market and is not under the control of the Company.

REPORT ON HUMAN RESOURCES AND EMPLOYMENT RELATIONS

Social issues and personnel related issues

Issues related to the number of employees of different genders, information can be provided by area of employment and by occupation (gender pay equity for jobs of equal value, etc.):

The management of human resources in the Company is carried out in accordance with the objectives of the Human Resource Management Policy at Kozloduy NPP EAD and in compliance with the regulatory requirements related to the NPP personnel as licence holders for operation of Units 5 and 6. In meeting these requirements, the Company maintains a sufficient number of qualified and competent personnel to perform all activities.

Personnel recruitment is carried out through a professional recruitment system, observing the educational and qualification degree, and other requirements, as defined in the job descriptions, in compliance with the licensing provisions.

As at 31 December 2024, the plant has 3,813 employees and workers on the payroll, of them 33% women.

Allocation of staff according to the national classification of occupations and positions:

	No.
Managers	466
incl. women	118
Specialists	1,142
incl. women	520
Technicians and associate professionals	863
incl. women	210
Administrative assistance personnel	208
incl. women	181
Personnel, engaged in providing services to the population, trade and security	90
incl. women	40
Skilled workers in agriculture, forestry, hunting and fishing	-
incl. women	-
Skilled workers and the associated with them professionals	786
incl. women	75
Machine operators and assembly installers	152
incl. women	31
Professions, which do not require special qualifications	106
incl. women	75

Allocation of staff according to educational degree:

	No.
Higher education	2,410
incl. women	941
Secondary education	1,389
incl. women	305
Upper level primary education	14
incl. women	4

Allocation of staff according to age:

	No.
Age 18 – 30 years	330
incl. women	94
Age 31 – 40 years	968
incl. women	301
Age 41 – 50 years	1,098
incl. women	367
Age 51 – 60 years	1,264
incl. women	432
Age above 60 years	153
incl. women	56

Employment-related issues, including consultation and employee participation in decision-making on terms and conditions of employment (need for and frequency of employee consultation, number of new jobs created, proportion of employees on fixed-term contracts, etc.):

Kozloduy NPP EAD builds and maintains fair employment relationships based on respect for the individual, protection of the rights and interests of employees and their social well-being. The applicable regulations concerning labour relations are observed. The Company provides for conditions for continuous employment of workers and employees under employment contracts. Fixed-term employment contracts are signed for a short period of time, for the implementation of seasonal works, such as snow removal - in winter, and for attending the recreational centres - in summer time. In 2024, fixed-term employment contracts were signed for outsourced cleaning of buildings and premises and catering of staff, pending the contracts with external companies carrying out these activities. Temporary employment contracts were also concluded with students for the implementation of work-based learning (dual training).

The Employer's responsibility to provide the required technical means, facilities, raw materials, materials, electric power, tools, work clothing, personal protective equipment, etc., and adequate conditions to ensure normal performance of employment duties, is guaranteed by the collective labour agreement.

Every new recruit to the Company undergoes a compulsory induction course 'Introduction to NPP' before being allowed to join the workplace. The course is conducted to familiarise the trainees with the site access procedure, industrial safety rules, radiation protection rules, fire safety rules, first aid, general rules for actions in the event of an accident, and safety culture.

Upon entry into employment or upon reassignment to a new position, the Employer acquaints the employee with his/her rights and obligations arising from the job description for the position held, as well as with the internal documents required by the Labour Code.

For the purposes of a transparent recruitment, appointment and reappointment policy, the Employer is obliged to use information displays (boards) and the internal information system to announce the vacancies and the eligibility requirements.

Enterprise's relationship with trade unions, including respect for trade union rights (employee social benefits):

Kozloduy NPP EAD is a socially responsible company. The Plant interior regulations stipulate that the Employer undertakes to create conditions and to assist the trade union organisations in carrying out their activity, and the personnel - to engage in public or trade union activities, without interfering with the performance of their official duties.

The plant trade unions and the Employer conclude a Collective Labour Agreement which governs labour, social security and welfare relations not covered by the mandatory provisions of the law. About 57% of the Company's employees are members of trade union organisations.

Pursuant to the Collective Labour Agreement, the Employer undertakes not to prevent employees from exercising their rights or enjoying their benefits, not to dismiss them or to impose disciplinary action on them by reason of membership in a trade union organisation.

In order to ensure that the rights of workers and employees are respected, the trade union organisations take part in the preparation of the Plant interior regulations and the Company internal regulations on salaries.

A Medicines and Treatment Aid Committee has been set up as an advisory body of the Employer, with the participation of trade union representatives, to assist in decision making on the expenditure of a portion of the cultural and amenity services fund for employees and workers with health problems.

For those working in an environment with ionising radiation, free food and/or food supplements are provided in accordance with Regulation No. 11 of 21 December 2005 determining the conditions and procedures for providing free food and/or food supplements. In addition, the Employer secures means for cheaper food for the off-site staff.

The Company provides the employees with an increased paid annual leave, free company transport, and additional voluntary pension insurance at the employer's expense.

A contract has been concluded with an insurance company for additional health insurance of the Company's staff. The contract provides insurance coverage for a wide range of medical and non-medical services - outpatient medical care; inpatient medical care; sanatorium treatment; reimbursement for medicines and medical consumables.

Taking care of health prevention, recreation and cultural life of the Company's employees and their families, social facilities are maintained - recreational facilities, sports and health complex, Power Engineers Cultural Centre, etc., where a wide range of health, social and cultural activities are covered.

The plant provides its employees and their families with the opportunity to stay in housing and dormitories owned by the Company and use the social facilities at preferential rates.

The Company also provides care for its retired employees who can benefit from the social facilities. Financial resources are allocated to support the activity of the Pensioners' Club, thus encouraging the social life of retired people.

Human capital management, including management of restructuring, management of professional development, labour payment and training system (time-based and work-based labour payment system; average number of training hours per year per employee, employee requalification programmes):

The Company's management pursues a policy based on the importance of highly qualified staff to ensure the safe operation of the plant. This is stipulated in the Kozloduy NPP EAD Human Resource Management Policy.

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

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

In accordance with international standards and national requirements, the training process - an integral part of the Kozloduy NPP EAD management system - is carried out. The training process at Kozloduy NPP EAD aims to provide training for developing and maintaining a high level of safety culture and expert knowledge for understanding the technical, human and organisational aspects related to the facilities or the activity, in view of ensuring safety. The plant has its own training centre (TC), licensed by the Nuclear Regulatory Agency which provides conditions for specialised training and featuring a full-scope simulator for units with WWER-1000 reactors.

The training of the staff at Kozloduy NPP EAD starts from the appointment of the individual and continues until the end of the employment. The specialised training is conducted in various forms: theoretical (lecture training, self-study, and interactive-computer training), practical (hands-on training in workshops and laboratories, on-the-job training, and drills) and simulator training, as well as briefings (initial, periodic, extraordinary, and on-the-job). The scope, topics, forms and sequence of the training are defined in training programmes, training schedules, initial and continuing training plans for the full-scope simulator, and upon training requests, depending on the position and functions determined in the job descriptions.

In 2024, a total of 3,081 training courses were conducted for the Kozloduy NPP staff, and 519 courses for the staff of external companies and organisations. A total of 278,763 man-hours of specialised training of in-house staff were delivered (99,713 man-hours of which through the ESTRA e-learning system).

The Employer encourages the staff to further their education by providing additional paid leave to employees who are pursuing further education in specialties that present an opportunity for professional development within the Company. Workers and employees are provided with opportunities to participate in various professional meetings, forums, and seminars, in order to share experience and enhance their qualification.

The system for the evaluation of the individual work performance and development of the Company's staff that is in place regulates the main objectives for determining the specific needs of each employee to improve his/her professional and personal competence, for improving working relationships, and for creating conditions for the implementation of fair and transparent procedures for professional and career development.

The Plant regulations on salaries and the Collective Labour Agreement establish an organisation for effective management of the salaries at Kozloduy NPP EAD and guarantee prevention of discrimination or unequal treatment of workers and employees in determining their individual remuneration.

The labour payment system at Kozloduy NPP EAD is based on the time worked and the quality of the performance, i.e. the amount of the base pay is directly dependent on the duration of the work, and a premium, in the form of additional remuneration (monthly bonus) for results achieved.

The amount of the basic monthly salary of employees is agreed in an individual employment contract between the parties to the employment relationship.

Health and safety at work

Ensuring occupational health and safety (OHS) at the Company is carried out in accordance with the regulatory requirements for occupational safety and health, international legal norms, criteria, standards, recommendations and good practices that have proven their effectiveness.

The objectives, principles and priorities of the management with regard to occupational health and safety are defined in the plant Health and Safety Management Policy. In order to implement the objectives set out in the policy, authority has been delegated to officers, organisational units have been established and a Working Conditions Committee has been set up. A leadership approach is applied through the personal example of supervisors in the performance of work activities in order to nurture safety culture among workers and to build safety conscious behaviour regarding the adherence to safety requirements.

The workers are continuously informed, through procedures for safe operation, good practice examples, continuing trainings, and opportunities to enhance their qualification. A set of organisational and technical measures is in place to ensure a safe working environment and the actual state of working conditions at workplaces is continuously monitored. The risks to the safety and health of workers have been assessed and the necessary measures have been taken to prevent and reduce their impact. Depending on the specifics of the workplaces, possible hazards and risk at work, personal protective equipment is provided.

Continuous monitoring and analysis of employee health is ensured, including emergency care; Preventive medical check-ups are organised and their frequency is determined by the nature of the work, working conditions, and the age of the employees.

In 2024, the industrial accident rate at Kozloduy NPP EAD was still much lower than the average values for the industry, and the country in general.

Human rights issues

The Company's commitment to respect human rights (rights of children, women, indigenous people, people with disabilities, local communities, workers, etc.):

As of 2013, the Company has introduced a Code of Ethics which defines the expected behaviour of Kozloduy NPP EAD employees on the basis of the Company's common values when applying the UN Global Compact universal principles.

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

The Code of Ethics is based on the following core values:

- Safety first;
- Commitment, mutual respect and recognition;
- Personal accountability and integrity at work;
- Striving for excellence;
- Continuous learning.

The Code of Ethics is published in the internal information system and on the Company internet site, and is expected to be respected also by the contractors' personnel, working at the Kozloduy NPP EAD site. A paper copy of the Code of Conduct is given to every new employee of the Company.

The Company uses gender-neutral, race-neutral, nationality-neutral, ethnicity-neutral, etc. language on job advertisements and hiring criteria when conducting recruitment campaigns. The selection criteria applied are also neutral in terms of gender, race, nationality, ethnicity, etc. Selection notices are drawn up without restriction in accordance with the provisions of the Protection against Discrimination Act and on grounds of health condition, except where, by reason of the nature of the work, sex, age or health constitute an essential element thereof.

Kozloduy NPP EAD bases its employment decisions on educational and qualification requirements, psychological characteristics, medical indications for work in ionising radiation environment, regardless of race, nationality, ethnicity, age, gender, belief, origin, sexual and political orientation, marital status, and physical disabilities.

Kozloduy NPP EAD maintains an open, fair, impartial and accessible recruitment policy which is subordinated to the main priority to ensure the safe operation of the nuclear facilities.

Women at Kozloduy NPP EAD occupy both senior operational and senior management positions. Over the years, the proportion of female employees has remained steady at 33%, and 27% of all senior management positions are held by women.

Equal rights and opportunities for work, development and career advancement are provided, depending solely on the initiative, professional qualifications, experience and personal qualities of employees, as well as the results achieved in their work.

Ensuring adequate remedies for human rights (the process of receiving and addressing complaints and providing remedies for human rights violations):

Pursuant to the Plant interior regulations, the Employer shall respond in writing within 14 days to requests and complaints made by employees of the Company.

Anti-corruption and anti-bribery issues

As part of the Bulgarian Energy Holding EAD, the Company applies the Sectoral Anti-Corruption Plan in Energy. This plan further develops and specifies the priority areas for preventing and combating corruption in the energy sector, ensuring transparent governance and accountability in the activities of the Ministry of Energy and commercial companies with more than 50% state ownership.

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

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

- Via mailboxes placed at key locations on the territory of Kozloduy NPP EAD;
- Via e-mail: signal@npp.bg;
- Hotline: +359 973 7-62-62.

The alerts received are examined based of the principles of confidentiality of the information and protection of the anonymity of the origin of the alert. An administrative instruction has also been introduced for the registration and handling of reports of corruption and/or conflict of interest and for the protection of whistle-blowers.

There were no reports of corruption in 2024.

In case of suspicion of a crime, the inspection reports have to be forwarded to the competent authorities on behalf of Kozloduy NPP EAD CEO. The Corruption Prevention Department does not have information on the number of pending or completed cases related to anti-competitive behaviour.

The employees who are directly involved in the fight against corruption in the Company have been adequately trained on the topic of Prevention of corruption. Continuous professional training in this area is foreseen in order to ensure the required expertise to counteract corruption.

DISCLOSURES PURSUANT TO ARTICLE 8 OF REGULATION (EU) AND OF THE COUNCIL OF 18 JUNE 2020 ON THE ESTABLISHMENT OF A FRAMEWORK TO FACILITATE SUSTAINABLE INVESTMENT, AND AMENDING REGULATION (EU) 2019/2088**DISCLOSURE PERIOD 01 JANUARY 2024 - 31 DECEMBER 2024****I. General information**

This report is a separate report published together with the Non-financial information under the Public Enterprises Act, which is part of the Annual Separate Management Report of Kozloduy NPP EAD as at 31 December 2024. The obligations to disclose this information in the Report arise from the requirements of Article 8 of the Taxonomy Regulation 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investments and the relevant delegated regulations:

- Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation;
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives;
- COMMISSION Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors – natural gas and nuclear energy, and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities;
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the six environmental objectives.

The established common regulatory framework of the European Union in the field of taxonomy defines environmentally sustainable economic activities on the basis of uniform technical criteria contributing to one of the six environmental objectives in accordance with Article 9 of Regulation 2020/852 :

- Climate change mitigation;
- Climate change adaptation;
- Sustainable use and protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

The Taxonomy Regulation is a key element of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with the EU climate objectives.

Taxonomy is a classification system for environmentally sustainable economic activities and in the following section; we, as a non-financial undertaking, present the proportion of the Company's turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the 2024 reporting period which are associated with taxonomy-aligned economic activities associated with the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Annexes 1 and 2 of Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022.

Defining certain activities as 'sustainable investments' aims at enhancing transparency and providing an objective point of comparison to end investors on the proportion of investments which fund environmentally sustainable economic activities.

2024	Total BGN'000	Environmentally sustainable taxonomy-aligned activities	Taxonomy-eligible but taxonomy-non-aligned activities	Taxonomy-non-eligible activities
Turnover	2,061,839	99.30%	0%	0.70%
Capital expenditure	188,476	95.90%	2.20%	1.90%
Operating expenditure	142,357	95.10%	4.20%	0.70%

II. Environmentally sustainable economic activities of the Company in accordance with Taxonomy Regulation 2020/852 of the European Parliament and of the Council and degree of compliance with the environmental sustainability requirements.

As per the stipulations of Delegated Regulation (EU) 2021/2178, Kozloduy NPP EAD, as a non-financial undertaking, is obliged to disclose information in its Non-financial Statement for 2024 which includes information on Company's activities associated with the economic activities classified as environmentally sustainable activities in accordance with Article 3 and Article 9 of the Taxonomy Regulation, taxonomy-non-eligible activities, key performance indicators in compliance with Annex I and Annex II of Regulation 2021/2178.

The information disclosed pursuant to this Regulation covers the 2024 annual reporting period.

Kozloduy NPP EAD operates as a nuclear installation within the meaning of the Vienna Convention on Civil Liability for Nuclear Damage. It is the holder of the licences and permits and bears the primary responsibility for the safety of the nuclear installations within the meaning of this Convention, the Convention on Nuclear Safety, the Safe Use of Nuclear Energy Act and the sub-legislative regulations. The Company conducts its activities in compliance with the requirements of the national regulations in the field of nuclear energy, the recommendations of the International Atomic Energy Agency, and the European Union, as well as good international practices.

Kozloduy NPP EAD is a zero-emission producer of electricity and heat energy. It contributes substantially to achieving the European Union climate change mitigation and climate change adaptation objectives. The company plays a key role in reducing overall greenhouse gas emissions and has proven potential for avoiding the production of greenhouse gas emissions.

III. Classification of the economic activities of the Company in accordance with the Taxonomy Regulation and delegated regulations

In accordance with the subject of its activity and in compliance with the requirements of the Energy Act (EA) and Regulation No. 3 of 21 March 2013 on the licensing of activities in the energy sector, the Company holds licences for the generation of electricity, production and supply of heat energy. According to the statistical classification of economic activities established by Regulation (EC) 1893/2006, the two licensed activities are the main economic activities of Kozloduy NPP EAD with codes 35.11 and 35.30, respectively.

In view of the defined environmentally sustainable activities associated with generation from nuclear and gas power plants under Delegated Regulation (EU) 2022/1214, the licensing activities carried out fall within the scope of point **4.28 'generation of electricity or heat from nuclear energy in existing installations'** and are classified as taxonomy-eligible. This type of activity is included in Annex I and Annex II of Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosure of information on these economic activities.

The degree of environmental sustainability of the activities performed by the Company and their compliance with the taxonomy has been determined based on an analysis of the contribution of the respective activity to the achievement of the two environmental objectives:

1) **climate change mitigation, and**

2) climate change adaptation, and an assessment of the degree of doing no significant harm to either of the environmental objectives.

The table below presents the activities classified as environmentally sustainable and taxonomy-eligible (Group A1), taxonomy-eligible but not environmentally sustainable (taxonomy-non-aligned) activities (Group A2), and taxonomy-non-eligible activities (Group B). Information on the extent to which economic activities have an impact on achieving environmental objectives is aligned with the European regulations' requirements and is provided in the Key Performance Indicators (KPIs) templates Appendices 1, 2 and 3. The templates provide a clear indication of which environmental objective is being pursued by the activity concerned. Our activities contribute to both climate change mitigation and climate change adaptation.

The amount and proportion of the environmentally sustainable activities, taxonomy-eligible but taxonomy-non-aligned activities, and taxonomy-non-eligible activities under this classification have been disclosed. The reasoned conclusion on defining the activities in the respective groups A1, A2 and B is based on an assessment of the fulfilment of the technical screening criteria in accordance with Delegated Regulation (EU) 2022/1214.

A. Taxonomy-eligible activities
A.1. Environmentally sustainable activities (taxonomy-aligned)
4.28. Electricity generation from nuclear energy in existing installations (Generation of electricity or heat by an existing nuclear power plant)
(Generation of heat by an existing nuclear power plant)
5.3. Construction, extension and operation of waste water collection and treatment Description of the activity: The activity includes collection of domestic waste water from the Company's activity through own sewer network, its treatment at a domestic waste water treatment station and discharge to receiving waters. The activity could be associated with economic activity E37.00. The activity makes a significant contribution to pollution prevention and control. For the discharge of treated waste water, the Company has been issued a permit under the Water Act, with individual emission limits for pollutants set in the national legislation. The activity contributes to Do no significant harm ('DNSH'). The activities are carried out in accordance with the waste water discharge permit issued.
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) Description of the activity: The activity includes installation and maintenance of charging stations and parking and charging spots which are property of the Company. The activity could be associated with economic activity F42.99. The activity makes a substantial contribution to climate change mitigation because it is an enabling activity pursuant to Article 10(1)(i) of Regulation (EU) 2020/852.
A.2. Taxonomy-eligible but not environmentally sustainable (taxonomy-non-aligned) activities
3.10. Manufacture of hydrogen The activity could be associated with NACE code C20.11. Description of the activity: The manufacture of hydrogen at the Company is intended to cool down the turbine generator and is therefore considered to be taxonomy-non-aligned. The activity is included in the taxonomy when hydrogen is used as a fuel or is involved in mixtures with other gases that are used as fuels.
4.12. Storage of hydrogen The activity could be associated with: N/A Description of the activity: The storage of hydrogen at the Company is intended to cool down the turbine generator. The stored hydrogen does not meet the technical screening criteria under item 3.10, therefore it is considered as not meeting the taxonomy technical criteria.
5.1. Construction, extension and operation of water collection, treatment and supply systems Description of the activity:

<p>The activity could be associated with NACE code E37.00.</p> <p>The activity is related to the production of demineralised water for technical needs. The Danube water is purified of chemical and mechanical impurities through appropriate installations.</p> <p>The activity does not meet the criteria under Article 3 of Regulation (EU) 2020/852 and is considered to be taxonomy-non-aligned.</p>
<p>5.5. Collection and transport of non-hazardous waste in source segregated fractions</p> <p>Description of the activity:</p> <p>Waste generated at the facility is collected separately in accordance with written internal rules. The waste is stored in warehouses in separate cells and then handed over to companies holding the required permits for subsequent safe treatment or recycling.</p> <p>The economic activities in this category could be associated with NACE code E38.11.</p> <p>The activity makes a significant contribution to climate change mitigation as all separately collected and transported non-hazardous waste that is segregated at source is passed on for preparation for reuse or recycling.</p> <p>The activity contributes to climate change mitigation, under the additional 'do-no-significant-harm' criterion, point 4) 'Transition to a circular economy', as the separately collected waste fractions are not mixed with other waste or materials with different properties in the waste storage and transfer facilities.</p>
<p>6.5. Transport by motorbikes, passenger cars and light commercial vehicles</p> <p>Description of the activity:</p> <p>Mobility between the different facilities of the Company is provided by electric cars and electric scooters.</p> <p>The economic activities in this category could be associated with NACE code H49.41.</p> <p>The all-electric mopeds, cars and trucks have zero CO2 emissions and make a substantial contribution to climate change mitigation, however, they are a small part of the Company's fleet. That is why the activity is considered to be taxonomy-non-aligned.</p>
<p>7.2. Renovation of existing buildings</p> <p>Description of the activity:</p> <p>Renovation of existing buildings according to an investment plan developed in advance.</p> <p>The economic activities in this category could be associated with NACE codes F41 and F43.</p> <p>The activities in this category partially meet the technical criteria under Annex I and Annex II and therefore the activity is considered to be taxonomy-non-aligned.</p>
<p>7.3. Installation, maintenance and repair of energy efficiency equipment</p> <p>Description of the activity:</p> <p>Renovation of existing buildings according to a preliminary developed energy efficiency activities plan.</p> <p>The economic activities in this category could be associated with NACE codes F41 and F43.</p> <p>The activity is an enabling activity pursuant to Article 10(1)(i) of Regulation (EU) 2020/852.</p> <p>The activities in this category partially meet the technical criteria under Annex I and Annex II and therefore the activity is considered taxonomy-non-aligned.</p>

The activities which, within the meaning of the European taxonomy regulatory framework, cannot be classified as contributing to the EU's objectives for decarbonisation of the economy have been disclosed.

B. Taxonomy-non-eligible activities
Other education activities, not classified elsewhere
Technical testing and analysis
Hotels and similar accommodation
Restaurants and mobile food service activities

IV. Technical screening criteria pertaining to substantial contribution of activity 4.28 (Regulation (EU) 2022/1214) to climate change mitigation and Do no significant harm (Annex I)

1. General criteria

Regarding item 1.a) The requirements of Council Directive 2009/71/Euratom establishing a Community framework for the nuclear safety of nuclear installations have been transposed to the Safe Use of Nuclear Energy Act and the regulations resulting thereby.

The Regulation on Ensuring the Safety of Nuclear Power Plants sets national requirements for nuclear safety and regulates the licensing system for activities in nuclear installations.

The requirements of Council Directive 2011/70/Euratom establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste have been transposed to the Safe Use of Nuclear Energy Act and the Regulation on the Safety of Spent Fuel Management and the Regulation on the Safety of Radioactive Waste Management.

The two regulations introduce requirements for licence holders for activities with SNF and RAW, such as those introduced by the Regulation on Ensuring the Safety of Nuclear Power Plants regarding the nuclear power plants: responsibility for nuclear safety of the facilities, safety assessment, implementation of an integrated management system, provision of sufficient financial and human resources.

The national policy on spent nuclear fuel and radioactive waste management is reflected in the Strategy for SNF and RAW Management, which is adopted by the Council of Ministers. The Strategy is based on the principles set out in Article 4 of Directive 2011/70/Euratom. The Strategy fulfils the functions of a national policy implementation programme for the management of SNF and RAW through its Action Plan. It is foreseen that the Strategy together with its Action Plan will be reviewed every 5 years, or in case of changes in international or national legislation. The content of the Strategy, as a national programme, complies with the requirements of Article 12 of Directive 2011/70/Euratom. As required by Article 14 of the Directive, periodic reports on the implementation of the national programme are submitted to the EC.

Regarding item 1.b) The activity of Kozloduy NPP complies with the Euratom Treaty and with legislation adopted on its basis, in particular, Directive 2009/71/Euratom, Directive 2011/70/Euratom and Directive 2013/59/Euratom, and with applicable Union environmental law adopted under Article 192 TFEU, in particular Directive 2011/92/EU and Directive 2000/60/EC.

The provisions of the Euratom Treaty, Directive 2009/71/Euratom, Directive 2011/70/Euratom and Directive 2013/59/Euratom have been transposed to the national legislation through the Safe Use of Nuclear Energy Act and the regulations resulting thereby.

Directive 2011/92/EU has been transposed to the Bulgarian legislation through the Environmental Protection Act, the Regulation on the Terms and Procedure for Implementing Environmental Impact Assessments and the Regulation on the Terms and Procedure for Implementing Ecological Assessments. Directive 2000/60/EC and Directive 2007/60/EU have been transposed to national legislation in the Water Act.

Regarding item 1.c) Since 1999, the established Nuclear Facilities Decommissioning (NFD) Fund and Radioactive Waste (RAW) Fund have been operating in accordance with the requirements of the SUNEA and are governed by Management Boards. The procedure for assessment, collection, spending and control of funds as well as the amount of due contributions to both funds are stipulated in the regulations adopted by the Council of Ministers. Revenues to the RAW Fund are raised from contributions of the entities which, as a result of their activities, generate radioactive waste, subject to transferring resources from the state budget, and the accumulated funds are expended expressly on the operation and support of State Enterprise Radioactive Waste (SE RAW). The revenues to the NFD Fund are raised from contributions from entities operating nuclear facilities, money from the state budget, etc. The funds accumulated are expended solely to finance decommissioning projects and activities.

Kozloduy NPP's contributions to the two funds, as the holder of the licences for the operation of the nuclear facilities, are currently set at 10.5% of the revenues from the electricity sold.

Regarding item 1.d) According to the SUNEA and, respectively, the Regulation on the procedure for defining, collecting, spending and control of the funds and the amount of contributions due to the Nuclear Facilities Decommissioning Fund, the monthly contributions to the fund shall be determined by a methodology adopted by the Management Board of the Fund on the proposal of the Minister of Energy for determining the costs of financing decommissioning and accordingly for determining the contributions due. The methodology shall take into account the technological aspects and nuclear safety and radiation protection requirements.

The amount of the contributions under the Act shall be set so that at the end of the operational period the funds required to cover the decommissioning costs over the lifetime of the facility are raised. The financial resources of the Fund shall cover all aspects of nuclear facility decommissioning activities and shall be available when needed.

Periodically, but not less frequently than every 5 years, the adequacy of the funds raised shall be assessed, respectively the contributions to the NDF and RAW Funds shall be reviewed and updated where necessary.

Where the implementation of the decommissioning project proves to be more expensive than the cost estimate approved by the Management Board of the Fund, the necessary additional costs shall be borne by the entity who last operated the nuclear installation under a licence for operation (if still generating revenue).

Regarding item 1.e) Bulgaria's strategy for the management of SNF and RAW foresees the construction of a national disposal facility for low and intermediate level radioactive waste (NDF). The construction of the disposal facility was notified in compliance with Article 41 of the Euratom Treaty. The disposal facility is under construction. It is envisaged that the NDF will be constructed in three stages, with the first stage providing for the disposal of waste from the decommissioning of Kozloduy NPP Units 1-4. Stage I is expected to be commissioned in 2025. Stage II is scheduled for commissioning in 2035, and Stage III - in 2065.

At present, RAW from the operation and decommissioning of nuclear facilities, after processing and conditioning, is stored in reinforced concrete containers in the temporary storage facilities of SE RAW at the Kozloduy NPP site.

Regarding item 1.f) -i - -iii The Strategy for SNF and RAW management foresees the construction and commissioning, by 2050, of a deep geological repository (DGR) for the disposal of SNF and HLW resulting from its processing. The undertaking responsible for the construction of the repository is SE RAW.

In the operational period between 2051 and 2111, a closure plan will be developed in parallel, taking into account the technical design and the Safety Analysis Report. After 2111, facility closure activities, site restoration activities and implementation of post-closure active monitoring programme will be performed until 2161. Post-closure passive monitoring will be carried out between 2161 and 2461.

Regarding item 1.f) - iv The funding for decommissioning, radioactive waste and spent nuclear fuel management during the commercial operation of the nuclear facilities is consistent with the relevant legislation and national policy set out in the Strategy for Spent Nuclear Fuel and Radioactive Waste Management. In accordance with the Strategy, the NPP costs for SNF management are currently recognised as costs for the licensed activity forming the prime cost of electricity. In the event that transportation of spent nuclear fuel for storage and reprocessing is not possible, costs for provisions for future obligation for SNF transportation are accrued for the respective year. These sums are deposited in a special deposit account and are spent solely for the SNF management in the following years. The collection and spending of the funds in the special deposit account is administered by the Ministry of Energy.

In order to raise funds for the RAW Fund to finance the construction of a deep geological repository for high-level waste, it is necessary to accumulate resources in an account with separate earmarking and accounting of resources raised and expended for the deep geological repository. The necessary funds will be raised through earmarked contributions from the nuclear facilities operator during the long-term operation of Units 5 and 6. According to initial projections, Kozloduy NPP EAD should pay ~6% of the revenues from electricity sales, with the contributions to be provided from the current operating costs. Periodically, every 5 years, an adequate assessment of the costs of the construction of the deep geological repository will be prepared, on the basis of which the amount of contributions will be updated as necessary to ensure sufficient financial resources at the end of the lifetime of the units. The amount of contributions due will be regulated in the Regulation on the procedure for defining, collecting, spending and control of the funds and the amount of contributions due to the Radioactive Waste Fund.

Regarding item 2. The upgraded project implements every reasonably practicable safety improvement and from 2025 makes use of accident-tolerant fuel. The technology is certified and approved by the national safety regulator.

The project has been notified to the Commission in accordance with Article 41 of the Euratom Treaty or with Article 1(4) of Council Regulation 2587/1999, and where either of these provisions is applicable, the Commission has given its opinion on it in accordance with Article 43 of the Euratom Treaty, and all the issues raised in the opinion, with relevance for the application of Article 10(2) and Article 17 of Regulation (EU) 2020/852, and of the technical screening criteria laid down in this Section, have been satisfactorily addressed.

Regarding item 3. On the basis of the reports, the Commission shall review the adequacy of the accumulated resources of the radioactive waste management fund and the nuclear decommissioning fund referred to in point 1(c) and the progress in the implementation of the documented plan referred to in point 1(f) and it may address an opinion to the Member State concerned.

Regarding item 4. a) A Demonstration of nuclear safety has been presented in the Safety Analysis Report, Kozloduy NPP Units 5 and 6. Such an assessment is also presented in the reports of the 'stress' tests conducted in 2011 at Kozloduy NPP. All these documents have been submitted to the Bulgarian Nuclear Regulatory Agency.

Regarding item 4 b) Kozloduy NPP implements technical and organisational measures ensuring the application of the defence-in-depth concept. Measures are being implemented to improve the safety of Units 5 and 6. These are improvements to the SSCs (Structures, Systems and Components) taking into account the lifetime of the units. Emergency procedures have also been developed and implemented for personnel actions in all events.

Regarding item 4 c) 'Safety Analysis Report', Kozloduy NPP, Units 5 and 6, which contains these assessments, is a part of the licence of the power units and was submitted to the Bulgarian Nuclear Regulatory Agency when applying for the licence.

Regarding item 6. A periodic safety review is a part of the licence of the nuclear facilities at Kozloduy NPP and it includes an assessment of the compliance with current Bulgarian and international regulatory requirements (incl. the IAEA and WENRA standards). The protection of the unit against internal and external hazards is considered in details in 'Analysis of internal and external events and hazards'. In 2022, Level 1 PSA was updated; it takes into account the current status of the units and the site, and it was performed in accordance with current Bulgarian and European standards.

Regarding item 7. The policy on spent nuclear fuel and radioactive waste management, declared in the Strategy for SNF and RAW management provides for the following:

Radioactive waste generated in the Republic of Bulgaria is disposed of on Bulgarian territory, unless an agreement has become effective for using a RAW disposal facility in another country;

Reprocessing of the whole SNF quantity, interim storage in a specialised facility for all types of RAW shipped back to Bulgaria after reprocessing, and final disposal in a DGR.

2. Additional criteria

- Additional criteria pertaining to substantial contribution to climate change mitigation

Greenhouse gas (GHG) emissions have not been assessed for the whole life-cycle of the generation of electricity from nuclear energy.

- Additional criteria pertaining to Do no significant harm ('DNSH')

Environmental objective in accordance with Article 9 of Regulation 2020/852	Climate change mitigation
(2) Climate change adaptation	<p>The physical climate risks that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment.</p> <p>The updated Level 1 Probabilistic Safety Analysis (PSA) (2022) reports address and assess the climate risks. The assessment has been performed on the basis of the risk of core damage, i.e., inoperability of the power units.</p> <p>The different climate risks distribution is presented in the Summary report of the updated Level 1 PSA (2022).</p> <p>An assessment of the changes implemented in the systems since 2007 has been carried out together with the draft of the updated Level 1 PSA (2022).</p> <p>The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, so that the updated PSA report includes activities with an expected lifespan of less than 10 years. The assessment is performed at least by using climate projections at the smallest appropriate scale.</p> <p>In the updated Level 1 PSA (2022) reports climate risks are also addressed and assessed based on climate projections.</p> <p>Prior to commencement of activities, a risk assessment of the environmental impact of the activity is carried out.</p> <p>The activity complies with the requirements laid down in Article 6(b), 8b(1), point (a), and Article 8c(a) of Directive 2009/71/Euratom.</p> <p>The activity fulfils the requirements of Directive 2009/71/Euratom implemented in</p>

Environmental objective in accordance with Article 9 of Regulation 2020/852	Climate change mitigation
	accordance with the international guidance of the IAEA and WENRA relating to natural disasters, including floods and extreme weather conditions.

(3) Sustainable use and protection of water and marine resources	<p>The integrated management of water, in accordance with Directive 2000/60/EC and Directive 2007/60/EC, is performed by a River basin management plan and a Flood risk management plan. The management plans are updated every six years. All environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed therein, and their sustainable management is achieved by developing an action programme.</p> <p>In order to protect water against depletion, pollution and damage, each use of water resources is subject to a permit issued by the supervisory bodies, setting out specific conditions and requirements.</p> <p>Kozloduy NPP EAD has been issued the relevant permits for the abstraction of water from surface water and groundwater and the discharge of waste water.</p> <p>Each investment project is in compliance with the legislative requirements for sustainable water management and approved by the national competent authorities.</p> <p>The waste water and cooling water discharge permits issued to the Company by the Ministry of Environment and Water set specific conditions and requirements for water use, individual emission limit values by streams and discharge points, including the requirement to raise the temperature of the receiving waters (for thermal power plants) by $\leq 3^{\circ}\text{C}$.</p> <p>Kozloduy NPP EAD monitors the discharged water according to the frequency and indicators specified in the permit.</p> <p>The 'increase of the temperature of the receiving waters' indicator is measured at the point of practically complete mixing of the waste water and the receiving waters.</p> <p>No exceeding of the individual emission limit value has been identified and no increase in the temperature of the receiving water of more than 3°C has been detected at the point of complete mixing of the cooling water with the receiving waters.</p> <p>The requirements of Directive 2013/51/Euratom have been transposed to the Bulgarian legislation by the Regulation on the quality of water intended for drinking and household purposes, and the parametric values for radon, tritium and indicative dose of water are those specified in the Directive.</p> <p>Kozloduy NPP implements a programme of radioecological monitoring of environmental components, including surface water and groundwater. An annual report on the results of the radioecological monitoring is prepared and submitted to the Bulgarian Nuclear Regulatory Agency. No significant environmental impact has been identified resulting from the operation of Kozloduy NPP.</p>
(4) Transition to a circular economy	<p>A comprehensive programme for the management of radioactive waste has been developed at Kozloduy NPP in cooperation with SE RAW. The programme contains the policy, objectives, principles, methods, means and organisation for the management of radioactive waste from Kozloduy NPP throughout the entire technological cycle from its generation to its transfer to SE RAW, as well as the implementation of activities for clearance from regulatory control.</p> <p>The approach taken is to limit the generation of radioactive waste to a practical minimum in both volume and activity through appropriate operating practices. A schedule for the transfer of RAW for processing by SE RAW is established annually.</p> <p>A project for the radiological characterisation of solid radioactive waste, candidates for regulatory clearance, has been implemented. A methodology for releasing RAW from</p>

	<p>regulation is to be developed.</p> <p>The management of non-radioactive waste is carried out in accordance with the internal 'Procedure for collection, transportation, temporary storage and utilisation of non-radioactive waste from Kozloduy NPP EAD', which ensures the separate collection and transfer for utilisation/disposal of non-radioactive waste from the activity.</p> <p>In 2011, the requirements of Commission Recommendation 2006/851/Euratom on the management of financial resources for the decommissioning of nuclear installations, spent nuclear fuel and radioactive waste were transposed into the Bulgarian legislation. Thus, good European practices in the field of financing activities for safe management of radioactive waste, spent nuclear fuel and decommissioning of nuclear installations are applied.</p> <p>The Regulation on the procedure for defining, collecting, spending and control of the funds and the amount of contributions due to the Radioactive Waste Fund establishes the conditions and procedure for financing by the Fund of spatial development projects in municipalities and residential areas where a radioactive waste management facility is operated or authorised for construction.</p> <p>The amount of contributions to the Nuclear Facilities Decommissioning Fund is determined on the basis of a methodology for the decommissioning financing costs.</p> <p>A possibility is provided for the establishment of an earmarked account with the licensee of a nuclear facility in operation to cover the costs of removing spent nuclear fuel from previous years for technological storage and processing.</p> <p>An environmental impact assessment (EIA) of the plant was carried out in 1999. A mitigation measures programme was prepared to meet the conditions of the EIA decision and these have been implemented. For each new investment intention, the notification, consideration or environmental impact assessment (EIA) procedure is observed in accordance with the Environmental Protection Act, which transposes Directive 2011/92/EU.</p> <p>The relevant elements in this Section are covered by Member States' reports to the Commission in accordance with Article 14(1) of Directive 2011/70/Euratom.</p> <p>In accordance with the requirements of Directive 2011/70/Euratom, the first report on the implementation of the national programme for SNF and RAW management was prepared and submitted in 2015. The report, in accordance with the provisions of the Directive, shall be prepared every 3 years after the first one.</p>
(5) Pollution prevention and control	<p>The activity does not lead to the production, launching in the market or use of substances listed in the documents in Appendix C to Regulation 2022/1214 of 9 March 2022.</p> <p>Non-radioactive emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set out in the best available techniques (BAT) conclusions for large combustion plants. No significant cross-media effects occur.</p> <p>No emissions of sulphur or nitrogen oxides are emitted during operation.</p> <p>Radioactive discharges to air, water bodies and ground (soil) comply with individual licence conditions for the specific operations, where applicable, or national threshold values in line with Directive 2013/51/Euratom and Directive 2013/59/Euratom.</p> <p>Continuous operational and periodic monitoring of liquid and gaseous emissions to the environment is carried out, as well as radioecological monitoring of environmental components (air, water, soil, food products, fauna and flora). Radioecological monitoring of the environment is carried out according to a defined annual schedule and monitoring network.</p> <p>The results of the monitoring show that the values of radioactive emissions into the environment are many times lower than the established permissible values.</p> <p>The safe SNF and RAW management, in accordance with the requirements of the Directives, is included in the conditions of the licences for operation of Units 5 and 6 and the Spent Fuel Storage Facility. Reports on the licence conditions implementation are periodically submitted to the NRA.</p>

	<p>RAW generated during the operation of Kozloduy NPP are transferred for processing to SE RAW. The Company has an adequate capacity for interim storage of reinforced concrete containers with processed RAW. A National disposal facility for low and intermediate level radioactive waste (NDF) where the reprocessed RAW will be disposed of is under construction. The first stage of the disposal facility construction will be commissioned in 2025.</p>
(6) Protection and restoration of biodiversity and ecosystems	<p>The activity complies with the criteria set out in Appendix D to this Annex.</p> <p>An Environmental Impact Assessment is completed prior to the construction of a nuclear power plant, in accordance with Directive 2011/92/EU. The required mitigation and compensation measures are implemented.</p> <p>An environmental impact assessment (EIA) of the plant was carried out in 1999. A programme of mitigation measures was prepared to meet the conditions of the EIA decision and these have been implemented.</p> <p>For each new investment intention the competent authority shall be notified and, on the basis of the requirements of the national legislation transposing the respective Directives - Environmental Protection Act, Regulation on the Terms and Procedure for Conducting Environmental Impact Assessments, Biological Diversity Act, Regulation on the Terms and Procedure for Assessing the Compatibility of Plans, Programmes, Projects and Investment Proposals with the Subject and Objectives of Protected Areas Conservation, shall carry out an assessment of the need to conduct an EIA, including an assessment of the compatibility of the investment proposal with the subject and objectives of protected areas conservation.</p>

V. Technical screening criteria pertaining to substantial contribution of activity 4.28 (Regulation (EU) 2022/1214) to climate change adaptation and Do no significant harm (Annex II)

Regarding item 1. Measures are being implemented to improve the safety of Units 5 and 6. Improvement actions arising from climate risk assessments are also included in the scope of these measures.

Regarding item 2 a) The climate risks included in the table in Section II of Appendix A are addressed and evaluated in the updated Level 1 PSA (2022) reports. The assessment was conducted based on the risk of core damage, i.e., inoperability of the power units.

Regarding item 2 b) The risks distribution of different climate hazards is presented in the Summary report of the updated Level 1 PSA (2022).

Regarding item 2 c) An assessment of the changes implemented in the systems since 2007 has been carried out together with the draft of the updated Level 1 PSA (2022).

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

a) Updated Level 1 PSA (2022) reports include activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale.

In the updated Level 1 PSA (2022) reports climate risks are also addressed and assessed based on climate projections.

Regarding item 3. Climate risks also based on climate projections are addressed and assessed in Updated Level 1 PSA (2022) reports.

Regarding items 4.a), b), e) Prior to commencement of activities, a risk assessment of the environmental impact of the activity is carried out.

Regarding item 4 c) All large-scale activities are coordinated at regional and national level.

Regarding item 4 d) Pre-defined self-assessment indicators are used and remedial action is considered where those indicators are not met.

Regarding item 5. The activity complies with the provisions laid down in the Euratom Treaty and the legislation adopted on its basis, in particular, Directive 2013/59/Euratom, Directive 2009/71/Euratom, and Directive 2011/70/Euratom as well as applicable Union environmental law adopted under Article 192 TFEU, in particular Directive 2011/92/EU, Directive 2000/60/EC and Directive 2007/60/EC.

Regarding item 6. The activity complies with national legislation that transposes Directive 2009/71/Euratom, including with regard to the assessment through stress-tests of the resilience of the Union nuclear power plants against

extreme natural hazards, including earthquakes. Accordingly, the activity takes place on the territory of a Member State where the operator of a nuclear installation:

a) has submitted a demonstration of nuclear safety, whose scope and level of detail is commensurate with the potential magnitude and nature of the hazard relevant for the nuclear installation and its site (Article 6, letter b), of Directive 2009/71/Euratom); b) has taken defence-in-depth measures to ensure, inter alia, that the impact of extreme external natural and unwanted man-made hazards is minimised (Article 8b(1), point (a), of Directive 2009/71/Euratom); has constructed or is operating a nuclear power plant (Article 8c, letter (a) of Directive 2009/71/Euratom). The activity fulfils the requirements of Directive 2009/71/Euratom, supported by the latest international guidance through the IAEA and WENRA, contributing to increasing the resilience and the ability of new and existing nuclear power plants to cope with extreme natural hazards, including floods and extreme weather conditions.

Additional criteria pertaining to Do no significant harm ('DNSH')

Environmental objective in accordance with Article 9 of Regulation 2020/852	Climate change adaptation
(3) Sustainable use and protection of water and marine resources	<p>The integrated management of water, in accordance with Directive 2000/60/EC and Directive 2007/60/EC, is performed by a River basin management plan and a Flood risk management plan. The management plans are updated every six years. All environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed therein, and their sustainable management is achieved by developing an action programme.</p> <p>In order to protect water against depletion, pollution and damage, each use of water resources is subject to a permit issued by the supervisory bodies, setting out specific conditions and requirements.</p> <p>Kozloduy NPP EAD has been issued the relevant permits for the abstraction of water from surface water and groundwater and the discharge of waste water.</p> <p>Each investment project is in compliance with the legislative requirements for sustainable water management and approved by the national competent authorities.</p> <p>The waste water and cooling water discharge permits issued to the Company by the Ministry of Environment and Water set specific conditions and requirements for water use, individual emission limit values by streams and discharge points, including the requirement to raise the temperature of the receiving waters (for thermal power plants) by $\leq 3^{\circ}\text{C}$.</p> <p>Kozloduy NPP EAD monitors the discharged water according to the frequency and indicators specified in the permit. The 'increase of the temperature of the receiving waters' indicator is measured at the point of practically complete mixing of the waste water and the receiving waters.</p> <p>No exceeding of the individual emission limit value has been identified and no increase in the temperature of the receiving water of more than 3°C has been detected at the point of complete mixing of the cooling water with the receiving waters.</p> <p>The requirements of Directive 2013/51/Euratom have been transposed to the Bulgarian legislation by the Regulation on the quality of water intended for drinking and household purposes, and the parametric values for radon, tritium and indicative dose of water are those specified in the Directive.</p> <p>Kozloduy NPP implements a programme of radioecological monitoring of environmental components, including surface water and groundwater. An annual report on the results of the radioecological monitoring is prepared and submitted to the Bulgarian Nuclear Regulatory Agency. No significant environmental impact has been identified resulting from the operation of Kozloduy NPP.</p> <p>The activity complies with the Water Act that transposes Directive 2000/60/EC.</p>

Environmental objective in accordance with Article 9 of Regulation 2020/852	Climate change adaptation
<p>(4) Transition to a circular economy</p>	<p>A comprehensive programme for the management of radioactive waste has been developed at Kozloduy NPP in cooperation with SE RAW. The programme contains the policy, objectives, principles, methods, means and organisation for the management of radioactive waste from Kozloduy NPP throughout the entire technological cycle from its generation to its transfer to SE RAW, as well as the implementation of activities for clearance from regulatory control.</p> <p>The approach taken is to limit the generation of radioactive waste to a practical minimum in both volume and activity through appropriate operating practices. A schedule for the transfer of RAW for processing by SE RAW is established annually.</p> <p>A project for the radiological characterisation of solid radioactive waste, candidates for regulatory clearance, has been implemented. A methodology for releasing RAW from regulation is to be developed.</p> <p>In accordance with the requirements of Directive 2011/70/Euratom, the first report on the implementation of the national programme for SNF and RAW management was prepared and submitted in 2015. The report, in accordance with the provisions of the Directive, shall be prepared every 3 years after the first one.</p> <p>The management of non-radioactive waste is carried out in accordance with the internal 'Procedure for collection, transportation, temporary storage and utilisation of non-radioactive waste from Kozloduy NPP EAD', which ensures the separate collection and transfer for utilisation/disposal of non-radioactive waste from the activity.</p> <p>For each new investment intention the competent authority shall be notified and, on the basis of the Environmental Protection Act, Regulation on the Terms and Procedure for Conducting Environmental Impact Assessments, Biological Diversity Act, Regulation on the Terms and Procedure for Assessing the Compatibility of Plans, Programmes, Projects and Investment Proposals with the Subject and Objectives of Protected Areas Conservation, shall carry out an assessment of the need to conduct an EIA, including an assessment of the compatibility of the investment proposal with the subject and objectives of protected areas conservation.</p>
<p>(5) Pollution prevention and control</p>	<p>No emissions of sulphur or nitrogen oxides are emitted during operation.</p> <p>Radioactive discharges to air, water bodies and ground (soil) comply with individual licence conditions for the specific operations, where applicable, or national threshold values in line with Directive 2013/51/Euratom and Directive 2013/59/Euratom.</p> <p>Continuous operational and periodic monitoring of liquid and gaseous emissions to the environment is carried out, as well as radioecological monitoring of environmental components (air, water, soil, food products, fauna and flora). Radioecological monitoring of the environment is carried out according to a defined annual schedule and monitoring network.</p> <p>The results of the monitoring show that the values of radioactive emissions into the environment are many times lower than the established permissible values.</p> <p>Spent fuel and radioactive waste are safely and responsibly managed in accordance with Directive 2011/70/Euratom and Directive 2013/59/Euratom.</p> <p>The safe SNF and RAW management, in accordance with the requirements of the Directives, is included in the conditions of the licences for operation of Units 5 and 6 and the Spent Fuel Storage Facility. Reports on the licence conditions implementation are periodically submitted to the NRA.</p> <p>RAW generated during the operation of Kozloduy NPP are transferred for</p>

Environmental objective in accordance with Article 9 of Regulation 2020/852	Climate change adaptation
	processing to SE RAW. The Company has an adequate capacity for interim storage of reinforced concrete containers with processed RAW. A National disposal facility for low and intermediate level radioactive waste (NDF) where the reprocessed RAW will be disposed of is under construction. The first stage of the disposal facility construction will be commissioned in 2025.
(6) Protection and restoration of biodiversity and ecosystems	<p>An environmental impact assessment (EIA) of the plant was carried out in 1999. A programme of mitigation measures was prepared to meet the conditions of the EIA decision and these have been implemented. For each new investment intention, the notification, consideration or environmental impact assessment (EIA) is performed in accordance with the Environmental Protection Act, which transposes Directive 2011/92/EU.</p> <p>For each new investment intention the competent authority shall be notified and, on the basis of the requirements of the national legislation transposing the respective Directives - Environmental Protection Act, Regulation on the Terms and Procedure for Conducting Environmental Impact Assessments, Biological Diversity Act, Regulation on the Terms and Procedure for Assessing the Compatibility of Plans, Programmes, Projects and Investment Proposals with the Subject and Objectives of Protected Areas Conservation, shall carry out an assessment of the need to conduct an EIA, including an assessment of the compatibility of the investment proposal with the subject and objectives of protected areas conservation.</p>

VI. Key performance indicators (KPIs) and accounting policies

In accordance with the Nuclear Activities Delegated Act, as a non-financial undertaking the Company discloses the proportion of turnover, capital and operating expenditure for 2024 associated with economic activities that qualify as environmentally sustainable depending on their contribution to the first two environmental objectives. The amount and proportion of KPIs associated with taxonomy-eligible but taxonomy-non-aligned economic activities and activities non-eligible under Annexes I and II of Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2022/1214 have been disclosed. The KPI information disclosed is presented in tabular form as required by the Delegated Regulations for each applicable KPI.

For the 2024 reporting period, there are no changes to the classification of activities in groups A1, A2 and B as required by the Taxonomy Regulations compared to the disclosed activities in 2022.

This disclosure presents the KPIs covering the reporting period 01.01-31.12.2024. A comparison has been made and the changes in the key performance indicators compared to 2023 are presented in these disclosures.

The disclosures in financial terms are presented in Bulgarian Leva (BGN) and all disclosed amounts are rounded up to the nearest BGN thousand.

Data collection and validation process

To report information on taxonomy-aligned economic activities in 2024, we:

- reviewed the Company's economic activities and identified activities that could be eligible and aligned;
- performed a detailed analysis of the individual taxonomy-eligible economic activities and the applicable technical screening criteria in close collaboration with key experts;
- consulted technical experts related to the specific activities and criteria;
- summarised the results of the analyses and produced the report.

1. KPI related to turnover (Turnover KPI)

Definition

The proportion of the taxonomy-aligned economic activities (group A1) in our total turnover is calculated as the part of the net turnover derived from products or services associated with taxonomy-aligned economic activities (numerator), divided by the net turnover (denominator), in each case for the financial year from 1 January 2024 to 31 December 2024.

The numerator of the turnover KPI is defined as the net turnover derived from products and services associated with taxonomy-aligned economic activities:

- Activity 4.28. Electricity generation from nuclear energy in existing installations (Generation of electricity or heat by an existing nuclear power plant)
- Activity 5.3. Construction, extension and operation of waste water collection and treatment
- Activity 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

The realised turnover from Activity 4.28 Electricity generation from nuclear energy in existing installations (Generation of electricity or heat by an existing nuclear power plant) comprises 99.3% of the Company's total turnover for the year 2024.

In the period 01.01-31.12.2024 the Company has not generated any turnover from activity 5.3.

Activity 7.4. Defined in group A1 contributes to the achievement of the two objectives of climate change mitigation and adaptation, but the revenues from electric charging stations account for a small share of total turnover of the Company.

The denominator of the turnover KPI is based on the sum of the Company's revenue as disclosed on 'Revenue' line from the Statement of Profit and Loss and Other Comprehensive Income (Note 23 and 24) of Kozloduy NPP EAD Annual Separate Financial Statements for 2024.

The taxonomy-eligible activities, but taxonomy-non-aligned (group A2) did not generate turnover for Kozloduy NPP EAD for 2024.

The taxonomy-non-eligible activities (Group B) account for an insignificant 0.7% of the total turnover for 2024.

Reconciliation

The net turnover presented in the Kozloduy NPP 2024 Turnover KPI template in Appendix 1 is reconciled with the total sum of the revenue presented in Statement of Profit and Loss and Other Comprehensive Income (Note 23 and 24) of the Kozloduy NPP EAD Annual Separate Financial Statements for 2024.

Comparison of turnover KPI data for 2024 versus 2023.

There are no significant deviations in the turnover figures for Group A taxonomy-eligible activities, including groups A1 and A2, disclosed for 2024 (99%) compared to the same for the 2023 reporting period (99%).

The turnover generated by the taxonomy-non-eligible activities (Group B) maintains a minimal share of less than 1% in the total turnover in 2024.

2. KPI related to capital expenditure (CapEx KPI)

Definition

The proportion of the taxonomy-aligned economic activities (group A1) in our total capital expenditure is calculated as the part of the capital expenditure for acquiring tangible and intangible assets associated with taxonomy-aligned economic activities (numerator) divided by the total capital expenditure (denominator), in each case for the financial year from 1 January 2024 to 31 December 2024.

The numerator of the CapEx KPI is defined as the sum of realised investments in assets and processes, associated with the performance of taxonomy-aligned activities, i.e.

- Activity 4.28. Electricity generation from nuclear energy in existing installations (Generation of electricity or heat by existing nuclear power plant)

The investment costs incurred in 2024 for enhancing safety at Kozloduy NPP EAD, for improving the operation of major and auxiliary facilities and equipment under the long-term operation conditions of the nuclear power units 5 and 6 and their reliable operation at uprated power level up to 104% are included. Investments concerning the reconstruction and extension of the heat supply network are taken into account.

- Activity 5.3. Construction, extension and operation of waste water collection and treatment
- Activity 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

Investment costs for the construction of charging stations for electric vehicles are included.

The realised capital expenditure from taxonomy-eligible activities account for a major 95.9% of the Company's total investment costs for 2024.

The denominator of the CapEx KPI is based on the sum of the Company's investment costs as disclosed in Separate Statement of Financial Position /Note 5 Property, Plant and Equipment - Acquisition Costs to the Kozloduy NPP EAD Annual Separate Financial Statements for 2024.

Capital expenditure for taxonomy-eligible but taxonomy-non-aligned activities (Group A2) accounts for 2.2% of 2024 investment costs. In order to promote the development of a low-carbon economy and reduce greenhouse gas emissions, the Company is investing in the refurbishment and modernisation of existing systems and facilities, as well as the construction of new projects in respect of some of the disclosed Group A2 activities:

- 5.1. Construction, extension and operation of water collection, treatment and supply systems
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles. Funds invested in 2024 to purchase new electric vehicles and trucks are included.
- 7.3. Installation, maintenance and repair of energy efficiency equipment.

The capital expenditure is for the implementation of measures related to increasing energy efficiency in accordance with the Company's obligations under the Energy Efficiency Act with a view to achieving a lasting trend of improvement in energy consumption indicators, as well as the Company's investments for the implementation of energy saving activities in connection with the promotion of the green transition and the renewable energy production.

The Company discloses capital expenditure from taxonomy-non-eligible activities (Group B) with a proportion of 1.9%.

Reconciliation

The net capital expenditure presented in the Kozloduy NPP 2024 Capital Expenditure KPI template in Appendix 2 is reconciled with the total sum of capital expenditure presented in the Separate Statement of Financial Position/ Note 5 Property, Plant and Equipment - Acquisition Costs to the Kozloduy NPP EAD Annual Separate Financial Statements for 2024.

Comparison of CapEx KPI data for 2024 versus 2023.

The capital expenditure for Group A taxonomy-eligible activities, including groups A1 and A2, disclosed for 2024 (98.1%) are 2.4% higher compared to the same for the 2023 reporting period (95.8%).

The investments associated with the taxonomy-non-eligible activities (Group B) retain an insignificant 1.9% share of total capital expenditure in 2024.

3. KPI related to operating expenditure (OpEx KPI)

Definition

The proportion of the taxonomy-aligned economic activities (group A1) in the total operating expenditure is calculated as the part of the realised operating expenditure for the activities associated with taxonomy-aligned economic activities (numerator), divided by the total operating expenditure (denominator), in each case for the financial year from 1 January 2024 to 31 December 2024.

The numerator is defined as the sum of the costs of performing taxonomy-eligible economic activities set by the Company.

The denominator of the OpEx KPI includes the cost of renovation and maintenance of buildings and all other direct costs associated with the day-to-day servicing of assets in the property, plant, and equipment category, or a contractor who was assigned activities required for ensuring continued and efficient operation of those assets. The total amount of operating expenditure used in the denominator is disclosed in Note 24 'Cost of materials' and Note 25 'Hired services costs' and consists of expenditure incurred on repairs, including materials and repair services, BGN 142,357 thousand disclosed in the Kozloduy NPP EAD Separate Financial Statements for 2024.

The costs of performing a taxonomy-eligible activity 4.28 Electricity generation from nuclear energy in existing installations (Generation of electricity or heat by an existing nuclear power plant) account for 95.1% of total operating expenditure in 2024.

The other two activities, which are defined in group A1, contribute to the achievement of the two objectives of climate change mitigation and adaptation. In the period 01.01-31.12.2023, the Company reported insignificant current expenses related to these activities.

The current expenses for repair, maintenance and servicing of assets associated with Group A activities have a minimal proportion of 4.2%:

- 3.10 Manufacture of hydrogen
- 4.12 Storage of hydrogen
- 5.1. Construction, extension and operation of water collection, treatment and supply systems
- 5.5. Collection and transport of non-hazardous waste in source segregated fractions
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles
- 7.2. Renovation of existing buildings
- 7.3. Installation, maintenance and repair of energy efficiency equipment

The Company discloses operating expenditure from taxonomy-non-eligible activities with a proportion of 0.7%.

Reconciliation

The net operating expenditure presented in the Kozloduy NPP 2024 Operating Expenditure KPI template in Appendix 3 is reconciled with the total sum of the expenditure on spare parts and tools BGN 24,347 thousand, and repair and

maintenance services BGN 118,010 thousand, respectively in Notes 25 and 26 presented in Statement of Profit and Loss and Other Comprehensive Income of Kozloduy NPP EAD Annual Separate Financial Statements for 2024.

Comparison of OpEx KPI data for 2024 versus 2023.

There are no significant deviations in the operating expenditure figures for Group A taxonomy-eligible activities, including groups A1 and A2, disclosed for 2024 (98.9%) compared to the same for the 2023 reporting period (99.2%).

The operating expenditure for the implementation of Group B taxonomy-non-eligible activities maintains a minimal share of less than 1% in the total operating expenditure in 2024.

4. Other disclosures

The results of the verification of the criteria for significant contribution of Group A1 activities to the two European objectives 1.) climate change mitigation and 2.) climate change adaptation, are presented in Appendices 1, 2 and 3 regarding the Turnover, Capital Expenditure and Operating Expenditure KPI of the Company for 2024.

Activity 4.28 Electricity generation from nuclear energy in existing installations (Generation of electricity or heat by an existing nuclear power plant), which includes the two licence activities carried out by the Company, is the most significant contributor to both environmental objectives.

We also disclose the results of a verification for Do no significant harm of Group A1 economic activities classified as environmentally sustainable according to additional criteria under Annexes I and II of Delegated Regulation 2022/2014:

- Activity 4.28 Electricity generation from nuclear energy in existing installations (Generation of electricity or heat by existing nuclear power plant) meets five out of the six required criteria.
- Activity 5.3. Construction, extension and operation of waste water collection and treatment meets four out of the six required criteria.
- Activity 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) meets two of the criteria.

In the Key Performance Indicators disclosed for the 2024 financial year, all of the Company's economic activities identified as environmentally sustainable and falling within Group A1 meet the minimum safeguards requirement in accordance with the European regulatory framework.

Share of turnover from products or services related to taxonomy-aligned economic activities for the financial year 2024				Year			Significant contribution criteria					DNSH (Do no significant harm) criteria							
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		BGN'000	%	Yes;No ;Non-eligible	Yes;No ;Non-eligible	Yes;No ;Non-eligible	Yes;No ;Non-eligible	Yes;No ;Non-eligible	Yes;No ;Non-eligible	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
4.28. Electricity generation from nuclear energy in existing installations	D35.11	2,042,629	99.1%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	99.0%	E	
4.28.Generation of heat by an existing nuclear power plant	D35.30	4,105	0.2%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	0.0%	E	
5.3. Construction, extension and operation of waste water collection and treatment	E37.00			Yes	Yes	No	No	No	No	Yes	Yes	Yes	No	Yes	No	Yes	0.0%		
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42.99	1	0.0%	Yes	Yes	No	No	No	No	Yes	Yes	No	No	No	No	Yes	0.0%	E	
Turnover from environmentally sustainable activities (taxonomy-aligned) (A.1.)		2,046,735	99.3%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	99.0%		
Of which enabling		2,046,735	99.3%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	99.0%		
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable (taxonomy-non-aligned) activities																			
				Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible										
3.10. Manufacture of hydrogen	C20.11		%	Eligible	Eligible														
4.12. Storage of hydrogen			%	Eligible	Eligible														
5.1. Construction, extension and operation of water collection, treatment and supply systems	E36.00		%	Eligible	Eligible														
5.5. Collection and transport of non-hazardous waste in source segregated fractions	E38.11		%	Eligible	Eligible														
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	H49.41		%	Eligible	Eligible														
6.6. Freight transport services by road	H49.41		%	Eligible	Eligible														
7.2. Renovation of existing buildings	F41		%	Eligible	Eligible														
7.3. Installation, maintenance and repair of energy efficiency equipment	C33.12		%	Eligible	Eligible														
Turnover from taxonomy-eligible but not environmentally sustainable (taxonomy-non-aligned) activities (A.2)		0	%																
Total (A.1. + A.2.)		2,046,735	99.3%														99.40%		
B. Taxonomy-non-eligible activities																			
Turnover from taxonomy-non-eligible activities (B)		15,104	0.7%																
Total (A + B)		2,061,839	100%																

Share of capital expenditure from products and services related to taxonomy-aligned economic activities for the financial year 2024	Year			Significant contribution criteria													DNSH (Do no significant harm) criteria						
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)				
		BGN'000	%	Yes;No ;Non-eligible	Yes; ;Non-eligible	Yes;No ;Non-eligible	Yes;No ;Non-eligible	Yes;No ;Non-eligible	Yes;No ;Non-eligible	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T				
A. Taxonomy-eligible activities																							
A.1. Environmentally sustainable activities (taxonomy-aligned)																							
4.28. Electricity generation from nuclear energy in existing installations	D35.11	179,620	95.3%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	90.0%	E					
4.28.Generation of heat by an existing nuclear power plant	D35.30	1,116	0.6%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	1.0%	E					
5.3. Construction, extension and operation of waste water collection and treatment	E37.00	0	0.0%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	No	Yes	No	Yes	0.0%						
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42.99	26	0.0%	Yes	Yes	No	No	No	No	Yes	Yes	No	No	No	No	Yes	0.0%	E					
Capital expenditure from environmentally sustainable activities (taxonomy-aligned) (A.1.)		180,762	95.9%	Yes	Yes	No	No	No	No	No	No	No	No	No	No	Yes	91.0%						
Of which enabling		180,762	95.9%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	91.0%						
Of which transitional																							
A.2. Taxonomy-eligible but not environmentally sustainable (taxonomy-non-aligned) activities																							
				Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible														
3.10. Manufacture of hydrogen	C20.11	0	0.0%	Eligible	Eligible																		
4.12. Storage of hydrogen		0	0.0%	Eligible	Eligible																		
5.1. Construction, extension and operation of water collection, treatment and supply systems	E36.00	444	0.2%	Eligible	Eligible																2.7%		
5.5. Collection and transport of non-hazardous waste in source segregated fractions	E38.11	0	0.0%	Eligible	Eligible																		
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	H49.41	1,457	0.8%	Eligible	Eligible																0.8%		
6.6. Freight transport services by road	H49.41	0	0.0%	Eligible	Eligible																		
7.2. Renovation of existing buildings	F41	0	0.0%	Eligible	Eligible																1.3%		
7.3. Installation, maintenance and repair of energy efficiency equipment	C33.12	2,309	1.2%	Eligible	Eligible																		
Capital expenditure from taxonomy-eligible but not environmentally sustainable (taxonomy-non-aligned) activities (A.2)		4,210	2.2%	Eligible	Eligible																4.8%		
Total (A.1. + A.2.)		184,972	98.1%																		95.8%		
B. Taxonomy-non-eligible activities																							
		3,504																					
Capital expenditure from taxonomy-non-eligible activities (B)			1.9%																				
Total (A + B)		188,476	100%																				

Share of operating expenditure from products and services related to taxonomy-aligned economic activities for the financial year 2024				Year			Significant contribution criteria					DNSH (Do no significant harm) criteria										
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, 2023 (18)	Category (enabling activity) (19)	Category (transitiona l activity) (20)			
		BGN'000	%	Yes;No; Non-eligible	Yes;No; Non-eligible	Yes;No; Non-eligible	Yes;No; Non-eligible	Yes;No; Non-eligible	Yes;No; Non-	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T			
A. Taxonomy-eligible activities																						
A.1. Environmentally sustainable activities (taxonomy-aligned)																						
4.28. Electricity generation from nuclear energy in existing installations	D35.11	135,372	95.1%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	97.6%	E				
4.28.Generation of heat by an existing nuclear power plant	D35.30	57	0.0%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	0.1%	E				
5.3. Construction, extension and operation of waste water collection and treatment	E37.00	0	0.0%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	No	Yes	No	Yes	0.0%					
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42.99	16	0.0%	Yes	Yes	No	No	No	No	Yes	Yes	No	No	No	No	Yes	0.0%	E				
Operating expenditure from environmentally sustainable activities (taxonomy-aligned) (A.1.)		135,444	95.1%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	97.7%					
Of which enabling		135,444	95.1%	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	97.7%					
Of which transitional																						
A.2. Taxonomy-eligible but not environmentally sustainable (taxonomy-non-aligned) activities																						
				Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible	Eligible ;Non-eligible													
3.10. Manufacture of hydrogen	C20.11	17	0.01%	Eligible	Eligible															0.06%		
4.12. Storage of hydrogen		0	0.00%	Eligible	Eligible																	
5.1. Construction, extension and operation of water collection, treatment and supply systems	E36.00	36	0.03%	Eligible	Eligible															0.09%		
5.5. Collection and transport of non-hazardous waste in source segregated fractions	E38.11	2,797	1.97%	Eligible	Eligible															0.15%		
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	H49.41	40	0.03%	Eligible	Eligible															0.01%		
6.6. Freight transport services by road	H49.41		0.00%	Eligible	Eligible															0.08%		
7.2. Renovation of existing buildings	F41	3,093	2.17%	Eligible	Eligible																	
7.3. Installation, maintenance and repair of energy efficiency equipment	C33.12	0	0.00%	Eligible	Eligible																	
Operating expenditure from taxonomy-eligible but not environmentally sustainable (taxonomy-non-aligned) activities (A.2)		5,984	4.20%	Eligible	Eligible															0.39%		
Total (A.1. + A.2.)		141,428	99.3%																	98.90%		
B. Taxonomy-non-eligible activities																						
Operating expenditure from taxonomy-non-eligible activities (B)																						
Total (A + B)																						

ENVIRONMENTAL IMPACT

Environmental issues

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

The operation of Kozloduy NPP nuclear power units is performed in full compliance with the conditions of the licences, requirements of the technical specifications and operating procedures. The results of the safety system monthly performance tests comply with the technical specifications requirements. The safe operation limits and conditions have not been violated during the reporting period.

The plant observes all safety standards applicable to radioactive waste (RAW) management and spent nuclear fuel (SNF) management.

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

The SNF is stored in special by-the-reactor pools, and in the on-site Spent Fuel Storage Facility (SFSF) and the Dry Spent Fuel Storage Facility. In accordance with existing practices, in order to prevent overfilling of the SFSF storage capacity, SNF is shipped to the Russian Federation for long-term storage and reprocessing. Currently, the chosen strategy of transporting a minimum of 50t heavy metal of SNF per year from Kozloduy NPP EAD for technological storage and reprocessing continues to be implemented. The transportation of SNF from the Kozloduy NPP units for technological storage and reprocessing is carried out on the basis of long-term commercial contracts notified and approved by Euratom Supply Agency in 2007, which expire after the return of the last spent fuel assembly for reprocessing. In 2024, due to the complicated situation in Ukraine and the Black Sea, no transportation of SNF from Units 5 and 6 for technological storage and reprocessing in Russia was carried out.

In the operation of the nuclear facilities the plant management implements the principles of radiation protection, defined by the Regulation on Radiation Protection, and IAEA GSR Part 3, as well as the ALARA principle (as low as reasonably achievable). The collective dose of the personnel and the contractor's staff who worked in the controlled area of Kozloduy NPP EAD in 2024 is within the limits of the planned values.

The Company's environmental management policy is oriented towards the protection of human health and environment from adverse non-radiation impacts associated with its operations and the achievement of the following objectives: protection of the atmosphere and air purity; reduction of the impact of the Company's activities on water quality; safe management, minimisation and utilisation of non-radioactive waste; reduction of emissions to the environment; increase in energy efficiency; optimisation of the use of raw materials and supplies; minimisation of the risk of environmental damage and incidents, and minimisation of the consequences of their occurrence. In this context, the main environmental components - air, water, soil, vegetation, agricultural production - are subject to continuous monitoring.

Research and analysis is carried out in an ISO 17025:2018 accredited departmental radioecological monitoring laboratory. The automated radiation monitoring system continuously measures the radiation gamma background in 13 towns and villages in the region. The results achieved in 2024 show that the equivalent dose rate of gamma radiation varies within the limits of the natural background radiation (0.05 – 0.17) $\mu\text{Sv/h}$.

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Environment impact of energy use

One of the important objectives of the management of Kozloduy NPP EAD is to pursue an active policy aimed at the rational use of energy, energy and water resources.

Achieving a sustained trend of improvement in energy consumption indicators in the long term is an additional tool for improving the plant's financial position.

In order to achieve this objective, the management is implementing a Programme to improve energy efficiency by implementing energy efficiency measures and continuous energy consumption monitoring. These activities make it possible to reduce the houseloads of the plant and also to connect new customers with local heating installations to the district heating system.

All of the described activities lead to a direct improvement of the air quality by reducing the amount of greenhouse gases and fine dust particles released by the local heating installations and the possibility for an increasing number of citizens of the Republic of Bulgaria to use clean and cheap energy.

Greenhouse gas emission to the atmosphere

Greenhouse gas emissions are formed in the atmosphere as a consequence of the operation of diesel-generators and diesel-pumps, designed to provide emergency power supply for Kozloduy NPP safety systems. These facilities are kept in 'hot standby' and are periodically tested.

Kozloduy NPP EAD holds a greenhouse gas emissions permit No. 143-H4/2023 issued for the operation of these systems. The total amount of CO₂ emissions generated in 2024, is about 442 tons (pending verification of the Company's annual report).

Compared to the conventional TPPs using coal, in the year 2024, Kozloduy NPP has spared the adverse impact of emissions of 17 mln tons of CO₂, about 42 thousand tons of SO₂, 13 tons of NO_x, and 3 thousand tons of ashes containing natural radioactivity.

In response to the need to implement green alternatives to traditional activities with a significant environmental footprint, such as road transport, every year Kozloduy NPP EAD increases the number of the electric vehicles in its fleet, installs new charging stations on the site of the nuclear power plant and in the town of Kozloduy. Electric transport on site is steadily increasing, given the European Union's key priorities of transitioning to a carbon-free economy.

Water use and protection

For its operation the Company uses surface water from the Danube river and groundwater. Water is mainly used for cooling. Part of the water is used for the production of demineralised water required for the production process.

The cooling water is returned to the Danube river without any changes to its chemical content, and very often even cleaner compared to the intake from the Danube.

The waste water generated by the Company's activity is treated in treatment facilities - neutralisation pits and sludge and oil retainer. Domestic waste water is treated in a water treatment complex.

Kozloduy NPP EAD performs periodical monitoring on the quality of waste water in order to establish the degree to which it has been affected. In addition to the compulsory monitoring stipulated by the permits for use of a water body to discharge waste water, the Company performs also extended internal plant control.

The results of the mandatory in-house non-radiation monitoring of waste water from the Kozloduy NPP site in 2024 are in compliance with the individual emission limitations set in the permits.

Groundwater extraction is carried out in accordance with the requirements of the permits issued. The quantities used do not exceed the maximum permitted quantities in the relevant permit. The Company carries out compulsory and internal control of the chemical composition of the extracted groundwater.

Waste management

Kozloduy NPP EAD has implemented a separate waste collection and management system that is used by all employees.

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The waste generated by the activity is collected on sites (storage facilities), where it is segregated and prepared to be transferred for subsequent safe recovery or disposal.

Reusable domestic waste, such as paper (carton), plastic, metal and glass packages, is also collected separately in coloured waste bins specially located in the Company buildings.

All separately collected wastes are transferred for subsequent reuse or disposal to specialised companies holding the necessary permits in compliance with the Waste Management Act.

Non-reusable and non-hazardous domestic and industrial wastes, generated by the Company's activity, are disposed at the plant's Landfill for non-radioactive household and industrial wastes (LNRHIW). It is being filled according to the rates set by the project - in 8 years of operation, 36% of Phase II, commissioned in 2017, has been filled. The total amount of waste disposed in 2024 amounts to 323,593 tonnes. The quantities of non-radioactive waste accepted and disposed of do not exceed the annual targets for each waste type.

Waste water and groundwater in the area of the LNRHIW are monitored annually. Testing is carried out according to strictly defined indicators set out in the permit. There are no negative trends in groundwater quality resulting from the operation of the nuclear power plant.

Outlook on environmental and social policies

Kozloduy NPP EAD will continue to work actively for the protection of the environment in all its aspects. The Company is implementing a Environmental Aspects Management Programme at Kozloduy NPP EAD, in compliance with BDS ISO EN 14001:2015. In 2024, 80 measures were planned in programmes and plans regarding the environment, with 78 fully completed.

In order to ensure the safe and long-term operation of Kozloduy NPP Units 5 and 6 and of the SFSF and DSFSF, the following programmes will remain under implementation in the next licensing periods:

- Integrated Programme for the Implementation of Safety Improvement Measures for Unit 5 for the period 2017-2027 (89% of the measures have been implemented by the end of 2024);
- Integrated Programme for the Implementation of Safety Improvement Measures for Unit 6 for the period 2019-2029 (69% of the measures have been implemented by the end of 2024)'
- Integrated Programme for the Implementation of Measures to Improve the Safety of the SFSF for the period 2024-2034 (4% of the measures have been implemented by the end of 2024).

The integrated programmes bring together several groups of measures resulting from the implementation of periodic safety reviews and long-term operation projects.

A 10-year Staffing Needs Plan has been developed for Kozloduy NPP EAD to provide the necessary information to ensure the timely recruitment and training of personnel to fill positions in the Company to ensure the safe and long-term operation of the nuclear facilities. Key positions in the Company have been identified and replacements have been appointed for the position holders. Replacements for key positions receive training for the relevant key position in a timely manner to ensure continuity within the Company.

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

STATEMENT OF RELATED PARTY TRANSACTIONS

Transactions with the Sole Owner – BEH EAD

	2024	2023
	BGN'000	BGN'000
Increase of the capital	-	1,500,000
Purchase of services	562	532
Sale of services and assets	4	5
Granting a loan	25,000,000	-
Interest on loan granted	457	1,033
Repaid loan - BEH EAD	10,772	185,958
Dividend distributed to BEH EAD	241,673	364,732

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Transactions with subsidiaries

	2024	2023
	BGN'000	BGN'000
Sales of assets and services:		
- services rendered to Kozloduy HPP EAD	14	19
- services rendered to Kozloduy NPP - New Build EAD	35	15
- services rendered to NPP Service OOD	21	11
Purchase of assets and services:		
- purchase of services from NPP Construction Supervision OOD	27	33
- purchase of goods and equipment from NPP Service EOOD	913	952
- purchase of services from NPP Service EOOD	8,302	6,228
Other:		
Loan granted to Kozloduy NPP - New Build	-	10,000
Late payment interest income - Kozloduy HPP EAD	120	73
Interest income under loan granted - Kozloduy HPP EAD	3	88
Interest income under loan granted - Kozloduy NPP - New Build	49	193
Repaid loan - Kozloduy HPP EAD	319	2,350
Distributed dividends from Kozloduy HPP EAD	642	3,396
Distributed dividends from NPP Service EOOD	569	577
Long-term tangible assets donated to Kozloduy NPP - New Build (carrying amount)	-	2,692
Increase of capital of Kozloduy NPP - New Build	300,000	1,500,000

Transactions with related parties under joint control with the company (BEH Group) and BEH Group associates

	2024	2023
	BGN'000	BGN'000
Sales of products, goods, and services:		
- sales of electricity to NEK EAD	355,284	254,075
- sales of electrical energy + balancing to ESO EAD	40,261	28,327
- sales of electricity to Mini Maritsa-Iztok EAD	754	3,311
- sales of assets and services to ESO EAD	135	3
- services rendered to TPP Maritsa East	2	-
- services rendered to Bulgartransgas EAD	2	-
Purchase of goods and services:		
- purchase of goods and services from NEK EAD	371	2,346
- purchase of services and goods from ESO EAD	54,132	36,729
Other:		
- Late payment interest income - NEK EAD	-	333

Transactions with undertakings under joint control and BEH Group associates

	2024	2023
	BGN'000	BGN'000
Sales of products, goods, and services:		
- sales of electricity - IBEX AD	761,640	1,309,908
- sales of services to IBEX AD	-	1
- sales of electricity to Contour Global Maritsa-Iztok 3 AD	5,808	-
- sales of electricity, heat energy and services to SE RAW	5,112	4,296
Purchase of goods and services:		
- purchase of services from IBEX AD	9,595	1,686

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	2024	2023
	BGN'000	BGN'000
- purchase of services from SE RAW	930	698
Other:		
- dividend received from ZAD Energia AD	97	106

STATEMENT OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES, INCLUDING A REPORT OF THEIR REMUNERATION

Kozloduy NPP EAD is a company with a one-tier management system, in accordance with the Commerce Act. The management bodies are: the Sole Owner of the Capital and the Board of Directors.

The Bulgarian Energy Holding (BEH) EAD is the Sole Owner of the Capital of Kozloduy NPP EAD. The principal of the former is the Bulgarian state through the Ministry of Energy. The rights of ownership of the state are exercised by the Minister of Energy.

The Board of Directors of Kozloduy NPP EAD consists of 5 (five) members, natural persons, who are appointed and dismissed by the Sole Owner of the Capital. In accordance with the Public Enterprises Act, the members of the BoD are elected and appointed following a competition, the conditions and the procedure for which are laid down in the Implementing Rules of the Public Enterprises Act.

The functions of the Board of Directors are: to carry out the operative management of the Company and supervise the activity of the Chief Executive Officer, including with respect to compliance with the Policies. The Board of Directors fulfils all the functions and addresses all the matters outside the exclusive competence of the Sole Owner of the Capital, pursuant to the law or to the Company's Incorporation Act.

The Board of Directors exercises its entire competence pursuant to the Company's Article of Association.

The Board of Directors elects one or two of its members for executive members, while the rest function as non-executive members. The term of office of the Board of Directors is 3 to 5 years, as of the entry of the Board of Directors in the Commercial Register and in Register of Non-Profit Legal Entities.

As at 31 December 2024, the Board of Directors of Kozloduy NPP EAD consisted of, as follows:

- Iva Edward Nikolova
- Iliya Todorov Iliev
- Slavyan Petrov Lachev
- Svilena Nikolova Nikolova
- Ivan Todorov Andreev.

The Board of Directors is chaired by Iliya Todorov Iliev. Ivan Todorov Andreev is the Chief Executive Officer and representing Kozloduy NPP EAD.

Each member of the Board of Directors concludes a management and control contract with the Sole Owner of the Capital. The contract is concluded for the term until the end of the term of office of the Board of Directors and contains the rights and obligations of the parties, the amount of the remuneration and the manner of its payment, the liability of the parties in case of non-performance, the grounds for termination of the contract, the amount of the monetary guarantee that the members give for their management and the amount of the penalty for early termination of the contract through no fault of the member of the Board of Directors, as well as the relationship between the parties in the period from the termination of the contract until the deletion of the name of the dismissed member of a management and control body in the Commercial Register and Register of Non-Profit Legal Entities.

The members of the Board of Directors receive remuneration in an amount and manner of payment in accordance with the Implementing Rules of the Public Enterprises Act.

Information on the amount of remunerations of the Board of Directors of Kozloduy NPP EAD for the reporting year 2024

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Remuneration of the members of the Board of Directors (BGN'000)	2024	2023
Short-term remuneration, including:	592	638
Salaries, including bonuses and compensations	525	561
Social security contributions	31	32
Social costs	36	45

The members of the Board of Directors are obliged to provide a guarantee for their management in the amount determined in the contract, but not less than their 3-month gross remuneration. The guarantee thus provided is returned upon termination of the contract and following a decision of the Company's Sole Owner to relieve the member from liability.

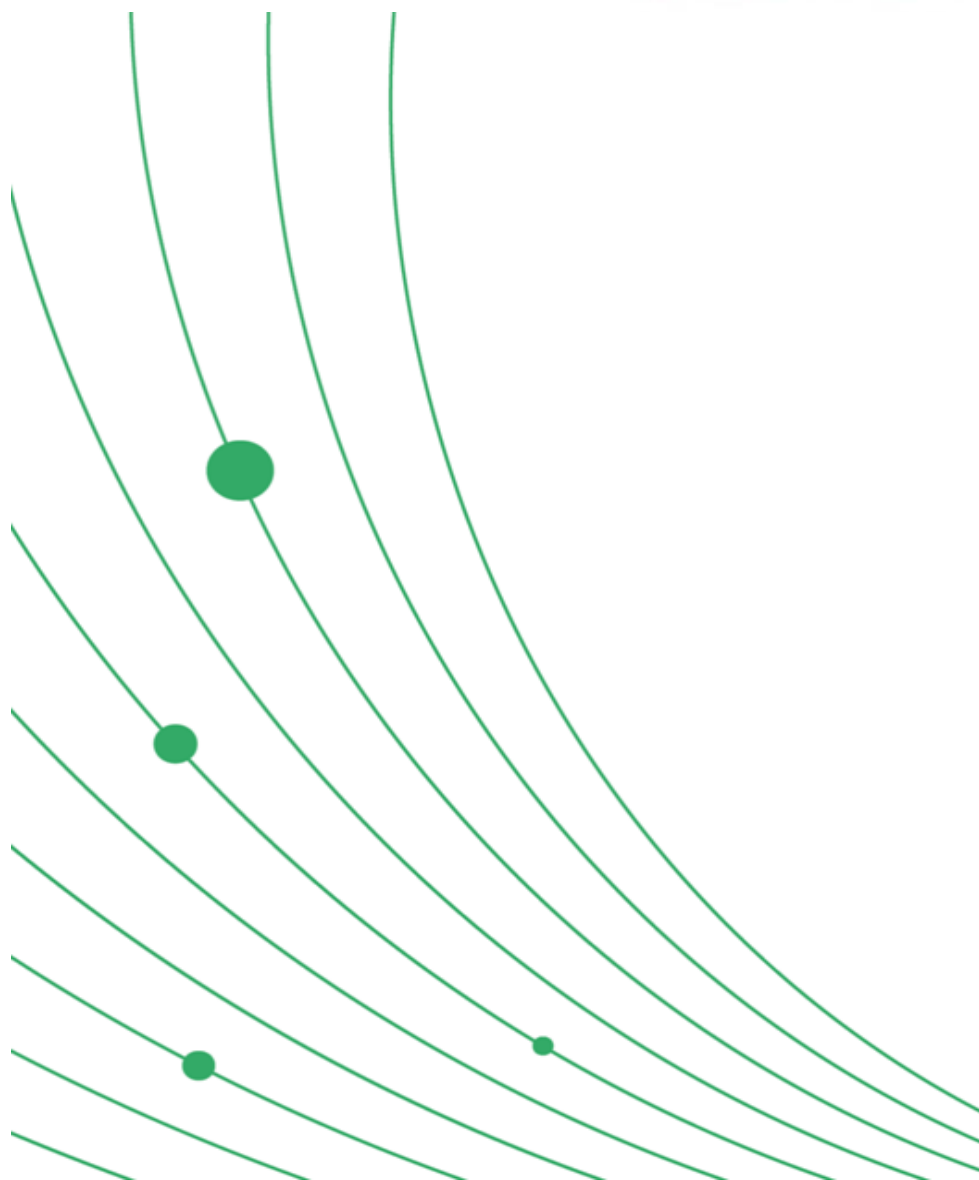
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IVAN ANDREEV
CHIEF EXECUTIVE OFFICER
KOZLODUY NPP EAD



Kozloduy NPP

Clean energy



Corporate Governance Statement
31 December 2024

The Corporate Governance Statement is a separate report that is issued together with the Management Report of Kozloduy NPP EAD. It is prepared in pursuance of Article 61, para 3, item 5 of the Regulations for Implementation of the Public Enterprises Act (RIPEA), in conformity with Article 100(m), para 7, item 1, and para 8 of the Public Offering of Securities Act (POSA).

1. Information on Article 100m, para 8, item 1 of the POSA concerning compliance as appropriate with: a) The National Corporate Governance Code or b) another Corporate Governance Code, as well as information on the corporate governance practices applied by the Company in addition to the Code under (a) or (b)

Kozloduy NPP EAD complies, as appropriate, with the National Code of Corporate Governance (NCCG), established in October 2007, subsequently amended in February 2012, April 2016 and July 2021 adopted and observed by Bulgarian public companies.

The last revision of the Code is from June 2024, approved and adopted by the National Committee on Corporate Governance.

Supplements corresponding to the European Union and the Republic of Bulgaria's sustainable development policy are included in the revisions from 2021 and 2024. The goals established in the Green Deal and the Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 have been taken into account. The provisions of the Code are in accordance with the 2023 G20/OECD Principles of Corporate Governance, as well as with the 2015 Sustainable Development goals of the United Nations and the Guiding Principles on Business and Human Rights of the United Nations (2011).

The Code is applied based on the "comply or explain" principle. This means that the Company complies with the Code, and in case of deviation, the management shall clarify the reasons for that.

In addition to the National Corporate Governance Code, the Company follows the good corporate governance principles and norms established with the Commerce Act and the Public Enterprises Act. Good corporate governance means loyal and responsible corporate governance, transparency and independence, as well as the Company's responsibility to society.

The Company has adopted and follows a Code of Ethics which specifies the behaviour expected of Kozloduy NPP EAD employees by describing basic moral and ethical norms, principles and rules. The Code of Ethics aims at developing an organisational culture based on shared values that helps reinforce the Company as a socially responsible entity in the application of the universal principles of the UN Global Compact. The Code of Ethics is applied and observed by the Board of Directors, managers and all the employees of Kozloduy NPP EAD.

2. Information under Article 100m, para 8, item 2 of the POSA regarding the explanation by the Company as to which parts of the Corporate Governance Code under item 1, (a) or (b) the Company does not comply with and as to what grounds for this are, respectively, when the Company has opted not to refer to any of the rules of the Corporate Governance Code - the grounds for that

The Company observes the basic principles of the National Corporate Governance Code with regard to all the requirements relevant to its activities, insofar as they do not contradict the legislation.

The election and dismissal of the Board of Directors members is within the powers of the Sole Owner of the Capital, according to the texts of the Commerce Act and the Incorporation Act of the Company. The Board of Directors members are elected and appointed following a competition, the

conditions and the order for which are laid down in the Regulations for Implementation of the Public Enterprises Act.

The selection criteria are determined by the body exercising the rights of the state, in accordance with the Public Enterprises Act and taking into account the provisions of special acts. The contracts of the Board of Directors are terminated ahead of term, as per the text of Article 24 of the Public Enterprises Act.

The members of the Board of Directors receive remuneration as determined by the terms and conditions of the Rules for Implementation of the Public Enterprises Act.

Kozloduy NPP EAD does not have an approved information disclosure policy. In connection with the requirements of the Bulgarian legislation, the Company observes the terms, comprehensiveness of the information and reporting regarding its financial statements and management reports. The annual financial statements and management reports are published in the Commercial Register in accordance with the Accountancy Act, and on the Company's website. Timely disclosure of quarterly, half-yearly, nine-monthly and annual financial statements, analyses and management reports is made through the public enterprises electronic information system of the Public Enterprises and Control Agency.

Other important information regarding the Company's activity is communicated on its website www.kznpp.org.

Kozloduy NPP EAD does not have established rules for taking into account the interests of stakeholders, but complies with pertinent legal requirements and the principles of transparency, accountability and business ethics.

3. Information under Article 100m, para 8, item 3 of the POSA - description of the main characteristics of the Company's internal control system and of the risk management systems in connection with the financial reporting process

The Company has integrated an adequate and effective financial management and control system through policies and procedures developed in accordance with the provisions of the Financial Management and Control in the Public Sector Act (FMCPSA), in order to provide reasonable assurance that the objectives set by the management will be achieved. The financial management and control system follows the COSO model and features five components:

- Risk assessment
- Control environment
- Monitoring activities
- Information and communication exchange
- Monitoring of the operations

Kozloduy NPP EAD has in place control activities that cover the risks and help achieve the objectives. The controls that are incorporated in the work processes are tailored to the specific nature of the plant and its operations.

Kozloduy NPP EAD applies the Risk Management Policy of BEH EAD, as well as the Risk Management Strategy of BEH EAD.

Kozloduy NPP EAD applies risk management to ensure that all actions have been taken to identify, assess, plan, and implement measures to minimise the risks' impact on achieving the Company's objectives. The strategic risks are specified in the Business Programme of the Company and are managed by the senior management together with the Board of Directors.

Management's strategy focuses on implementing a process to manage risks in achieving objectives at the Company, process and project level, as well as for risks arising at the operational level in the

execution of specific activities. In processes where decisions are made and there are significant business risks, there are integrated risk monitoring and minimising actions and the responsibilities for performance, control and decision-making are defined, according to the activity.

“Quality Rules. Risk management at Kozloduy NPP EAD” have been developed. These Rules are subject to periodic reviews, and updates, if applicable. A risk register of the identified risks of the Kozloduy NPP EAD Management System processes has been prepared and adopted by the Safety and Quality Committee.

The Company’s Internal Audit department reports directly to the Chief Executive Officer, as required by the Public Sector Internal Audit Act. The main function of Internal Audit is to perform audit engagements for independent and objective inspections, analyses and evaluations of processes, so as to assure the management of the reliability, efficiency and effectiveness of risk management, internal control and corporate governance systems. Internal Audit performs audit engagements for legality and appropriateness as well as to provide advice and make recommendations to improve the Company’s operational performance.

4. Information under Article 10, para 1, (c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and the Council of 21 April 2004 on takeover bids:

4.1. Article 10, para 1, (c) - significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross shareholdings) within the meaning of Article 85 of Directive 2001/34/EC

Kozloduy NPP EAD is a legal entity, a commercial company with registered capital in the amount of BGN 1,744,584,890 distributed in 174,458,489 shares with a par value of BGN 10. The Bulgarian Energy Holding (BEH) EAD is the Sole Owner of the Capital of Kozloduy NPP EAD. The principal of the former is the Bulgarian state through the Ministry of Energy. The rights of ownership of the state are exercised by the Minister of Energy. As at 31 December 2024 Kozloduy NPP EAD is the owner of a business group comprised of the following companies with Bulgaria as the country of their incorporation:

<i>Subsidiaries</i>	<i>Share</i>	<i>Investment Value in BGN '000</i>
1. Kozloduy HPP EAD	100%	1,082
2. Kozloduy NPP - New Build EAD	100%	1,821,000
3. NPP Construction Supervision EOOD	100%	5
4. Interpriborservice OOD		
- insolvent	63.96%	0
5. NPP Service EOOD	100%	750

The Company has a share of 1.12% in the capital of ZAD Energia AD. The value of the investment as at 31 December 2024 amounts to BGN 284 thousand.

4.2. Article 10, para 1, (d) - the holders of any securities with special control rights and a description of those rights

The Company has not issued any securities with special control rights.

4.3. Article 10, para 1, (f) - any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting

rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities

There are no restrictions on the voting rights of the Sole Owner of the Capital.

4.4. Article 10, para 1, (h) - the rules governing the appointment and replacement of board members and the amendment of the articles of association

The rules governing the appointment or replacement of Board of Directors' members and the amendment of the Company's Incorporation Act are regulated in the Commerce Act, the Public Enterprises Act, the Rules for Implementation of the Public Enterprises Act and the Incorporation Act. The rules governing the appointment or replacement of the members of the Board of Directors are described in item 5.

4.5. Article 10, para 1, (i) - the powers of board members, and in particular the power to issue or buy back shares

The Board of Directors exercises its entire competence pursuant to the Company's Incorporation Act. Changes to the capital through shares issuance or buy-back takes place upon decision made by the Sole Owner of the Capital and, therefore, the members of the Board of Directors do not have such powers.

5. Information on Article 100m, para 8, item 5 of the POSA - the composition and functioning of the administrative, management and supervisory bodies and their committees

Kozloduy NPP EAD has a one-tier management system, its management bodies being: The **Sole Owner of the Capital** and the **Board of Directors**.

On the grounds of Article 107 of the Independent Financial Audit Act, the Company has established its **Audit Committee**.

1. Sole Owner of the Capital

The Bulgarian Energy Holding (BEH) EAD is the Sole Owner of the Capital of Kozloduy NPP EAD. The principal of the former is the Bulgarian state through the Ministry of Energy. The rights of ownership of the state are exercised by the Minister of Energy.

1.1. Competency

The Sole Owner of the Capital has all the rights of a shareholder of the Company, according to the law and the Incorporation Act of the Company and makes decisions on all issues within the competence of the General Meeting of the Shareholders.

The Sole Owner of the Capital may:

- Modify and amend the Incorporation Act of the Company;
- Increase or reduce the Company's capital;
- Reorganise and terminate the Company;
- Appoint and discharge the members of the Board of Directors, determine their remuneration; send BoD members on business trips abroad;
- Approve the business programme of the Company;
- Appoint and dismiss independent registered auditor;

- Approve the annual financial statement, certified by the appointed independent registered auditor;
- Decide on the issue of bonds;
- Appoint liquidators upon termination of the Company (except in cases of insolvency), participate in the election of a special administrator if the circumstances are present for the Energy and Water Regulatory Commission to appoint a special representative under the Energy Act, and conclude contracts with these liquidators;
- Exempt the members of the Board of Directors from liability;
- Make decisions to open, transfer or close branches of the Company;
- Give permits for: disposal transactions with long-term assets and for establishment of property rights over real estate whose value exceeds the lower value of BGN 500,000 or 5 per cent of the carrying amount of the long-term assets as at 31 December of the preceding year; contracts for the usage or rental of real estate or assets whose carrying amount exceeds 5% of the carrying amount of the long-term assets as at 31 December of the preceding year or transactions which (regardless of the assets value) require authorisation by the Energy and Water Regulatory Commission; receiving loans or credits, granting loans, providing guarantees (except for guarantees provided under the provisions of the Public Procurement Act), taking on obligations for aval and providing earmarked financing, furnishing securities to third parties in the cases when the value of each of the above stated exceeds the lower value of BGN 500,000 or 5 per cent of the total carrying amount of the long-term assets as at 31 December of the preceding year; acquisition of shares in other companies, as well as the disposal of shares owned by the Company in other companies; conclusion of contracts for joint activity (so called “joint venture”); undertaking liability under bills of exchange; securing obligations of the Company through establishing a mortgage or pledge on long-term assets of the Company; conclusion of a judicial or extra-judicial agreement which recognises obligations of the Company, or remits a debt of the Company, or remits receivables of the Company with regard to third parties; material change in the Company’s activity; significant organisational changes, long-term cooperation that is essential for the Company, as well as the termination of such cooperation;
- Approve the choice of insurer when concluding contracts for mandatory insurance;
- Agree the Board of Directors’ decision of initiating public procurement procedures for over BGN 500,000 (five hundred thousand), VAT excluded;
- Authorise conclusion of contracts for sale, exchange and lease of long-term assets, as well as the establishment of real rights, to be carried out through direct negotiation, with the initial price to be determined by an independent appraiser;
- Authorise the sale and exchange of homes, studios, offices and garages to workers and employees of the Company;
- Agree the acquisition of assets or the conclusion of contracts and the amendments thereto, with single or totalling value of over BGN 500,000 (five hundred thousand), VAT excluded, except for contracts for electricity sales at freely negotiated prices and contracts concluded in pursuance of any legal and/or licensing obligation at regulated prices, as well as the amendments to such contracts;
- Adopt and submit to the Board of Directors the Corporate Governance Policy, Financial and Accounting Policy, Information Technology Policy, Human Resource Management Policy, Investment and Project Management Policy, Public Procurement Policy (including Policy for conducting tenders, competitions and direct negotiating for the procurement of goods and execution of works and services), Policy for conducting tenders, competitions and direct negotiations for the conclusion of contracts for sale, exchange or lease of long-term assets, Risk Management and Internal Audit Policy, and other policies that are mandatory for the Company (the “Policies”);
- Make decisions on the distribution of the Company’s profit and its payment, on replenishing of the Reserve Fund, and on payment of dividend and payment of tantièmes to the members of the Board of Directors, and determine their amount;
- Give consent for the election of a procurator of the Company and approve in advance the conditions of the procuration;

- Give consent prior to the decisions on the preceding paragraphs (except for sending on business trips) which the Company makes in respect of its subsidiaries and project companies (if any and according to the type of company), and on the conclusion of any contracts between the Company and its subsidiaries and project companies, if any;
- Make decisions on other issues within its purview as provided by the law and the Incorporation Act.

1.2. Decision-making

The Sole Owner of the Capital makes decisions within the competence of the regular annual general meeting held once a year, and within the competence of any extraordinary general meeting, as needed. For the exercise of the competence of a general meeting by the Sole Owner of the Capital, no invitation is published in the Commercial Register and the Register of Non-Profit Legal Entities. The Sole Owner of the Capital may at any time make decisions in writing within the competence of the general meeting.

The Board of Directors fulfils its obligations under Article 223, and Article 251 of the Commerce Act, respectively, by sending an application in writing to the Sole Owner of the Capital concerning the need, and the preparedness of the Sole Owner of the Capital to make decisions. The written application contains proposals regarding the issues on which the Board of Directors suggests that the Sole Owner of the Capital make decisions. The proposals neither binds the Sole Owner of the Capital to consider and resolve the issues raised, nor limits the Sole Owner with respect to the range of issues whereof the Sole Owner can make decisions.

The Sole Owner of the Capital writes a report on the decisions which bears the signature of the principal of the Company.

If the Sole Owner of the Capital requires attendance of the decision-making meeting by the members of the Board of Directors, the latter are obliged to attend. The Sole Owner of the Capital may require that the attending members of Board of Directors or other attendees it has invited co-sign the Minutes on the decisions it made.

The application for registering of the decisions of the Sole Owner of the Capital when such decisions are subject to registration, is assigned to the Chief Executive Officer, who in such case is entitled to authorise another person to do this.

2. Board of Directors

2.1. Status and Functions

The Board of Directors is accountable to the Sole Owner of the Capital for the management of the Company including strict adherence to the Policies. It holds meetings as necessary, but not less than once in three months.

The Board of Directors of Kozloduy NPP EAD consists of five members - natural persons who are elected and appointed after a competition, under the terms and procedure set out in the Regulations for Implementation of the Public Enterprises Act.

The Board of Directors elects one or two of its members for executive members, while the rest function as non-executive members. The term of office of the Board of Directors is from 3 to 5 years, as of the entry of the Board of Directors in the Commercial Register and in the Register of Non-Profit Legal Entities. The Board of Directors continues to exercise its obligations even after the expiration of its term of office until the entry of a new Board of Directors.

Pursuant to the Incorporation Act, a member of the Board of Directors may be a Bulgarian citizen or a citizen of the European Union, of a state that is party to the European Economic Area Agreement, or of the Swiss Confederation, who:

- holds a higher education degree;
- has at least 5 years of professional experience;
- is not under interdiction;
- has not been convicted as for a general crime;
- is not deprived of the right to take the respective position;
- is not declared bankrupt as a sole trader or general partner in a commercial company declared bankrupt in case there were unsatisfied creditors;
- has not been a member of a managing or controlling body of a company, cooperative society, respectively, terminated due to bankruptcy over the past two years prior to the appointment, in case there were unsatisfied creditors;
- is not a spouse or a person in a de facto cohabitation, a relative by direct line, by collateral line - up to the fourth degree inclusive, and connected by marriage - up to the second degree inclusive, of a manager or a member of a collective management and control body of the same public enterprise;
- does not take a senior public office under Article 6, para. 1, items 1-38 and 41-45 of the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act, is not a member of a political cabinet, nor secretary of a municipality;
- does not perform commercial transactions on his/her own behalf or on behalf of any third party, similar to the Company's activity;
- is not a partner in a general partnership, limited partnership, and limited liability companies running a business similar to the Company's business activity;
- is not a manager or member of an executive or controlling body of another public enterprise;
- complies with other requirements provided by law.

Persons working under employment contract or employment relationship may not be executive members of the Boards of Directors.

The Company may have procurators, and the persons eligible for this position shall meet the requirements stated above.

The functions of the Board of Directors are: to carry out the operative management of the Company and supervise the activity of the Chief Executive Officer, including compliance with the Policies. The Board of Directors fulfils all the functions and addresses all the matters outside the exclusive competence of the Sole Owner of the Capital, pursuant to the law or to the Company's Incorporation Act. The Board of Directors adopts Rules of Procedure for the implementation of its activities, and these Rules are approved by the Sole Owner of the Capital.

2.2 Competence

The Board of Directors exercises all its competence of Board of Directors as provided by law and the Incorporation Act of the Company, by:

- Organising, directing and controlling the whole activity of the Company;
- Preparing a business programme of the Company for the entire term of office and for each separate year, submitting this programme for approval by the Sole Owner of the Capital, and ensuring its implementation;
- Implementing the investment policy of the Company and making decisions on the acquisition of property and other rights on real estate which are not of the exclusive competence of the Sole Owner of the Capital;
- Bearing responsibility for: pursuit of the Policies and draft procedures for their implementation by the Company and its subsidiaries (if any); fulfilment of the licence conditions by the Company and its

subsidiaries (if any) and maintaining of the licence; completion of the production and business programmes of the Company; monitoring and being in charge of the good economic condition of the Company;

- Electing one or two of its members as Chief Executive Officers and empowering them to manage and represent the Company before third parties. Should two Chief Executive Officers be elected, they represent the Company jointly;
- Taking unanimous decisions for all transactions provided for in Article 236, para 2 of the Commerce Act;
- Upon request of the principal, seeking for and obtaining from the State Energy and Water Regulatory Commission or other competent authority the required permits and agreement, making motions to the principal for solving issues which are of the competency of the Sole Owner of the Capital and resolving all other matters provided for resolution by the Board of Directors in the Incorporation Act.

After a preliminary written approval by the principal, the Board of Directors may, at any time, remove the Chief Executive Officer and replace him/her with another member of the Board of Directors.

2.3. Decisions

The Board of Directors may take valid decisions when at least half of its members are present or represented. A member of the Board of Directors can be represented at a meeting only by another member of the Board. None of the attending members can represent more than one absent member. Authorisation is submitted in writing (including sent by fax). It is granted for each separate meeting and attached to the documents resulting from the meeting. When the authorisation does not contain voting instructions, the representative casts two equal votes reflecting the manner in which he/she votes on the respective matter. The procurators, if any, attend the meetings of the Board of Directors in an advisory capacity.

The Board of Directors adopts decisions by simple majority of all members, unless the law or the Incorporation Act require a decision by qualified majority or unanimous decision.

The Board of Directors can also make decisions “in absentia” when all the members have stated in writing their approval of the decisions. The approval may also be validly given by means of identified telefax message or other electronic message, signed before sending it or in another manner as agreed among the Board members.

2.4. Status of an executive member of the Board

The Board of Directors assigns the Chief Executive Officer to manage and represent the Company. The non-executive members of the Board of Directors supervise the activity of the Chief Executive Officer.

The Chief Executive Officer represents the Company individually and is entitled to carry out all actions and transactions related to the activity of the Company, draft and sign documents on behalf of the Company, as well as authorise other persons to execute separate actions and transactions. If two CEOs are elected, they represent the Company under the conditions of joint representation.

The Chief Executive Officer organises the activity of the Company in compliance with the law, the Incorporation Act, the Board’s Rules of Procedure, the Policies and decisions of the Sole Owner of the Capital, and the decisions of the Board of Directors. The CEO takes over the operative management of the Company’s activity, concludes and terminates employment and other types of contracts of the Company’s employees and associates, and bears responsibility for the Company’s

accountability and archives. The CEO also resolve all other issues outside the exclusive competence of the Sole Owner of the Capital or the Board of Directors as provided by the law or the Incorporation Act, or issues that he/she has been entrusted with through a decision of the Sole Owner of the Capital.

The management and control contract of the Chief Executive Officer, as well as the management and control contracts of the Board of Directors' members is signed by the representative of the Sole Owner of the Capital, unless the Board of Directors of the Sole Owner of the Capital has authorised another Board member to this effect.

2.5. Contracts with the members of the Board of Directors, remunerations and expenses

Each member of the Board of Directors concludes a management and control contract with the Sole Owner of the Capital. The contract is valid until the end of the term of office of the Board of Directors and specifies the rights and obligations of the parties, remuneration amount and method of payment, liability of the parties in the event of non-performance, grounds for termination of the contract, type and amount of the money guarantee paid by the members for their management, and amount of penalty in the event of an early termination of the contract through no fault of the member of the Board of Directors, as well as the relationships between the parties in the period of the contract termination until the name of the dismissed member of a management and control body is deleted in the Commercial Register and the Register of the Non-Profit Legal Entities.

A management contract with a member of the Board of Directors may be terminated prior to its expiry date:

- by mutual consent between the parties;
- upon request of the person with a prior notice of at least 3 months;
- upon the request of the Company's principal with a prior notice of 1 (one) month;
- in case of transformation or termination of the Company and in case of change of the owner of the capital;
- in case of death;
- in case of interdiction of the natural person, accordingly in case of declaring the legal entity insolvent or upon its termination;
- due to factual incapacity of the person to fulfil their obligations lasting over 6 months;
- other cases provided for in the law.

The Sole Owner of the Capital may terminate the contract early and without prior notification, on account of a member of the Board of Directors' fault:

- upon the occurrence of a circumstance causing incompatibility pursuant to Article 23, para 4 and Article 26, para. 2 of the Incorporation Act;
- in case of conviction with sentence that has entered into force for perpetration of an intentional crime of general nature;
- upon entry into force of an act establishing a conflict of interest under the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act;
- in case of serious or systematic non-performance of official duties;
- in case of violation of the law, the Incorporation Act, the BoD's Rules of Procedure, or Policies performed during or on the occasion of implementing a Board member's obligations;
- in case the person carries out activities resulting in deterioration of the Company's financial results or whereof damages for the Company have been inflicted;
- in case of a substantial non-fulfilment of the economic or financial indicators specified in the approved business programme;

Substantial non-fulfilment is considered to be a significant deterioration of economic indicators set in the business programme in accordance with the Company's development strategy and internal rules, and non-fulfilment resulting from action or inaction of the Trustee, unless the non-fulfilment is entirely due to external factors beyond the reasonable control of the Trustee.

Assessment of the accomplishment or non-accomplishment of the key indicators is made on the grounds of the Company's annual financial statement, after it has been certified by the Company's registered auditor and approved by the Sole Owner of the Capital.

The members of the Board of Directors receive remuneration in an amount and manner of payment determined by the Regulations on the Implementation of the Public Enterprises Act.

The members of the Board of Directors are obliged to provide a guarantee for their management in the amount determined in the contract, but not less than their 3-month gross remuneration. The guarantee thus provided is returned upon termination of the contract and following a decision of the Company's Sole Owner to relieve the member from liability.

If business trips need to be made, the members of the Board of Directors are sent on assignment by the Chief Executive Officer (including his/her own business assignments) at the expense of the Company. In case of conducting meetings of the Company's bodies, the costs for meeting arrangement and secondment of members of the Board of Directors, if the meeting venue is different from their place of residence, are borne by the Company.

2.6. Staff

As at 31 December 2024, the Board of Directors of Kozloduy NPP EAD consisted of:

- Iva Edward Nikolova
- Iliya Todorov Iliev
- Slavyan Petrov Lachev
- Svilena Nikolova Nikolova
- Ivan Todorov Andreev

The Board of Directors is chaired by Iliya Todorov Iliev. Ivan Todorov Andreev is the Chief Executive Officer and representing Kozloduy NPP EAD.

3. Audit Committee

The Audit Committee is an independent monitoring body that reports on its activity to the Board of Directors of the Bulgarian Energy Holding EAD. It consists of 3 (three) members one of them being the Chair. The Chair and the members of the committee are elected and assigned by the Sole Owner of the Capital of Kozloduy NPP EAD for a term of 3 (three) years.

As at 31 December 2024 the Audit Committee on behalf of Kozloduy NPP EAD comprises, as follows:

- Magdalena Georgieva Lateva, Chair, appointed by Minutes dated 25 September 2024 of the Board of Directors of BEH EAD with a term of office of three years
- Gergana Nikolaeva Lechova, member, appointed by Minutes dated 07 June 2024 of the Board of Directors of BEH EAD with a term of office of three years
- Svetoslav Ivanov Spasov, member

The Committee assists the Board of Directors of Kozloduy NPP EAD regarding the internal control systems and financial reporting, internal audit and risk management in view of the principles of good corporate governance and the set strategic goals of Kozloduy NPP EAD. It verifies and monitors the independence of registered auditors in accordance with Chapters VI and VII of the Independent Financial Audit and Assurance of Sustainability Reporting Act.

The primary functions of the Audit Committee are to:

- Monitor the financial reporting process and, where applicable, the sustainability reporting process in the Company;
- Monitoring the effectiveness of the internal control and the risk management systems in the Company;
- Monitor the effectiveness of the internal audit activity in the Company;
- Monitor the performance of the independent financial audit and, where applicable, the Company's commitment on the assurance of sustainability.

The Audit Committee has authorised access to information and documents, as well as assistance on behalf of the BoD and the employees. It has the right to require of the BoD to provide sufficient resources for the effective performance of its duties.

The Audit Committee members shall comply with the requirements provided in the Independent Financial Audit and Assurance of Sustainability Reporting Act.

In the process of delivering its functions, the Audit Committee interacts with auditors (internal and external ones), as well as with the Commission for Public Oversight of Statutory Auditors (CPOSA). As provided in Article 108 of the Independent Financial Audit and Assurance of Sustainability Reporting Act, the Audit Committee shall report on its activity to the Sole Owner of the Capital.

In addition to the above governance bodies and the committee, Kozloduy NPP EAD has in place as follows:

- Business and Finance Committee;
- Safety and Quality Committee;
- Energy Efficiency Committee;
- Nuclear Safety Advisory Council.

Business and Finance Committee - functions and structure

The Business and Finance Committee (BFC) is an expert committee with the Chief Executive Officer on all issues related to the senior management policy on financial and business matters. The organisation and activity of the Committee, its objectives and tasks, as well as the rights, obligations and responsibilities of its members are regulated in the Rules of Procedure of the Business and Finance Committee, subject to approval by the Chief Executive Officer of Kozloduy NPP EAD.

Functions (tasks) of the Business and Finance Committee:

1. Review, approve and propose for approval by the Board of Directors of Kozloduy NPP EAD the Draft Budget of the Company for each calendar year;
2. Consider the participation of Kozloduy NPP EAD in other companies;
3. Review, approve and propose solutions to the Chief Executive Officer regarding:
 - reports from the organisational units for initiating public procurement procedures within the meaning of the Public Procurement Act;

- public procurement award without conducting a tender procedure for amounts exceeding BGN 100,000;
- commercial transactions outside the scope of the Public Procurement Act for over BGN 100,000;
- 4. Consider proposals for optimising the performance of the BFC;
- 5. Consider business and finance matters related to the preparation and implementation of projects, programmes, tasks and specific activities in view of their conformity with the Company's objectives and priorities.

The permanent composition of the BFC consists of a chair, deputy chair, secretary and members. The BFC may hold meetings in its permanent or extended composition.

The standing Committee members are regulated in the Rules of Procedure of the Business and Finance Committee as approved by the Kozloduy NPP EAD Chief Executive Officer.

The BFC extended composition includes the permanent composition that may be extended to involve specialists from Kozloduy NPP EAD and external organisations relevant to the matters included in the agenda for the respective meeting, at the discretion of the Chief Executive Officer, on the grounds of proposals made by the Chair or the permanent Committee members. During discussions on general financial matters, the BFC may use the assistance of additional specialists from the Company as well as external consultants with expertise on the matters discussed. The experts involved additionally prepare in writing and submit written statements to the BFC on the topics for which they are involved. They are entitled to an advisory vote.

Safety and Quality Committee - functions and structure

The Safety and Quality Committee (SQC) is an advisory body with the Kozloduy NPP EAD Chief Executive Officer on all safety and quality related issues during plant operation, maintenance, and reconstruction of the nuclear facilities, nuclear fuel cycle and radioactive waste management, and sustaining emergency preparedness.

The Safety and Quality Committee strictly adheres to the provisions of the Safe Use of Nuclear Energy Act (SUNEA), the regulations on its implementation as issued by the Nuclear Regulatory Agency (NRA), and other applicable laws and regulations as well as Kozloduy NPP EAD internal documents. The Committee's work organisation, structure and composition, tasks and responsibilities are regulated by the Rules of Procedure of the Safety and Quality Committee, as approved by the Chief Executive Officer of Kozloduy NPP EAD.

Functions (tasks) of the Safety and Quality Committee:

1. Review the Management System of Kozloduy NPP EAD
2. Consider, evaluate and propose a solution to issues related to the safety of the nuclear facilities, including:
 - issues related to programmes and measures for safety and quality enhancement and environmental protection;
 - issues related to ensure safety in connection with reconstructions and modernisations of SSC important to safety;
 - terms of reference, projects, deliverables and reports of completed contracts, inspections performed, analyses and evaluations of safety, quality and the environment;
 - review, evaluate and approve annual Safety report of the nuclear facilities at Kozloduy NPP EAD;
3. Consider, evaluate and propose a solution to issues related to the Management System (MS) of the Company, including:

- review, evaluate and proposes for approval by the Chief Executive Officer a set of policies for managing the Company;
- review, evaluate and approve a MS process model, including significant changes to the MS process model and/or the individual processes;
- review and analyse the Company's strategic risks and the process risks having the highest residual risk, and approve actions for their minimisation;
- approve applicable normative documents of a recommendatory nature (guidelines, good practices, etc.) as mandatory for implementation in the Company;
- approve a report on the MS condition and a programme (actions) for the MS further development and improvement.

4. By order of the Chief Executive Officer of Kozloduy NPP EAD, the Safety and Quality Committee considers and suggests solutions under other issues (including issues brought up by other advisory bodies and committees) related to safety, health, security, quality, and environmental protection;

The permanent composition of the Safety and Quality Committee consists of a chair, deputy chair, secretary and members. The Safety and Quality Committee holds its meetings in its permanent or extended composition.

The standing Committee members are specified in the Rules of Procedure of the Safety and Quality Committee approved by the Kozloduy NPP EAD Chief Executive Officer.

The Committee's extended composition includes the permanent members and may be supplemented upon an order of the Kozloduy NPP EAD Chief Executive Officer with specialists from the plant or from external organisations relevant to the issues discussed, as well as independent experts in the field.

Proposals to the chair of the Safety and Quality Committee for extending its composition can be made by any of its permanent members, or by the officials that have requested the holding of a specific meeting of the Committee.

Representatives of senior management bodies within the Company, as well as NRA representatives may attend the Safety and Quality Committee meetings as observers and without any prior invitation.

Energy Efficiency Committee - functions and structure

The Energy Efficiency Committee (EEC) is an expert committee with the Chief Executive Officer of Kozloduy NPP EAD with advisory functions on all matters related to the Company's energy efficiency policy. The Energy and Efficiency Committee strictly adheres to the provisions of the Energy Efficiency Act (EEA), the regulations on its implementation as issued by the Minister of Energy, and other applicable laws, regulations, as well as Kozloduy NPP EAD internal documents. The Rules of Procedure of the Energy Efficiency Committee, approved by the Kozloduy NPP EAD Chief Executive Officer,

specify the work organisation, structure and composition, tasks and responsibilities of the Committee members.

Functions of the Energy Efficiency Committee:

1. Discuss and evaluate the prepared by the Company's organisational units and departments or by external organisations administrative, organisational and engineering documents related to the plant management energy efficiency policy.

2. The principal tasks of the Committee are to:

2.1. Evaluate and accept initial, interim and final results of the implementation of terms of reference, technical solutions, programmes, plans, time schedules and other documents related to the management of energy efficiency and performance of energy efficiency actions;

- 2.2. Approve proposals and make decisions to ensure the required preconditions and resources for the practical implementation of the approved developments;
- 2.3. Compare the scope and times for implementing energy efficiency actions listed in the reports with the requirements specified in the terms of reference and the work programmes pertaining to service contracts awarded to external organisations;
- 2.4. Evaluate and set optimal timeframes for the realisation of approved energy efficiency plans and documents developed;
- 2.5. Analyse the results of the energy monitoring and propose corrective measures;
- 2.6. Discuss and approve the annual report as required by the Energy Efficiency Act, prior to it being forwarded to the Sustainable Energy Development Agency (SEDA);
- 2.7. Act on other tasks as may be assigned by the Board of Directors, or via an order of the Chief Executive Officer.

The permanent composition of the Energy Efficiency Committee includes consists of a chair, deputy chair, secretary and members. The Committee holds meetings in its permanent or extended composition.

The standing committee members are specified in the Rules of Procedure of the Energy Efficiency Committee, approved by the Kozloduy NPP EAD Chief Executive Officer.

The EEC extended composition includes the permanent composition that may be extended to involve specialists from Kozloduy NPP EAD and external organisations relevant to the matters included in the agenda for the respective meeting, at the discretion and on the grounds of proposals made by the Chair or the permanent Committee members. Also, at the discretion of the EEC chair, the Committee meetings may be attended by managers of the organisational units whose documents will be discussed. When discussing general technical and economic matters, the Energy Efficiency Committee may invite relevant consultants and specialists to participate in the meetings.

Independent Nuclear Safety Advisory Council - functions and structure

The Independent Nuclear Safety Advisory Council is an external advisory body with the Chief Executive Officer of Kozloduy NPP EAD. This independent Council was established to provide external expert assessments and recommendations for the safe operation of Kozloduy NPP EAD in the field of nuclear safety and radiation protection, safe management of nuclear fuel and safe management of radioactive waste. The activity of the Council, namely work organisation, tasks, structure, composition, and responsibilities are regulated in the Rules of Procedure of the Independent Nuclear Safety Advisory Council, approved by the Kozloduy NPP EAD Chief Executive Officer.

Functions (tasks) of the Independent Nuclear Safety Advisory Council:

1. The primary task of the Independent Nuclear Safety Advisory Council is to support the work of the Kozloduy NPP EAD management team through provision of external expert assessments and recommendations on the safe performance of the nuclear power plant. The advisory Council carries out this task by means of:
 - proposals for identifying the priorities regarding nuclear safety and radiation protection, safe management of nuclear fuel and safe management of radioactive waste;
 - opinions on draft regulations and on the implementation of the current regulations;
 - opinions on programmes and projects for enhancing the safety of the nuclear facilities;
 - proposals for studies, research and other activities in the respective field;
 - dissemination and exchange of information and expertise, including international, among the specialists in the area concerned;

- analyses of documents assigned by the Chief Executive Officer of Kozloduy NPP EAD;
- study and analysis of specific problems upon decisions made by the Advisory Council;
- other activities as proposed by the Chief Executive Officer of Kozloduy NPP EAD.

The Independent Nuclear Safety Advisory Council consists of not less than three members that elect a chair among themselves. The Advisory Council staffing by name is determined with a decision of the Board of Directors of Kozloduy NPP EAD upon a proposal made by the Chief Executive Officer for a term not longer than two years. The Council comprises experts with recognised professional qualities and long-term experience in the operation of nuclear power plants, in the field of nuclear and radiation safety, safe management of nuclear fuel and of radioactive waste. The members of the Advisory Council may not be employed under a labour contract or a management contract in any of the companies within the Bulgarian Energy Holding EAD, the Ministry of Energy or the Nuclear Regulatory Agency.

6. Information under Article 100m, para 8, item 6 of the POSA - description of the diversity policy applied as regards the administrative, managerial and supervisory bodies of the issuer in connection with aspects such as age, gender, disabilities or education and professional experience, the objectives of such diversity policy, its method of application and the results therefrom during the reporting period; when no such policy is applied, the declaration shall contain an explanation regarding the reasons for that.

The diversity policy is applied in terms of the management bodies. Members of the Board of Directors of Kozloduy NPP EAD satisfy certain criteria for taking this position as stipulated in the Public Enterprises Act and the Incorporation Act of the Company. The posts are filled following a competition, the terms and conditions of which are laid down in the Rules for Implementation of the Public Enterprises Act. The natural persons that are members of the Board of Directors have the required educational and professional background, good reputation and managerial qualities.

The members of the Audit Committee meet the requirements provided in the Independent Financial Audit Act as regards their education and qualification level and professional length of service.

The gender equality principle is respected. In the Company there are women members of the Board of Directors and of the Audit Committee, as well as participants in the Business and Finance Committee and the Safety and Quality Committee.

The diversity policy as regards the management bodies prevents restrictions in terms of gender or age. Implementing a diversity policy is crucial and important for the successful management of the Company. The variety of capabilities, skills, experience and qualities of each member of the above-mentioned management bodies, committees and councils contribute to making the right, economically advantageous and strategically useful decisions for the Company. The result of implementing a diversity policy is: good corporate governance, good business reputation, attracting highly qualified staff.

[Signature illegible]

IVAN ANDREEV

CHIEF EXECUTIVE OFFICER

KOZLODUY NPP EAD

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INDEPENDENT AUDITORS' REPORT

To the sole shareholder of
Kozloduy NPP EAD
Kozloduy, NPP site

Report on the Audit of the Annual Separate Financial Statements

Qualified opinion

We have audited the separate financial statements of Kozloduy NPP EAD (the "Company"), which comprise the separate statement of financial position as at 31 December 2024 and the separate statement of profit or loss and other comprehensive income, annual separate statement of changes in equity and annual separate statement of cash flows for the year then ended, as well as selected explanatory notes to the annual separate financial statements containing significant accounting policy and other explanatory information.

In our opinion, except for the possible effects of the matters described in the section of our report entitled "Basis for Qualified Opinion," the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, its financial performance and cash flows for the year then ended in accordance with IFRS accounting standards as adopted by the EU and Bulgarian legislation.

Basis for Qualified Opinion

1. As disclosed in Note 21 "Provisions, commitments and contingent liabilities" to the annual separate financial statements as of 31 December 2024, the specifics of the Company's operations as well as the requirements of the applicable regulatory framework require the Company to prepare an estimate of expected future costs for decommissioning of nuclear facilities. The Company's management is unable to reliably estimate the liability and, therefore, a provision for decommissioning nuclear facilities has not been recognized. Accordingly, we have not been able to determine whether and to what extent any additional adjustments would have been required to the Company's provisions in case an assessment has been made in accordance with applicable legislation and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the attached annual separate financial statements of the Company have been prepared as of 31 December 2024.
2. As disclosed in Note 11 "Inventories" to the annual separate financial statements as at 31 December 2024, the Company's inventories with a carrying amount of BGN 170 855 thousand as at that date mainly include spare parts and specific spare equipment amounting to BGN 152 102 thousand, including immobilized inventories amounting to BGN 124 957 thousand. The assessment of the net realizable value of inventories, including specific spare equipment, was prepared by the Company's management with the assistance of an independent external expert as at December 31, 2024, and an impairment loss of BGN 54 thousand was recognized. During the audit procedures we performed, we were unable to obtain sufficient and appropriate audit evidence that the assumptions and judgements on which the determination of the net realizable value of immovable inventories is based, including specific spare equipment are justified, adequately reflect their specific nature and purpose to ensure continuous operation of the power units. Accordingly, we were unable to determine whether and to what extent adjustments would be required to the carrying amount of specific spare equipment as of 31 December 2024.

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

Emphasis of Matter

We draw attention to Note 4.20.9. "Provisions" from the annual separate financial report, which discloses information on the updated strategy for the management of spent nuclear fuel and radioactive waste, prepared in accordance with Directive 2011/70/Euratom and in implementation of Article 74 of the Law on the Safe Use of Nuclear Energy (LSUNE) and subordinate legislation. The strategy represents the national program of the Republic of Bulgaria for the responsible and safe management of spent nuclear fuel and radioactive waste, which provides for procedures for the preparation and coordination of documents related to the determination of the quantity, characteristics, and deadlines for the return of spent nuclear fuel. Due to the complex geopolitical situation resulting from the military conflict in Ukraine, Kozloduy NPP EAD is unable to take effective action to implement the procedures related to the return of vitrified radioactive waste to the country.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual separate financial statements of the current period. These matters 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 the matter described in the "Basis for Qualified Opinion" section we have determined the matters described below to be the key audit matters to be communicated in our report.

Fair value measurement of property, plant, and equipment	
Note 4.20. Critical judgments in applying the Company's accounting policies. Key estimates and assumptions with high uncertainty, Note 5 Property, plant, and equipment, Note 39 Fair value measurement	
Key audit matter	How this matter was addressed during the audit
<p>As disclosed in Note 4.20, the Company has adopted the revaluation model for the subsequent measurement of the main classes of property, plant, and equipment. The revalued amount represents the fair value of the asset at the date of revaluation, less subsequent depreciation and accumulated impairment losses. The fair value of property, plant, and equipment is determined on the basis of a report prepared by an independent licensed appraiser. The revaluation of property, plant, and equipment is performed every 3 years..</p> <p>As at 31 December 2024, the carrying amount of property, plant and equipment was BGN 2 754 455 thousand, of which BGN 2 458 688 thousand is reported under the revaluation model and represents 40% of the value of the Company's assets. The revaluation reserve relating to non-financial assets as at 31 December 2024 amounts to BGN 2 091 189 thousand. The increase in 2024 as a result of the fair value measurement amounts to BGN 453 655 thousand, net of taxes.</p> <p>The revaluation of property, plant, and equipment assets at their fair value is a complex process involving the use of approximate estimates, multiple assumptions, and specific methods and models.</p> <p>The machinery, facilities, and equipment of Kozloduy NPP EAD are highly specific, specifically designed, and related to the production of electricity using nuclear fuel, and for a significant part of them, alternative use is not possible.</p> <p>Due to the lack of similar assets that could be treated as market analogues, the appraiser gave the greatest weight to the depreciated replacement cost method, which is part of the cost approach. The valuation is influenced by assumptions about replacement value,</p>	<p>During our audit, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - Review of the Company's adopted accounting policy regarding the subsequent measurement of property, plant, and equipment and analysis of its compliance with applicable IFRS accounting standards; - Review of the estimated useful life of non-current assets and analysis of the appropriateness of its definition; - Assessment of the methodology used and the key assumptions used by the appraiser in determining the market value of the assets based on our knowledge of the energy sector; - Testing selected input data on which the valuation of property, plant, and equipment is based against appropriate supporting documentation to assess its accuracy, reliability, and completeness; - Review of economic conditions affecting the environment in which the entity operates, as well as business plans and strategies that may affect the risks of material misstatements regarding the usability of available assets; - Assessment of the professional qualifications, competence, and experience of the independent external appraiser for the purposes of the market value appraisal of the assets; - Performing independent impairment tests on a sample basis based on our knowledge of the nature and activities of the Company, as well as information about the specific characteristics of the Company's assets, taking into account external and internal indicators of impairment; - Meetings and discussions were held with the independent appraiser who performed the valuation to gain an understanding of the overall approach chosen by the appraiser and its applicability in the context of the Company's

Fair value measurement of property, plant, and equipment	
Note 4.20. Critical judgments in applying the Company's accounting policies. Key estimates and assumptions with high uncertainty,	
Note 5 Property, plant, and equipment, Note 39 Fair value measurement	
Key audit matter	How this matter was addressed during the audit
physical, functional, and economic wear and tear of machinery and equipment, and residual useful life. Therefore, these valuations are subject to a degree of uncertainty associated with the use of various forecasts and assumptions with a high degree of subjectivity. Due to the specificity of the valuation process, the type of assets and the significant use of fair value from level 3 of the fair value hierarchy, we have identified this issue as a key audit matter.	<ul style="list-style-type: none"> work process, the sources of information, and the key factors that influenced the appraiser's opinion and valuation; - Reconciliation of the results of the valuation report with the accounting records and items in the financial statements affected by the valuation; - Assessment of the appropriateness of disclosures related to the determination of the fair value of assets in the Property, Plant and Equipment group in the Company's separate financial statements.

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

Management is responsible for the other information. The other information comprises the annual management report, including the corporate governance statement, prepared in accordance with Bulgarian Accountancy Act and other applicable legislation requirements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in section "Basis for Qualified Opinion" above, we were unable to obtain sufficient appropriate audit evidence about the matter described in this section. Consequently, we were unable to determine whether the other information is materially misstated with regard to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, as adopted by the EU and Bulgarian legislation, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act 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.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

- misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

We are jointly liable for the performance of our audit and for the audit opinion expressed by us, in accordance with the requirements of the Independent Financial Audit Act applicable in Bulgaria. In undertaking and fulfilling the commitment for joint audit, in connection with which we report, we have been guided by the Guidelines for implementation of joint audit, issued on 13.06.2017 by the Institute of Certified Public Accountants in Bulgaria and the Commission for Public supervision of registered auditors in Bulgaria.

Report on Other Legal and Regulatory Requirements

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

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, our opinion is that:

- (a) the information included in the separate management report referring to the period for which the annual separate financial statements have been prepared is consistent with those annual separate financial statements on which we have issued a qualified opinion in the "Report on the Audit of the Separate Financial Statements" above;
- (b) the separate management report has been prepared in accordance with the applicable legal requirements;
- (c) as a result of the acquired knowledge and understanding of the Company's activities and the environment in which it operates, we have not identified any cases of material misstatement in the annual separate management report, except for the possible effect described in the section "Information Other than the Annual Separate Financial Statements and Auditor's Report Thereon" in "Report on the Audit of the Annual Separate Financial Statements";
- (d) the corporate governance statement for the financial year contains the required information in accordance with the applicable legal requirements, including Article 100m, paragraph (8) of Bulgarian Public Offering of Securities Act;

Reporting Pursuant to Article 59 of Bulgarian Independent Financial Audit Act in relation to Article 10 of Regulation (EC) № 537/2014

In accordance with the requirements of Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act and in relation with Article 10 of Regulation (EC) № 537/2014, we report additionally the information as follows:

- Grant Thornton OOD and Zaharinoва Nexia EOOD, as participants in the association DZZD AUDIT BEH have been appointed statutory auditors of the separate financial statements of Kozloduy NPP EAD by Protocol 22-2024 of 29 February 2024 by the sole shareholder, for a period of three years (2024 – 2026).
- The audit of the separate financial statements for the year ended 31 December 2024 of the Company is the fourth consecutive year of continuous commitment for mandatory audit of this company, performed by each of the joint auditors Grant Thornton Ltd. and Zaharinoва Nexia Ltd.
- In support of our audit opinion, we have provided a description of the most significant assessed risks of material misstatement, a summary of the auditor's response and where relevant, key observations arising with respect to those risks in the section „Key audit matters“ of this report.
- We confirm that our audit opinion is consistent with the additional report to the audit committee, which was provided in accordance with Article 60 of Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act.
- We declare that prohibited non-audit services referred to in Article 64 of Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act were not provided.
- We confirm that we remained independent of the Company in conducting the audit.
- For the period for which we were engaged as statutory auditors, we have not provided any other services to the Company.

Grant Thornton OOD
Audit firm №032

[Signature illegible]
Mariy Apostolov
Managing Partner

[Signature illegible]
Emilia Marinova
Registered auditor responsible for the audit №673

Zaharinoва Nexia EOOD
Audit firm №138

[Signature illegible]
Dimitrina Zaharinoва
Managing Partner

[Signature illegible]
Grigor Petrov
Registered auditor responsible for the audit №816

8 May 2025
Sofia, Bulgaria

Separate Statement of Financial Position

	Note	31 December 2024	31 December 2023
		BGN'000	BGN'000
Assets			
Non-current assets			
Property, plant and equipment	5	2,754,455	2,272,828
Intangible assets	6	21,444	24,327
Investments in subsidiaries	7	1,822,837	1,522,916
Loans granted to related parties	33.2	5,488	26,598
Advance payments	13	40,907	40,907
Financial instruments at fair value through other comprehensive income (OCI)	8	284	505
Non-current assets		4,645,415	3,888,081
Current assets			
Nuclear fuel	10	432,376	469,247
Inventory	11	170,855	143,258
Trade and other receivables	12	12,151	11,063
Advance payments	13	145,813	61,403
Loans granted to related parties	33.2	37,040	12,127
Receivables from related parties	33.3	156,566	49,938
Income tax receivables		295	4,663
Cash and cash equivalents	14	549,318	912,588
Current assets		1,504,414	1,664,287
Total assets		6,149,829	5,552,368

Compiled by: [Signature illegible]
/Volodya Bonovski/

CEO: [Signature illegible]
/Ivan Andreev/

Date: 25 April 2025

The Annual Separate Financial Statements were approved for issue by decision of the Board of Directors on 25 April 2025 and signed on 08 May 2025.

Auditors' report issued by the joint auditors

Grant Thornton OOD

Audit firm No.032

[Signature illegible]

Mariy Apostolov

Manager

[Signature illegible]

Emilia Marinova

Registered auditor responsible for the audit

Zaharinova Nexia EOOD

Audit firm No.138

[Signature illegible]

Dimitrina Zaharinova

Manager

[Signature illegible]

Grigor Petrov

Registered auditor responsible for the audit

The accompanying notes, pages 8 to 77, form an integral part of these Annual Separate Financial Statements.

This version of annual separate financial statements as at 31 December 2024 of Kozloduy NPP EAD is free translation from Bulgarian to English language. These financial statements have been prepared and audited as at 08 May 2025.

Separate Statement of Financial Position (continued)

	Note	31 December 2024	31 December 2023
		BGN'000	BGN'000
Equity and liabilities			
Equity			
Share capital	15.1	1,744,585	1,744,585
Legal reserves	15.2	78,164	24,458
Revaluation reserve of non-financial assets	15.3	2,596,643	2,148,678
Remeasurement of defined benefit plans		(69,428)	(71,881)
Revaluation reserve of financial assets at fair value		47	246
Other reserves	15.4	11,405	11,405
Retained earnings		905,469	973,267
Total equity		5,266,885	4,830,758
Liabilities			
Non-current liabilities			
Retentions on contracts	16	2,233	324
Financing	17	75,844	83,115
Pension and other employee obligations	18	117,848	101,898
Non-current trade and other payables	19	791	125
Deferred tax liabilities	9	180,103	144,324
Non-current liabilities		376,819	329,786
Current liabilities			
Trade and other payables	19	273,570	229,784
Contract liabilities	20	60,923	20,083
Payables to related parties	34.3	13,865	5,251
Financing	17	7,614	7,619
Retentions on contracts	16	8,182	5,047
Pension and other employee obligations	18	24,499	42,940
Provision for spent nuclear fuel and others	21	112,838	81,100
Income tax liabilities		4,634	-
Current liabilities		506,125	391,824
Total liabilities		882,944	721,610
Total equity and liabilities		6,149,829	5,552,368

Prepared by: [Signature illegible]
/Volodya Bonovski/
Date: 25 April 2025

CEO: [Signature illegible]
/Ivan Andreev/

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Zaharinoxa Nexia EOOD

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Dimitrina Zaharinoxa

Manager

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Separate Statement of Profit or Loss and Other Comprehensive Income

	Note	2024 BGN'000	2023 BGN'000
Revenue from sale of electricity		2,042,629	2,526,020
Revenue from sale of heat energy		4,105	3,848
Revenue from sale of production	22	2,046,734	2,529,868
Income from sale of services, goods and other sales	22	5,077	5,302
Income from financing		7,277	7,278
Other income	23	2,746	2,643
Gains on sale of non-current assets		5	37
Purchased electricity	24	(8,805)	(399)
Cost of materials	24	(200,700)	(147,312)
Hired services expenses	25	(252,161)	(215,181)
Employee benefits expenses	26	(363,083)	(337,903)
Provisions for defined benefit plans	26	(28,861)	(25,916)
Depreciation and amortization of non-financial assets	5,6	(209,417)	(208,693)
Provision expenses	27	(31,738)	(32,173)
Recovered impairment of financial assets, net	28	1,450	534
Compensations of industrial end-users of electricity	30	(388,964)	(576,275)
Other expenses	29	(334,616)	(406,485)
Cost of goods and other assets sold		(1,360)	(1,325)
Changes in work in progress		14,476	4,673
Acquisition of machinery, plant, and equipment, self-constructed		363	691
Operating profit		258,423	599,364
Finance costs	31	(9,298)	(8,303)
Finance income	31	2,524	5,594
Profit before tax		251,649	596,655
Income tax expenses	32	(29,736)	(59,603)
Profit for the year		221,913	537,052

Prepared by: [Signature illegible]
/Volodya Bonovski/

CEO: [Signature illegible]
/Ivan Andreev/

Date: 25 April 2025

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Separate Statement of Profit or Loss and Other Comprehensive Income (continued)

	Note	2024 BGN'000	2023 BGN'000
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit liabilities	18	2,453	(344)
Revaluation of non-financial assets		504,037	-
(Loss)/Profit from change in the fair value of financial instruments at fair value through other comprehensive income		(221)	23
Income tax relating to items that will not be reclassified into profit or loss	9	(50,382)	(2)
Other comprehensive income for the year, net of tax		455,887	(323)
Total comprehensive income for the year		677,800	536,729

Prepared by: [Signature illegible]
/Volodya Bonovski/

CEO: [Signature illegible]
/Ivan Andreev/

Date: 25 April 2025

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Auditors' report issued by the joint auditors
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The accompanying notes, pages 8 to 77, form an integral part of these Annual Separate Financial Statements.
This version of annual separate financial statements as at 31 December 2024 of Kozloduy NPP EAD is free translation from Bulgarian to English language. These financial statements have been prepared and audited as at 08 May 2025.

Separate Statement of Changes in Equity

All amounts are presented in BGN'000	Share capital	Legal reserves	Revaluation reserve of non- financial assets	Remeasur- ment of defined benefit plans	Revaluation reserve of financial assets at fair value	Other reserves	Retained earnings	Total equity
Balance at 01 January 2024	1,744,585	24,458	2,148,678	(71,881)	246	11,405	973,267	4,830,758
Dividends paid	-	-	-	-	-	-	(241,673)	(241,673)
Transfer of retained earnings to reserves	-	53,705	-	-	-	-	(53,705)	-
Transactions with the sole owner	-	53,705	-	-	-	-	(295,378)	(241,673)
Profit for the year	-	-	-	-	-	-	221,913	221,913
Other comprehensive income, net of tax	-	-	453,633	2,453	(199)	-	-	455,887
Total comprehensive income for the year	-	-	453,633	2,453	(199)	-	221,913	677,800
Transfer of revaluation surplus to retained earnings	-	-	(5,667)	-	-	-	5,667	-
Other changes in equity	-	1	(1)	-	-	-	-	-
Balance at 31 December 2024	1,744,585	78,164	2,596,643	(69,428)	47	11,405	905,469	5,266,885

Prepared by: [Signature illegible]
/Volodya Bonovski/

CEO: [Signature illegible]
/Ivan Andreev/

Date: 25 April 2025

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Separate Statement of Changes in Equity (continued)

All amounts are presented in BGN'000	Share capital	Legal reserves	Revaluation reserve of non- financial assets	Remeasur- ment of defined benefit plans	Revaluation reserve of financial assets at fair value	Other reserves	Retained earnings	Total equity
Balance at 01 January 2023	244,585	24,458	2,153,877	(71,537)	225	11,405	795,748	3,158,761
Dividends paid	-	-	-	-	-	-	(364,732)	(364,732)
Increase of capital	1,500,000	-	-	-	-	-	-	1,500,000
Transactions with the sole owner	1,500,000	-	-	-	-	-	(364,732)	1,135,268
Profit for the year	-	-	-	-	-	-	537,052	537,052
Other comprehensive loss, net of tax	-	-	-	(344)	21	-	-	(323)
Total comprehensive income for the year	-	-	-	(344)	21	-	537,052	536,729
Transfer of revaluation surplus to retained earnings	-	-	(5,199)	-	-	-	5,199	-
Balance at 31 December 2023	1,744,585	24,458	2,148,678	(71,881)	246	11,405	973,267	4,830,758

Prepared by: [Signature illegible]
/Volodya Bonovski/

CEO: [Signature illegible]
/Ivan Andreev/

Date: 25 April 2025

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Mariy Apostolov

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Dimitrina Zaharinova

Manager

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Grigor Petrov

Registered auditor responsible for the audit

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Separate Statement of Cash Flows

	Note	2024 BGN'000	2023 BGN'000
Operating activities			
Cash receipts from customers		2,343,743	3,018,483
Cash paid to suppliers		(349,735)	(451,899)
Advance payments for supply of fresh nuclear fuel (FNF)		(189,872)	(95,090)
Payments to the ESS Fund under a programme of the Council of Ministers to compensate non-household end customers of electricity	30	(382,327)	(708,997)
Cash paid to employees and social security institutions		(384,293)	(359,262)
Paid licences, taxes and other payments to the Nuclear Regulatory Agency (NRA)		(6,960)	(5,463)
Payments to the RAW Fund, NFD Fund, and ESS Fund in accordance with the legally defined obligations of Kozloduy NPP		(318,801)	(407,215)
Payments of other taxes to the governmental budget and local budgets		(251,351)	(393,056)
Cash flows related to insurance policies		(15,012)	(14,293)
Income tax payments, net		(35,337)	(61,195)
Other payments for operating activity, net		(14,713)	(12,987)
Net cash flows from operating activity		395,342	509,026
Investing activity			
Increase of capital of subsidiaries	7	(300,000)	(1,500,000)
Purchase of property, plant and equipment		(216,915)	(153,217)
Proceeds from disposals of property, plant and equipment		6	48
Loans granted		(25,000)	(10,000)
Loan repayments received		21,092	188,308
Dividends received	7,9	2,125	3,252
Interest received		651	1,131
Net cash flows from investing activity		(518,041)	(1,470,478)
Financing activity			
Proceeds related to capital increase	16.1	-	1,500,000
Dividends paid	15.5	(241,673)	(364,732)
Lease payments	34	(232)	(221)
Net cash flows from financing activity		(241,905)	1,135,047
Net change in cash and cash equivalents		(364,604)	173,595
Cash and cash equivalents at the beginning of the year after impairment		912,588	738,743
Recovered expected credit losses of cash and cash equivalents	14	1,334	250
Cash and cash equivalents at the end of the year	14	549,318	912,588

Prepared by: [Signature illegible]
/Volodya Bonovski/

CEO: [Signature illegible]
/Ivan Andreev/

Date: 25 April 2025

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Auditors' report issued by the joint auditors
Grant Thornton OOD
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Manager

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Dimitrina Zaharinova
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Grigor Petrov
Registered auditor responsible for the audit

The accompanying notes, pages 8 to 77, form an integral part of these Annual Separate Financial Statements.
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Notes to the Annual Separate Financial Statements

1. Principal activities

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

The Company’s financial year ends on 31 December.

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

Bulgarian Energy Holding EAD is the sole owner of the Company share capital as of 31 December 2024. The Company's ultimate owner is the Republic of Bulgaria through the Ministry of Energy.

The Company has a one-tier management system and is managed by a Board of Directors. At the beginning of the reporting period as at 01 January 2024, the Board of Directors consisted of:

- Iliya Todorov Iliev - Chair;
- Valentin Aleksiev Nikolov – Member and Chief Executive Officer;
- Svilena Nikolova Nikolova - Member;
- Georgi Kirov Kirkov - Member;
- Iva Edward Nikolova - Member.

On 28 June 2024, Valentin Aleksiev Nikolov was dismissed as a member of the Board of Directors and Chief Executive Officer of Kozloduy NPP EAD and Ivan Todorov Andreev was elected in his place. This circumstance was entered into the Commercial Register on 04 July 2024.

By resolution No. 77 of 30 July 2024 of the Board of Directors of BEH EAD, Georgi Kirov Kirkov was dismissed as a member of the Board of Directors of Kozloduy NPP EAD and Slavyan Petrov Lachev was elected in his place. The circumstance was entered in the Commercial Register and the Register of Non-Profit Legal Entities on 05 August 2024.

As at 31 December 2024, the Board of Directors consisted of the following members with a term of 5 years:

- Iliya Todorov Iliev – Chair;
- Ivan Todorov Andreev – Member and Chief Executive Officer;
- Svilena Nikolova Nikolova – Member;
- Slavyan Petrov Lachev – Member;
- Iva Edward Nikolova - Member.

As at 31 December 2024, the Company is represented by Ivan Andreev, Chief Executive Officer.

As at 31 December 2024, the number of the staff employed by the Company under employment contracts is 3,813 (31 December 2023: 3,796).

2. Statement of compliance with the International Financial Reporting Standards (IFRS) and application of the going concern basis

2.1. Statement of compliance with IFRS Accounting Standards adopted by the European Union (EU)

The separate financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) Accounting Standards adopted by the EU. Within the meaning of para 1, item 8 of the Additional Provisions of the Accountancy Act, applicable in Bulgaria, these include International Accounting Standards (IAS) adopted in compliance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council.

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

These financial statements are separate for the Company. The Company also prepares consolidated financial statements in accordance with the IFRS Accounting Standards adopted by the EU, where investments in subsidiaries are reported and stated in accordance with IFRS 10 "Consolidated Financial Statements."

2.2. Application of the going concern basis

The separate financial statements have been prepared under the going concern principle.

Effects of the ongoing military conflict between Russia and Ukraine

The military conflict between Russia and Ukraine that continues for almost three years now still has an economic fallout on all sectors of the global economy. Multiple countries impose additional sanctions on assets and operations owned by the Russian state and certain individuals.

In connection with avoiding the uncertainties regarding the effect of the sanctions and restrictions imposed, the Company management reviewed the activities, contractors and economic relations that could expose the Company to a significant risk. As at the date of approval of the Separate Financial Statements, the risks can be summarised as follows:

A serious risk for Kozloduy NPP EAD resulting from the conflict between Ukraine and Russia may arise in the relations with some contractors. A key supplier for the Company is the Russian company TVEL JSC, with which the Company has concluded a long-term contract for the supply of fresh nuclear fuel (FNF) until 2025. Notwithstanding the suspension of the supply of FNF in 2024, the Company carried out the necessary activities and arrangements for two TVEL JSC deliveries in 2025. Two deliveries of fresh nuclear fuel were made in compliance with the provisions of Annex 52 to the contract with TVEL JSC. On 25 March 2025 the first delivery of 42 TVSA-12 fresh fuel assemblies and 12 rod cluster control assemblies (RCCA) took place, and the second delivery of 42 TVSA-12 fresh fuel assemblies was on 23 April 2025. On 10 April 2025, 42 RWFA nuclear fuel assemblies fabricated by Westinghouse Electric Sweden AB were delivered. Thus, the Company will ensure FNF inventory for a continuous mode of operation.

- Another negative effect is the inability to transport spent nuclear fuel (SNF) to Russia for technological storage and reprocessing under a contract with FSUE "PA "Mayak". The transport of SNF complies with the Safe Use of Nuclear Energy Act, its implementing sublegislative regulations, and the national policy defined in the Strategy for Spent Nuclear Fuel and Radioactive Waste Management until 2030. As at the time of preparation of these separate financial statements, Kozloduy NPP EAD is behind schedule with the plans for the transport of SNF for the period 2021 - 2024. The Kozloduy NPP site has a wet spent fuel storage facility, SFSF, where spent nuclear fuel is stored in pools under water.
- The Company has contractual relationships with other Russian and Ukrainian contractors for the supply of specific spare parts and long lead-time equipment and specific services for the plant as well. If no other alternatives are found, there is a significant risk of a delay and/or non-performance of key supplies and services. Deliveries from Ukrainian contractors whose production has been temporarily or permanently suspended (Harkov) are not urgent and pressing. The spare parts and equipment manufactured by them have analogues and negotiations with other contractors are ongoing.

Based on Council of Ministers' Decisions No. 695 of 23 September 2022 and No. 200 of 22 March 2023, the Council of Ministers approved a derogation from the sanctions of the European Union prohibiting the

import of certain parts, materials and services in connection with the war in Ukraine. The government granted a derogation so that Kozloduy NPP could purchase the necessary materials and spare parts in order to secure the annual outages and operation of the nuclear power plant. Furthermore, the Company's management, supported by the Ministry of Energy, continued with the process of selecting new contractors. In view of the events on the international scene since the beginning of 2025 and the efforts of all countries to put an end to the military conflict between Russia and Ukraine, the management hopes that in the near future the normal mode of operation at the Company will be restored.

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

3. Changes in accounting policy and applied accounting standards

3.1. New standards, amendments, and interpretations of the IFRS Accounting Standards which came into effect as at 01 January 2024

The Company has adopted the following new standards, amendments, and interpretations to IFRS Accounting Standards, endorsed by the EU, which are relevant to and effective for the Company's financial statements for the annual period beginning 01 January 2024:

Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", effective from 01 January 2024, adopted by the EU

The amendments in Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. The amendments are intended to clarify the following:

- classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. It is made explicit that only the right in place "at the end of the reporting period" should affect the classification of a liability;
- classification is unaffected by expectations about whether the company will exercise its right to defer settlement of a liability; and
- settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 "Presentation of Financial Statements: Non-current liabilities with covenants", effective from 01 January 2024, adopted by the EU

IAS 1 is amended as follows:

- it specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period (the reporting date) for the purposes of classifying a liability as current or non-current; and
- for non-current liabilities subject to conditions, an entity is required to disclose information about:
 - the conditions (for example, the nature of and date by which the entity must comply with the condition);
 - whether the entity would comply with the conditions based on its circumstances at the reporting date; and
 - whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested.

Amendments to IFRS 16 “Leases: Lease liability in a sale and leaseback”, effective from 01 January 2024, adopted by the EU

Amendments to IFRS 16 requires an entity which is seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in current financial result profit or loss relating to the partial or full termination of a lease. The amendments to IFRS 16 do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures: Supplier Finance Arrangements”, effective from 01 January 2024, adopted by the EU

Amendments to IAS 7 and IFRS 7 add disclosure requirements, and “signposts” within existing disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Those amendments add two disclosure objectives which will make the entities to disclose in the notes information that enables users of financial statements to assess how supplier finance arrangements affect an entity’s liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity’s exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

3.2. Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 01 January 2024 and have not been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement. Information about these standards and amendments is provided below.

Amendments to IAS 21 “The effects of changes in foreign exchange rates: Lack of exchangeability”, effective from 01 January 2025, adopted by the EU

Lack of Exchangeability amends IAS 21 to:

- specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency’s lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

“Annual Improvements”, effective from 01 January 2026, not yet adopted by the EU

“Annual Improvements” cover a broad range of topics in the following standards:

- ***IFRS 1 “First-time Adoption of International Financial Reporting Standards”***

Hedge accounting by a first-time adopter. The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments.

- ***IFRS 7 “Financial Instruments: Disclosures”***

- *Gain or loss on derecognition.* The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued.

- *Disclosure of deferred difference between fair value and transaction price.* The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- *Introduction and credit risk disclosures.* The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.
- **IFRS 9 “Financial Instruments”**
- *Lessee derecognition of lease liabilities.* The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee’s lease liability that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of IFRS 9.
- *Transaction price.* The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of “transaction price” in IFRS 15 Revenue from Contracts with Customers while term “transaction price” is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.
- **IFRS 10 “Consolidated Financial Statements”**
- *Determination of a “de facto agent”.* The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- **IAS 7 “Statement of Cash Flows”**
- *Cost method.* The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term “cost method” that is no longer defined in IFRS Accounting Standards.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), effective from 01 January 2026, not yet adopted by the EU

The amendments are:

- ***Derecognition of a financial liability settled through electronic transfer.*** The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- ***Classification of financial assets***
- *Contractual terms that are consistent with a basic lending arrangement.* The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- *Assets with non-recourse features.* The amendments enhance the description of the term “non-recourse”. Under the amendments, a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- *Contractually linked instruments.* The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.
- ***Disclosures”***
- *Investments in equity instruments designated at fair value through other comprehensive income.* The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates

to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.

- *Contractual terms that could change the timing or amount of contractual cash flows.* The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost.

IFRS 18 “Presentation and Disclosure in Financial Statements”, effective from 01 January 2027, not yet adopted by the EU

IFRS 18 aims to improve the way entities disclose their financial statements, with an emphasis on financial performance information in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 “Statement of Cash Flows”. IFRS 18 is effective from 01 January 2027, with earlier application permitted. IFRS 18 replaces IAS 1 “Presentation of Financial Statements”. The requirements in IAS 1 that have not been changed are transferred to IFRS 18 and other standards. IFRS 18 will affect all entities in all industries. Although IFRS 18 will not affect the way companies measure financial performance, it will affect the way companies present and disclose financial performance. IFRS 18 aims to improve financial reporting by:

- requiring additional defined subtotals in the statement of profit or loss. The addition of defined subtotals to the statement of profit or loss facilitates comparison of the financial performance of entities and provides a consistent starting point for investor analysis.
- requiring a disclosure of management-defined performance measures. Requiring companies to disclose information on the Management-defined Performance Measures (MPMs) enhances discipline in the use of such measures and transparency in calculation.
- adding new principles for grouping (aggregation and disaggregation) of items. Specifying requirements for whether information should be provided in the primary financial statements or in the notes and providing principles for the level of detail required improves the effective communication of information.

IFRS 19 “Subsidiaries without Public Accountability: Disclosures”, effective from 01 January 2027, not yet adopted by the EU

The objective of IFRS 19 is to specify the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity may elect to apply this Standard in its consolidated, separate or individual financial statements if, and only if, at the end of the reporting period it is a subsidiary; it does not have public accountability; and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 sets out the detailed disclosures that an entity applying IFRS 19 is required to make. These disclosure requirements are a reduced version of those set out in other IFRS Accounting Standards. Of the 34 IFRS Accounting Standards that include disclosure requirements, IFRS 19 provides reduced disclosure requirements for 30 of them. The disclosure requirements for 3 standards have to be applied in full (IFRS 8, IFRS 17 and IAS 33). Entities applying IAS 26 “Accounting and Reporting by Retirement Benefit Plans” do not meet the “not have public accountability” criterion and are therefore not eligible to apply IFRS 19.

4. Material information relevant to the accounting policies used in the Company

4.1. Overview

The most significant accounting policies that have been used in the preparation of these Separate Financial Statements are presented below.

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

It should be noted that accounting estimates and assumptions were used for the preparation of the presented financial statements. Although they are based on information provided to the management as at

the date of preparation of the financial statements, the actual results may differ from the estimates and assumptions made.

4.2. Presentation of the Separate Financial Statements

The separate financial statements have been presented in accordance with IAS 1 “Presentation of Financial Statements”. The Company has elected to present the statement of profit or loss and other comprehensive income as a single statement.

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

- a) applies an accounting policy retrospectively;
- b) makes a retrospective restatement of items in its financial statements; or
- c) reclassifies items in the financial statements

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

4.3. Transactions in foreign currency

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

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

4.4. Investments in subsidiaries

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

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

4.5. Revenues

A. Revenue from contracts with customers

Recognising and measuring revenue from contracts with customers

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

In order to determine whether and how to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with the customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognising revenues when performance obligations are satisfied.

Revenues are recognised either at a point in time or over time, when or as the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognises as liabilities under contract payment received in relation to unsatisfied performance obligations and presents them as other liabilities in the statement of the financial position. In the same way, if the Company meets the performance obligation, prior to receiving the payment, it

recognises in the statement of the financial position either an asset under a contract, or a receivable, depending on whether something else is required apart from certain time for receiving the consideration.

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

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

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

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

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

Customers' contracts typically include a single performance obligation.

Measurement

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

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

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

When (or as) a performance obligation is satisfied, the Company recognises as revenue the value of the transaction (which excludes estimates of variable remuneration including restrictions) that is attributed to this performance obligation.

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

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

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

Sale of electricity

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

The sales revenues shall be recognised at every transfer of control over electricity when it is supplied to the customer and there are no unmet obligations which could affect the acceptance of electricity on behalf of the customer. The electricity is deemed to be delivered to the customer as soon as the schedules of the Seller and the Buyer are recorded in the Schedule Notification System administered by the Electricity System Operator EAD after the parties have an agreement on the schedules. The schedules are uploaded every day until 15.30 for the next day, both for liberalized and for regulated market, and for exchange. The so-called

net monthly trade measurement of the quantities at the Switchyard outlets is carried out, which should correspond to the quantities quoted in the schedules.

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

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

Revenue is invoiced according to the terms of the contract. For electricity sold to IBEX EAD for the “Day ahead” and “Intraday” segments invoicing is done on a daily basis with terms of payment within 2 days from the receipt of the invoice. For electricity sold through IBEX EAD for the “Bilateral contracts” segment, an advance payment is made, against the issue of an advance invoice and a subsequent final invoice. For all other sales, invoicing is done at the end of the month and the payment deadline is within 30 days.

Sale of heat energy

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

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

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

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

Revenue is invoiced on a monthly basis according to the terms of the contract concluded. The heat energy sold is invoiced in the end of the current month subject to payment within 30 days.

Revenue from services

Lease payments under operating leases are recognised as income on the straight-line basis over the lease contract validity, except for the cases when the Company’s management decides that another systematic basis is more representative of the time pattern the use of which has reduced the benefit from the leased asset.

Revenue from sales of current assets

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

Principal or agent

When a third party is involved in providing goods or services to a customer, the Company shall determine whether the nature of its promise is a performance obligation to provide the particular goods or services (a principal) or to arrange for the third party to provide those goods or services (an agent).

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

The Company is an agent if the Company’s performance obligation is to arrange for the provision of the goods or services by a third party. When an agent Company satisfies a performance obligation, it recognises

revenue in the amount of the fee or commission to which it expects to be entitled in exchange for arranging for the goods and services to be provided by another party. The fee or commission of the Company may be the net amount of the consideration the Company retains after paying to the other party the consideration received in exchange for the goods or services to be provided by that party.

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

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

The Company is an agent in the following transactions:

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

Contractual balances

Trade receivables and assets under contracts

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

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

Liabilities under contracts

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

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

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

B. Other revenues and incomes

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

Revenue	Recognition approach
Net profit from sales of property, plant and equipment and intangible assets	Gains or losses arising from derecognition of assets from property, plant and equipment or an intangible asset as a result of a sale shall be included in profit or loss when the asset is derecognised. The asset is derecognised at the time the control over the sold asset is transferred.

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

B. Financial revenues

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

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

Recognition of interest income

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

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

D. Income from financing

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

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

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

4.6. Assets and liabilities under contracts with clients

The Company recognises assets and/or liabilities under a contract when one of the contractual parties has fulfilled its obligations depending on the relationship between the business of the Company and the

payment by the client. The Company presents separately any unconditional right to consideration as a receivable. The receivable is the unconditional right of the company to receive consideration.

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

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

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

4.7. Operating costs

Operating costs are recognised in profit or loss when the services are consumed or at the date of their incurrence.

Electricity costs

In accordance with the “Ordinance on regulating the prices of electric power” issued by the Energy and Water Regulatory Commission (EWRC), production costs directly attributable to the generated product are included in the prime cost of electricity.

Costs, incurred for nuclear fuel, are carried in accordance with the methodology established by the Company. Electricity costs attributable to nuclear fuel are derived by multiplying the fuel component, calculated as per the relevant methodology, by the estimated gross amount of electricity generated by the relevant unit.

Costs for the Nuclear Facilities Decommissioning (NFD) Fund and Radioactive Waste (RAW) Fund are calculated in accordance with the relevant decrees and regulations of the Council of Ministers and are recognised as other costs for the period.

The costs for the Electricity System Security (ESS) Fund, including earmarked contributions to compensate end users are accounted for as “Cost of sales” with the addition that earmarked contributions to the ESS Fund are allocated directly to exchange market sales.

Reporting electricity purchased for sale - This element presents the portion of electricity purchased to balance commitments to sell certain quantities of electricity exceeding the quantities generated. The costs for the electricity purchased for sale are presented on a separate line in the expense part of the report.

Cost of generation and distribution of heat energy

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

Referring to the activity “District heating generation and distribution”:

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

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

Costs of auxiliary and additional operations

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

- For maintenance:
 - For off-site facilities – labour hour inputs per facilities and orders;
 - For NPP on-site facilities – material inputs per facilities and orders;

- For road transport – fuel consumption;
- For the principal activity – electricity generation, as follows:

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

Cost of sales is attributed directly to the revenue accounts for the relevant market, allocated on the basis of the relative share of quantities sold when common. The exceptions are cost of sales related solely to sales on the exchange market and earmarked contributions to the ESS Fund, which are allocated directly to the performance accounts of this market.

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

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

4.8. Intangible assets

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

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

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

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

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

Intangible assets are amortized on the straight-line method, over the assets’ useful life. The useful life of intangible assets is defined as limited:

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

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

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

The intangible assets, created under the Company's development activities to serve the purpose of intra-company users, are recognised by the expertise committee that is appointed by the Company's Management, depending on the intangible asset's completion stage, if the below conditions are met:

- Technical ability to complete the asset;
- Intention to complete the asset;
- The asset can be used or sold, and there is a market for the asset, or the asset is useful for intra-company use;
- Capacity to measure the costs incurred in the development of the asset.

Research activity

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

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

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

Development activity

Development activity includes a production plan, or project, for the creation of new, or significantly improved, products and processes. Development costs are capitalised only if these expenses can be measured reliably, the product or the process is technically and commercially possible, future economic benefits are probable and the Company intends and has sufficient resources to complete the development, and to use or sell the asset. The capitalised costs include materials, labour, production overheads, directly attributable to the asset's preparation for its intended future use, and capitalised interest expenses. Other development costs are recognised in the profit or loss, when incurred. The capitalised development costs are measured at purchase price, less the accumulated amortisation and impairment losses.

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

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

4.9. Property, plant and equipment

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

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

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

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

Revaluations are carried at the following intervals:

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

When applying the revaluation model, the frequency of subsequent revaluation of PPE depends on whether the carrying amount of a revalued asset differs materially from its fair value at the end of the reporting period.

In this regard, during the annual stock-taking in the end of the reporting period (financial year-end), the Company reviews PPE to check for any indications that their carrying amount differs materially from their fair value.

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

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

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

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

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

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

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

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

4.10. Lease (Leased assets)

The Company as a lessee

For each new contract, the Company considers whether the contract is or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an asset which is either explicitly identified in the contract, or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability under, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on the straight-line base from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

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

Lease payments included in the measurement of the lease obligation comprise fixed payments, variable payments based on an index or a rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

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

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

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

The Company has elected to account for short-term leases and leases of low-value assets, using exemptions from the recognition requirements. Instead of recognising a right-of-use asset and a lease obligation, the payments related to them are recognised as an expense in the profit or loss on a straight line over the term of the lease.

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

The Company as a lessor

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

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

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

4.11. Impairment testing of investments in subsidiaries, intangible assets, investment properties, and property, plant and equipment

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

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

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

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

4.12. Investment properties

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

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

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

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

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

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

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

- Commencement of use by the Company – transfers from investment property to property used by the owner;
- Commencement of development with the purpose of selling – transfer from an investment property to inventories;
- End of use by the Company and leasing to third parties – transfer from property used by owner to investment property;
- Commencement of an operating lease, of an asset presented as inventory, to another party – transfer from inventories to investment property.

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

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

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

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

4.13. Financial instruments

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

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

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

4.13.1. Financial assets

Initial recognition and classification

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

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

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

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

Initial measurement

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

Subsequent measurement and presentation

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

Derecognition

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

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

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

Impairment of financial assets

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

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

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

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

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

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

For baseline data on trade receivables, the Company uses its accumulated experience of credit losses on such instruments to measure expected credit losses. The historical data used is for periods of 3 to 5 years back, grouped by type and relevant customer segment models, and adjusted with debtor- and industry-specific predictive factors.

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

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

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

4.13.2. Financial liabilities

Initial recognition, classification and measurement

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

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

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

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

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

Subsequent measurement

The subsequent measurement of the financial liabilities depends on their classification as disclosed hereafter:

Financial liabilities carried at fair value in profit or loss

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

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

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

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

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

Financial liabilities measured at amortised cost

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

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

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

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

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

Derecognition

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

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

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

Compensation of financial instruments

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

4.14. Inventories

Inventories include materials, work-in-progress, and goods. Cost of inventories includes all expenses directly attributable to the purchase or manufacturing process, recycling and other direct expenses connected to their delivery as well as suitable portions of related production overheads, based on normal operating capacity. Financial costs are not included in the cost of inventories. At the end of each reporting period, inventories are carried at the lower of cost and net realisable value. The amount of any impairment of inventories to their net realisable value is recognised as an expense in the period of impairment.

The net realisable value is the estimated selling price of inventory less the estimated cost of completion of the production cycle and the estimated cost of sales. In case when the inventories have already been impaired to their net realisable value and in a subsequent reporting period the impairment conditions are no longer present, the new net realisable value of the inventory is adopted. The amount of the reversal is limited to the carrying amount of inventory, prior to the impairment. The amount of reversal of inventory is treated as a decrease in the cost of inventory for the period in which the reversal occurs.

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

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

Nuclear fuel

The fuel loaded into the reactors as at the reporting period represents the remaining value (residual life) of nuclear fuel loaded during the current fuel campaign and is presented in the report as works-in-progress, part of the “Inventories” section.

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

4.15. Income tax

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

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

In connection with the adopted amendments to the Corporate Income Tax Act, published in State Gazette No. 106 of 22 December 2023 pursuant to the new Part Five “a” Articles 260a to 260aa effective from 01 January 2024, the Company, as part of a large national group of companies with an annual revenue exceeding EUR 750,000 thousand, is obliged to report an additional tax. At the end of 2023, amendments to the Corporate Income Tax Act were adopted, effectively introducing a global minimum corporate income tax of 15% on multinational and large national groups of companies as of 1 January 2024, in accordance with the conditions set out in the Corporate Income Tax Act. Due to the size of the business of the Bulgarian Energy Holding EAD (BEH) Group, to which the Company belongs, it is expected to be subject to additional corporate income tax under the changes to the Corporate Income Tax Act effective as of 1 January 2024. The new rules in the Corporate Income Tax Act introduce the following types of taxation:

- ✓ Surtaxation, which is primary taxation of parent companies and secondary taxation;
- ✓ National surtax.

The surtaxation (primary and secondary taxation) is the main mechanism of the OECD Directive and Rules through which the minimum global corporate tax is introduced. National surtaxation is an option that Bulgaria has availed itself of in order to preserve its fiscal interest and to practically receive the new surtax from the constituent entities that are taxable entities under the Corporate Income Tax Act. The amendments adopted effectively increased income tax costs by BGN 4,634 thousand in 2024.

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

Deferred tax assets and deferred tax liabilities are not discounted. They are calculated at the tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised only when it is probable that they will be able to be utilised against future taxable income. For management’s assessment of the probability of future taxable income to utilize against deferred tax assets, see note 4.20.8.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or in deferred tax liabilities are recognised as a component of the tax income or expense in profit or loss, except where they relate to items recognised in other comprehensive income or directly in equity, in such case, the related deferred tax is also recognised in other comprehensive income or in equity, respectively.

4.16. Cash and cash equivalents

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

4.17. Equity, reserves, and dividend payment

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

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

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

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

The other reserves are formed from profit distributions in accordance with the decisions of the sole owner.

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

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

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

4.18. Retirement and short-term employee benefits

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

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

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

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

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

In accordance with Art. 222, para. 3 of the Labour Code, after an employee has obtained the right to retirement, based on his/her years of contributory services and age, the Company is obliged to pay him/her

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

In accordance with Art. 46 of the Collective Labour Agreement, effective until 31 December 2024 and Art. 50 of the one adopted after 01 January 2025, when employment relations are terminated (on the grounds of Art. 325, para. 1, item 9 and Art. 327, para. 1, item 1 of the Labour Code), the employee or worker who is a party to the CLA is entitled to compensation as per Art. 222, para. 2 of the Labour Code, amounting to his/her gross labour remuneration, provided that he/she has at least 5 (five) years length of service and over the last 5 (five) years the employee, or the worker has not received any compensation on such grounds, and if he/she has not acquired the right to pension for contributory service and age under Art. 68 of the Code of Social Insurance, as follows:

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

In accordance with Art. 48, para. 1 of the Collective Labour Agreement, effective until 31 December 2024 and Art. 52 of the one adopted after 01 January 2025, an employee or worker who has worked for at least 10 years at Kozloduy NPP, who terminated his/her employment contract within two months from the date of notification of the acquired right to retirement for contributory service and age, acquires on a one-off basis the right to increased amount of the compensation under Art. 222, para. 3 of the LC. This compensation is determined by multiplying the number of years and full months of service at Kozloduy NPP EAD under Labour Category 1 by 1.66, plus the number of years and full months of service at Kozloduy NPP EAD under Labour Category 2 multiplied by 1.25, plus the number of years and full months of service at Kozloduy NPP EAD under Labour Category 3. The result is then multiplied by a coefficient of 1.0.

The retirement-defined employee benefit plan is not funded.

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

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

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

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

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

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

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

4.19. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. The maturity or the amount of the cash outflows may be uncertain. Present obligations arise from legal or constructive obligations as a result of past events, for instance – decommissioning of nuclear facilities, legal disputes, or onerous contracts. Restructuring provisions are recognised only if a detailed formal restructuring plan has been developed and implemented, or the management has at least announced the plan’s main features to those affected by it. Provisions for future operating losses are not recognised.

The amount recognised as provision is calculated based on the most reliable estimate of the expenses required to settle a present obligation at the end of the reporting period, taking into account the risks and uncertainties, associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted when the effect of the temporary differences in the value of money is significant.

Any reimbursement that the Company can be certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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

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

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

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

4.20.1. Useful life of depreciable assets

The financial reporting of property, plant and equipment and of intangible assets includes the use of estimates of their expected useful life and residual values, based on the best estimates of the Company’s Management. As at 31 December 2024, the Management determined the useful life of assets - that being the expected period of the assets’ use by the Company. The carrying amount of property, plant and equipment is analysed in Note 5, and the carrying amount of intangible assets is analysed in Note 6.

4.20.2. Revenue from contracts with customers

When recognising revenues under contracts with customers, the Management makes various estimates, best estimates, and assumptions which influence the reported revenues, costs, and contractual assets and liabilities. The key estimates and assumptions having substantial effect on the amount and term for recognition of revenues from contracts with customers are disclosed in Note 22.

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

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

participants would employ. These valuations may differ from the actual prices which would be determined at a fair market transaction between well-informed and willing parties at the end of the reporting period.

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

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

4.20.4. Inventories

Nuclear fuel

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

Measurement

According to the Company's accounting policy, except at acquisition cost, inventories are subsequently measured at the lower of cost and net realisable value. Regardless of the fact that the accounting policy allows for the use of different methods for subsequent measurements, the Company assigns those measurements to a professional independent appraiser.

Inventories held with a view to being used in production are not impaired below their cost if the finished products into which they are used are expected to be sold at or above their cost.

Inventories, of carrying amount as at 31 December 2024 of BGN 170,855 thousand (31 December 2023: BGN 143,258 thousand), are measured at the lower of the original cost and its net realisable value. To measure the net realisable value, the management considers the most reliable information at hand as at the estimation date and uses the reports of independent certified appraisers for the slow moving or idle inventories. When determining the net realisable value and, accordingly, the need for impairment, the Company's management, assisted by its experts, reviews the physical condition of the material stocks, in particular the specific spare parts, the period of their turnover, their purpose, circumstances regarding change or impossibility of putting them into service or using them as intended. In addition to the internal analysis, the Company's management also relies on results obtained by independent experts. For the measurement as at 31 December 2024, a replacement cost method was applied based on determining all direct and indirect costs for replacement of an identical object or asset, taking into account the various types of degradation (wear and tear, obsolescence, economic). Replacement cost reflects all the accompanying direct and indirect costs of acquiring assets (specific spare parts) that would be incurred by a market participant designing an equivalent modern asset. The measured cost of the equivalent is subject to adjustment for ageing and degradation to reflect the decreased amount in terms of its physical condition, functionality and economic benefit. The calculations are based on the assumption that the spare parts cost no more than replacing them with new ones with identical or as close as possible functions, technical and economic parameters to those of the measured asset. Upon analyses and assessments, the Company's management has come to the conclusion that the net realisable value of the spare parts is close to their carrying amount as at the end of the reporting period and no impairment loss should be recognised.

4.20.5. Pension and other employee obligations

Defined benefit plans obligations are determined based on actuarial valuations. Those valuations require certain assumptions to be made regarding the discounting rate, future increase in salaries, personnel's turnover, and mortality rates. Due to the long-term nature of the liabilities for retirement benefits, these assumptions are subject to substantial uncertainty. As at 31 December 2024, the Company's liabilities for retirement benefits recognised in the separate statement of financial position amounted to BGN 142,347 thousand (31 December 2023: BGN 144,838 thousand). Additional information on the liabilities for retirement benefits is disclosed in Note 18.

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

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. When determining the value in use, the Company's Management calculates the expected future cash flows for each cash-generating unit and determines appropriate discounting factor in order to calculate the present value of these cash flows. In calculating the estimated future cash flows, the Management employs certain assumptions regarding the future gross profits. These assumptions are related to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next reporting period. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

As at 31 December 2024 the Company reported impairment losses for investments in a subsidiary to the amount of BGN 79 thousand. Information is presented in Note 7.

4.20.7. Impairment of loans and receivables

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

Approach to impairment of cash at banks

Cash and cash equivalents are the most liquid financial instruments. They are not carriers of settlement risk, and the liquid risk they carry is limited to the technical capability for a specific disposition of the latter not to be settled. Cash deposits at banks are, however, carriers of credit risk from contractors (settlement risk). The risk from contractors represents the probability for the failure of the other party to a financial transaction to fulfil its contractual obligations. The Company applies the standardised approach to the calculation of expected credit losses of cash at banks using, as a model parameter, the credit rating of the financial institutions where the Company has deposited its cash to measure the settlement loss. As at 31 December 2024, the Management's best estimate on the expected credit losses of cash at banks amounted to BGN 1,211 thousand (31 December 2023: BGN 2,545 thousand) (Note 14).

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

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

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

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

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

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

The risk factors identified in this manner are considered indications of a possible increase of the credit risk. The quantitative effect of increase in credit risk for energy sector contractors is determined based on the establishment of an additional sector, "High Risk Energy", where the "specific risk" component has been added to be used for determination of the discounting rate which is used to measure impairment. The assessment of the ratio between the historical data on default, estimated economic conditions, industrial sector risk assessment and the amount of expected credit losses represents a substantial estimate. Information about the impairments of the Company's expected credit losses is presented in Note 12. As at 31 December 2024, the management's best estimate of expected credit losses from receivables from related parties is presented in Note 33.

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

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

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

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

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

Approach to impairment of receivables from litigations

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

The expected credit losses represent the sum of the expected credit losses for each litigation receivable, based on the historical collectability of this asset class. Further information is disclosed in Note 12.

4.20.8. Deferred tax assets

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

4.20.9. Provisions

Provision of transport, processing and storage of spent nuclear fuel

In accordance with the effective Strategy for Management of the Spent Nuclear Fuel and Radioactive Waste until 2030, adopted by a decision of the Council of Ministers on 02 September 2015, the Company is obliged

to transport at least 50 tons of heavy metal annually spent nuclear fuel (SNF) for processing and storage in Russia, in the presence of favourable financial and economic conditions.

In 2018, Framework Annex to the Contract for the transportation, temporary technological storage and reprocessing in Russia was signed between Kozloduy NPP EAD and FSUE “Production Association Mayak”, Russia, in agreement with Euratom Supply Agency, Luxembourg. Taking into account the lengthy nature of the preparatory activities for SNF transportation, including organisational and technical measures, preparation of the required documentation, obtaining of certificates and permits, a new scheme was established for the transport of WWER-1000 SNF. The first transport using the above scheme took place in December 2020. The costs thereof were covered by the earmarked funds provisioned in 2018 for SNF management, including the activities related to transportation, technological storage and reprocessing of SNF that had not been carried out during the previous years. Two more transports were executed in 2021, funded by provisions made in 2019 and 2020. Unfortunately, the military conflict between Russia and Ukraine which started in the beginning of 2022 has caused the suspension of transports.

Nevertheless, in order to perform its obligations as stated in the “Strategy for Management of Spent Nuclear Fuel and Radioactive Waste until 2030” for annual transport of a minimum of 50 t heavy metal SNF and ensure the funding required for this, the Company has set aside an additional provision for SNF management as of 31 December 2023 in the amount of BGN 81,100 thousand. Based on calculations of the best estimate of the cost of 1 transportation of SNF from WWER-1000 (96 fuel assemblies) as of 31 December 2024, BGN 31,738 thousand required to cover the current obligation for 2024 was provided.

As at 31 December 2024, the amount of the recognised provision required to cover the current obligation for SNF management is BGN 112,838 thousand, including the value of the unfulfilled transportations of WWER-1000 SNF for technological storage and processing for 2021, 2022, 2023 and 2024.

The draft of Updated Strategy (National Programme) for the Management of Spent Nuclear Fuel and Radioactive Waste in conformity with Directive 2011/70/Euratom (https://www.me.government.bg/uploads/manager/source/VOP/strategii_politiki/otraboteno_q_goriv_o/Draft_Strategy.pdf) states that according to the contract for technological storage and reprocessing of SNF from WWER-440 at FSUE “Production Association Mayak”, the return of vitrified high level waste (HLW) will be carried out under a separate contract. The same approach will be used for the radioactive waste generated from the processing of WWER-1000 SNF in the same plant. The return of the vitrified HLW and the other RAW is planned to take place at least 10 years after reaching an agreement on the Methodology for determining the quality and the characteristics of the returned HLW generated from WWER-440 and WWER-1000.

The return of the vitrified HLW from the processing of WWER-1000 SNF in FSUE MCC (Mining & Chemical Combine) shall be performed under a separate contract that has to be signed after 25 years of storage of SNF at the processing plant. The HLW specific volume and characteristics will be determined according to a coordinated between the two parties Methodology for determining the quality and the characteristics of the returned HLW that conforms to the international practice. The methodology is expected to be agreed no later than 2030.

Provision for decommissioning of nuclear facilities

In compliance with the requirements of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, provisions must be recognised in respect of future amounts with uncertain timing and amount. Provisions are recognised only if the following conditions are met:

- The entity has a present liability, arising from a past event;
- It might be possible that an outflow of economic resources of the Company is required to settle the liability; and
- The liability can be reliably estimated.

Based on the requirement of the standard for the “reliable estimates” concept, the Company did not accrue expenses for provisions for “decommissioning of nuclear facilities” and for “safe storage of the spent nuclear fuel”, for the following reasons:

- The Company is subject to specific regulations - the Safe Use of Nuclear Energy Act, Regulations on Pricing and Decrees for Funds Raising for the Radioactive Waste Fund (RAWF) and the of Nuclear Facilities Decommissioning Fund (NFDF) issued by the Council of Ministers. In accordance with the requirements of these statutory acts, current expenses for contributions due to those funds, which are

transferred to budget accounts, are accrued in the separate statement of profit or loss and other comprehensive income. In compliance with the matching principle of revenues and expenses, an expense up to the amount of the due contributions to the NFD Fund and RAW Fund is recognised in the price of electricity on the regulated market, as defined by the EWRC;

- In connection with the agreements with the European Commission for early closure of Units 1 to 4, the State has agreed funding from external sources for the construction of dry spent fuel storage facility (DSFSF), and to cover the expenses, incurred for salaries and social security contributions of the personnel, employed on Unit 3 and Unit 4, as well as other financing;

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

According to the regulatory requirements, when the implementation of the decommissioning project proves to be more expensive than the estimates of the expenditures approved by the Management Board of the Nuclear Facilities Decommissioning Fund, the required additional costs shall be covered by the entity which last operated the nuclear facility (in this case, Kozloduy NPP). Since as at the date of approval of the separate financial statements no estimate of the forecast costs of the project has been made by the Nuclear Facilities Decommissioning Fund, the Company is unable to estimate reliably the obligation and has not recognised a provision for decommissioning of nuclear facilities as at 31 December 2024 and 31 December 2023.

4.21. Climate-related matters

Kozloduy NPP whose motto is “Clean energy” play a significant role in combating climate change and making a real contribution to achieving environmental decarbonisation goals. The NPP electricity generation generates practically no greenhouse gases and makes a significant ecological contribution to environmental protection. From the commissioning of Kozloduy NPP Unit 1 until the end of 2024, the nuclear power plant generated 715,579,437.211 MWh of electricity. This prevented the release of around 844,788 thousand tons of CO₂ emissions into the environment. Compared to the conventional TPPs using coal, in 2024, Kozloduy NPP prevented the adverse impact of emissions of about 17 mln tons of CO₂, about 42 thousand tons of SO₂, 13 tons of NO_x, and 3 thousand tons of ashes containing natural radioactivity.

Kozloduy NPP’s responsibility encompasses all initiatives with a positive impact on communities and the environment that create value for the territory the Company operates in. The cooperation with local institutions and economic enterprises is at the core of the process of optimising sustainable development, and through reports, studies and projects, the Company actively participates in and strengthens its support for a greener society.

Risks caused by climate change may have future adverse effects on the Company’s activity. These include risks associated with the transition and the Company’s ability to implement new regulatory requirements, risks associated with reputation and physical risks (even if the risk of physical damage is low due to the Company’s activity and geographic location).

A detailed disclosure of the Company’s climate change objectives, responsibilities and commitments is provided in the Non-Financial Statement of the Company, which forms part of the annual management report. In addition, the Company is required to report and disclose information pursuant to Article 8 of the Taxonomy Regulation 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investments and the relevant delegated regulations, which disclosure is annexed to the Annual Management Report for the reporting period.

5. Property, plant and equipment

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

	Lands and buildings	Machines, plant, and equipment	Transport vehicles	Fixtures and other assets	Acquisition costs	Right-of-use assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Gross carrying amount							
Balance at 01 January 2024	467,635	1,979,887	11,619	70,264	238,172	910	2,768,487
Additions	-	-	-	21	188,476	1,077	189,574
Transfers	2,171	118,671	4,494	3,212	(128,548)	-	-
Disposals	-	(14,811)	(34)	(391)	(6,530)	(706)	(22,472)
Reclassification to intangible assets	-	-	-	-	(2,680)	-	(2,680)
Revaluation recognised in revaluation reserves	198,594	312,603	1,974	-	-	-	513,171
Impairment recognised in revaluation reserves	(15)	(9,119)	-	-	-	-	(9,134)
Impairment accrued in profit or loss	893	376	119	-	-	-	1,388
Written-off depreciation on revaluation	(35,596)	(504,940)	(4,503)	-	-	-	(545,039)
Balance at 31 December 2024	633,682	1,882,667	13,669	73,106	288,890	1,281	2,893,295
Depreciation							
Balance at 01 January 2024	(23,625)	(403,149)	(2,835)	(65,421)	-	(629)	(495,659)
Depreciation	(11,971)	(187,625)	(1,702)	(2,359)	-	(197)	(203,854)
Disposals	-	14,504	34	390	-	706	15,634
Written-off depreciation on revaluation	35,596	504,940	4,503	-	-	-	545,039
Balance at 31 December 2024	-	(71,330)	-	(67,390)	-	(120)	(138,840)
Carrying amount at 31 December 2024	633,682	1,811,337	13,669	5,716	288,890	1,161	2,754,455
Gross carrying amount							
Balance at 01 January 2023	465,494	1,893,851	9,207	68,902	234,701	896	2,673,051
Additions	-	-	-	-	112,214	378	112,592
Transfers	4,279	91,383	2,439	1,754	(99,855)	-	-
Disposals	(2,138)	(5,347)	(27)	(392)	(1,424)	(364)	(9,692)
Reclassification to intangible assets	-	-	-	-	(7,464)	-	(7,464)
Balance at 31 December 2023	467,635	1,979,887	11,619	70,264	238,172	910	2,768,487
Depreciation							
Balance at 01 January 2023	(11,794)	(219,639)	(1,361)	(63,628)	-	(777)	(297,199)
Depreciation	(11,893)	(188,237)	(1,494)	(2,138)	-	(216)	(203,978)
Disposals	62	4,727	20	345	-	364	5,518
Balance at 31 December 2023	(23,625)	(403,149)	(2,835)	(65,421)	-	(629)	(495,659)
Carrying amount at 31 December 2023	444,010	1,576,738	8,784	4,843	238,172	281	2,272,828

The Company has contractual obligations to acquire assets to the amount of BGN 159,885 thousand, which shall be realised in 2025. Further information on the capital commitments of the Company is communicated in Note 37 Commitments and contingent liabilities.

Acquisition costs of long-term tangible assets

As at 31 December 2024, the acquisition costs of long-term tangible assets amounted to BGN 288,890 thousand and were mainly related to:

- Activities to upgrade systems related to Units 5 and 6 life extension. In compliance with the Company's Investment Programme the accumulated costs in 2024 related to these activities amount to BGN 66,714 thousand;
- Supply of pneumatic cylinders and isolating pneumatic valves for Unit 5 and 6 to the amount of BGN 50,994 thousand;
- Activities related to the upgrade of the Reactor Control, Surveillance, and Limitation System, Automatic Rod Control System, and Reactor Power Cutback System of Units 5 and 6 to the amount of BGN 23,901 thousand;
- Safety justification and modifications to structures, systems and components during the transition to a new type of nuclear fuel, incl. bringing the Updated Safety Analysis Report in compliance for the transition to a new type of nuclear fuel to the amount to BGN 12,507 thousand;
- Supply and installation of safety and check valves at Units 5 and 6 to the amount of BGN 6,557 thousand;
- Measures to enhance nuclear safety and security for which expenditure amounting to BGN 1,033 thousand was incurred in 2024.
- Other projects to improve the power generation efficiency in the Company for which expenditure in 2024 amounted to BGN 5,297 thousand.

As at 31 December 2024, the advance payments for acquisitions of long-term assets amounted to BGN 36,142 thousand (31 December 2023: BGN 16,218 thousand) which are included in the acquisition costs of long-term tangible assets to the amount of BGN 288,890 thousand.

Review for revaluation

In accordance with the Company's accounting policies, property, plant and equipment are revalued once every three years, or at shorter intervals, if there are data indicative of significant changes in market values. Investment property was measured at fair value as at 31 December 2021 pursuant to the requirements of IAS 16 and IFRS 13 by the independent certified appraiser Engineeringsservice Sofia OOD. The date of the appraisal report is 31 March 2025.

In accordance with IFRS 13 "Fair Value Measurement", when measuring the fair value of non-financial assets, the ability of a certain market participant to generate economic benefits through using the asset with the purpose of maximising its value or through selling the asset to another market participant who will use it that way is considered. The assets of Kozloduy NPP EAD that were covered by the review for impairment are strongly specific, specifically identified and related to the activity of generating electricity from nuclear fuel. These circumstances severely limit or prevent the alternative use of a considerable portion of the assets. I.e., other use by market participants is rather unlikely and, therefore, it is not practically possible to determine an alternative maximised value. On account of this, it has been accepted that their current use in the activity results in maximising their value.

There are three generally accepted approaches to valuation, namely, cost, market and income approach. The cost approach usually provides the most reliable indication of the value of improvements on land, special purpose buildings, special structures, infrastructure and special machinery and equipment.

The cost approach evaluates the value on the basis of the cost of reproduction or replacement of property, less the impairment caused by physical wear and tear and functional (technical) and economic obsolescence, if any, and it can be measured.

Physical impairment is a form of impairment and represents a loss of value as a result of normal use of facilities and their exposure to the environment. Functional (technical) obsolescence is the loss of value caused by factors inherent to the asset, such as changes in materials and technologies that lead to unnecessary capital costs in the existing facilities, lack of full use and inability to expand or update the property.

The cost of reproducing or replacing an asset with a new one includes both the value of the asset and the costs of transport, insurance, loading and unloading, works and commissioning tests.

The cost of new reproduction of equipment with special design and production will be based on current market prices for labour, materials and production components, plus designers fees, engineering fees and overheads and profits.

The market approach establishes value by analysing recent sales of comparable property.

The market approach compares the assessed asset with other assets for which a property transaction has already taken place. The value of the analogue is reduced by deductions for size, location, infrastructure in the area and other factors in order to achieve comparability of the assets.

In view of applying the method, data have been obtained based on information from public auctions, catalogues of similar assets offered for sale, confidential information related to the sale of similar assets. Following the collection of market data, the property subject to assessment is examined to determine its condition, how it has been maintained, reconditioned and restructured in the past and other factors of use that would affect their comparability with the positions exchanged at market. The positive and negative attributes were assessed and measured against the characteristics of the comparable ones.

The income approach determines the value of the property based on the capitalisation of the net income that would be generated if the property were rented out or, in the case of an enterprise, the net income generated by the business activity. With this method, the asset is evaluated by determining the capitalisation factor and discounting future income.

In any valuation examination, all three approaches are considered, as one or more may be applicable to the property. As the assets subject to valuation are mainly specialised, i.e., there is no developed active market for them in fact, the main approach that is implemented is the cost approach through the Depreciated replacement cost method. Other approaches and valuation methods have been used depending on their applicability to the specific asset.

In order to reach a conclusion on the fair value of the assessed assets of Kozloduy NPP, the cost-based approach and the market comparison approach have been assessed as eligible and potentially applicable. The input data used in the asset valuation approaches can be categorised as predominantly level 3 hypotheses based on observable market data with significant adjustments or unobservable data.

Review for impairment

As at 31 December 2024, impairment tests were also prepared that showed no indications of the need to perform such impairment. No indications that the carrying amount of property, plant and equipment exceeded their recoverable value were found as a result of the conducted review.

Collaterals on loans

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

Other disclosures

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

6. Intangible assets

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

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	Development products	Patents and licences	Software	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Gross carrying amount					
Balance at 01 January 2024	77,576	7,883	17,323	67,045	169,827
Reclassified from property, plant, and equipment	63	2,048	569	-	2,680
Disposals	-	-	(385)	-	(385)
Balance at 31 December 2024	77,639	9,931	17,507	67,045	172,122
Amortization					
Balance at 01 January 2024	(57,180)	(6,641)	(14,634)	(67,045)	(145,500)
Amortization	(3,834)	(862)	(867)	-	(5,563)
Disposals	-	-	385	-	385
Balance at 31 December 2024	(61,014)	(7,503)	(15,116)	(67,045)	(150,678)
Carrying amount as at 31 December 2024	16,625	2,428	2,391	-	21,444
Gross carrying amount					
Balance at 01 January 2023	71,987	7,766	16,122	67,536	163,411
Reclassified from property, plant, and equipment	5,589	117	1,758	-	7,464
Disposals	-	-	(557)	(491)	(1,048)
Balance at 31 December 2023	77,576	7,883	17,323	67,045	169,827
Amortization					
Balance at 01 January 2023	(53,846)	(6,079)	(14,349)	(67,536)	(141,810)
Amortization	(3,334)	(562)	(819)	-	(4,715)
Disposals	-	-	534	491	1,025
Balance at 31 December 2023	(57,180)	(6,641)	(14,634)	(67,045)	(145,500)
Carrying amount as at 31 December 2023	20,396	1,242	2,689	-	24,327

During the reporting period, the Company acquired 27 intangible assets, including 15 licences, 1 development product, and 11 software products connected with Units 5 and 6 safety enhancement.

The Company has no contractual commitments for acquisition of intangible assets. The products of research and development activity are the result of scientific research on programmes and methodologies, models derived from hired services or author teams at Kozloduy NPP EAD.

The Company has conducted an impairment test for the intangible assets as at 31 December 2024. No indicators that the carrying amount of the assets exceeds their recoverable amount were identified.

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

7. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Subsidiary name	Country of incorporation	Principal activity	31 December 2024		31 December 2023	
			BGN'000	%	BGN'000	%
Kozloduy NPP - New Build EAD	Bulgaria	Construction of power units	1,821,000	100	1,521,000	100
Kozloduy HPP EAD	Bulgaria	Generation and sale of electricity	1,082	100	1,082	100
Interpriborservice OOD	Bulgaria	Maintenance services	0	63.96	79	63.96
NPP Construction Supervision EOOD	Bulgaria	Construction supervision	5	100	5	100
NPP Service EOOD	Bulgaria	Maintenance services	750	100	750	100
			1,822,837		1,522,916	

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

The Company owns 100% of the capital of Kozloduy NPP – New Build EAD, Kozloduy, comprised of 181,680,000 ordinary registered shares (1,680,000 at par value of BGN 12.50 and 180,000,000 at par value of BGN 10.00).

In 2024, the Company increased its investment in Kozloduy NPP – New Build through a cash contribution of BGN 300,000 thousand on the basis of Decision No. 51 of 23 October 2024 of the Board of Directors of Kozloduy NPP EAD and Decision No. 102-2024 of 23 October 2024 of the Board of Directors of BEH. The increase in investment in 2024 is preceded by an increase in the same investment in 2023 on the basis of Decision No. 33 of 22 December 2023 of the Board of Directors of Kozloduy NPP EAD and Decision No. 95-2023 of 22 December 2023 of the Board of Directors of BEH amounting to BGN 1,500,000 thousand. The circumstances leading to the increase of the subsidiary's capital are the result of the Decision of the National Assembly of 18 December 2023 (prom. SG No. 105 of 2023) and Decision of the Ministry of Energy No. ME-E-PA-21-37 of 21 December 2023 to take action on the construction of Units 7 and 8 at Kozloduy NPP Site No. 2.

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

The Company owns 100% of the capital of NPP Construction Supervision EOOD, Kozloduy, the capital amounting to BGN 5,000. The Company's principal activity is "Conformity assessment of investment projects and exercise of construction supervision over design and construction".

The Company owns 100% of the capital of NPP Service EOOD, Kozloduy, established at the beginning of 2022, with the capital amounting to BGN 750 thousand.

The Company had a controlling interest of 63.96% in Interpriborservice OOD, Kozloduy, which represent 71 shares of its capital which amounts to 111 shares, at nominal value of BGN 100 each. In April 2022, the Company discontinued the transactions connected with the service and maintenance activities previously provided by the subsidiary; on 11 September 2023, with a decision of Vratsa District Court Interpriborservice OOD was declared bankrupt.

In 2024, a dividend of BGN 633 thousand from Kozloduy HPP EAD was distributed to and effectively received by the Company (2023: BGN 3,396 thousand) as well as a dividend from NPP Service EAD in the amount of BGN 569 thousand (2023: BGN 577 thousand). Dividend revenue is indicated in line "Financial revenue" in the separate statement of the profit or loss and other comprehensive income as well as Note 33.

For the purposes of the annual impairment test, a management analysis has been prepared which shows that the carrying amount of the investments is close to their recoverable amount with the exception of the

investment in Interpriborservice OOD. In view of the fact that Kozloduy NPP EAD, as the majority owner, has lost control over Interpriborservice OOD, the investment in this company has been impaired 100% by the Decision No. 51 of 09 January 2025 of the Board of Directors of Kozloduy NPP EAD.

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

8. Financial instruments at fair value through other comprehensive income (OCI)

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

The Company accounts for the equity investment in ZAD Energia in the category Financial instruments at fair value through other comprehensive income (OCI) because the Company intends to keep the investment for a long time by reason of strategic goals.

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Financial instruments at fair value through other comprehensive income (OCI)	284	505
	284	505

In 2024, the Company received dividends of BGN 97 thousand from ZAD Energia (2023: BGN 105 thousand).

Valuation techniques and significant unobservable input data

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

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

9. Deferred tax assets and liabilities

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

Deferred tax (assets) / liabilities	01.01.2024	Recognised in other comprehensive income	Recognised in profit or loss	31.12.2024
	BGN'000	BGN'000	BGN'000	BGN'000
Non-current assets				
Property, plant and equipment - revaluation	182,580	50,404	(629)	232,355
Property, plant and equipment - depreciation	(14,486)	-	(10,549)	(25,035)
Property, plant and equipment - impairment	(1,055)	-	139	(916)
Financial instruments at fair value	27	(22)	-	5
Investments - impairment	-	-	(8)	(8)
Right-of-use assets	-	-	5	5
Current assets				
Inventories - impairment	(1,639)	-	2	(1,637)
Trade and other receivables - impairment	(1,023)	-	11	(1,012)
Cash at banks - impairment	(255)	-	134	(121)
Non-current liabilities				
Liabilities for retirement employee benefits	(7,296)	-	4	(7,292)
Current liabilities				
Provisions	(8,110)	-	(3,174)	(11,284)
Unused leaves by the personnel	(3,433)	-	(229)	(3,662)
Accrued bonuses to the personnel	(986)	-	(309)	(1,295)
	144,324	50,382	(14,603)	180,103
Deferred tax assets	(38,283)			(52,262)
Deferred tax liabilities	182,607			232,365
Recognised as:				
Deferred tax liabilities, net	144,324			180,103
	01.01.2023			31.12.2023
	BGN'000	BGN'000	BGN'000	BGN'000
Non-current assets				
Property, plant and equipment - revaluation	183,060	-	(480)	182,580
Property, plant and equipment - depreciation	(3,301)	-	(11,185)	(14,486)
Property, plant and equipment - impairment	(1,079)	-	24	(1,055)
Financial instruments at fair value	25	2	-	27
Current assets				
Inventories - impairment	(1,643)	-	4	(1,639)
Trade and other receivables - impairment	(1,052)	-	29	(1,023)
Cash at banks - impairment	(280)	-	25	(255)
Non-current liabilities				
Liabilities for retirement employee benefits	(6,071)	-	(1,225)	(7,296)
Current liabilities				
Provisions	(4,893)	-	(3,217)	(8,110)
Unused leaves by the personnel	(2,998)	-	(435)	(3,433)
Accrued bonuses to the personnel	(1,712)	-	726	(986)
	160,056	2	(15,734)	144,324
Deferred tax assets	(23,029)			(38,283)
Deferred tax liabilities	183,085			182,607
Recognised as:				
Deferred tax liabilities, net	160,056			144,324

All deferred tax assets are included in the statement of financial position

10. Nuclear fuel

	Fuel loaded in the reactors	Fresh Nuclear Fuel	Total
	BGN'000	BGN'000	BGN'000
As at 01 January 2023	67,956	351,106	419,062
Fuel purchased over the year	-	163,346	163,346
Transfers	117,865	(117,865)	-
Fuel spent over the year	(113,161)	-	(113,161)
As at 31 December 2023	72,660	396,587	469,247
Fuel purchased over the year	-	116,296	116,296
Transfers	167,591	(167,591)	-
Fuel spent over the year	(153,088)	(79)	(153,167)
As at 31 December 2024	87,163	345,213	432,376

The uninterrupted operation of Kozloduy NPP at maximum capacity is crucial for Bulgaria's energy and national security. Therefore, regular supplies of fresh nuclear fuel will ensure the smooth operation of Units 5 and 6. In view of the current military situation between the Russian Federation and Ukraine and the Company's current dependence on TVEL - Russian Federation, which is the main supplier of nuclear fuel for WWER-1000 type reactors, Kozloduy NPP EAD supported by the Bulgarian Ministry of Energy has taken measures to diversify the supply of fresh nuclear fuel. Reducing the dependence on sole suppliers of nuclear materials and services in the nuclear fuel cycle (NFC) is in line with the EURATOM Supply Agency's policy to ensure the continuous and safe operation of nuclear facilities and the security and reliability of electricity generation for the population and industry of EU Member States. The European Energy Security Strategy, adopted on 28 May 2014, requires a comprehensive diversified portfolio of nuclear materials and services supply to all nuclear power plant operators in the European Union. Pursuant to the decision of the National Assembly of the Republic of Bulgaria of 09 November 2022 to accelerate the process of securing an alternative supplier, partnership agreements with Westinghouse Electric Sweden AB and Framatome were signed in December.

A contract has been signed between Kozloduy NPP and Westinghouse for the supply of fresh nuclear fuel assemblies (compatible with those currently in use) for Unit 5 for a period of 10 years starting from 2024 when the first delivery amounting to BGN 116,296 thousand was received. The newly delivered fresh nuclear fuel assemblies were fully loaded in the reactor core of Unit 5 in its 31st campaign. A contract for the supply of nuclear fuel for Unit 6 has been concluded for a 10-year period starting from 2025 with the French company Framatome. Pursuant to the contracts concluded, Kozloduy NPP made advance payments related to the fabrication and delivery of fresh nuclear fuel in the amount of BGN 179,468 thousand.

Apart from that, in order to ensure the security of energy supplies, in March 2022, the Council of Ministers approved derogation from the sanctions of the European Union prohibiting the import of certain parts, materials and services in connection with the war in Ukraine so that Kozloduy NPP could purchase the necessary materials and spare parts in order to secure the annual outages and operation of the nuclear power plant.

11. Inventories

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

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Spare parts	152,102	128,107
Fuels	3,147	3,346
Metals	3,578	1,543
Equipment	-	345
Reagents	660	751
Other materials	11,192	9,008
Total materials	170,679	143,100
Goods	176	158
Total inventories	170,855	143,258

The spare parts of the Company represent specific spare equipment for the operation of the power units and all facilities concerned with the generation of electricity, including ensuring and guaranteeing a continuous mode of operation.

As at 31 December 2024, based on measurements performed by an independent certified appraiser, a loss from impairment of inventories amounting to BGN 54 thousand was recognized. No amount of recovered impairment from previous periods was reported in 2024. The review of the net realisable value of the Company's specific spare parts requires taking into account that they are intended not for subsequent sale, but for the production activity at Kozloduy NPP EAD. The carrying amount of inventories subject to measurement by an independent certified appraiser is BGN 124,957 thousand and the method used by the appraisers is the depreciated replacement cost method.

An impairment of the idle inventory was performed as at 31 December 2023 based on the report of an independent certified appraiser amounting to BGN 232 thousand, and an impairment from previous periods amounting to BGN 177 thousand was recovered.

None of the inventories are pledged as securities for liabilities.

12. Trade and other receivables

	31 December 2024	31 December 2023
Trade receivables	695	602
Impairment of trade receivables	(1)	(30)
Court receivables	7,667	7,635
Impairment of court receivables	(6,634)	(6,647)
Receivables from CCB (insolvent)	3,375	3,375
Impairment of a receivable from the CCB (insolvent)	(3,375)	(3,375)
Receivables from the National Customs Agency	7,430	7,240
Other receivables	1,946	1,119
Impairment of other receivables	(15)	(16)
Financial assets	11,088	9,903
Prepayments	1,063	1,160
Non-financial assets	1,063	1,160
Trade and other receivables	12,151	11,063

In connection with the completed and upcoming delivery of fresh nuclear fuel, which is considered goods subject to a special customs procedure, according to the requirements of Articles 150, 155 of Regulation (EU) 2015/2447, Kozloduy NPP EAD made a deposit to the account of the Lom Customs House to the amount of BGN 7,430 thousand. The release of the deposit will be carried out according to Article 150 of the Regulation.

All trade and other financial receivables are reviewed for indications of impairment as at 31 December 2024. The change in impairment of trade and other receivables may be presented as follows:

	2024	2023
	BGN'000	BGN'000
Balance as at 01 January	10,068	10,108
Impairment loss	-	9
Recovery of impairment loss	(43)	(49)
Balance as at 31 December	10,025	10,068

An analysis of the age structure of trade and other financial receivables is provided in Note 39.2.

13. Advance payments

	31 December 2024	31 December 2023
<i>Non-current</i>	40,907	40,907
<i>Current</i>	145,813	61,403
Advance payments	186,720	102,310

In these separate financial statements, amounts paid under contracts for the supply of materials and services are presented on a separate line in the statement of financial position due to their significance. As at 31 December 2024, the significant part of the advance payments amounting to BGN 179,468 thousand (BGN 95,192 thousand as at 31 December 2023) are related to the supply of fresh nuclear fuel.

The Company carried out the necessary activities and arrangements for two TVEL JSC deliveries in 2025. Two deliveries of fresh nuclear fuel were made in accordance with the provisions of Annex 52 to the contract with TVEL JSC. On 25 March 2025, the first delivery of 42 TVSA-12 and 12 RCCAs was made. The second delivery of 42 TVSA-12 assemblies was made on 23 April 2025. On 10 April 2025, 42 RWFA nuclear fuel assemblies fabricated by Westinghouse Electric Sweden AB were delivered. Thus, the Company will ensure FNF inventory for a continuous mode of operation.

The non-current advance payments in the amount of BGN 40,907 thousand are for the supply of nuclear fuel for Unit 6 and a concluded contract with the French company Framatome for a period of 10 years starting from 2025. The amount will be deducted from the last delivery of nuclear fuel in 2035.

14. Cash and cash equivalents

Cash and cash equivalents include the following items:

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Cash at banks and cash in hand, denominated in:		
- Bulgarian Leva (BGN)	438,649	722,799
- Euro (EUR)	111,869	192,325
- US Dollars (USD)	3	6
- Other currencies	8	3
Expected credit losses	(1,211)	(2,545)
Cash and cash equivalents	549,318	912,588

The cash at banks in current accounts bear an interest with floating interest rates, based on the daily interest rates on bank deposits.

The Company has set aside the expected credit losses to the amount of BGN 1,211 thousand in total in relation to cash and cash equivalents. Only for 2024, a decrease in the loss in the amount of BGN 1,334 thousand was reported. The expected credit losses are recognised in consequence of the risk that the Company faces regarding the financial institutions.

The Company has cash resources of BGN 81,100 thousand (BGN 48,827 thousand as at 31 December 2023) in a special account in CB Eurobank Bulgaria AD, open under terms and conditions approved by the Ministry of Energy. The funds that are set aside from the available cash resources of Kozloduy NPP EAD are blocked and not available to effect any other payments beyond their purpose. They are spent purposefully only to cover spent nuclear fuel (SNF) management costs, including activities related to transportation, technological storage and reprocessing of SNF that were not carried out in previous years.

15. Equity

15.1. Share capital

The registered capital of the Company consists of 174,458,489 fully paid, ordinary, registered shares with a nominal value of BGN 10 each. Each share gives the right to vote, the right to dividend and liquidation share in the property of the Company. During the current reporting period, there was an increase in the issued shares, as follows:

	Shares number	Value BGN'000
Balance at 01 January 2023	24,458,489	244,585
Increase through additional owner contributions	150,000,000	1,500,000
Balance at 31 December 2023	174,458,489	1,744,585
Balance at 31 December 2024	174,458,489	1,744,585

The capital increase in 2023 was made by a cash contribution from BEH, as the sole owner of the Company, on the basis of Decision No. 95-2023 of 22 December 2023 of the Board of Directors of BEH, pursuant to the Ministry of Energy's Decision No. ME-E-PA-21-37 of 21 December 2023. The circumstances leading to the increase of the capital are the result of the Decision of the National Assembly of 18 December 2023 (prom. in the SG No. 105/2023) to take action on the construction of Units 7 and 8 at Kozloduy NPP Site No. 2. The funds from the capital increase were used to increase the investment in the subsidiary Kozloduy NPP - New Build EAD and respectively increase its capital. Kozloduy NPP - New Build EAD is the Project Company for the construction of Units 7 and 8.

All shares give the right to vote, the right to dividend and liquidation share in the property of the Company.

15.2. Legal reserves

Legal reserves are formed by joint stock companies, such as Kozloduy NPP EAD, as a distribution of the profit according to the provisions of Article 246 of the Commercial Act. They are put aside until their amount reaches one tenth or bigger portion of the share capital. Sources for the formation of the legal reserves are at least one tenth of the net profit, share premium account, and the funds foreseen in the statute or by a decision of the sole owner. In connection with the capital increase at the end of 2023 with the Decision No.57-2024/31.05.2024 of the Board of Directors of BEH, the Company set aside a portion of 2023 profits as legal reserves.

	Value BGN'000
Balance at 01 January 2024	24,458
Increase of legal reserves with 1/10 of 2023 profit	53,706
Balance at 31 December 2024	78,164

15.3. Revaluation reserve of non-financial assets

Revaluation reserves are formed by the difference between the carrying value and the fair value of property, plant and equipment at the revaluation date, in accordance with the report, issued by the independent certified appraiser, less the respective deferred tax liabilities.

	Revaluation reserve of non-financial assets
	BGN'000
Balance at 01 January 2023r.	2,153,877
Transfer to retained earnings upon disposal of assets	(5,199)
Balance at 31 December 2023	2,148,678
Revaluation of non-financial assets, net of tax	453,633
Transfer to retained earnings upon disposal of assets	(5,667)
Other changes	(1)
Balance at 31 December 2024	2,596,643

The write-off of revaluation reserves and their transfer to the Company's retained earnings is in accordance with the Company's accounting policy and is performed when assets that have been revalued are written off.

15.4. Other reserves

The other reserves amounting to BGN 11,405 thousand represent distributed earnings from 2020 to reserves.

15.5. Declared and paid dividends

Based on a decision of the Board of Directors of BEH in Minutes No. 57-2024 of 31 May 2024, the dividends distributed and paid by the Company in 2024 to the sole owner amount to BGN 241,673 thousand representing 50% of the net income for 2023.

Based on a decision of the Board of Directors of BEH in Minutes No. 34-2023 of 11 May 2023, the dividends distributed and paid by the Company in 2023 to the sole owner amount to BGN 364,732 thousand representing 50% of the net income for 2022.

As at the date of preparation of these separate financial statements, Kozloduy NPP EAD does not owe any dividend to BEH EAD.

16. Retentions on contracts

The amounts retained under contracts as at 31 December are as follows:

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Non-current	2,233	324
Current	8,182	5,047
	10,415	5,371

In accordance with the signed contracts for construction of property and facilities, the Company retains a part of the amount of the invoiced construction works as a performance guarantee and guarantee for the timely execution of the construction and installation works by subcontractors. The retained amounts are interest free. In compliance with the contracted conditions, part of the retained amounts in the form of performance guarantees and guarantees for the timely execution of the construction and installation works should be paid to suppliers after obtaining permits to use, while the remaining amounts should be paid in the contracted time frames.

17. Financing

	31 December 2024	31 December 2023
	BGN'000	BGN'000
As at 01 January	90,734	98,009
Recognised in profit or loss	(7,276)	(7,275)
As at 31 December	83,458	90,734
Non-current	75,844	83,115
Current	7,614	7,619

The Company's financing represents amounts approved or obtained under programmes and funds for construction of property, plant and equipment with ecological purpose. The essential part of the assets subject to financing are part of the Company's Investment Programme and as at the date of the financial statement have been put into operation. The more significant of them are as follows:

- BGN 79,830 thousand received under projects financed by the EBRD for construction and equipment of a Dry Spent Fuel Storage Facility (DSFSF) and monitoring systems. Financing income is recognized proportionately over the useful life of the non-current assets being financed.

18. Pension and other employee obligations

In accordance with the Bulgarian labour legislation and the Collective Labour Agreement, the Company is obliged to pay to the personnel a certain number of gross monthly salaries upon their retirement, depending on the employees' years of services in the Company and labour category. The retirement-defined employee benefit plan is not funded.

This plan exposes the Company to actuarial risks, such as interest risk, risk of changes in the population's life expectancy and inflation risk.

Interest risk

- The present value of the liabilities under defined benefit plans is calculated at a discount rate, determined on the basis of the market profitability of the government securities held. The maturity of the securities corresponds to the estimated time of the liabilities under defined benefit plans, and they are denominated in Bulgarian Leva (BGN). A decline in the market profitability of the government securities held will result in increase of the Company's liabilities under defined benefit plans.

Risk of changes in life expectancy

- Any increase in the estimated life expectancy of the personnel would result in increase of the liabilities under defined benefit plans.

Inflation risk

- Any inflation increase would result in increase of the liabilities under defined benefit plans.

The changes in the present value of the liabilities for retirement employee benefits are as follows:

	2024 BGN'000	2023 BGN'000
Balance as at 01 January	144,838	132,245
Interest costs	6,991	8,094
Current service costs	28,471	25,801
Retirement employee benefits paid	(35,891)	(21,761)
Actuarial (gains) / losses, incl.:	(2,062)	459
<i>Actuarial (gains) / losses from changes in the actual experience</i>	<i>(4,784)</i>	<i>(4,142)</i>
<i>Actuarial (gains) / losses from change in the financial assumptions (change in the discount rate from 4.5% to 4.0%)</i>	<i>2,024</i>	<i>5,863</i>
<i>Actuarial (gains) from changes in the demographic assumptions</i>	<i>698</i>	<i>(1,262)</i>
Balance as of 31 December	142,347	144,838
Non-current	117,848	101,898
Current	24,499	42,940

In determining the liabilities for retirement employee benefits, the following actuarial assumptions are employed:

	31 December 2024	31 December 2023
Discount rate	4.0%	4.5%
Future increase in remunerations	5% for the first and every subsequent year	5% for the first and every subsequent year

The Company's management has employed these assumptions with the help of an independent certified appraiser. These assumptions are employed in determining the amount of defined benefit liabilities for the reporting periods and are considered to be the Management's best estimate.

The total amount of the Company's retirement employee benefits recognised in profit or loss can be presented as follows:

Retirement employee benefits costs

	2024 BGN'000	2023 BGN'000
Current service costs	(28,471)	(25,801)
Actuarial (gains)/losses, related to liabilities upon retirement due to illness (retirement employee benefits)	(390)	(115)
Retirement costs recognised as personnel costs	(28,861)	(25,916)
Interest costs recognised in financial costs	(6,991)	(8,094)
Total expenses recognised in profit or loss	(35,852)	(34,010)

The expenses, incurred with regards to current and past labour experience, as well as the actuarial losses related to liabilities upon retirement due to illness (retirement employee benefits), are included in "Employee benefits costs". Interest costs are included in the separate statement of profit or loss and other comprehensive income, under "Finance costs".

The total amount of the Company's expenses under defined benefits recognised in other comprehensive income can be presented as follows:

	<u>2024</u>	<u>2023</u>
	BGN'000	BGN'000
Actuarial (gains) / losses from change in the actual experience assumptions	(4,951)	(3,886)
Actuarial (gains) / losses from change in the financial assumptions	1,833	5,442
Actuarial (gains) / losses from changes in the demographic assumptions	665	(1,212)
Total Actuarial (gains) / losses recognised in other comprehensive income	<u>(2,453)</u>	<u>344</u>

Based on past experience, the Company expects to pay BGN 24,499 thousand contributions under defined benefit plans in 2025.

The weighted average duration of the liability to pay defined benefits as at 31 December 2024 is 14.8 years.

The significant actuarial assumptions in determining the liabilities under defined benefit plans relate to the discounting rate, the estimated percentage of increase of salaries, the percentage of personnel's turnover, and the estimated life expectancy.

The table below presents a sensitivity analysis and summarises the effects of changes in these actuarial assumptions on the liabilities under the defined benefit plans as at 31 December 2024:

Changes in significant actuarial assumptions in BGN'000

Discount rate	Increase by 1%	Decrease by 1%
(Decrease)/ increase in liabilities under defined benefit plans	(5,336)	5,791
Percentage of increase of salaries	Increase by 1%	Decrease by 1%
Increase / (decrease) in liabilities under defined benefit plans	5,712	(5,367)
	Increase by 1 year	Decrease by 1 year
Estimated life expectancy		
Increase / (decrease) in liabilities under defined benefit plans	776	(831)
Percentage of personnel's turnover	Increase by 1%	Decrease by 1%
(Decrease)/ increase in liabilities under defined benefit plans	(6,129)	6,588

The sensitivity analysis is based on a change in only one of the assumptions. It may differ from the actual change in liabilities under defined benefit plans, as changes in the assumptions are often interrelated.

19. Trade and other payables

Trade and other payables reflected in the separate statement of financial position include:

	31 December 2024	31 December 2023
	BGN'000	BGN'000
<i>Non-current</i>		
Liabilities under lease contracts	791	125
Financial liabilities	791	125
<i>Current</i>		
Payables to suppliers	48,798	22,974
Liabilities under lease contracts	319	160
Other liabilities	1,001	10,576
Financial liabilities	50,118	33,710
Liabilities for remunerations of personnel	69,930	58,651
Liabilities for social security contributions	5,999	5,360
Tax liabilities	40,411	28,038
Liabilities under contributions to the NFD Fund, RAW Fund, and ESS Fund	107,112	104,025
Non-financial liabilities	223,452	196,074
Trade and other payables	273,570	229,784

The net carrying amount of current trade and other payables is accepted as a reasonable estimated amount of their fair value.

19.1. Lease

This note provides information on lease when the Company is a lessee.

- **Amounts recognised in the Statement of financial position**

The statement of financial position shows the following sums related to lease:

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Right-of-use assets		
Transport vehicles	709	281
Buildings	452	-
	1,161	281
Lease liabilities		
Non-current	791	125
Current	319	160
	1,110	285

- **Amounts recognised in the Statement of profit or loss and other comprehensive income**

The statement of profit or loss and other comprehensive income shows the following amounts related to lease:

	2024	2023
	BGN'000	BGN'000
Depreciation of right-of-use assets		
Transport vehicles	(190)	(216)
Buildings	(7)	-
	(197)	(216)

Interest costs (included in the financial costs) (14) (7)

The total lease cash flow in 2024 amounted to BGN 232 thousand. (2023: BGN 221 thousand).

20. Contract liabilities

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Liabilities under contracts with customers	60,923	20,083
	60,923	20,083

As at 31 December 2024, the Company reports liabilities under contracts with customers amounting to BGN 60,923 thousand (as at 31 December 2023: BGN 20,083 thousand), most of which include advances received under contracts for the sale of electricity - BGN 60,903 thousand, compared to BGN 20,077 in 2023. The change in the balance of liabilities under contracts with customers compared to the previous reporting period is related to a change in the structure of sales by market segments and the increase of the of portion of the Bilateral Contracts segment, where the contracted delivery of electricity is 100% prepaid.

21. Provisions

The carrying amount of the provisions can be presented, as follows:

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Provision for spent nuclear fuel	112,838	81,100
	112,838	81,100

The adjustment of the provisions during the year is presented below:

	Provision for spent nuclear fuel
	BGN'000
Balance at 01 January 2023	48,927
Accrued provision	32,173
Carrying amount at 31 December 2023	81,100
Accrued provision	31,738
Carrying amount at 31 December 2024	112,838

Provision for transport, processing and storage of spent nuclear fuel

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

In 2018, Framework Annex to the Contract for the transportation, temporary technological storage and reprocessing in Russia was signed between Kozloduy NPP EAD and FSUE "Production Association Mayak", Russia, in agreement with Euratom Supply Agency, Luxembourg. Taking into account the lengthy nature of the preparatory activities for SNF transportation, including organisational and technical measures, preparation of the required documentation, obtaining of certificates and permits, a new scheme was established for the transport of WWER-1000 SNF. The first transport using the above scheme took place in December 2020. The costs thereof were covered by the earmarked funds provisioned in 2018 for SNF management, including the activities related to transportation, technological storage and reprocessing of SNF that had not been carried out during the previous years.

In view of performing its obligations as stated in the "Strategy for Management of Spent Nuclear Fuel and Radioactive Waste until 2030" for annual transport of a minimum of 50 t heavy metal SNF and ensuring the funding required for this, the Company has set aside an additional provision for SNF management as of 31 December 2023 in the amount of BGN 81,100 thousand. Based on calculations of the best estimate of the cost of 1 shipment of SNF from WWER-1000 (96 fuel assemblies) as of 31 December 2024, BGN 31,738 thousand required to cover the current obligation for 2024 was provided.

As at the end of the reporting period, ending 31 December 2024, the amount of the recognised provision required to cover the current obligation for SNF management is BGN 112,838 thousand, including the value of the unfulfilled transportations of WWER-1000 SNF for technological storage and processing for 2021, 2022, 2023 and 2024. The storage facilities for WWER-1000 SNF, assuming long-term inability to transport SNF, are expected to be filled to capacity in 2032. Kozloduy NPP EAD undertook the necessary actions for the selection of WWER-1000 SNF dry storage casks and the licensing of the Dry Spent Fuel Storage Facility Extension with a capacity of 38 casks for the storage of 722 SNF assemblies from WWER-1000. The Dry Spent Fuel Storage Facility Extension (Stage Ia) will provide additional capacity for SNF storage till 2040.

22. Revenue from contracts with customers

22.1. The revenues from contracts with Company's customers per types are as follows:

	2024	2023
	BGN'000	BGN'000
Revenue from sales of electricity	2,042,629	2,526,020
Revenue from sales of heat energy	4,105	3,848
Revenue from sales of production	2,046,734	2,529,868
Revenue from sales of services	2,463	2,857
Revenue from sales of goods and other current assets	2,614	2,445
Revenue from contracts with customers	2,051,811	2,535,170

22.2. The point-in-time of recognising the revenue from contracts with customers is as follows:

	2024	2023
	BGN'000	BGN'000
Revenue recognised at a point in time	2,614	2,445
Revenue recognised over time	2,049,197	2,532,725
	2,051,811	2,535,170

22.3. The revenue from sales of electricity by type of markets is as follows:

	2024	2023
	BGN'000	BGN'000
Sales of electricity on the exchange market	1,703,089	2,269,651
Sales of electricity on the regulated market	335,101	252,200
Sales of electricity on the non-regulated market	2,284	2,283
Sales of electricity on the balancing market/surplus	2,155	1,886
Revenue from electricity sales	2,042,629	2,526,020

Revenue from the sales of electricity on the power exchange market were realized in the following power exchange segments:

	2024	2023
	BGN'000	BGN'000
Market segment "Day ahead"	754,881	1,300,369
Market segment "Bilateral contracts"	941,449	959,742
Market segment "Intraday"	6,759	9,540
Revenue from sale of electricity	1,703,089	2,269,651

In 2024 there was a significant fall in the electricity market prices in comparison with 2023 which is the cause of the significant decrease in the revenues. Exchange revenues in the 2024 reporting period are 25% lower than in 2023 as a result of the reported decline in energy market prices and reallocation of increased volume to the regulated market. The average sales price of the electricity generated by Kozloduy NPP and sold on all markets in 2024 is BGN 135.99/MWh, marking a drop of 17.3 % compared to 2023 (BGN 164.45/MWh).

As at 01 May 2023 the new Electricity Trading Rules (ETR) are in force, which were changed in the part of the Methodology for determining the balancing energy prices (Methodology). The main objective is the implementation of an adequate mechanism to calculate the costs of balancing of the balancing groups coordinators (BGCs) in each settlement period, regulation status - imbalance position (surplus/shortage) and direction of payment. The “Pay as clear” principle carries with it an obligation to pay in any case where the forecast differs from the balance - in both surplus and shortage cases. By doing so, the Methodology can be considered to prioritise the operation of the electricity system at the expense of all other participants, as the BGCs do not actually have sufficient information about the activated balancing reserve in real time and cannot calculate the cost of imbalances to their group for each settlement period.

Since 2023, Kozloduy NPP EAD has included in its commercial transactions the sale of electricity through the “Bilateral Contracts” segment.

For the Bulgaria market area, significant amendments were adopted to the relevant regulations - the Electricity Trading Rules (ETR) and the Power Exchange Operational Rules (PEOR), which in turn determine the behaviour of trading participants and influence cash flows.

With the amendments to the PEOR, which entered into force on 09 June 2023, the nuclear power plant's possibilities as a legally obliged entity to carry out transactions on an organised exchange market were once again limited. With the decision to permanently discontinue the Continuous Trading Screen and remove it from the “Bilateral Contracts” (BC) segment, the possibility to trade the Weekend baseload product was removed. Another main objective of the amendments was to regulate a new mechanism for managing and limiting the financial risk for the exchange operator by introducing a trading limit on the short-term market segments, justified by the existence of strong volatility in spot market prices. Focusing all efforts on improving the performance of short-term segments only causes a distortion in the market model and raises the risk of adverse financial consequences in the functioning of the long-term segment. Prioritising the provision of risk protection for spot trading only, especially in volatile price environments, comes at the expense of underestimating the risks in the BC segment.

22.4. Revenue related to contract liabilities for sale of electricity

	2024	2023
	BGN'000	BGN'000
Contract liabilities for electricity as at 01 January	20,077	-
Advances received under contracts for electricity with customers	990,505	984,976
Recognised revenues from sales of electricity included in the value of the liabilities under the contract	(945,063)	(964,899)
Contract liabilities for sale of electricity as at 31 December	65,519	20,077
incl. contract liabilities to related parties	4,616	-
contract liabilities to third parties	60,903	20,077

As at 31 December 2024 the Company reports contract liabilities to customers amounting to BGN 65,519 thousand (as at 31 December 2023: BGN 20,083 thousand), including under contracts with related parties BGN 4,616 thousand, presented in the balance as a liability to related parties and customers without related parties BGN 60,923 thousand. Most of them include advances received under contracts for the sale of electricity - BGN 60,903 thousand, compared to BGN 20,077 thousand in 2023. The change in the balance of liabilities under contracts with customers compared to the previous reporting period is related to a change in the structure of sales by market segments and the availability of sales of the Bilateral Contracts segment.

22.5. The revenue from sales of electricity by type of customers is as follows:

	2024	2023
	BGN'000	BGN'000
Related parties, incl.:	1,165,900	1,597,800
<i>Independent Bulgarian Energy Exchange EAD</i>	761,640	1,309,908
<i>Natsionalna Elektricheska Kompania EAD</i>	355,284	254,075
<i>ESO EAD sales of electricity + balancing electricity, surplus</i>	40,261	28,327
<i>Mini Maritsa Iztok EAD</i>	754	3,311
<i>SE RAW</i>	2,153	2,179
<i>Contour Global Maritsa Iztok 3 AD</i>	5,808	-
Third party customers on Bilateral contracts market segment	876,598	928,116
Other customers	131	104
Revenue from sale of electricity	2,042,629	2,526,020

The table below presents information about the accounting policy applied by the Company as regards revenue recognition and time for completion of contractual obligations in respect of contracts with customers under IFRS 15.

Type of product/ service	Contractual obligations nature and completion time, including essential payment terms	Recognition of revenue under IFRS 15
Contracts for sales of electricity	Electricity supplies are carried out all year-round in a continuous mode of operation. Since the customer simultaneously receives and consumes the benefits, the Company transfers the control over electricity over time and therefore meets the performance obligation and recognises revenues over time. Usually, invoices are payable within 30 days.	The sales revenues shall be recognised at every transfer of control over electricity when it is supplied to the customer and there are no unmet obligations which could affect the acceptance of electricity on behalf of the customer. The electricity is deemed to be delivered to the customer as soon as the schedules of the Seller and the Buyer are recorded in the Schedule Notification System administered by the Electricity System Operator EAD after the parties have an agreement on the schedule. Revenue is invoiced according to the terms of the contract.
Revenue from heat energy	Heat energy supplies are carried out during the heating season in a continuous mode of operation. Since the customer simultaneously receives and consumes the benefits, the Company transfers the control over the heat energy over time and therefore meets the performance obligation and recognises revenue over time. Usually, invoices are payable within 30 days.	Sales revenue is recognised on each transfer of control over the heat energy when it is delivered to the buyer and there are no outstanding obligations that could affect the buyer's heat energy acceptance. The heat energy is considered delivered to the customer at the time of consumption. The delivered quantities are reported by means of a heat meter in the substation where the commercial metering takes place once a month. Revenue is invoiced on a monthly basis according to the terms of the contract concluded.
Revenue from services	Control is transferred when the service is completed. The receivables are due immediately.	The Company transfers the control over the services over time and therefore meets the performance obligation and recognises revenue over time. If the service is not completed

Type of product/ service	Contractual obligations nature and completion time, including essential payment terms	Recognition of revenue under IFRS 15
		fully until the end of the reporting period, the revenue is recognised based on the actual service delivered until the end of the reporting period as a proportional part of the total services to be rendered.
Revenue from sales of current assets	The delivery is effected when the assets have been sent to the customer, the risks of potential losses have been transferred to the customer and/or the customer has accepted the assets in accordance with the sale contract. The usual payment term is up to 30 days following delivery.	Revenue from sales of current assets is recognised when the control over the assets sold is transferred.

22.6. Balances under contracts with customers

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Trade receivables	694	572
Trade receivables from related parties	156,566	49,938
	157,260	50,510

The trade receivables are not interest-bearing and the usual credit term is up to 30 days.

23. Other income

	2024	2023
	BGN'000	BGN'000
Recovered impairment of PPE	1,388	-
Income from penalties under contracts	594	1,158
Revenue from sale of waste	179	519
Income from assets' surplus	171	534
Income from insurance events	1	21
Other income	413	411
	2,746	2,643

24. Cost of materials

	2024	2023
	BGN'000	BGN'000
Nuclear fuel, lubricants and fuels	(169,186)	(119,616)
Spare parts and tools	(24,347)	(19,839)
Materials for current maintenance	(3,118)	(2,795)
Reagents for production	(1,663)	(2,661)
Working and special clothing	(1,569)	(1,749)
Specialised literature and stationery	(284)	(241)
Construction materials and metals	(191)	(188)
Advertising materials	(116)	(179)
Purchased electricity	(226)	(44)
	(200,700)	(147,312)

In addition to the described costs of materials in 2024, in connection with balancing the electricity market and the maintenance performed on Units 5 and 6, the Company incurred costs for the purchase of balancing and replacement energy amounting to BGN 8,805 thousand (BGN 399 thousand for 2023).

25. Hired services expenses

	2024	2023
	BGN'000	BGN'000
Repair and maintenance services	(118,010)	(102,157)
Transmission grid access fee	(53,552)	(36,562)
Armed security and fire protection	(31,160)	(26,939)
Insurance of property and nuclear damage	(14,970)	(14,304)
Fees for permits by regulatory bodies	(8,528)	(8,537)
Consulting services	(5,374)	(5,550)
Transport costs	(5,066)	(3,445)
Taxes and fees	(3,558)	(3,659)
Cleaning services and landscaping	(2,427)	(2,458)
Training and qualification	(775)	(1,752)
Researches, measurements and control	(1,374)	(1,553)
Water usage fee	(1,506)	(1,517)
Scientific research and documentation	(386)	(1,324)
Water-supply and sewerage services	(1,288)	(1,221)
Medical services	(493)	(496)
Information, postal and telecommunication services	(591)	(423)
Exchange fees	(1,217)	(1,539)
Rents	(169)	(57)
Other	(1,717)	(1,688)
	(252,161)	(215,181)

26. Employee benefits expenses

	2024	2023
	BGN'000	BGN'000
Salaries and wages	(260,522)	(237,008)
Social security costs	(50,229)	(46,015)
Social expenses, in cash	(41,957)	(41,003)
Food expenses, in accordance with Regulation No. 11	-	(4,364)
Other expenses for social services	(6,852)	(6,070)
Compensations, provided in accordance with the Labour Code	(3,523)	(3,443)
	(363,083)	(337,903)
Retirement employee benefits	(28,861)	(25,916)
	(391,944)	(363,819)

27. Provision expenses

	2024	2023
	BGN'000	BGN'000
Provision for spent nuclear fuel	(31,738)	(32,173)
	(31,738)	(32,173)

Detailed information on the provision is provided in Note 21.

28. Recovered impairment of financial assets, net

2024	2023
BGN'000	BGN'000

Recovered impairment of receivables from litigations and claims	13	49
Recovered impairment of receivables from customers	29	(9)
Recovered impairment of receivables from related parties	73	243
Recovered impairment of other receivables	1	-
Recovered impairment of cash in banks	1,334	251
	1,450	534

29. Other expenses

	2024	2023
	BGN'000	BGN'000
Annual instalment payments to the Nuclear Facilities Decommissioning Fund (NFDF)	(152,537)	(189,422)
Annual instalment payments to the Electricity System Security Fund (ESS Fund)	(101,692)	(126,281)
Annual instalment payments to the Radioactive Waste Fund (RAW Fund)	(61,023)	(75,768)
Costs written off, incl. under law suits	(4,745)	-
Donations and sponsorship	(5,584)	(9,376)
Penalties and charges under contracts	(3,736)	(1,081)
Membership fees	(1,122)	(1,024)
Business trips	(1,056)	(707)
Social costs	(1,704)	(657)
Shrinkage and waste	(304)	(563)
Representation expenses	(955)	(427)
Impairment of inventory	(54)	(232)
Recovered impairment of inventory	-	175
Other expenses	(104)	(1,122)
	(334,616)	(406,485)

The statutory contributions that the Company is required to make monthly to several funds amount to the total of BGN 315,252 thousand (2022: BGN 391,471 thousand) and represent approximately 95% of the Company's Other expenses. They are recognised under the following regulations:

- ✓ REGULATION on the procedure for defining, collecting, spending and control of the funds and the amount of contributions due to the Nuclear Facilities Decommissioning Fund (contributions to the NFDF);
- ✓ REGULATION on the procedure for defining, collecting, spending and control of the funds and the amount of contributions due to the Radioactive Waste Fund (contributions to the RAW Fund);
- ✓ REGULATION on the procedure for collecting, spending and control of the funds for the Electricity System Security Fund (contributions to the ESS Fund).

30. Compensations of non-household end customers of electricity

In 2022, the country and the European Union as a whole faced a drastic surge in electricity prices, mainly due to increased demand both in Europe and worldwide, and rising prices of energy carriers and carbon emissions and the war in Ukraine.

The drastic increase in electricity market prices has had a negative impact on end consumers, respectively the business in the country. It was impossible to avoid the adverse impact due to the short period of time, the dynamic situation and the significant rise in electricity prices. The increased cost of electricity logically led to an immediate increase in the prices of all products offered. Therefore, all countries in Europe started looking for ways to cope with the high inflation. One of the measures taken was to compensate consumers for the expensive electricity. But although the price of electricity for household consumers in Bulgaria is regulated by the Energy and Water Regulatory Commission (EWRC), the expensive electricity for businesses immediately affected the purchasing power of the country's population.

In order to mitigate the economic repercussions of the instability of energy market prices, the Council of Ministers developed and adopted a Programme for compensation of non-household end customers of

electricity. The programme aims to protect and assist all non-household end users to deal with the effects of electricity prices fluctuations.

The programme provides for a mechanism to support non-household end customers through electricity traders, ultimate suppliers, electricity producers selling directly to final non-household end customers, and operators of an organised electricity exchange market (Suppliers). The adoption of the programme aims to maintain the competitiveness of the industry and overcome the additional inflationary pressure caused by high electricity prices. This was aimed at reducing the amount due from non-household end customers.

The compensatory measure is in line with the Communication of the European Commission of 13 October 2021 “Tackling rising energy prices: a toolbox for action and support” regarding energy prices. No possible negative effects of the aid are expected on competition in the electricity market and trade in electricity.

Based on Decision of the Council of Ministers No. 280 of 30 August 2023, effective from 1 July 2023, additional contributions to the ESS Fund for the electricity generated by a nuclear power plant are set at a ceiling of BGN 150 per MWh for each individual transaction.

With § 3, para. 1 of the Act on the State Budget of the Republic of Bulgaria for 2024, the mechanism for raising earmarked contributions to the Electricity System Security Fund was extended. The earmarked contribution represents the positive difference between the market revenues and the defined revenue ceiling for the respective generator type, with a delivery period from 1 January 2024 to 31 December 2024. A revenue ceiling of 150 BGN/MWh was set for the NPP type of generator by Decision of the Council of Ministers No. 167/14.03.2024 for the period from 01 January 2024 to 30 June 2024 and Decision of the Council of Ministers No. 537/25.07.2024 for the period from 01.07.2024 to 31.12.2024.

As a result of the measures taken, the Company has recognised additional costs for compensation of non-household end customers of electricity at the expense of Kozloduy NPP EAD in the amount of BGN 388,964 thousand in total for 2024 and BGN 576,275 thousand for 2023.

31. Finance income and finance costs

	2024	2023
	BGN'000	BGN'000
Interest costs on loans and leases	(14)	(7)
Total interest expenses under financial instruments that are not carried at fair value in profit or loss	(14)	(7)
Interest expenses on liabilities for retirement employee benefits	(6,991)	(8,094)
Fees and commissions expenses	(39)	(75)
Expenses for operations with financial instruments	(79)	-
Negative exchange rate differences	(2,175)	(127)
Finance costs	(9,298)	(8,303)

The finance income for the presented reporting periods can be analysed as follows:

	2024	2023
	BGN'000	BGN'000
Interest income on loans granted	509	1,315
Interest income on bank accounts	715	6
Total interest income on financial assets that are not carried at fair value in profit or loss	1,224	1,321
Income from dividends	1,299	4,078
Positive exchange rate differences	1	195
Finance income	2,524	5,594

32. Income tax expenses

32.1. Income tax expenses as per Art. 20 of the Corporate Income Tax Act

The estimated income tax expenses, based on the applicable tax rate for Bulgaria amounting to 10% (2023: 10%), and the actual tax expenses recognised in profit or loss can be reconciled as follows:

	2024	2023
	BGN'000	BGN'000
Accounting profit before taxation	251,649	596,655
Tax rate	10%	10%
Estimated income tax expense	(25,165)	(59,666)
Tax effect of:		
Increase of the financial result for tax purposes	(31,515)	(31,465)
Decrease of the financial result for tax purposes	16,975	15,794
Income tax expense due	(39,705)	(75,337)
Deferred tax income as a result of:		
Incurrence and reversal of temporary differences	14,603	15,734
Current income tax	(25,102)	(59,603)
Current tax expense related to domestic top-up tax as per Art. 260aa of the Corporate Income Tax Act	(4,634)	-
Deferred tax (expenses)/income, recognised in the other comprehensive income	(50,382)	(2)

Note 9 provides information on the deferred tax assets and deferred tax liabilities.

32.2. Expenses for domestic top-up tax as per Part Five “a” of the Corporate Income Tax Act

At the end of 2023, amendments to the Corporate Income Tax Act were adopted, effectively introducing a global minimum corporate income tax of 15% on multinational and large national groups of companies as of 01 January 2024, in accordance with the conditions set out in the Corporate Income Tax Act. Due to the size of the business of the Bulgarian Energy Holding EAD (BEH) Group, which the Company belongs to, the Company is subject to additional corporate income tax under the changes to the Corporate Income Tax Act effective as of 01 January 2024.

These statements apply for the first time the new legislation regarding the calculation of the top-up tax in implementation of the OECD Directive and Rules.

On the basis of the submitted data on the financial results of the companies in the BEH Group, the parent company calculated the domestic top-up tax due in accordance with the instructions issued by the Ministry of Finance. The same has been allocated proportionally among the companies in the Group that generated a positive financial result in 2024, with Kozloduy NPP EAD's share of the domestic income tax amounting to BGN 4,634 thousand.

33. Disclosures of related parties

The Company discloses the following related parties:

Sole owner of the Company, exercising control (Parent Company)
Bulgarian Energy Holding EAD (BEH)

Owner of the Parent Company's capital
The Republic of Bulgaria through the Minister of Energy

Subsidiaries of the Company
Kozloduy NPP - New Build EAD

Kozloduy HPP EAD

Interpriborservice OOD /insolvent by Decision No. 66 dated 11 September 2023 of the District Court of the town of Vratsa/

NPP Construction Supervision EOOD

NPP Service EOOD

Entities under common control with the Company (entities within the Group)

Natsionalna Elektricheska Kompania EAD, TPP Maritsa East 2 EAD, Mini Maritsa Iztok EAD, Bulgargaz EAD, Bulgartel EAD, Bulgartansgas EAD and its subsidiary, Electricity System Operator EAD and its subsidiaries, Minproekt EAD, National Energy Operator EAD, Bulgartel Skopje DOOEL, Gauging and Information Technologies Energy Operator EAD (in liquidation).

Associated companies for BEH Group

Contour Global Maritsa Iztok 3 AD, Contour Global Operations Bulgaria AD, ZAD Energia, POD Allianz Bulgaria AD, HEK Gorna Arda AD

Joint ventures for BEH Group

ICGB AD, South Stream Bulgaria AD, Transbalkan Electric Power Trading S.A. – NECO S.A. until November 2023.

Others - Independent Bulgarian Energy Exchange EAD, SE RAW, and all enterprises connected with the Republic of Bulgaria which the Company has material transactions with.

Key management personnel of the Company as at 31 December 2024:

Iliya Todorov Iliev, Chair;

Ivan Todorov Andreev, Member and Chief Executive Officer;

Svilena Nikolova Nikolova, Member;

Slavyan Petrov Lachev, Member;

Iva Edward Nikolova, Member.

Key management personnel of the Parent Company as at 31 December 2024:

Veselina Lachezarova Kanatova-Buchkova, Chair of the Board of Directors;

Valentin Aleksiev Nikolov, Member of the Board of Directors and Chief Executive Officer;

Galina Tsvetanova Todorova, Member of the Board of Directors;

Ivo Ivanov Todorov, Member of the Board of Directors;

Kalin Boyanov Filipov, Member of the Board of Directors.

Unless otherwise stated, none of the transactions with related parties incorporate special terms and conditions and no guarantees were given or received.

33.1. Transactions with related parties and payables to related parties as at year-end

33.1.1. Transactions with the Sole Owner – BEH EAD

	2024	2023
	BGN'000	BGN'000
Increase of the capital	-	1,500,000
Purchase of services	562	532
Sale of services and assets	4	5
Granting a loan	25,000	-
Interest on loan granted	457	1,033
Repaid loan - BEH EAD	10,772	185,958
Dividend distributed to BEH EAD	241,673	364,732

Information on the loans provided is included in Note 33.2. Loans granted to related parties

33.1.2. Transactions with subsidiaries

	2024	2023
	BGN'000	BGN'000
Sales of assets and services:		
- services rendered to Kozloduy HPP EAD	14	19
- services rendered to Kozloduy NPP - New Build EAD	35	15
- services rendered to NPP Service OOD	21	11
Purchased assets and services:		
- purchase of services from NPP Construction Supervision OOD	27	33
- purchase of goods and equipment from NPP Service EOOD	913	952
- purchase of services from NPP Service EOOD	8,302	6,228
Other:		
Loan granted to Kozloduy NPP - New Build	-	10,000
Late payment interest income - Kozloduy HPP EAD	120	73
Interest income under loan granted - Kozloduy HPP EAD	3	88
Interest income under loan granted - Kozloduy NPP - New Build	49	193
Repaid loan by Kozloduy HPP EAD	319	2,350
Distributed dividends from Kozloduy HPP EAD	642	3,396
Distributed dividends from NPP Service EOOD	569	577
Long-term tangible assets donated to Kozloduy NPP - New Build /carrying amount/	-	2,692
Increase of capital of Kozloduy NPP - New Build	300,000	1,500,000

33.1.3. Transactions with related parties under joint control with the company /BEH Group/ and BEH Group associates

	2024	2023
	BGN'000	BGN'000
Sales of products, goods, and services:		
- sales of electricity to NEK EAD	355,284	254,075
- sales of electricity+balancing electricity to ESO EAD	40,261	28,327
- sales of electricity to Mini Maritsa-Iztok EAD	754	3,311
- sales of assets and services to ESO EAD	135	3
- sale of services to TPP Maritsa East	2	-
- sale of services to Bulgartransgas EAD	2	-
Purchase of goods and services:		
- purchase of goods and services from NEK EAD	3 71	2,346
- purchase of services and goods from ESO EAD	54,132	36,729
Other:		
- Late payment interest income - NEK EAD	-	333

33.1.4. Transactions with undertakings under joint control and BEH Group associates

	2024	2023
	BGN'000	BGN'000
Sales of products, goods, and services:		
- sales of electricity to IBEX AD	761,640	1,309,908
- sales of services to IBEX AD	-	1
- sales of electricity to Contour Global Maritsa-Iztok 3 AD	5,808	-
- sales of electricity, heat energy and services to SE RAW	5,112	4,296
Purchase of goods and services:		
- purchase of services from IBEX AD	9,595	1,686
- purchase of services from SE RAW	930	698

	2024	2023
	BGN'000	BGN'000
Other:		
- dividend received from ZAD Energia AD	97	106

Sales to and purchases from related parties are performed at contracted price rates. Unless otherwise stated, none of the transactions with related parties incorporate special terms and conditions.

33.2. Loans granted to related parties

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Non-current:		
Principal	5,544	26,498
Interest	-	193
<i>Impairment</i>	(56)	(93)
	5,488	26,598
Current portion:		
Principal	36,953	12,092
Interest	87	35
	37,040	12,127
Total loans granted	42,528	38,725

The loans granted to related parties are as follows:

Loan to the subsidiary Kozloduy HPP EAD:

- Limit of up to BGN 20,000 thousand, subsequently increased to BGN 22,000 thousand;
- maturity date: 15 January 2024;
- a negotiated annual interest rate equalling the BIR as at the date of payment of the due instalment plus 0.30% margin or 2.5% margin;
- the loan shall be repaid in 22 instalments according to a repayment schedule;
- secured by a promissory note.

In 2024, Kozloduy HPP EAD repaid BGN 319 thousand and the credit balance as at 31 December 2024 amounted to BGN 1,000 thousand repayable as overdue, subject to penalties.

The interests accrued in 2024 amounted to BGN 3 thousand (2023: BGN 88 thousand) and penalties for overdue instalments amounting to BGN 89 thousand.

Loan to the sole owner BEH EAD:

By virtue of Minutes No. 31-2022/11.05.2022 of the Board of Directors of BEH EAD and Minutes No. 15/19.05.2022 of the Board of Directors of Kozloduy NPP EAD, a decision was made for signing a loan contract between Kozloduy NPP EAD as Lender and BEH EAD as Borrower;

- Loan value - BGN 37,865 thousand;
- Loan maturity date: 30 June 2026, the payment of the principal is due after 01 January 2023;
- a negotiated annual interest rate - 1.66%, in the event of late payment it equals the BIR as at the date of payment of the due instalment plus 10% margin;
- the loan is unsecured.

Payments were made in 2024 by BEH EAD to the amount of BGN 10,772 thousand (2023: BGN 10,595 thousand), the credit balance as at 31 December 2024 is BGN 16,497 thousand.

The interests accrued in 2024 amounted to BGN 371 thousand, paid in full as at 31 December 2024.

By Minutes No. 101-2024/18.10.2024 of the Board of Directors of BEH EAD it was decided to conclude a loan contract between Kozloduy NPP EAD as the Lender and BEH EAD as the Borrower in the amount of BGN 25,000 thousand, under the terms of the previous contract and a repayment period of 1 month. Two additional agreements were signed to the contract, according to which the repayment period was extended by three months (successively by one and two months), the amount being due on 31 December 2024 and becoming chargeable on 19 January 2025.

The interests accrued in 2024 amounted to BGN 87 thousand, due on 31 December 2024.

Loan to the subsidiary Kozloduy NPP - New Build EAD:

By virtue of Minutes No. 55-2023/17.08.2023 of the Board of Directors of BEH EAD and Minutes No. 20/10.08.2023 of the Board of Directors of Kozloduy NPP EAD, a decision was made for signing a loan contract between Kozloduy NPP EAD as Lender and Kozloduy NPP - New Build EAD as Borrower;

- loan amount - BGN 16,000 thousand, divided into two tranches - BGN 10,000 thousand on 01 September 2023 and BGN 6,000 thousand on 1 January 2024;
- repayment period: 1 September 2032 with the repayment of the principal, together with the capitalized interest, becoming due after 1 September 2026;
- a negotiated annual interest rate - 5.7%, in the event of late payment it equals the BIR as at the date of payment of the due instalment plus 10% margin;

Taking advantage of the contract clauses stipulating prepayment, on 2 February 2024, Kozloduy NPP - New Build EAD has fully repaid the loan, together with the interest due at the time of payment amounting to BGN 242 thousand.

Proceeds from loans granted to related parties of the Company amount to a total of BGN 42,497 thousand, including non-current receivables totalling BGN 5,544 thousand (2023: BGN 26,498 thousand), entirely proceeds from loans granted to BEH EAD.

Short-term receivables from related parties under loans granted amount to a total of BGN 36,953 thousand, including receivables from BEH EAD in the amount of BGN 35,953 thousand (2023: BGN 10,772 thousand) and from Kozloduy HPP EAD in the amount of BGN 1,000 thousand (2023: BGN 1,320 thousand).

33.3. Related party balances, other than loans

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Current receivables		
- <i>subsidiaries</i>		
Kozloduy HPP EAD - trade and dividend	10	869
Kozloduy HPP EAD - impairment	-	(17)
Interpiborservice OOD - dividends	32	32
Interpiborservice OOD – trade and litigation	3	98
Interpiborservice OOD - impairment	(33)	(40)
Kozloduy NPP - New Build EAD	3	1
NPP Service EOOD - trade	2	3
- <i>related parties under common control</i>		
NEK EAD - trade, interest, gross	107,963	25,836
<i>Impairment</i>	-	(13)
ESO EAD - trade, guarantees	791	523
- <i>Other parties under common control</i>		
IBEX EAD	46,429	21,520
SE RAW	1,369	1,128
<i>Impairment</i>	(3)	(2)
Total current receivables from related parties	156,566	49,938

The Company's receivables from related parties in their essence are:

Current receivables from transactions – BGN 130,186 thousand (31 December 2023: BGN 33,278 thousand)

Provided guarantees under contracts – BGN 26,371 thousand /Note 37: from IBEX EAD – BGN 25,874 thousand and from ESO EAD - BGN 497 thousand /

Receivables from dividends in the amount of BGN 32 thousand from Interpiborservice OOD due since 2020.

Other receivables from Interpiborservice OOD in the amount of BGN 3 thousand.

Interest receivables for late payments from Kozloduy HPP EAD in the amount of BGN 9 thousand.

For receivables of the dividend due from Interpiborservice OOD and interests for late payments, the Company has recognised impairment loss presented in Note 34.3.

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Current payables		
- <i>sole owner</i>		
BEH EAD - trade	27	61
- <i>subsidiaries:</i>		
Interpiborservice OOD - trade, guarantees	65	65
Kozloduy NPP - New Build EAD - trade and guarantees	9	1
NPP Construction Supervision EOOD - trade	3	1
NPP Service EOOD - trade	716	570
- <i>related parties under common control</i>		
NEK EAD - trade	103	-
ESO EAD - trade	10,925	4,462
- <i>other related parties</i>		
Contour Global Maritsa-Iztok 3	1,910	-
IBEX EAD	107	90
SE RAW	-	1
Total current payables to related parties	13,865	5,251
Total payables to related parties	13,865	5,251

The amounts due by the Company in the amount of BGN 13,865 thousand in the part of BGN 9,183 thousand are current liabilities under completed transactions, BGN 66 thousand is a retained guarantee under contracts, and BGN 4,616 thousand is received in advance under contracts for the sale of electricity, including BGN 103 thousand to NEK EAD, BGN 2,603 thousand to ESO EAD and BGN 1,910 thousand to Contour Global Maritsa-Iztok 3.

The dividends distributed and paid to the sole owner have no tax effect.

The receivables from related parties have been reviewed for indications of impairment. The movement of the corrective account for impairment of trade and other receivables is as follows:

33.4. Movement of the impairment of receivables and loans granted from related parties

	2024	2023
	BGN'000	BGN'000
Balance as at 01 January	165	407
Recovery of impairment loss	(73)	(242)
Balance as at 31 December	92	165

33.5. Transactions with key management personnel

The key management personnel of the Company include the members of the Board of Directors. The remuneration costs of the key management personnel include:

2024	2023

	BGN'000	BGN'000
Short-term remuneration:		
Salaries, including bonuses and compensations	525	561
Social security contributions	31	32
Social costs	36	45
Total remuneration	592	638

34. Adjustment of liabilities resulting from financing activity

The changes in the Company's liabilities resulting from financing activity can be classified, as follows:

	Obligations under lease contracts BGN'000
01 January 2024	285
Cash flows:	
Payments	(266)
Non-cash changes:	
Change in contract terms	1,077
Accrued interest	14
31 December 2024	1,110
01 January 2023	122
Cash flows:	
Payments	(221)
Non-cash changes:	
Change in contract terms	377
Accrued interest	7
31 December 2023	285

35. Cashless transactions

In 2024, the Company did not engage in any investment or financial transactions in which no cash or cash equivalents were used.

36. Commitments and contingent liabilities

Capital commitments

As at 31 December 2024, the Company had capital commitments amounting to BGN 291,066 thousand till the end of 2027, including BGN 159,885 thousand for 2025 (31 December 2023: BGN 121,337 thousand) which are associated with commitments to acquire property, plant and equipment.

The Company has contractual commitments on a framework contract with TVEL JSC for the acquisition of nuclear fuel until the end of 2025. As at the time of preparation of these separate financial statements, Kozloduy NPP EAD is in the process of arranging the delivery of fresh nuclear fuel in 2025 which includes an advance payment in January and February 2025 in the amount of BGN 196,986 thousand.

Pursuant to the decision of the National Assembly of the Republic of Bulgaria of 09 November 2022 to accelerate the process of securing an alternative supplier of fresh nuclear fuel and in accordance with the Kozloduy NPP programme for diversification of fresh nuclear fuel supplies agreed with the EURATOM Supply Agency (ESA), agreements for supply of fresh nuclear fuel were signed with Framatome and Westinghouse in 2023. As stipulated in the agreements, in 2024 Westinghouse supplied fresh nuclear fuel costing BGN 116,296 thousand.

In respect of those agreements, as at 31 December 2024 Kozloduy NPP EAD provided advances in the amount of BGN 189,872 thousand (BGN 95,192 thousand as at 31 December 2023) to the two new suppliers, which are expected to be utilised until 2035.

Legal claims

Legal claims to the amount of BGN 3,761 thousand were brought against the Company (31 December 2023: BGN 4,963 thousand). None of the above claims is set out in details herewith, so as not to seriously impact the Company's position in the dispute resolution.

Guarantees, collaterals and mortgages

As at 31 December 2024, bank guarantees and cash collaterals to the amount of BGN 28,314 thousand were opened for the benefit of the Company (31 December 2023: BGN 32,190 thousand).

As at 31 December 2024, the Company provided the following guarantees and collaterals:

- Monetary guarantee under a contract for organised exchange market – BGN 3,200 thousand;
- Monetary guarantee on the provision of a financial limit when initiating a CMBC bid for electricity – BGN 350 thousand;
- Monetary guarantee on the provision of a financial limit for participation on IBEX CMBC segment – BGN 11,498 thousand;
- Monetary guarantee for concluding electricity trade transactions – BGN 75 thousand;
- Monetary guarantee for participation on the electricity exchange market – BGN 5,251 thousand;
- Monetary guarantee for obligations to society for trading in electricity – BGN 567 thousand;
- Monetary guarantee on balancing contract - BGN 326 thousand;
- Monetary guarantee under a contract for supply of reactive power to the off-site emergency response centre (ERC) – BGN 19 thousand;
- Monetary guarantee under a contract for access and transmission of electricity – BGN 153 thousand;
- Guarantee collateral on securing financial limit to cover transactions – BGN 5,500 thousand;
- Guarantee collateral on procuring electric devices for the collection of road user charges for vehicles of over 3.5 t – BGN 6 thousand.
- Guarantee collateral under a framework contract for provision of electricity – BGN 16 thousand.
- Guarantee collateral under an office rent agreement – BGN 2 thousand.

Insurance policies

The Safe Use of Nuclear Energy Act specifies a limit on the liability of the operating organization for nuclear damages. The Act limits the liability of the operator to BGN 96,000 thousand for each accident. Pursuant to the Vienna Convention on Civil Liability for Nuclear Damage, the operator is required to maintain an insurance or other financial security for nuclear damage for the period of operation of the nuclear facility. The Company has taken out an insurance policy covering the limits stipulated by the law, the insurer being the Bulgarian Nuclear Insurance Pool. The insurance has a one-year coverage from 01 August 2023 to 31 July 2024. The insurance amount is BGN 913 thousand, of which BGN 895 thousand insurance premium and BGN 18 thousand tax on premium.

On 22 July 2024, a new one-year contract was concluded with the Bulgarian Nuclear Insurance Pool for the period from 01 August 2024 to 31 July 2025. The insurance amount is BGN 943 thousand, of which BGN 925 thousand insurance premium and BGN 18 thousand tax on premium.

The Company has an "Industrial fire" property insurance policy concluded with OZK-Insurance JSC covering the period from 01 January 2024 to 31 December 2024. The insurance amounts to BGN 13,880 thousand (2023 – BGN 13,293 thousand).

Other

Tax administration bodies may audit the Company at any time within the 5-year period after the financial year-end and may impose additional tax obligations and fines.

37. Categories of financial assets and financial liabilities

The carrying amounts of the Company's financial assets and financial liabilities can be presented in the following categories:

Financial assets	Note	31 December 2024 BGN'000	31 December 2023 BGN'000
Financial instruments at fair value through other comprehensive income (OCI)	8	284	505
Debt instruments measured at amortised cost			
Trade and other receivables	12	11,088	9,903
Loans granted to related parties	33.2	42,528	38,725
Receivables from related parties	33.3	156,566	49,938
Cash and cash equivalents	14	549,318	912,588
Total financial assets		759,784	1,011,659
Financial liabilities	Note	31 December 2024 BGN'000	31 December 2023 BGN'000
Financial liabilities carried at amortised cost – current and non-current:			
Retentions on construction contracts	16	10,415	5,371
Trade and other payables	19	50,118	33,710
Payables to related parties	33.3	13,865	5,251
Total financial liabilities		74,398	44,332

Refer to Note 4. for information on the accounting policy for each category of financial instruments. The Company's policy and objectives for management of the risk associated with the financial instruments are described in Note 38.

38. Risks related to financial instruments

Management objectives and policies in respect of risk management

Risk management is a structured process within which existing risks to the achievement of the Company's objectives are identified and analysed. To counteract significant risks, strategies are defined, evaluated, selected and implemented to reduce to acceptable levels the probability of occurrence of risk events and the expected magnitude of their consequences. The risk management process includes monitoring of the changes in the parameters of reported significant risk events and control of the effectiveness of strategies implemented to counteract them. Where necessary, corrective actions are taken by modifying or updating the applied counteracting and risk reporting strategies.

Risk management is led by senior management in conjunction with the Company's Board of Directors.

The Company is exposed to various types of financial risks. The most significant ones are market risk, credit risk and liquidity risk.

38.1. Market risk analysis

By using financial instruments, the Company is exposed to market risk and more specifically to the risk of changes in the foreign exchange rates, interest risk, as well as risk of changes in specific prices, resulting from the operating and investment activities of the Company.

A significant impact on electricity prices can be expected given the upcoming restructuring of the electricity market in view of the planned moving of household consumers to the market after 2025.

The material risk of an economic recession is likely to impact the electricity market resulting in low prices being maintained in the medium term and/or a reduction in electricity revenues which account for the

major (99%) portion of the Company's total revenues. The domestic market is expected to be in line with the European markets, and volatility and price dynamics in the electricity market are not excluded in the medium term.

Price risk is possible given the significant increase in market prices for supplies and services, including changes in prices for the supply of fresh nuclear fuel, which will negatively affect the level of costs and financial result.

38.1.1. Currency risk

The Company carries out purchases, sales, grants and obtains loans, denominated in foreign currency - Euro, US Dollars and British Pounds. The majority of these transactions are conducted in EUR at a fixed BGN/EUR exchange rate of 1.95583, therefore the foreign exchange risk arising from the Company's EUR exposures is minimal.

In respect of currencies such as USD, GBP, monitoring of the trend of the foreign exchange markets is performed due to the probable risk of potential losses arising from differences in relation to changes in exchange rates of BGN against foreign currencies between the date of the relevant transaction and the date of settlement of the liabilities.

38.1.2. Interest risk

The Company's policy is focused on managing and decreasing the existing interest risk for long-term investments.

The Company is exposed to interest risk also with regard to the developed retirement defined employee benefit plan. Changes to the calculated current value of the liabilities are possible in the presence of changes in the discount rate which is based on the market yield of the government securities held. A possible decline in the market yield of the government securities held will increase the Company's future liabilities related to defined benefit plans. (See item 19 Liabilities for retirement employee benefits)

The Company has provided a loan to Kozloduy HPP EAD with a floating interest rate comprising the BIR plus a 2.5% margin. The Company is not exposed to a significant interest rate risk given the finally paid interest on the loan for the last reference period.

The loans granted by the Company to BEH EAD are at a fixed interest rate on an annual basis and therefore interest rate risk is not probable. All the other financial assets and liabilities of the Company are contracted at fixed interest rates with annuity payments in order to have better predictability in expected cash flows.

38.2. Credit risk analysis

Credit risk refers to the possibility that a particular counterparty will not make the expected payment to the Company. The Company is exposed to this risk in relation to various financial instruments, e.g., granting of loans, receivables from customers, cash deposits, investments in securities, etc.

The Company's credit risk exposure is limited to the carrying amount of the financial assets approved at the end of the reporting period as specified below:

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Groups of financial assets – carrying amounts:		
Financial instruments at fair value through other comprehensive income (OCI)	284	505
Debt instruments measured at amortised cost – current and non-current:		
Trade and other receivables	11,088	9,903
Loans granted to related parties	42,528	38,725
Receivables from related parties	156,566	49,938
Cash and cash equivalents	549,318	912,588
Carrying amount	759,784	1,011,659

The Company closely monitors for outstanding payables by customers and other counterparties, identified individually or in groups, and uses this information to manage the credit risk. The Company trades only with recognised and creditworthy counterparties. Its policy requires that all customers who are willing to conclude trade transactions with deferred payment undergo procedures to verify their solvency. Furthermore, the balances of trade receivables are continuously monitored, thus the Company's exposure to doubtful debts and bad debts is insignificant.

The expected credit losses are calculated on the date of each reporting period.

The table below contains information about the credit risk exposure related to financial receivables from non-related and related parties of the Company by using the expected credit loss provision matrix as at 31 January 2024 and 31 December 2023 respectively.

	Estimated credit loss percentage	Gross value of receivables from customers	Impairment for expected credit loss	Net value of receivables from customers
	%	BGN'000	BGN'000	BGN'000
31 December 2024				
Non-matured	0%	9,914	-	9,914
From 30 to 90 days	0%	96	(1)	95
From 90 to 180 days	0%	7	-	7
From 180 to 360 days	7.69%	33	(4)	29
Over 360 days	99.50%	3,396	(3,386)	10
Litigations and writs	87.06%	7,667	(6,634)	1,033
		21,113	(10,025)	11,088
31 December 2023				
Non-matured	0%	8,497	-	8,497
From 30 to 90 days	0%	16	-	16
From 90 to 180 days	0%	1	-	1
From 180 to 360 days	7.69%	416	(32)	384
Over 360 days	99.50%	3,406	(3,389)	17
Litigations and writs	87.06%	7,635	(6,647)	988
		19,971	(10,068)	9,903

As at the date of the separate financial statements, the age structure of financial receivables is as follows:

As at 31 December 2024

	Not overdue	30-90 days	90-180 days	180-360 days	>360 days	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Trade and other receivables	10,947	95	7	29	10	11,088
Receivables from related parties	110,533	46,028	5	-	-	156,566
	121,480	46,123	12	29	10	167,654

As at 31 December 2023

	Not overdue	30-90 days	90-180 days	180-360 days	>360 days	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Trade and other receivables	9,485	16	1	384	17	9,903
Receivables from related parties	48,662	148	1,128	-	-	49,938
	58,147	164	1,129	384	17	59,841

Information about the change in the impairment of the trade and other receivables from related parties is presented in Note 33.3.

The carrying amounts of the above-mentioned financial assets represent the maximum possible credit risk exposure of the Company with regards to these financial instruments.

38.3. Liquidity risk analysis

Liquidity risk refers to the risk that the Company fails to settle its obligations when they fall due. The Company provides the liquid resources it needs by carefully monitoring the payments under the long-term financial liabilities' repayment schedules, as well as the cash inflows and outflows arising in the course of its ordinary activities.

In order to manage the liquidity risk, the Company collects its receivables, controls its cash outflows, thus ensuring sufficient working capital.

As at 31 December, the maturity dates of the Company's contractual liabilities are summarised as follows:

31 December 2024	<3 months	3-12 months	1-5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Retentions on contracts	-	8,182	2,233	10,415
Trade and other payables	236,945	36,625	791	274,361
Liabilities under contracts with customers	60,923	-	-	60,923
Payables to related parties	13,800	65	-	13,865
	311,668	44,872	3,024	359,564

31 December 2023	<3 months	3-12 months	1-5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Retentions on contracts	-	5,047	324	5,371
Trade and other payables	195,454	34,330	125	229,909
Liabilities under contracts with customers	20,083	-	-	20,083
Payables to related parties	5,186	65	-	5,251
	220,723	39,442	449	260,614

The amounts, disclosed in this analysis of the liabilities' maturity, represent non-discounted cash flows under the relevant contracts that could differ from the carrying amounts of the liabilities as at the reporting

date.

39. Fair value measurement of non-financial assets

The Company groups its assets and liabilities carried at fair value into three levels based on the significance of the input information used in measuring the fair value of the assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Market prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Input data, other than market prices, included in Level 1 that can be observed for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., based on prices); and
- Level 3: Input data for the asset or liability that are not based on observed market data.

A financial asset or liability is classified at the lowest level of significant input information used in its fair value measurement.

The following table represents the levels of hierarchy of non-financial assets as at 31 December, periodically measured at fair value:

	31 December 2024	31 December 2023
	BGN'000	BGN'000
Property, plant and equipment (Level 3):		
- Land	15,527	14,210
- Buildings	618,155	429,800
- Machines, plant and equipment	1,817,054	1,581,581
- Transport vehicles	13,669	9,065
	2,464,405	2,034,656

The fair value of the respective groups of assets of property, plant and equipment, and investment properties is determined based on reports of independent certified appraisers as at 31 December 2024.

As at 31 December 2024 a review for impairment was conducted. According to the review, the carrying amount of the assets does not differ significantly from the fair value of the revalued assets as at the end of the reporting period.

Significant unobserved data are related to the adjustment in the Company's assets specific factors. The degree and direction of this adjustment depends on the number and characteristics of the observed market transactions with similar assets that are used for valuation purposes. Despite the fact that these data are subjective, the Management believes that the final valuation would not be significantly affected by other possible assumptions.

40. Capital management policies and procedures

Kozloduy NPP is the only nuclear power plant in Bulgaria and the country's largest producer of electricity, ensuring more than one third of the national annual electricity generation. This, together with its high operational safety and reliable electricity supplies, determines its role as a key factor for the stability of the national electricity system and for the country's energy security.

The main objective of the Company's capital management is to maintain a stable financial position and capital ratios thus ensuring normal and continued electricity generation, which in turn will ensure the payment of dividends to the sole owner BEH and therefore to the Bulgarian state.

The Company manages its capital structure and amends it, as necessary, depending on the changing economic environment. In order to maintain or change its capital structure, the Company may adjust the payment of dividends to the sole shareholder and reduce or increase its share capital by a decision of the sole owner.

The Company monitors its capital through the realised financial result for the reporting period, as follows:

	2024	2023
	BGN'000	BGN'000
Profit for the year, after tax	221,913	537,052

41. Post-reporting date events

Decision LI-3/01 January 2025 of the EWRC has amended the estimated monthly availability of electricity production of the producers from which the public supplier shall purchase electricity and the quantities of electricity which the public supplier shall provide to cover the consumption of the customers of the end suppliers, determined by Decision LI-17/30 June 2024 for the period 01 July 2024 - 30 June 2025. As of 01 January 2025, additional quantities of electricity from Kozloduy NPP EAD in the amount of 400,000 MWh have been determined, whereby the quota for the regulated market, determined for the period 01 July 2024 - 30 June 2025, shall be changed from 5,431,200 MWh to 5,831,200 MWh, maintaining the current regulated price of 65.47 BGN/MWh.

By Decision No. 1 of 09 January 2025 of the Board of Directors of Kozloduy NPP EAD, it was decided to reclassify the real estate owned by Kozloduy NPP EAD as “investment property” in the financial statements of the Company as of 01 January 2025.

On 20 January 2025 the loan in the amount of BGN 25,000 thousand granted to BEH EAD pursuant to the decision under item 1 of Minutes No. 101-2024/18 October 2024 of the meeting of the Board of Directors of Bulgarian Energy Holding EAD, approved by Minutes No. E-PA-21-34/18 October 2024 of the Minister of Energy and decision under item 1 of Minutes No. 50/18 October 2024 of the meeting of the Board of Directors of Kozloduy NPP EAD, was finally repaid together with the due interest.

- By § 2, para. 1 of the Final Provisions of the Act on Collecting Revenues and Incurring Expenditure in 2025 until the Adoption of the 2025 State Budget of the Republic of Bulgaria Act, the 2025 Public Social Insurance Budget Act and the 2025 National Health Insurance Fund Budget Act, the mechanism for collection of earmarked contributions to the Electricity System Security Fund was extended. The earmarked contribution represents the positive difference between the market revenue and the defined revenue cap for the respective generator type. By Decision of the Council of Ministers No. 121/05 March 2025, a revenue cap of BGN 150 per MWh was set for the type of NPP producer for the period from 01 January 2025 to 31 December 2025. According to point 2 of the decree, the revenue cap may be changed, if necessary, upon a proposal of the Minister of Energy.

. -Decision II.20 of the Board of Directors of BEH EAD of Minutes No. 28-2025/10 April 2025, agreed on the Decision under item 14.1.2 of Minutes No. 14/04 April 2025 of the Board of Directors of Kozloduy NPP EAD, for the conclusion of an agreement for the rescheduling of liabilities for delivered electricity between NEK EAD and Kozloduy NPP EAD for the principal amounts of invoices in the total amount of BGN 101,371,561.31 with annual interest of 3.225 % and repayment term 15 December 2025.

Two deliveries of fresh nuclear fuel were made in accordance with the provisions of Annex 52 to the contract with TVEL JSC. On 25 March 2025, the first delivery of 42 TVSA-12 and 12 RCCAs was made. The second delivery of 42 TVSA-12 assemblies was made on 23 April 2025.

On 10 April 2025, 42 RWFA nuclear fuel assemblies fabricated by Westinghouse Electric Sweden AB were delivered.

On 15 April 2025, the subsidiary Kozloduy HPP EAD finally paid the balance of the overdue principal amount of BGN 112 thousand under loan agreement No. 880080/07 October 2008. All obligations of Kozloduy HPP EAD for accrued penalties, interest and principal under the loan have been settled.

There are no adjusting or other non-adjusting post-reporting date events that require additional disclosure or adjustment in the financial statements of Kozloduy NPP EAD as at 31 December 2024.

42. Disclosure pursuant to statutory requirements

These Separate Financial Statements were audited jointly by audit firms Grant Thornton OOD and Zaharinova Nexia OOD, based on a contract signed between the Bulgarian Energy Holding EAD and DZZD Audit BEH. The Company does not accrue amounts for independent financial audit. The Consolidated Financial Statements of the Bulgarian Energy Holding EAD disclose the accrued amounts for rendering of services by the registered auditor for independent financial audit. The auditors did not render other services during the period.

43. Approval of the separate financial statements

The Separate Financial Statements as at 31 December 2024 (including comparison data) were approved for issue by the Board of Directors on 25 April 2025.