Interim Consolidated Management Report
Independent Auditor's Report
Interim Condensed Consolidated Financial Statements

TPP MARITSA EAST 2 EAD

30 June 2022

This document is a digital copy of the
audited interim condensed consolidated financial statements
of "TPP Maritsa East 2" EAD
as of 30.06.2022

TPP MARITSA EAST 2 EAD
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Table of Contents

Interim Consolidated Management Report

I. General information

Company name	TPP Maritsa East 2 EAD
UIC number	123531939
Address	Kovachevo, Radnevo Municipality, Stara Zagora District – Postal Code 6265 tel.: 042/66-22-14; fax: 042/66-20-00; e-mail : tec2@tpp2.com
Scope of Activity	Electric power generation, construction and repair works in the field of electrical and heat power industry, investment activity, acquisition and disposition of copyright, rights on inventions, trademarks and industrial designs, know-how and other intellectual property objects, as well as any other activity not prohibited by law or another regulation, and when issue of permit or license is required, after obtaining the permit or license.
Directors	As at 30 June 2022 the Company is being managed by a Board of Directors (BoD), including: Prof. Dr. Boncho Ivanov Bonev, MSc Chairman of the BoD Zhivko Dimitrov Dinchev, MSc Member of the BoD and Executive Director Boyan Ivanov Boev Member of the BoD Ruslan Tanev Germanov Member of the BoD Milan Angelov Milanov Member of the BoD
Auditor	DZZD “AUDIT BEH” with participants in the association of auditing companies “Grant Thornton” OOD and “Zaharinova Nexia” OOD, registered under reg. 032 and reg. 138 respectively of the Register of Registered Auditors.
Basis for preparation of the interim condensed consolidated financial statements	The company prepares its financial statements according to the requirements of the International Financial Reporting Standards (IFRS), adopted by the European Union. The Company prepares also consolidated financial statements in accordance with Article 31 of the Accounting Act. TPP Maritsa East 2 EAD operates its activity in compliance with the Bulgarian legislation.

II. Establishment, management and structure of the Group
Establishment, management and structure of the Parent company

Legal status
TPP Maritsa East 2 EAD was incorporated as a sole shareholding company with 100% state share. In pursuance of Order № SG-267/26.06.2000 of the Chairman of the State Agency for Energy and Energy Resources and decision № 2591/30.06.2000 of District Court, town of Stara Zagora, TPP Maritsa East 2 EAD was established by spin-off from NEK EAD – Sofia and registered in the Commercial Register.
Since 18 September 2008 the capital of the Company has been owned by Bulgarian Energy Holding EAD (BEH EAD). BEH EAD is a joint-stock company with 100% state share. It comprises Mini Maritsa - Iztok EAD, NPP Kozloduy EAD, Natsionalna Elektricheska Kompania EAD, Electricity System Operator EAD, Bulgargaz EAD, Bulgartransgaz EAD and Bulgartel EAD. All companies, brought together in the holding structure, preserve their operational independence, by all of them are owned and directly subordinated to BEH EAD.
TPP Maritsa East 2 EAD is a sole stock company with a single tier management system. The company is managed by a 5 (five)-member Board of Directors and represented by an Executive Director.

Background
TPP Maritsa East 2 EAD is a base-load condensing TPP with installed capacity of 1 610 MW, situated in the Maritsa-East power complex. It is located near Radetzki village, 60 km south-east of Stara Zagora city. The TPP was designed to burn lignite coal mined in the Maritsa East complex, which are characterized by low calorific value and high ash and sulphur content.
The construction of the plant was carried out in three stages:
- During the first stage comprising the period 1963-1969 four generating units with rated capacity of 150 MW were constructed.
- Two extensions of the TPP followed: The first extension included two units of rated capacity of 210 MW, commissioned in 1985. The second extension included two units of rated capacity of 215 MW, by the unit 7 has been into operation since 1990, and unit 8 was commissioned in December 1995.
Since 2003 unit 2 has been operating with a new turbine of 165 MW rated capacity.
The old part of the TPP – units 1 - 4 – operates in the so called "double-block" scheme, i.e. one single-shaft condensing turbine with three cylinders and two co-current boilers, PK-38-4 type. The units in the new part of the plant were constructed as per the scheme "mono-block", i.e. one turbine with one boiler.
In 2007 TPP Maritsa East 2 EAD finished the rehabilitation of units 1 and 2, which started in 2005. Unit 1 was put back to operation in September 2007 with up-rated capacity of 177 MW, and unit 2 – in May 2007 with rated capacity of 165 MW.
After the commissioning of the first two units, units 3 and 4 were also shut down for rehabilitation. Unit 3, up-rated to 177 MW, was put back into operation in November 2008, and unit 4 – in the beginning of 2009. In 2010 the reconstruction of unit 6 (232 MW) was finalized and in the beginning of 2011 unit 8 was commissioned and put into operation after analogical reconstruction.
In December 2014 the project for rehabilitation (reconstruction and modernization) of unit 5 and 7 turbines was completed, due to which the installed capacity of the TPP reached 1610 MW at the same steam consumption (or 20 MW of installed capacity producing entirely green energy), by, in this way, the output capacity was increased, as well as the TPP's flexibility in providing reserves for the EPS.

TPP Maritsa East 2 EAD is a producer of strategic importance for the country. It is a key element in the Bulgarian electric power system by providing the base load for consumption and frequency regulation in the system. By decision No.755 of the Council of Ministers dated 21 September 2004, the TPP was included in the list of strategic objects of national importance in the "Energy" sector and by Ordinance No.181 of the Council of Ministers dated 20 July 2009 it was designated as a strategic object of importance for the national security. TPP Maritsa East 2 EAD is the only TPP connected to the three voltage levels of the electric power system (EPS) of Republic of Bulgaria – 110, 220 and 400 kV, which makes it a major factor for the sustainable operation of the EPS, for limitation of spreading of severe accidents, and for supporting the rapid system recovery.
TPP Maritsa East 2 EAD is a key element of EPS. The inclusion of the units No. 1 to 8 in the secondary regulation of the EPS load is carried out by setting a change of the active power of each of them (Automated Dispatch Control System) by the central controller of the Central Dispatch Office, transmitted automatically by telemechanics and performed by the control systems of the respective unit, in accordance with the set control parameters (adjustment range, speed of change of power and delay of execution of the task).
The boilers in TPP Maritsa East 2 EAD can be ignited by fuel oil as well as by the newly introduced gas ignition installation. This makes it possible to simultaneously ignite and connect in parallel with the electric power system up to 4 power units (2 units with fuel oil and at the same time start up of 2 units with natural gas), i.e. the power plant can put into operation up to 1/2 of its installed capacity within 8-9 hours.
The pollution of atmospheric air by gas and dust emissions released from the energy industry operation has a considerable environmental impact. The main pollutants emitted during the production process are the sulphur dioxides (SO_2), nitrogen oxides (NOX), carbon dioxide (CO_2) and dust. Further to this, the first FGD plants in Bulgaria were erected at units 7 and 8 of TPP Maritsa East 2 and commissioned in August 2002. TPP Maritsa East 2 operates FGDs at all of its power units, about which the company was certified to ISO 14001:2004. There is progress in realization of the project on restructuring of combustion plants for the purpose of nitrogen oxides (NOX) reduction to levels below 200 mg/Nm3, which could be achieved by limiting the quantities of air necessary for combusting process and of air leakages, as well as the staged replacement of the igniting fuel from black oil to natural gas (methane).

The Company operates in compliance with the energy legislation in Bulgaria. The prices of electricity, designated for the Public Provider, are regulated by the Energy and Water Regulatory Commission (EWRC) according to the requirements of the Energy Act and the Ordinance on electricity prices regulation. The Company participates on the free market, making deals at freely negotiated prices with all commercial participants having "Active" status, in accordance with the Electricity Trading Rules. The company is certified by EWRC to generate electric power under Licence ref.No.L-091-01 dated 21 February 2001 for a 20 (twenty)-year period by the licence term was extended by 20 (twenty) more years by virtue of Decision No. I1-L-091 dated 02.07.2020 of EWRC, and licence issued by EWRC under ref. No.L-498-15 dated 31 January 2018 for the activity "Electricity trading", which secures the future development and enhances the opportunity of the TPP to enter into transactions. The Company participates actively on the balancing market, by as of 1 February 2014 the units 1 to 4 /old part/ of TPP Maritsa East 2 EAD were registered as balancing power suppliers for participation in the secondary regulation, and units 5 to 8 /new part/ – as balancing power suppliers for participation in the primary and secondary regulation, by this register is kept with ESO EAD.

Share capital

The rights of the sole shareholder are exercised by Bulgarian Energy Holding EAD. The authorized capital of the Company as at 30 June 2022 is BGN 687 632 thousand (six hundred eighty-seven million six hundred thirty-two thousand BGN), distributed in 68 763 161 (sixty-eight million seven hundred sixty-three thousand one hundred sixty-one) shares with nominal value of BGN 10 (ten) each.

Sole owner	Share	Number of shares	Nominal value (thousand BGN)
Bulgarian Energy Holding EAD	100%	68 763 161	687 632

Workforce

As at 30 June 2022, the Company operates with 2328 people on a list. The average headcount for the first half of 2022 is 2 281.

The organisational and production structure of the Company consists of six Directorates – "Operation Directorate", "Repairs Directorate", "Marketing and Public Procurements Directorate", "Administrative, Tax and Finance Control Directorate" , "Finance and Economy Directorate", "Security Directorate" and specialized departments and units that are organizationally and technologically separate production and non-production units of the company.

Departments, structural units and directorates directly subordinate to the Executive Director are, as follows: Occupational Safety and Health dept., Technical Inspection of Operation dept., Technical Control and Quality dept., Legal dept., Environmental dept., Secretary, Management and Development of Human Resources dept., Metal type "C" Control Unit, Coal Testing Laboratory, Information and Public Relations dept., Investments dept., Internal audit dept., Personal Data Protection Unit, Corporate Planning Unit, "Administrative, Tax and Finance Control" Directorate, "Finance and Economy" Directorate and "Security" Directorate.

"Operation Directorate" is the main directorate for carrying out the production activity of the company. It includes: The Deputy Director of Operation Directorate, Shift engineer on duty and dispatcher, Boiler House, Turbine House, Control and Instrumentation, Automation and Control Information Systems dept., Electrical dept., Chemical water treatment and regimes dept., Flue gas desulphurization plants, Ash and slag disposal dept., Production and technology dept., Coal Handling and Ash Storage dept., Railway Station, Technical Assistance Personnel Unit.

"Finance and Economy Directorate" consists of only Finances and Accounting, Planning and Analysis dept.

"Marketing and Public Procurements Directorate" comprises: Material and Technical Supply dept., Commercial dept., Construction and technology dept., Energy Market Unit.

"Repairs Directorate" includes: Mechanical repair workshop, Motor transport facility, Administration Service dept., Vibrodiagnostics Laboratory, Assisting Personnel Unit.

"Administrative, Tax and Finance Control Directorate" includes: Internal Departmental Financial Control Unit, Documentation Control Unit, Documentation Registration Unit".

Depending on division by age groups, the predominant age of officials and workers is between 41-50 years, accounting for 35.7% of the total staff. Those aged 31-40 are 23.5%, and those between 51-60 years are 33.89%. The group aged 18-30 years forms 5.15% of the total staff. The employees of TPP Maritsa East 2 EAD who are above 60 are the least part – 1.76%.

The women among workers and officials are 23.07%. University graduates are 36.79% of the total personnel. The share of employees with secondary special education is high – 29.65% of all. The employed officials and workers from surrounding areas are mainly from Stara Zagora district – 63.79%, Sliven district – 17.19% and Yambol district – 14%.

Related parties

TPP Maritsa East 2 EAD is a part of economically related group under the control of BEH EAD, which includes the following subsidiaries: Natsionalna Elektricheska Kompania EAD, NPP Kozloduy EAD, Mini Maritsa - Iztok EAD, Bulgargaz EAD, Bulgartel EAD, Bulgartransgaz EAD, Electricity System Operator EAD, NPP Kozloduy – NB EAD, HPP Kozloduy EAD, NPP - Construction Supervision EOOD, Interpriborservice OOD, NPP Service EOOD, Bulgartel-Skopje DOOEL, Balkan Gas Hub EAD. All companies, brought together in the holding structure, preserve their operational independence, by all of them are owned by and directly subordinate to the corporate centre BEH EAD.

As at 30 June 2022 TPP Maritsa East 2 EAD holds investments in the following companies:

Company	**Share**	**Nominal value (thousand BGN)**
ZAD Energia	0.96%	173

Sale of the subsidiary “Professional Football Club Beroe – Stara Zagora” EAD in 2022

In 2022 TPP Maritsa East 2 EAD sold the shares of Professional Football Club Beroe – Stara Zagora EAD. In accordance with the Government's policy to optimize the costs of state-owned energy companies, the Board of Directors of TPP Maritsa East EAD decided by Minute No.54/15.12.2021 to take the necessary actions for sale of the football club after obtaining prior consent about this from Bulgarian Energy Holding EAD – the sole owner of the capital of TPP Maritsa East 2 EAD.

In connection with the above, by decision under item II.9 of Minute No. 67-2021/22.12.2021 the Board of Directors of Bulgarian Energy Holding EAD gave its prior consent.

Pursuant to the aforementioned decisions, on 25.02.2022, in the city of Stara Zagora, between TPP Maritsa East 2 EAD and the NGO “Association for Football Support – Beroe”, UIC 206794473, a contract was concluded for the sale and purchase of 5 480 000 shares representing 100% (one hundred percent) of the capital of Professional Football Club Beroe - Stara Zagora EAD. On 10 March 2022, the changes in the current status of Professional Football Club Beroe - Stara Zagora EAD were published in the Commercial Register. Since that date the sole owner of the capital of “Professional Football Club Beroe - Stara Zagora” EAD has been NGO “Association for Football Support – Beroe”.

Information on the remunerations of key management personnel

During the first half of 2022 remunerations for the total amount of BGN 197 thousand were paid to the key management personnel, including BGN 188 thousand for salaries and BGN 9 thousand for social insurance contributions.

Information on the acquisition and holding of shares of the company by members of the Board of Directors

The members of the Board of Directors have no shares in other companies.

The Members of the BoD do not possess any shares and bonds of the company. The Members of the BoD are not entitled to privileges or exclusive rights to acquire shares and bonds of the Company. All shares are 100% owned by BEH EAD.
There are no notifications and signed contracts under Art. 240 b of the Commercial Act.

Mission, Vision and Objectives

The mission of TPP Maritsa East 2 EAD is aimed at achieving the following goals:

Strategic objectives

- Improving the security of electric power supplies;
- Reinforcing its position on the regional and European markets;
- Enhancing the investment attractiveness of Bulgarian energy sector;

Operational objectives

- Transparency and good management practices;
- Improving the regulatory environment;
- Sustainability of financial position;
- Maintaining a balanced investment policy;
- Improving the quality of human resources;

The introduction of innovations is among the main priorities of the Management. In this way improvement of the work process and increase of production are achieved, by at the same time the consumption of resources is reduced.

III. Main results for the first half of the year
Technical and economical indicators achieved:

Indicators	Symbol	Measure	Plan/ Contract	Reported	Fulfillment in %	
1. Available capacity - net (sold)		MWh	4 150 148	4 627 161	111.49	+
2. Electricity generation - gross	E_{gross}	MWh	4 521 754	5 043 466	111.54	+
3. Electricity consumption for auxiliaries	E_{aux}	%	14.44	13.69	94.81	+
4. Active electric power supplied	E_{net}	MWh	3 868 630	4 352 834	117.17	+
5. Specific consumption of equivalent fuel for electric power production - gross	$B_{el\ gross}$	tons/MWh	1.606	1.587	98.82	+
6. Specific consumption of equivalent fuel for electric power production - net	$B_{el\ net}$	tons/MWh	1.877	1.839	97.98	+
7. Losses of steam and condensate	C_{lsc}	%	2.00	0.94	47.00	+

Note : "–" – non-fulfillment of indicator of the Budget
"+" – overfulfillment of indicator of the Budget

Analysis of the technical and economical indicators achieved – Availability, electric power generation and dispatcher schedule realization

Towards 4 521 754 MWh of planned gross power generation for the first half of 2022 TPP Maritsa East 2 EAD reports more generated electricity of 5 043 466 MWh, i.e. fulfillment is 111.54%.
The net electricity for the first half of 2022 is 4 352 834 MWh, which is 117.17% towards the planned (3 868 630 MWh).
For the first half of 2022 the reported relative consumption of electricity for auxiliaries is 13.69% of the gross electricity production and by 0.75 % lower than the planned expenditure.
At regulated 5% of authorized maintenance outages that are equal to 281 836 MWh, only 115 767 MWh were used.
The consumption of solid fuel in the first half of 2022 was 8 005 560 tons with average quality indicators: W^R = 51.86%, A^s = 33.87%, S^r = 2.38% and Q_D^R = 1 652.82 ccal/kg.
The natural fuel for the power plant consumed over the past six months was 1.59 t/MWh, by the units 1 ÷ 4 were operated at average consumption of 1.56 t/MWh, and units 5 ÷ 8 – at 1.61 t/MWh.
In the first half of 2022, TPP consumed 1 327 tons of black oil. 764 tons were used for boilers PK-38-4, which is 57.57% of the total oil quantity, and 563 tons – for boilers P-62, or 42.43%.
In the first half of 2022, the plant did not consume natural gas to ignite the boilers.

Repair program implementation
According to the approved schedule of the Repair program of the Parent Company, for the first half of 2022 planned and regular repairs of all equipment were carried out, during which medium overhauls were held of Unit 1 and Unit 2. In July 2022 the medium repairs of Unit 5 and Unit 6 will be completed. In the second half of 2022 the major overhaul of Unit 7 and the medium repairs of Unit 3, Unit 4 and Unit 8 will be completed. The costs to implement the repairs as at 30 June 2022 are to the amount of BGN 10 018 thousand.

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Type of expenses	**Planned expenses as at 30.06.2022**	**Reported expenses up to 30.06.2022**
Materials applied	4 987	4 031
External services	7 480	5 987
TOTAL:	**12 467**	**10 018**

Investments and modernization
The approved Investment program of TPP Maritsa East 2 EAD for 2022 includes completion and commissioning of transitional sites, constructing new ones, reconstruction and modernization of the TPP.
For the realization of the investment program for 2022 a total sum of BGN 136 507 thousand was projected, from which BGN 22 689 thousand was set aside for the first half of 2022.

Implementation of the investment program for the first half of 2022

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Investment activity by type of financing	**Planned expenses as at 30.06.2022**	**Reported expenses up to 30.06.2022**

Own funding	22 689	28 695
TOTAL:	**22 689**	**28 695**

Activity on provision of occupational health and safety

To achieve efficiency of activity on provision of occupational health and safety, the Company carries out active social policy on Health and Safety, where the Occupational Safety and Health Management System plays the leading role. The policy of the Group in this field focuses on a wide-range approach to encourage provision of "occupational welfare". For the implementation of the strategic targets related to occupational safety and health and announced in the Management Statement for 2022, there are common and particular measurable objectives distributed among the detached organizational units. Their achievement is secured by approval of Program for occupational safety and health management for 2022. This Program includes a total number of 69 activities to be implemented by the TPP, by 13 of them were realized within the period until 30 June 2022.

Environment

The policy of management body is directed at limiting the harmful impact through control on the effects it exerts on the environmental components during the course of TPPs main activity: generation and supply of electric energy.
The main objective of TPP Maritsa East 2 EAD is to maintain and continuously improve the EMS in accordance with the requirements of EN ISO 14001, producing electricity at high reliability and energy efficiency.
In order to ensure a high level of environmental protection, TPP Maritsa East 2 applies the rules for integrated pollution prevention and control, operating in accordance with IPPC Permit No. 50/2005, including emission limits based on the best available techniques for prevention and control of emissions to air, water and soil, for waste management, energy efficiency and accidents prevention.
The main pollutants emitted into the atmosphere – sulphur dioxide, nitrogen oxides, carbon dioxide, carbon monoxide and dust – are the result of lignite coal mined in Maritsa East basin and burned in the power boilers of TPP Maritsa East 2. Lignite coal from Mini - Maritsa East EAD is characterized by high sulphur content, low calorific value, high moisture and ash.
The reduction of harmful emissions is carried out through the operation of plants permitted by the IPPC Permit No 50/2005 for atmospheric emissions treatment: FGD 1/2 (Boiler No.1 and Boiler No.2), FGD 3/4 (Boiler No.3 and Boiler No.4), FGD 5/6 (Boiler No.5 and Boiler No.6), FGD 7 (Boiler No.7) and FGD 8 (Boiler No.8).
The purification of the flue gases from the total suspended dust particles is carried out through the electrostatic precipitators built to each of the power boilers.
The FGDs constructed for cleaning the flue gases from sulphur dioxide, based on "wet limestone method", located behind the electric precipitators along the flue gas path further reduce the emissions of dust released into the ambient air.

The following environmental projects are being implemented to limit the harmful impact on air, water and climate change, and to manage wastes:

- Full engineering of a gas-fired chamber of energy boilers from 1 to 8:

Completed for Boiler No.1, Boiler No.2, Boiler No.5, Boiler No.6, and Boiler No.8. The full engineering of the gas-fired chamber of Boiler No.7 is currently underway. According to the schedule of planned repairs of TPP Maritsa East 2 EAD, Boiler No.7 is undergoing major overhaul which will be completed on 31.10.2022. The detailed design for gas-fired chambers of Boiler No.3 and Boiler No.4 will be implemented during the overhaul of the power unit in 2023. The elements necessary for the realization of the project have been manufactured and delivered.

- Full engineering of a gas-fired power plant of energy boilers from 1 to 12:

Completed for Boiler No.1, Boiler No.2, Boiler No.5, Boiler No.6, Boiler No.7, Boiler No.8, Boiler No.11 and Boiler No.12. External gas network was constructed, as well as 5 pcs of gas control points (GCP) – GCP 1, GCP 3, GCP 4, GCP 7 and GCP 8. The necessary use permits were issued by the Directorate for National Construction Control. The construction of gas and black oil firing system operated through natural gas for Boiler No. 3, Boiler No. 4, Boiler No. 9, Boiler No. 10 and the relevant GCP 2, GCP 5 and GCP 6 is planned to be constructed during major overhauls of Boiler Nos. 3, 4, 9 and 10.

- Full engineering of low-emission burners of energy boilers from 1 to 12:

Implemented for Boiler No.1÷10 and No.12. The combustion system of Boiler No.11 will be reconstructed during the major overhaul of Boiler No.7. The elements necessary for the realization of the project were manufactured and delivered. According to the schedule of planned repairs of TPP Maritsa East 2 EAD, the major overhaul of Boiler No. 7 will be completed on 31.10.2022. The schedule is coordinated with the Electricity System Operator.

The construction and commissioning of gas-fired instalations of 1 to 12 boilers, an internal gas network and 8 gas-regulating points for generating units 1 to 8, aims to replace the firing fuel, which is heavy oil, with natural gas during the commissioning operations of the energy boilers.

The heavy oil will remain as a backup firing fuel in the event of a natural gas supply shut-down. The implementation of the project will lead to increased efficiency of the plant operation and reduction of the negative impact on the environmental components. It will contribute to the protection of citizens' lives and health by reducing the equivalent amount of greenhouse gases, the annual dust emission and the amount of sulphur dioxide emitted into the ambient air.

In view of Commission Implementing Decision No.2017/1442/EU dated 31 July 2017 establishing Best Available Techniques (BAT) Conclusions for large combustion plants under Directive 2010/75/EU of the European Parliament and of the Council, information and evidence on the application of best available techniques (BAT) was presented, by a request for derogation for pollutants as sulphur dioxide (SO_2) and mercury (Hg).

Decision No.50-N0-I0-A5/2018 was issued to update the Integrated Pollution Prevention and Control (IPPC) Permit No.50/2005 of TPP Maritsa East 2 EAD. The decision is being appealed by the Association "For the Earth - Access to Justice". By Order No. 252/17.06.2019 of Stara Zagora Administrative Court, at the request of TPP Maritsa East 2 EAD, preliminary execution of Decision No.50-N0-I0-A5/2018 was allowed.

With granting of derogation, new stricter emission limit values (ELV/BAT-AEL) were imposed for harmful substances emitted into the atmosphere upon operation of the combustion plant for electricity generation: for dust, sulphur dioxide (SO_2), nitrogen oxides (NO_X) and carbon monoxide (CO). ELV/BAT-AEL were introduced for mercury (Hg), hydrogen chloride (HCl) and hydrogen fluoride (HF) and monitoring of metals and non-metals (As, Cd, Co, Cr, Cu, Mn, Ni, Pb, Sb, Se, Tl , V, Zn).

As an operator of existing installation, obliged to stick to the environmental regulations, which have already entered into force, the Company is committed to implement an Investment Program to align with the requirements of Decision No.2017/1442/EU to formulate BAT conclusions for large combustion plants by implementing the following measures:

FGD 1/2 and FGD 3/4 - Completed:

- replacement of exisiting spray nozzles by a new model of modern axial nozzles;
- installation of reflective rings around the walls of the absorbers;
- installation and commissioning of a sulfite analyzer system.

FGD 5/6 - Completed:

- installation of reflective rings around the walls of the absorbers;

- replacement of exisiting spray nozzles with a new model of modern nozzles – a part of the nozzles were replaced;
- installation of new oxidising air compressors to replace existing air blowers – a public procurement tender is planned to be launched;

FGD 7 and FGD 8 - Completed:

- replacement of exisiting spray nozzles with a new model of modern axial nozzles;
- installation of reflective rings around the walls of the absorbers;
- installation and commissioning of a sulfite analyzer system;
- installation of 5 (fifth) nozzle level at FGD 8 (now in progress at FGD 7).

After implementation of the measures the new norms were reached – over 97% desulphurization rate for FGD 1/2, FGD 3/4, FGD 7, FGD 8 and over 97.5% for FGD 5/6.

A "Non-hazardous waste landfill with code and designation 10 01 05 – solid waste from the reaction of base with potassium obtained from waste gas desulphurisation (gypsum from FGD)" was constructed with the relevant infrastructure to it, conforming to Ordinance No.6 dated 27 August 2013 on the conditions and requirements for the construction and operation of landfills and other facilities and installations for waste recovery and disposal. Permit for Use No.ST-05-958/24 June 2014 by National Construction Supervision Directorate and IPPC Permit under No.476-N0/2013 by the Executive Environment Agency in force as of 6 December 2013 were issued.

Application was submitted to Ministry of Environment and Water and additional information provided to it by TPP Maritsa East 2 EAD, for determination of technical gypsum (FGD gypsum), received from the desulfurization plants (after the gypsum dewatering plants) as a by-product within the meaning of Art.4, para 1 of the Waste Management Act "technical gypsum for the production of construction materials". The change of the product classification, in addition to all environmental benefits related to its management, will lead to financial benefits for the Company, due to increased sales of dewatered technical gypsum and reduced waste disposal costs with code 10 01 05 – calcium-based solid wastes from flue gas desulphurisation (FGD gypsum). The motivated decision of the Minister of Environment and Water is currently awaited.

In order to prevent major accidents with hazardous substances and to limit their consequences for the life and health of people and the environment, TPP Maritsa East 2 EAD made a classification of the chemical substances used and an updated safety report approved by Decision No.60-A2/2019 of the Executive Director of the Executive Environment Agency. It maintains an actual emergency plan and system for safety measures management.

TPP Maritsa East 2 EAD observes the policies and measures for mitigation of the effects of climate change by participating in the EU Emissions Trading Scheme (EU ETS), which aims to reduce greenhouse gas emissions. It holds Permit No. 46-N2/2020 and monitors and reports on greenhouse gas emissions.

As an operator of electricity generation installation with a total rated thermal output exceeding 20 MW eligible to participate in the free allocation of allowances for greenhouse gas emissions in the period 2021-2030, an application was submitted, on the basis of Article 10c of Directive 2003/87/EC (as amended by Directive (EU) 2018/410) for participation in the National Investment Framework (NIF) for the period 2021-2030, which provides for the free allocation of allowances to modernise the energy sector.

TPP Maritsa East 2 EAD demonstrates responsibility and proves strict compliance with European and national environmental legislation.

An environmental management system (EMS) was implemented, which was certified according to EN ISO 14001:2015 by TÜV Rheinland Cert GmbH with the scope of application "Electric power generation with FGD plants installed at all power units and provision of services – available capacity, primary and secondary frequency regulation and voltage regulation".

Financial performance for the first half of 2022

Financial performance of the Group for the first half of 2022 from continuing operations

The results achieved by the Group activity from continuing operations as at 30 June 2022, compared to the same period of the previous year, are presented in the following table:

BGN '000

Key indicators on the interim condensed consolidated statement of profit or loss	As at 30.06.2022	As at 30.06.2021	Change
Revenues from operating activity	1 714 557	192 155	1 522 402
Operating expenses (excluding depreciation and impairment)	(1 277 115)	(360 512)	(916 603)
EBITDA	437 442	(168 357)	605 799
EBIT	368 532	(222 099)	590 631
Loss before tax (EBT)	350 365	(237 702)	588 067
EBITDA margin	25.51%	(87.62%)	113.13%
EBIT margin	21.49%	(115.58%)	137.08%

BGN '000

Key indicators on the interim condensed consolidated statement of the financial position	As at 30.06.2022	As at 31.12.2021	Change
Total assets	2 125 452	1 917 533	207 919
Working capital	190 687	(100 270)	290 957
Equity	707 139	366 981	340 158
Cash availability	23 218	12 654	10 564
Return on equity	49.55%	(64.77%)	114.32%
Return on assets	16.48%	(12.40%)	28.88%

In the first half of 2022, the revenues of the Group amounted to BGN 1 714 557 thousand, compared to BGN 192 155 thousand reported in the same period of the previous 2021 year. The increase of the total revenue is BGN 1 522 402 thousand or 792.28%. The revenues reported in the first half of 2022 represent a record level since the establishment of the power plant.
The main part of the Group revenues comes from sales of electricity on the market segments of IBEX EAD, on the free market, as well as sales of active electricity to NEK-Public Provider, on the regulated market, ancillary services of primary and secondary regulation to ESO EAD, balancing energy in surplus, participation in upstream regulation of ESO EAD.
The generation and sales are directly dependent on the agreed production programs with NEK EAD and ESO EAD, the allowances fixed by EWRC, the quantities of electricity set by orders of the Minister of Energy as an additional obligation to serve the society, as well as the demand on the liberalized market.

By Order No E-RD-16-479 of 25 June 2021, the Minister of Energy imposed on TPP Maritsa East 2 EAD the obligation to serve the society, which is to provide NEK EAD with additional quantities of electricity to meet the needs of the regulated market for the period from 01 July 2021 to 30 June 2022 in the amount of 114 MW on average per year or a total of up to 1 000 000 MWh for the regulatory period.
Pursuant to Decision No. TS-27/1 July 2021 of the EWRC, a single component price for active electricity in the amount of BGN 220.83/MWh was calculated as of 1 July 2021, which is used to

value the costs of NEK EAD, and by which the company participates in the mix for the Public Provider.

Revenues from sale of production and services	**30.06.2022 (BGN ‘000)**	**30.06.2021 (BGN ‘000)**
Revenue from electricity and available capacity to NEK – Public Provider	103 719	176 791
Revenue from sale of electricity to the free market	1 566 544	1 603
Revenue from participation in up-regulation of ESO and activated cold standby reserve of ESO	34 920	8 104
Revenue from sale of balancing energy to ESO	121	22
Revenue from sale of availability of primary and secondary regulation to ESO	2 218	2 205
Total:	**1 707 522**	**188 725**

Revenues from other contracts with clients for the first half of 2022 amount to BGN 1 526 thousand. Other income from the Group activity for the reviewed period amount to BGN 5 509 thousand, mainly from the sales of inventories and recognized revenues from funding.

According to their economic nature and for management purposes, accounting and financial analysis, the expenses are divided into two main groups: basic (operational) activity costs and financial costs.

Operating expenses	**30.06.2022 (BGN ‘000)**	**30.06.2021 (BGN ‘000)**
Fuel and electricity	167 403	51 425
Other materials	23 396	9 093
External services	30 601	21 568
Depreciation and impairment of non-financial assets	68 910	53 742
Employee benefit expenses	62 588	53 863
Greenhouse gas emissions costs	906 835	214 472
Costs for impairment of financial assets	550	355
Other operating expenses	85 742	9 736
Total:	**1 346 025**	**414 254**

The main expenses of the Group are costs for greenhouse gas emissions, as well as costs for fuel and electricity, which include costs for coal, black oil, natural gas and other liquid fuels, as well as purchased electricity. These are variable costs that are directly dependent on the amount of electricity production. Directly related to the production volumes are also the costs for limestone, as well as the new fee for fund “Security of the electric power system” and grid access fee for producers, introduced as of 01.07.2019.

For the first half of 2022 the Group reported greenhouse gas costs amounting to BGN 906 835 thousand. Increase by BGN 692 363 thousand is reported, compared to the previous period of 2021, which is due to significantly higher stock exchange allowance prices, and the increased production reported.

Since 2019, the expenses for greenhouse gas emission allowances have already been the leading cost in terms of size and significance. The considerable jump of the price of GHG emission allowances increased their share to 67.37% from the reported operating expenses of the Group as at 30 June 2022. A framework contract No.17460/16.07.2021 was signed between TPP Maritsa East 2 EAD (as Buyer) and BEH EAD (as Seller) for the ongoing purchase, upon request of TPP Maritsa East 2 EAD, and under the terms and conditions of this contract, of a certain amount of European greenhouse gas emission allowances of the EUA type necessary for the operation of TPP Maritsa East 2 EAD.

The largest relative share in the fuel inputs for production as at 30.06.2022 is the cost of coal in the amount of BGN 155 812 thousand. The fixed current price of lignite coal supplied by Maritsa East Mines EAD for the price of BGN 87.35 per tonne equivalent fuel was validated on 01.03.2022. During the previous period of 2021, the coal expenses reached to BGN 49 992 thousand and increase by BGN 105 820 thousand was reported due to higher electricity generation and higher lignite prices in the first half of 2022 compared to the same period of 2021.

The other costs reported higher are related to the fee of 5% on the revenues from electricity sale for the "Security of the electricity system" fund, whose amount was set on 24.07.2015, as well as to the price for access to the electricity transmission network for producers of ESO EAD in the amount of BGN 2.42/MWh, approved by Decision No.TS-27/01.07.2021 of the EWRC, which shall be regularly paid by TPP Maritsa East 2 EAD. In the first half of 2022, the reported expenses for the fee for "Security of the electricity system" fund, included in "Other operating expenses", amounted to BGN 84 816 thousand. In the comparable period of the previous year 2021, expenses of BGN 9 312 thousand were paid as fee for the "Security of the electricity system".

Financial income and expenses, net	**30.06.2022 (BGN '000)**	**30.06.2021 (BGN '000)**
Interest expenses, net	(18 085)	(15 605)
Income from co-participations	134	67
Negative exchange rate differences, net	(5)	(2)
Other financial costs, net	(211)	(42)
Total:	**(18 167)**	**(15 603)**

The net financial expenses in the first half of 2022 amount to BGN 18 167 thousand. They are mainly related to interest on loans granted by the sole owner of the capital and interest expenses under deferred trade liabilities agreements. The reported financial income amount to BGN 134 thousand and financial expenses – to BGN 18 301 thousand.

The reported financial result for the first half of 2022 is profit before tax at the amount of BGN 350 365 thousand, and increase of the profit by BGN 588 067 thousand was reported, compared to the reported financial result for the first half of 2021, which is a loss of BGN 237 702 thousand. In the first half of 2022, the financial result is a profit, which is related to the increase of prices on the open market and higher production. A positive financial result was last reported in 2013. For the years 2014 to 2021 the Group reported losses.

Financial results of Group for the first half of 2022 from discontinued operations

In the first half of 2022, the Group reported a profit from discontinued operations in the amount of BGN 728 thousand (for the first half of 2021, a loss from discontinued operations was reported in the amount of BGN 3 286 thousand).

Risk factors, objectives and policy for financial risk management

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The main financial liabilities of the Group include interest

bearing loans and borrowings, and trade payables. The main purpose of these financial instruments is to provide funding for the Group business activity. The Group possesses financial assets such as trade receivables and cash, which arise directly from the activity.
The policy applied by the management of the Group for ruling these risks is summarized below.

Interest rate risk

The Group is exposed to risk of change in market interest rates, mainly in relation to its short-term and long-term financial liabilities with variable (floating) interest rate. The policy of Group is to manage the interest expenses using financial instruments with both fixed and floating interest rates. As at 30.06.2022 TPP Maritsa East 2 EAD has no loans of variable interest rate.

Liquidity risk

Effective management of the Group liquidity involves the provision of sufficient working capital. TPP Maritsa East 2 EAD sells a part of its production to the liberalized market; by as of 01.01.2018 using the platforms of IBEX EAD has been mandatory, as it provides a number of security mechanisms. Upon free market sales, on a post-pay basis, there is a higher risk of non-collection of receivables, so TPP Maritsa East 2 EAD requires different types of guarantees and collaterals (cash deposit, bank guarantee, insurance policy, promissory note, advance payment). Exchange trading rules require the maintenance of significant collateral and financial limits on the part of the buyers of electricity, due to which the risk of non-collection of receivables becomes minimal. A comparatively higher risk existed with regard to the collection of receivables from sales on the regulated market, triggered by the difficult financial position of NEK EAD. With the changes in the field of energy regulation in recent years, the financial position of NEK EAD is improving and the risk was minimized.

Foreign currency risk

The Group makes purchases and sales in foreign currencies – Euro and Japanese Yen. Since the exchange rate BGN/EUR is pegged at 1.95583, the foreign currency risk arising from the exposures of the company in Euros is minimal.
In the first half of 2022 and in 2021 the Group has not acted in the field of research and development.
The Group does not have any branches.

Important events during the period

Management is closely monitoring the course of the military conflict between Ukraine and Russia, the effect of sanctions and the health situation related to the Covid-19 coronavirus and is looking for ways to mitigate the impact of these external adverse factors on the operating activities of TPP Maritsa East 2 EAD. Management will continue monitoring the potential influence and take all possible steps to reduce any eventual effects.

Post-reporting date events

No adjusting events or significant non-adjusting events occurred between the date of the interim condensed consolidated financial statements and the date of its approval for publication, except for the following non-adjusting events:

In the first half of 2022, TPP Maritsa East 2 EAD submitted applications to the regulatory authority CEWR related to the change of prices for sales on the regulated market for the new regulatory period starting on 1 July 2022. Together with the application for price setting for the regulatory period 1 July 2022 - 30 June 2023 the Company also submitted a request for cost compensation as part of the critical infrastructure in the energy sector pursuant to Article 35 of the Energy Act. The EWRC partially accepted the request of TPP Maritsa East 2 EAD for compensation of costs amounting to BGN 53 340 thousand under Article 35 of the Energy Act, by, pursuant to Decision No. TS-27/01.07.2021, the EUSF will compensate the public provider, respectively the Public Provider NEK EAD shall compensate TPP Maritsa East 2 EAD in 12 equal monthly instalments of BGN 4 445 thousand each within the price period 1 July 2022 - 30 June 2023. In accordance with the above, as of 01.07.2022, the EWRC approved the price for access to the electricity transmission network for electricity producers in the amount of BGN 2.30/MWh (reduction by BGN 0.12/MWh), which shall be paid by TPP Maritsa East 2 EAD to ESO EAD.

According to Decision No.TS-19/1 July 2022 of the EWRC, the price of electricity was calculated at BGN 328.11/MWh, but although it is by 23.86% lower than the estimated market price of BGN 430.94/MWh set by the EWRC, no availability was determined and the EWRC refused to TPP Maritsa East 2 EAD to fix the price for selling electricity to the public provider.

Pursuant to §24 of the Act on Amendment and Supplement to the Act on the State Budget of the Republic of Bulgaria for 2022, published in State Gazette No.52 dated 05.07.2022, the public enterprises within the meaning of Article 2, paragraph 1 of the Act on Public Enterprises in the Energy Sector with 100% state participation in the capital, shall make earmarked contributions to the Electricity System Security Fund, which shall be used to cover costs under Article 36, paragraph 4, item 4 of the Energy Act. The amount of the earmarked contributions shall be determined by the Council of Ministers as per proposal from the Minister of Energy, by the earmarked contributions shall be paid within the period specified in the Decision of the Council of Ministers determining and recognising them as current operating expenses for taxation purposes.

No other significant events have occurred since the date of preparation of the interim condensed consolidated financial statements.

IV. Group development strategy

The development strategy of TPP Maritsa East 2 EAD involves realization of investment projects, whose main objective is TPP rehabilitation and reduction of the environmental pollution. Completion of the main projects is a precondition for TPP Maritsa East 2 EAD to preserve its key position as a major electricity producer. The result from the implementation of investment and maintenance programs is the higher utilization of generating capacities achieved at lower accident rate, higher efficiency and ecology rate of the thermal power plant, ensuring energy security in the country.

V. Management responsibility

The Management confirms that it had applied and observed the approved accounting policy unaltered during the whole reporting period, upon the preparation of the interim condensed consolidated financial statements as at 30 June 2022, and it has made reasonable and circumspect assumptions and estimates. The management also confirms that it has complied with the applicable accounting standards, by the interim condensed consolidated financial statements were prepared on the going-concern principle. The validity of the going-concern principle depends on the active financial support of the sole shareholder and also on the investment programme implementation within the due dates, which will give the power plant the opportunity to align its production capacities and to conduct its operations in compliance with the international requirements.

The Management bears liability for keeping proper accounting records, for the expedient management of assets and for undertaking the necessary measures for prevention and detection of possible fraud and other irregularities.

Zhivko Dimitrov Dinchev

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Zhivko Dimitrov Dinchev
Executive Director
TPP Maritsa East 2 EAD
Kovachevo village

Interim Condensed Consolidated Statement of Financial Position

Assets	**Note**	**30 June 2022 BGN '000**	**31 December 2021 BGN '000**
Non-current assets			
Property, plant and equipment	4	1 555 243	1 594 929
Intangible assets	5	2 076	2 497
Financial assets at fair value		470	470
Deferred tax assets		7 974	22 751
Non-current assets		**1 565 763**	**1 620 647**
Current assets			
Receivables from related parties	8	232 534	175 084
Greenhouse gas emissions		171 196	28 533
Inventories		71 857	76 909
Trade and other receivables	7	60 884	3 053
Cash and cash equivalents	9	23 218	12 654
Assets included in disposal groups, classified as held for sale	10	-	653
Current assets		**559 689**	**296 886**
Total assets		**2 125 452**	**1 917 533**

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The interim condensed consolidated financial statements were authorized for issue by the decision of the Board of Directors on 2 August 2022.

With independent auditors' report dated 9 August 2022.

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Notes to the interim condensed consolidated financial statements, pages 8 to 31, form an integral part thereof.

Interim Condensed Consolidated Statement of Financial Position (continued)

Equity and Liabilities	**Note**	**30 June 2022 BGN '000**	**31 December 2021 BGN '000**
Equity			
Share capital	11.1	687 632	687 632
General reserves	11.2	144 685	144 685
Reserve from revaluations under defined benefit plans	11.2	(42 470)	(42 470)
Revaluation reserve of non-financial assets	11.2	865 466	865 582
Accumulated loss		(948 174)	(1 288 448)
Total equity		**707 139**	**366 981**
Liabilities			
Non-current liabilities			
Long-term loans to related parties	16	940 933	1 037 463
Liabilities for retirement and other employee benefits		43 267	45 350
Financing		17 592	19 114
Deferred tax liabilities		42 031	45 981
Provision for reclamation		5 488	5 488
Non-current liabilities		**1 049 311**	**1 153 396**
Current liabilities			
Short-term payables to related parties	16	209 844	145 408
Trade and other payables		141 247	182 990
Liabilities for retirement and other employee benefits		14 868	15 129
Financing		3 043	3 043
Provision for greenhouse gas emissions		-	49 313
Liabilities included in disposal groups, classified as held for sale	10	-	1 273
Current liabilities		**369 002**	**397 156**
Total liabilities		**1 418 313**	**1 550 552**
Total equity and liabilities		**2 125 452**	**1 917 533**

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Notes to the interim condensed consolidated financial statements, pages 8 to 31, form an integral part thereof.

Interim Condensed Consolidated Statement of Profit or Loss

	Note	For 6 months as at 30 June 2022 BGN '000	For 6 months as at 30 June 2021 BGN '000
Revenue from sales		1 709 048	189 603
Other income		5 509	2 552
Income		**1 714 557**	**192 155**
Fuel and electricity costs		(167 403)	(51 425)
Costs for other materials		(23 396)	(9 093)
Hired services expenses		(30 601)	(21 568)
Expenses for depreciation and impairment of non-financial assets	4,5	(68 910)	(53 742)
Employee benefits expenses		(62 588)	(53 863)
Greenhouse gas emissions costs		(906 835)	(214 472)
Costs for impairment of Financial Assets		(550)	(355)
Other expenses		(85 742)	(9 736)
Profit/(loss) from operating activities		**368 532**	**(223 198)**
Financial costs		(18 301)	(15 670)
Financial income		134	67
Profit/(loss) before tax		**350 365**	**(237 702)**
Income tax expenses	13	(10 827)	(8 366)
Profit/(loss) for the period of continuing operations		**339 538**	**(246 068)**
Profit/(loss) for the period of discontinued operations	10	728	(3 286)
Profit/(loss) for the period		**340 266**	**(249 354)**

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Interim Condensed Consolidated Statement of Comprehensive Income

	Note	For 6 months as at 30 June 2022 BGN '000	For 6 months as at 30 June 2021 BGN '000
Profit/(Loss) for the period		**340 266**	**(249 354)**
Items that are reclassified to profit or loss:			
Reclassification to profit or loss on disposal of subsidiary		(108)	-
Total comprehensive income for the period		**340 158**	**(249 354)**

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Interim Condensed Consolidated Statement of Changes in Equity

All amounts are in BGN '000	Share capital	Other reserves	Remeasurement of defined benefit plans	Revaluation reserves of non-financial assets	Accumulated loss	Total equity
Balance as at 1 January 2022	**687 632**	**144 685**	**(42 470)**	**865 582**	**(1 288 448)**	**366 981**
Profit for the period	-	-	-	-	340 266	**340 266**
Other comprehensive income	-	-	-	(108)	-	**(108)**
Total comprehensive income for the period	**-**	**-**	**-**	**(108)**	**340 266**	**340 158**
Transfer of revaluation reserve of non-financial assets to retained earnings	-	-	-	(8)	8	-
Balance as at 30 June 2022	**687 632**	**144 685**	**(42 470)**	**865 466**	**(948 174)**	**707 139**

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Interim Condensed Consolidated Statement of Changes in Equity (continued)

All amounts are in BGN '000	**Share capital**	**Other reserves**	**Remeasurement of defined benefit plans**	**Revaluation reserves of non-financial assets**	**Accumulated loss**	**Total equity**
Balance as at 1 January 2021	**687 632**	**144 654**	**(34 118)**	**651 957**	**(1 154 841)**	**295 284**
Losses for the period	-	-	-	-	(249 354)	**(249 354)**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(249 354)**	**(249 354)**
Transfer of revaluation reserve of non-financial assets to retained earnings	-	-	-	(141)	141	-
Balance as at 30 June 2021	**687 632**	**144 654**	**(34 118)**	**651 816**	**(1 404 054)**	**45 930**

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Interim Condensed Consolidated Statement of Cash Flows

	Note	For 6 months as at 30 June 2022 BGN '000	For 6 months as at 30 June 2021 BGN '000
Operating activity			
Proceeds from customers		2 024 928	239 461
Payments to suppliers		(1 509 967)	(85 869)
Payments to personnel and social security institutions		(64 353)	(56 232)
Cash flows related to other taxes and payments to the state budget		(381 943)	(30 527)
Receipts from interest, guarantees and other		2 159	1 023
Payments for guarantees at maturity and other		(7 348)	(2 487)
Cash flows from exchange rate differences, net		(5)	(2)
Net cash flow from continuing operations		**63 471**	**65 367**
Net cash flow from discontinued operations	10	(712)	(2 967)
Net cash flow from operating activity		**62 759**	**62 400**
Investment activity			
Acquisition of property, plant and equipment		(19 528)	(40 597)
Proceeds from participations in commercial companies		134	67
Sale of subsidiaries, net of cash		(55)	-
Net cash flow from continuing operations		**(19 449)**	**(40 530)**
Net cash flow from discontinued operations	10	572	(23)
Net cash flow from investment activity		**(18 877)**	**(40 553)**
Financing activity			
Repayments of loans received from related parties		-	(10 000)
Payments of interests on loans received from related parties		(16 901)	-
Payments on deferred trade payables		(15 182)	(5 914)
Payments of interest on deferred trade payables		(1 173)	(21)
Other payments related to financing activities		(211)	(42)
Net cash flow from financing activity		**(33 467)**	**(15 977)**
Net change in cash and cash equivalents		**10 415**	**5 870**
Cash and cash equivalents at the beginning of the period		12 849	27 000
Effect of expected credit loss		(46)	1
Cash and cash equivalents at the end of the period	9	**23 218**	**32 871**
Cash and cash equivalents included in disposal group		**-**	**237**
Cash and cash equivalents from continuing activities	9	**23 218**	**32 634**

Compiled by: Sotir Petkov Sotirov (Digitally signed by Sotir Petkov Sotirov Date: 2022.08.09 09:41:13 +03'00')
/Sotir Sotirov/

Executive Director: Zhivko Dimitrov Dinchev (Digitally signed by Zhivko Dimitrov Dinchev Date: 2022.08.09 09:46:21 +03'00')
/Zhivko Dinchev/

The interim condensed consolidated financial statements were authorized for issue by the decision of the Board of Directors on 2 August 2022.
With independent auditors' report dated 9 August 2022.

Grant Thornton OOD

Mariy Apostolov
Manager
MARIY GEORGIEV APOSTOLOV (Digitally signed by MARIY GEORGIEV APOSTOLOV Date: 2022.08.09 10:27:02 +03'00')

Grant Thornton OOD
SYLVIA BORISLAVOVA DINOVA (Digitally signed by SYLVIA BORISLAVOVA DINOVA Date: 2022.08.09 10:20:46 +03'00')
Silvia Dinova
Registered Auditor

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Dimitrina Zaharinova
Registered Auditor
Manager
Димитрина Захаринова
Регистриран одитор
Управител
Dimitrina Dimitrova Zaharinova (Dimitrina Dimitrova Zaharinova София 2022.08.09 11:03:30+03'00')

Notes to the interim condensed consolidated financial statements, pages 8 to 31, form an integral part thereof.

Notes to the Interim Condensed Consolidated Financial Statements

1. Scope of Activity of the Group

The Group consists of the Parent company TPP Maritsa East 2 EAD and the subsidiary "Professional Football Club Beroe – Stara Zagora" EAD until the date of its sale, 25 February 2022. The sale was registered with the Registry Agency on 10 March 2022.

Scope of activity of the Parent company

The main activity of TPP Maritsa East 2 EAD is generation of electricity, as well as construction and maintenance activities in the field of electric power and thermal power engineering.

The Company is registered as sole joint-stock entity with 100% state participation. In pursuance of Order No.DV-267/26.06.2000 of the Chairman of the State Agency for Energy and Energy Resources and corporate decision No.2591/30.06.2000 of Stara Zagora District Court, TPP Maritsa East 2 EAD was established by spin-off from NEK EAD, Sofia, and registered in the Commercial register. Official seat and registered office of the Company is: Kovachevo village, Radnevo Municipality, Stara Zagora District – postal code 6265.

TPP Maritsa East 2 EAD is a sole joint-stock company with a single tier management system. As at 30 June 2022 the Company is managed by 5 (five)- member Board of Directors including: Boncho Bonev – Chairman, eng. Zhivko Dinchev, Boyan Boev, Ruslan Germanov and Milan Milanov – as members, and it is represented by the Executive Director – eng. Zhivko Dinchev.

Since 18 September 2008, the capital of the TPP Maritsa East 2 EAD is a property of Bulgarian Energy Holding EAD (BEH EAD). Sole shareholder of the capital of BEH EAD is the Republic of Bulgaria, by the rights of the sole shareholder have been exercised by the Minister of Energy, who, in his capacity of a principal, is empowered to take all decisions within the competency of the sole shareholder of BEH EAD.

The staff establishment list accounts 2 328 as at 30 June 2022. The average headcount for the first half of 2022 is 2 281.

2. Basis for preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements for a period of six months up to 30 June 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). They do not contain all disclosures required for the preparation of complete set of annual financial statements in accordance with IFRS, and shall be read together with the annual consolidated financial statements of the Group as at 31 December 2021. The investments in subsidiaries herein have been reported and disclosed pursuant to IAS 27 "Consolidated and Separate Financial Statements" and IFRS 10 "Consolidated Financial Statements".

The interim condensed consolidated financial statements are presented in Bulgarian levs (BGN), which is the functional currency of the Group. All amounts are presented in thousand levs (BGN '000) (including the comparative information for 2021), unless otherwise stated.

Going Concern

The interim condensed consolidated financial statements have been prepared upon observance of the going-concern principle.

For the six months up to 30 June 2022 the Group reports net profit of BGN 340 266 thousand. The ratio between current assets to current liabilities has improved. The current assets of the Group exceed its current liabilities by BGN 190 687 thousand as at 30 June 2022. Net cash flow from operating activities for the period was positive at BGN 62 759 thousand. Shareholders' equity has increased. At the end of the period there were no overdue liabilities to counterparties.

As at 30 June 2022, the Group has liabilities to related parties amounting to BGN 1 150 777 thousand, of which – BGN 1 069 299 thousand to the sole shareholder. The trade liabilities to suppliers and clients for received advance payments, and to related parties amount to BGN 243863 thousand. The Group repays its liabilities to the creditors within the deadlines. As a result of increased electricity prices, the Group expects that future cash flow requirements can be met without additional funding from the sole shareholder or other external sources.

As at the date of these interim condensed consolidated financial statements, management has made an assessment of the ability of TPP Maritsa East 2 EAD to continue as a going concern based on the information available about the foreseeable future, the long-term impact of the COVID-19 pandemic, the military conflict between the Russian Federation and the Republic of Ukraine and the dynamics of the energy market both globally and in Bulgaria. Following the review of operations, and through the continued support of the sole shareholder, the Board of Directors expects that TPP Maritsa East 2 EAD will have sufficient financial resources to continue its operational existence for the foreseeable future and will continue applying the going concern basis upon preparation of the consolidated financial statements.

In the longer term, TPP Maritsa East 2 EAD is expected to be directly affected by the new requirements of the European Union set out in the Paris Agreement adopted at the end of 2016, as well as by processes related to increasing the share of clean energy, the competitiveness of renewable energy and, not least, the upcoming unification of energy markets. The adopted National Recovery and Sustainability Plan (NRSP) foresees project studies related to NRSP and energy sector decarbonisation.

TPP Maritsa East 2 EAD is a production source of strategic importance for the country. The plant is a key element in the Bulgarian energy system, providing the main load for consumption as well as regulating the frequency and exchange capacities in the system. The plant is connected to the three voltage levels of the Electric Energy System of the Republic of Bulgaria – 110, 220 and 400 kV, making it a key factor for the sustainable operation of the EEC.

The changes in the European legislation with regard to the introduction of new requirements for the Member States in order to achieve zero greenhouse gas emissions in 2050 represent a serious challenge for the energy sector, respectively for TPP Maritsa East 2 EAD.

3. Changes in the accounting policy

3.1. General

The Group maintains its current accounting records and prepares its financial statements in accordance with all International Financial Reporting Standards (IFRS), which consist of: Financial Reporting Standards and IFRS Interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards and Interpretations of the Standing Interpretations Committee (SIC) approved by the International Accounting Standards

Board (IASB), which have been adopted by the European Union (EU) and are effective as of 1 January 2022.

These interim condensed consolidated financial statements have been prepared in accordance with the adopted accounting policy in the latest annual financial report of the Group as at 31 December 2021. The new standards, revisions and interpretations to IFRS, which are mandatory for initial application in the financial year beginning on 1 January 2022, were applied. The Group has adopted all new and/or revised standards and interpretations, issued by the International Accounting Standards Board (IASB) and adopted by EU, and respectively by International Financial Reporting Interpretations Committee (IFRIC).

3.2. Presentation of the consolidated financial statements

The interim consolidated financial statements are presented in accordance with IAS 1 “Presentation of Financial Statements” (revised 2016). The Group agreed to regularly present the interim condensed consolidated statement of profit or loss and the other comprehensive income in two separate statements: interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income.

In the consolidated statement of financial position two comparative periods are presented when the Group:
a) applies the accounting policies retrospectively;
b) recalculates positions in the consolidated financial statements retrospectively; or
c) reclassifies positions in the consolidated financial statements,

when this has a substantial effect on the information in the consolidated statement of financial position as at the beginning of the previous period.

3.3. Basis for consolidation

In the interim condensed consolidated financial statements of the Group the financial statements of the Parent Company and all the subsidiaries were consolidated as at 30 June 2022. Subsidiaries are all entities under the control of the Parent company. There is control, when the parent company is exposed to, or has rights over variable returns from its involvement in the investee, and is able to affect this return by means of exercising its rights over the investee. All subsidiaries have reporting period ending on 31 December.

All intra-group transactions and balances are eliminated, including unrealized profits on and losses from transactions between the companies in the Group. When unrealized losses from intragroup sales of assets are eliminated, the respective assets are tested for impairment in terms of the Group. The amounts presented in the financial statements of subsidiaries undergo adjustment where necessary, to ensure consistency with the accounting policies applied by the Group.

Profit or loss and other comprehensive income of subsidiaries that have been acquired or sold during the year shall be recognized as of the date of acquisition or respectively up to the date of their sale.

If the Group loses control on the subsidiary, any investment retained in the former subsidiary is recognized at fair value as at the date of loss of control, by the change in the carrying value is included in the profit or loss statement. The fair value of any investment retained in the former subsidiary as at the date of loss of control is considered fair value upon initial recognition of a financial asset in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” or, where appropriate, the cost price upon initial recognition of an investment in an associate or jointly controlled entity. In addition, all amounts recognized in other comprehensive income in relation to that subsidiary are reported on the same basis as would be required if the Group had directly disposed of the related assets or liabilities (e.g. reclassified to profit or loss or charged directly to retained earnings in accordance with the relevant IFRS).

The profit or loss arising on derecognition of an investment in a subsidiary is the difference between i) the sum of the fair value of the consideration received and the fair value of any retained investment in the former subsidiary, and ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest.

3.4. Business combinations

All business combinations are reported as per the purchase method. The consideration transferred in a business combination is measured at fair value, which is calculated, by the sum of the fair values as at the date of acquisition of the assets transferred by the acquirer, the obligations assumed by the acquirer to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of assets or liabilities arising out of contingent remunerations. Acquisition costs are reported in profit or loss in the period of their occurrence.

The purchase method includes recognition of the identifiable assets and liabilities of the acquired entity, including contingent liabilities, irrespective of whether they have been recognized in the financial statements of the acquiree prior to the business combination. Upon initial recognition assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair value, which serves as the basis for subsequent evaluation in accordance with the accounting policy of the Group.

For each business combination the Group assesses any non-controlling interest in the acquiree, which represents a share of its equity and entitles a liquidation share, either at fair value, or at proportionate share of non-controlling interest in net identifiable assets of the acquired enterprise. Other types of non-controlling interest are assessed at fair value or, if applicable, on a basis specified in another IFRS.

Goodwill is recognized after determination of all identifiable intangible assets. It represents excess of the sum of a) the fair value of the remuneration transferred as at the acquisition date and b) the amount of any non-controlling interest in the acquiree, and c) in a business combination achieved in stages, the fair value as at the date of acquisition of the capital interest of the Group held before in the acquiree, exceeding the fair value of net identifiable assets of the acquired company as at the acquisition date. Any excess of the fair value of the net identifiable assets over the amount above calculated shall be recognized in the profit or loss immediately after acquisition.

When a business combination is achieved in stages, the Group revaluates its capital interest in the acquiree before the acquisition at fair value as at the date of acquisition (i.e. as at the date of control acquisition) and recognizes the resulting profit or loss, if any, in the profit or loss. The sums recognized in the other comprehensive income from equity interest in the acquiree prior to the date of control acquisition shall be recognized on the same basis, as if the Group has directly disposed of the formerly held equity interest.

If the initial accounting of the business combination has not been completed till the end of the reporting period, during which the combination occurs, the Group reports provisional amounts for the items for which the accounting has not completed. During the evaluation period, which shall not exceed one year from the date of acquisition, the Group corrects retroactively these provisional amounts or recognizes additional assets or liabilities to reflect the new received information on the facts and circumstances existing as at the date of acquisition and, if they were known, would affect the evaluation of sums recognized as at this date.

Any contingent consideration payable by the acquirer is recognized at fair value as at the acquisition date and included as a part of the consideration transferred in exchange for the acquiree. Subsequent change in the fair value of the contingent consideration classified as asset or liability shall be recognized in compliance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement" either in the profit or loss, or as a change in other comprehensive income. If the contingent consideration was classified as equity, it is not revalued until its final settlement in equity. Changes in the fair value of the contingent consideration that represent provisional amounts within the period of evaluation are accounted retrospectively affecting the goodwill.

3.5. New Standards, Amendments and Interpretations effective for the financial year beginning on 1 January 2022

The Group adopted the following new standards, amendments and interpretations to IFRSs issued by the International Accounting Standards Board and endorsed by the EU, which are relevant and effective for financial statements of the Group for the annual period beginning on 1 January 2022, but do not exert a significant impact on the financial performance or positions of the Group:

– Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets effective as of 1 January 2022, adopted by the EU

– Annual Improvements 2018-2020 effective from 1 January 2022, adopted by the EU.

3.6. Standards and interpretations issued by the IASB which have not yet entered into force and are not applied earlier by the Group

As at the date of approval of these financial statements, some new standards, amendments and interpretations to the existing ones have been issued but are not effective or have not been endorsed by the EU for the financial year beginning on 1 January 2022 and have not been previously applied by the Group. They are not expected to have any material impact on the Group's financial statements. Management expects that all standards and amendments will be adopted in the Group's accounting policy in the first period beginning after their effective date. A list of the changes in standards is provided below:

- Amendments to IFRS 17 Insurance Contracts effective from 1 January 2023, adopted by the EU.
- Amendments to IAS 1 Presentation of Financial Statements, IFRS Statements for Annex 2: Disclosure of Accounting Policies, effective from 1 January 2023, adopted by the EU.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective from 1 January 2023, adopted by the EU.
- Amendments made to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, effective from 1 January 2023, not yet endorsed by EU.
- Amendments made to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective from 1 January 2023, not yet endorsed by EU.
- Amendments made to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 – Comparative information, effective from 1 January 2023, not yet endorsed by EU.
- Amendments made to IFRS 14 Regulatory Deferral Accounts, effective from 1 January 2016, not yet endorsed by EU.

3.7. Significant estimates of the management upon application of the accounting policy

Upon preparation of interim financial statements the Management undertakes a number of judgements, estimates and assumptions, which affect the values of the reported assets and liabilities and the disclosure of contingent liabilities as at the date of the interim consolidated statement of financial position, as well as the reported income and expenses for that period.

The actual results may differ from the management's judgements, estimates and assumptions and, in rare cases, are fully consistent with the previously estimated results.

Upon preparation of the submitted interim condensed consolidated financial statements, the significant judgments of the management upon applying the accounting policies of the Group and the main sources of uncertainty of accounting estimates do not differ from those disclosed in the annual financial statements of the Group as at 31 December 2021, except changes in the estimate of the liabilities for income tax expenses.

3.8. Risk management with regard to financial instruments

The Group is exposed to various types of risks when it comes to its financial instruments. The most significant financial risks, to which the Group is exposed are the market risk, credit risk and liquidity risk.

The risk management of the Group is carried out by its managing body in cooperation with the Board of Directors. Priority of the management is to provide cash flows for timely payment in pursuance of the contractual obligations to counterparties.

The Group is neither actively committed with trading of financial assets for speculative purposes, nor it issues any options.

The interim condensed consolidated financial statements do not include all information related to the risk management and disclosures required for preparation of annual financial statements and shall be read together with the annual consolidated financial statements of the Group as at 31 December 2021. None changes were made to the risk management policy with regard to financial instruments during the period.

4. Property, plant and equipment

The property, plant and equipment of the Company include lands, land improvement, buildings, machines, plant and equipment, transport means, fixtures and fittings, and costs for acquisition of properties, plant and equipment. Their carrying amount can be analyzed, as follows:

6 months as at 30 June 2022	**Lands and buildings**	**Plant, machines and equipment**	**Transport means**	**Fixtures and fittings**	**Acquisition costs**	**Total**
	BGN ‘000	**BGN ‘000**	**BGN ‘000**	**BGN ‘000**	**BGN ‘000**	**BGN ‘000**
Reported amount						
Balance as at 1 January 2022	136 684	1 440 945	3 791	3 044	20 925	1 605 389
Acquired assets	-	334	11	22	28 744	29 111
Transfer of assets	73	9 146	28	-	(9 247)	-
Disposals	-	(1)	-	(13)	(359)	(373)
Balance as at 30 June 2022	136 757	1 450 424	3 830	3 053	40 063	1 634 127
Depreciation						
Balance as at 1 January 2021	(77)	(6 195)	(1 707)	(2 481)	-	(10 460)
Accrued	(2 057)	(66 089)	(209)	(83)	-	(68 438)
Disposals	-	1	-	13	-	14
Balance as at 30 June 2021	(2 134)	(72 283)	(1 916)	(2 551)	-	(78 884)
Carrying amount as at 30 June 2021	**134 623**	**1 378 141**	**1 914**	**502**	**40 063**	**1 555 243**

For the year as at 31 December 2021	**Lands and buildings**	**Plant, machines and equipment**	**Transport means**	**Fixtures and fittings**	**Acquisition costs**	**Total**
	BGN '000	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**
Carrying amount						
Balance as at 1 January 2021	146 247	1 405 720	4 813	3 851	52 415	1 613 046
Acquired assets	3	1 085	12	71	69 356	70 527
Revaluation recognized in equity	2 456	234 435	695	-	-	237 586
Impairment cost	(155)	(2 745)	(4)	-	-	(2 904)
Amortization written-off on evaluation	(12 232)	(294 832)	(1 450)	-	-	(308 514)
Transfer of assets	365	97 389	33	25	(97 812)	-
Assets classified as held for sale	-	(15)	(308)	(846)		(1 169)
Disposals	-	(92)	-	(57)	(3 034)	(3 183)
Balance as at 31 December 2021	136 684	1 440 945	3 791	3 044	20 925	1 605 389
Depreciation						
Balance as at 1 January 2021	(8 276)	(195 146)	(2 862)	(3 006)	-	(209 290)
Accrued	(4 033)	(105 985)	(384)	(198)	-	(110 600)
Depreciation written-off on evaluation	12 232	294 832	1 450	-	-	308 514
Assets classified as held for sale	-	12	89	668		769
Disposed	-	92	-	55	-	147
Balance as at 31 December 2021	(77)	(6 195)	(1 707)	(2 481)	-	(10 460)
Carrying amount as at 31 December 2021	**136 607**	**1 434 750**	**2 084**	**563**	**20 925**	**1 594 929**

Review for revaluation

In accordance with the accounting policy of the Group, the property, plant and equipment are revalued once per every 3 years or at shorter time intervals. The frequency of subsequent revaluation of property, plant and equipment upon application of the revaluation model depends on whether the carrying amount differs substantially from the fair value of a revalued asset at the end of the reporting period.

As at 31 December 2021 measurement of the fair value was carried out according to the requirements of IAS 16 and IFRS 13. Revaluation was carried out on the grounds of evaluation of their fair values by an independent licensed evaluator.

The revaluation recognised in equity amounts to BGN 237 586 thousand. The impairment charge amounted to BGN 2 904 thousand, net, by the reported expense is BGN 3 457 thousand, and the reported income from reversal of impairment charge is at the rate of BGN 553 thousand.

According to IFRS 13 "Fair Value Measurement", the measurement of the fair value of non-financial assets takes into account the ability of a market participant to generate economic benefits through using the asset in order to maximize its value or through its sale to another market participant who will be using it in such a way. The assets of TPP Maritsa East 2 EAD included in the revaluation review are specific, strictly related to the activity of the company and any alternative use of most of them is impossible or difficult, i.e. any other use by market participants would be unlikely to maximize the value of the assets, therefore it is assumed that their current use in the main activity maximizes the value.

This revaluation is carried out applying the following two primary approaches and evaluation methods for measuring the fair value of individual categories of property, plant and equipment:

- Market Approach through Market Analogues Method – for land and buildings, about which there is a real market and observed data on prices of recent market deals for similar properties, adjusted for specific factors such as area, location and current use. Fair value is considered to be their market price as determined in accordance with the method of comparison.
- Cost Approach through Amortized Replacement Cost Method – for buildings and structures of special nature.
- Cost Approach through Amortized Replacement Cost Method – to make conclusion for the fair value of machines, plant and equipment, the cost-focused approach is considered as eligible and possibly applicable, through the Method, based on acquisition costs (Amortized Replacement Cost) because of the special nature of the majority of assets. The acquisition costs method measures the value of the asset by determining its new value as at the date of the evaluation, reflecting the cost of its acquisition less its physical wear, functional and economic depreciation as a result of its use. The method produces an indicative value using the economic principle that a buyer would not pay for a given asset more than the acquisition cost of an asset with an equivalent utility, whether through purchase or construction as at the date of the evaluation.

The measurement at fair value as at 31.12.2021 is based on observable and unobservable data adjusted for specific factors such as area, location and current use. Directly or indirectly observable input data used in the evaluation is subject to adjustments. For this reason used hypotheses are classified at level 3.

Essential unobserved data is related to the adjustment for the factors specific for the assets of TPP Maritsa East 2 EAD. The extent and direction of this adjusstment depends on the number and characteristics of observed market transactions with similar properties that are used for the purposes of the measurement. Despite the fact that these data represents a subjective judgment, the Management believes that the final assessment would not be influenced significantly by other possible assumptions.

The specifics of the Group's assets and the dynamic economic environment in the energy sector could lead to variations in the assumptions and estimates used upon determining of the fair values of property, plant and equipment.

Review for impairment

As at 31 December 2021 the Group carried out a review for impairment of property, plant and equipment jointly with a licensed appraiser upon observance of the requirements of IAS 36 "Impairment of Assets". On the basis of the review performed no indications were established that the carrying value of property, plant and equipment exceeds their recoverable value.

Acquisition costs of fixed tangible assets

As at 30 June 2022, TPP Maritsa East 2 EAD has contractual obligations for acquisition, reconstruction and modernization of facilities, the most significant of which are related to the realization of the projects included in the National Investment Plan of Republic of Bulgaria with regard to request for derogation under Art.10 from Directive 2003/87/EC of the European Parliament and the Council, amended by Directive 2009/29/EC.

Collaterals on loans

The Group has not pledged any property, plant and equipment as collateral of its liabilities.

Other disclosures

For the property, plant and equipment reported at revalued amount, the disclosure of carrying value, which would be recognized if the assets were reported, using the acquisition cost method, is practically inapplicable due to the complexity of assets owned and the long periods of their possession by the Group.

5. Intangible assets

Intangible assets of the Company include software and other intangible assets. Their carrying value for the reporting periods can be analyzed, as follows:

6 months as at 30 June 2022	Software	Other intangible assets	Goodwill	Total
	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying value				
Balance as at 1 January 2022	3 701	260	1 392	5 353
Newly acquired	51	-	-	51
Assets written off	-	-	(1 392)	(1 392)
Balance as at 30 June 2022	3 752	260	-	4 012
Amortization				
Balance at 1 January 2022	(1 389)	(75)	(1 392)	(2 856)
Accrued	(461)	(11)	-	(472)
Impairment written off	-	-	1 392	1 392
Balance at 30 June 2022	(1 850)	(86)	-	(1 936)
Carrying value as at 30 June 2022	**1 902**	**174**	**-**	**2 076**

For the year ended as at 31 December 2021	Software	Other intangible assets	Leased assets improve-ments	Competition and intellectual property rights	Goodwill	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount						
Balance as at 1 January 2021	1 223	260	5 550	59	1 392	8 484
Newly acquired	2 500	-	-	-	-	2 500
Assets classified as held for sale	-	-	(5 550)	(59)	-	
Assets written off	(22)	-	-	-	-	(22)
Balance as at 31 December 2021	3 701	260	-	-	1 392	5 353
Amotrization						
Balance as at 1 January 2021	(515)	(53)	(4 424)	(35)		(5 027)
Accrued	(896)	(22)	-	-		(918)
Assets classified as held for sale	-	-	4 424	35		4 459
Impairment	-	-	-	-	(1 392)	(1 392)
Written off	22	-	-	-		22
Balance as at 31 December 2021	(1 389)	(75)	-	-	(1 392)	(2 856)
Carrying value as at 31 December 2021	**2 312**	**185**	**-**	**-**		**2 497**

Impairment of intangible assets

In accordance with its accounting policy, the Group considers whether there is any indication that the value of a given intangible asset is impaired as at the date of compilation of the annual financial statements or another reporting date, if such has been fixed.
As at 31 December 2021, the Group's management performed an impairment review of intangible assets together with a licensed appraiser meeting the requirements under IAS 36 "Impairment of Assets".
Based on the review performed, impairment indications were identified of the intangible assets value (leasehold improvements and racing and intellectual property rights, including goodwill) by the same are 100% impaired, which is primarily due to the considerable changes that have occurred during the reporting period exerting a negative effect on the Group and its business plans, for which the mentioned assets have been used, and the legal environment, where the Group operates.

Impairment of goodwill as at 31.12.2021 and write-off of impairment as at 30.06.2022 in connection with the sale of the subsidiary "Professional Football Club Beroe - Stara Zagora" EAD

On 25 February 2022, TPP Maritsa East 2 EAD sold to NGO "Association for Support of Football - Beroe", UIC 206794473, 100% of its participation in the capital of Professional Football Club Beroe - Stara Zagora EAD for the price of 1 BGN. As the investment was fully impaired in prior periods, TPP Maritsa East 2 EAD did not realise any material losses or gains on the sale.
On 10 March 2022 the changes in the current status of Professional Football Club Beroe - Stara Zagora EAD were published in the Commercial Register. As of this date the sole owner of the capital of Professional Football Club Beroe - Stara Zagora EAD is NGO "Association for Support of Football – Beroe".
The relevant loss from goodwill impairment for the amount of BGN 1392 thousand was included in the consolidated statement of profit or loss for 2021 in the line "Expenses for depreciation and amortization and impairment of non-financial assets".

6. Financial assets at fair cost

As at 30 June 2022 the Company has an interest of 0.96% of the capital (number of shares – 43 196 with par value of BGN 172 784) of ZAD Energia AD (Insurance Joint Stock Company). ZAD Energia AD was established in Bulgaria. The investment as at 30.06.2022 and 31.12.2021 is measured at fair cost. According to the discounted dividend method, the fair value of one share as at 31.12.2021 is BGN 10.89 and there is not any significant change as at 30 June 2022. The assessment was carried out in accordance with Bulgarian Valuation Standards, the Accountancy Act, IFRS 9, IFRS 13, as well as the accounting policy of the Group. According to IFRS 13 Fair Value Measurement, the measuring of fair value of non-financial assets takes into account the ability of a market participant to generate economic benefits through using the asset in order to maximize its value or through its sale to another market participant, who will be using it in such a way.

The amounts recognized in the interim condensed consolidated statement of financial position relate to the following categories of financial assets:

Financial assets	**30.06.2022 BGN '000**	**31.12.2021 BGN '000**
Investments in equity instruments, carried at fair value through other comprehensive income		
ZAD "Energy"	470	470
Carrying value	**470**	**470**

In the first half of 2022 the Group reported dividend income from ZAD Energia AD in the amount of BGN 134 thousand.

7. Trade and other receivables

	30.06.2022 BGN '000	**31.12.2021 BGN '000**
Trade receivables	630	486
Impairment of trade receivables	(4)	(2)
Trade receivables, net amount	**626**	**484**
Other receivables – Deposited guarantee securities	313	313
Other receivables, net amount	**313**	**313**
In-court and judged receivables	18 804	18 646
Impairment of in-court and judged receivables	(18 305)	(17 803)
In-court and judged receivables, net amount	**499**	**843**
Financial assets	**1 438**	**1 640**
Prepaid insurance expenses	5 876	1 041
Budget receivables	53 499	353
Paid advances	53	17
Other short-term receivables	18	2
Non-financial assets	**59 446**	**1 413**
Trade and other receivables	**60 884**	**3 053**

As at 30.06.2022 the Group has not pledged its receivables from clients as collateral of liabilities.

All trade, in-court and judged receivables as at 30.06.2022 have been reviewed for indications for impairment.

For trade, in-court and judged receivables the impairment as at 30.06.2022 was calculated in accordance with the methodology, adopted in the accounting policy of the Group.

The change in impairment of the trade, in-court and judged receivables can be presented in the following way:

Impairment	**Expected credit losses as at 31.12.2021**	**Change during 6 months up to 30.06.2022**	**Expected credit losses as at 30.06.2022**
Non-current and current trade receivables	(2)	(2)	(4)
In-court and judged receivables	(17 803)	(502)	(18 305)
	(17 805)	**(507)**	**(18 309)**

As at 30.06.2022 an expense was reported due to impairment of trade, in-court and judged receivables, which amounts to BGN 507 thousand (as at 30 June 2021, 356 thousand was reported). Impairment is reported in the interim condensed consolidated statement of profit or loss on line “Costs for Impairment of Financial Assets”.

8. Receivables from related parties

	30.06.2022 BGN ‘000	31.12.2021 BGN ‘000
Trade receivables	217 604	166 567
Other receivables – Deposited guarantee securities	14 930	8 517
Trade receivables from related parties	**232 534**	**175 084**
Financial assets	**232 534**	**175 084**
Receivables from related parties	**232 534**	**175 084**

9. Cash and cash equivalents

	30.06.2022 BGN ‘000	31.12.2021 BGN ‘000
Cash in bank accounts	23 133	12 486
Cash in hand	33	70
Blocked cash of special purpose	150	150
Cash in the statements of cash flows	**23 316**	**12 706**
Impairment of cash	**(98)**	**(52)**
Cash in the statements of financial position	**23 218**	**12 654**

The sum of cash and cash equivalents as at 30 June 2022 includes BGN 150 thousand blocked cash. The funds are in a special purpose account and serve as collateral within the meaning of Art.19, para 2 of the Rules on the Conditions and Procedure for Access to the Electricity Transmission System and Distribution Networks.

All available cash of TPP Maritsa East 2 EAD in Commercial banks as at 30 June 2022 were reviewed for impairment indications.

As at 30 June 2022 the impairment was calculated in accordance with the methodology adopted by the accounting policy of the Group.

As at 30.06.2022 impairment of cash and cash equivalents amounted to BGN 46 thousand (as at 30.06.2021 impairment of cash and cash equivalents amounted to BGN 1 thousand). The impairment was reported in the interim condensed consolidated statements of profit or loss in the line “Accrued/reversed impairment of financial assets”.

The change in impairment of cash can be presented in the following way:

	30.06.2022 BGN ‘000	31.12.2021 BGN ‘000
Balance as at 1 January	52	91
Accrued impairment	46	-
Reversed impairment	-	(39)
Balance as at the end of the period	**98**	**52**

10. Assets and exemption groups classified as held for sale

In accordance with the government's policy to optimize the costs of state energy companies, the Board of Directors of TPP Maritsa East 2 EAD, according to item 13 of Minutes № 54/15.12.2021, decided to perform the necessary actions to transfer the ownership of all available, ordinary, registered shares in the amount of 5 480 000 shares, property of TPP Maritsa East 2 EAD, representing 100% of the capital of "Professional Football Club Beroe - Stara Zagora" EAD, after receipt of a prior consent from BEH EAD – the sole owner of the capital of TPP Maritsa East 2 EAD.

Further to above, by decision under item II.9 of Protocol № 67-2021/22.12.2021, the Board of Directors of BEH EAD gave prior consent to the above decisions and assigned to the Executive Director of TPP Maritsa East 2 EAD to report all pre-agreed terms of the disposal transaction before implementing the legal and actual actions for the transfer of ownership of the shares in order to get the final decision by the Board of Directors of Bulgarian Energy Holding EAD.

Pursuant to the above-mentioned decisions, on 25 February 2022, in the city of Stara Zagora, a sale and purchase contract was signed between TPP Maritsa East 2 EAD and NGO "Association for Support of Football – Beroe", UIC 206794473, for the sale of 5 480 000 shares representing 100% (one hundred per cent) of the capital of Professional Football Club Beroe – Stara Zagora EAD.

On 10 March 2022 the changes in the current state of "Professional Football Club Beroe - Stara Zagora" EAD were published in the Commercial Register. As of this date, the sole owner of the capital of "Professional Football Club Beroe - Stara Zagora" EAD is NGO "Association for Support of Football – Beroe".

Income and expenses, profits and losses related to this group are eliminated from the profit or loss from continuing activities of the Group and are presented on a separate line in the interim condensed consolidated statement of profit or loss and other comprehensive income "Loss for the year from discontinued operations". The operating loss of the exemption group up to the date of sale, classified as held for sale, may be presented as follows:

	30.06.2022 BGN '000	**30.06.2021 BGN '000**
Income	851	393
Material costs	(16)	(132)
Costs for external services	(54)	(572)
Staff costs	(589)	(2 506)
Depreciation	(15)	(420)
Other expenses	(91)	(56)
Profit/(Loss) from operating activities	**86**	**(3 293)**
Financial costs	(8)	(14)
Profit/(Loss) from discontinued operations before taxes	78	(3 307)
Tax profit	-	21
Profit/(Loss) for the period	**78**	**(3 286)**
Profit from disposal of a subsidiary	**650**	**-**
Profit/(Loss) for the year from discontinued operations	**728**	**(3 286)**

The exemption group classified as held for sale was sold for the total amount of BGN 1 in cash on 25 February 2022.
The carrying value of assets and liabilities held for sale may be presented as follows:

	31.12.2021 BGN '000
Non-current assets	
Properties, machines and equipment	235
Postponed taxes	10
Current assets	
Inventories	101
Trade and other receivables	112
Cash and cash equivalents	195
Assets, classified as held for sale	**653**
Current liabilities	
Staff liabilities	339
Trade and other payables	934
Liabilities, classified as held for sale	**1 273**

The cash flows generated by the exemption group can be presented as follows:

	30.06.2022 BGN '000	30.06.2021 BGN '000
Operations	(712)	(2 967)
Investment activity	572	(23)
Cash flows from discontinued operations	**(140)**	**(2 990)**

11. Shareholders' equity

11.1. Share capital

The registered capital of TPP Maritsa East 2 EAD as at 30 June 2022 consists of 68 763 161 ordinary shares with par value of BGN 10 each. All shares are entitled to dividend and liquidation share, and represent one vote from the general meeting of shareholders of the Company.

	30.06.2022 Number of shares	31.12.2021 Number of shares
Number of issued and fully paid shares:		
At the beginning of the period	68 763 161	68 763 161
Total number of shares authorized at the end of the period	**68 763 161**	**68 763 161**

The sole shareholder of the Group is Bulgarian Energy Holding EAD.

11.2. Reserves

The reserves of the Group include statutory and other reserves, remeasurement of defined benefit plans and revaluation reserve of non-financial assets.

Statutory reserves

Statutory reserves are formed by the joint-stock companies as distribution of profit, pursuant to Art. 246 of the Commercial Act. They are accumulated until they reach one-tenth or a bigger part of the share capital. Sources to form the statutory reserves comprise of at least one tenth of net profit, share premiums, as well as funds stipulated in the company statute or by decision of the general meeting of shareholders. Statutory reserves may be used to cover losses from current and previous reporting periods. In certain cases, set by the law, statutory reserves may be used to increase share capital and for dividend distribution.

Other reserves

Other reserves are reserves that the Group makes according to shareholders decision, except the reserves provided for in statutory instruments. Other reserves can be used to cover losses, to increase share capital, to distribute dividends, etc. Other reserves include revaluation of tangible fixed assets from 1997, a reserve from distribution protocol with NEK, reduction of the share participation in DSSD Radnevo, compensations and donations related to past years, profit distributed to reserves and additional reserves acquired by GUP TPP 2 integration in 2000.
By resolution under Protocol No.30-2016 from 2016 of the sole shareholder decision was taken to cover losses from previous years on the account of other reserves to the amount of BGN 77 913 thousand.

Remeasurement of defined benefit plans

According to the requirements of IAS 19, the Group reports actuarial profits and losses into reserve from remeasurement of defined benefit plans.

Revaluation reserve of non-financial assets

Revaluation reserve of non-financial assets is used to reflect the increases in the fair value of property, plant, machinery and equipment and the reductions to the extent where these reductions are associated with an increase of the same asset previously recognized in other comprehensive income.

12. Category of financial assets and liabilities

The carrying amounts of the financial assets and liabilities of the Group may be presented in the following categories:

Financial assets	**30.06.2022**	**31.12.2021**
	BGN '000	**BGN '000**
Loans and receivables:		
Receivables from related parties (Note 8)	232 534	175 084
In-court and judged receivables (Note 7)	499	843
Other receivables – Deposited guarantee securities (Note 7)	313	313
Trade receivables (Note 7)	626	484
Financial assets measured at fair cost (Note 6)	470	470
Cash and cash equivalents (Note 9)	23 219	12 654
Total financial assets	**257 660**	**189 848**

Financial liabilities	**30.06.2022 BGN '000**	**31.12.2021 BGN '000**
Non-current financial liabilities		
Financial liabilities measured at amortised cost:		
Liabilities to related parties (Note 15)	940 933	1 037 463
	940 933	**1 037 463**
Current financial liabilities		
Financial liabilities measured at amortised cost:		
Liabilities to related parties (Note 15)	209 844	145 408
Trade and other liabilities	118 369	16 599
	328 213	**162 007**
Total financial liabilities	**1 269 146**	**1 199 470**

13. Income tax expenses

The recognized tax expenses are based on the best measurement of the managing body for the expected annual rate of corporate tax for 2022, applied for the financial result realized during the current interim period as at 30 June 2022 (expected tax rate as at 30 June 2022 is 10%).

14. Dividends

During the period ended on 30 June 2022 the Group has not paid any dividends. For the previous period ended on 30 June 2021 there were also no payments of dividends.

15. Transactions with related parties

The Company discloses the following related parties:

Owner of the equity /Parent Company/

Bulgarian Energy Holding EAD

Owner of the equity of the parent company

The Bulgarian State through the Minister of Energy

Entities under common control within the BEH Group

Natsionalna Elektricheska Kompania EAD, NPP Kozloduy EAD, Mini Maritsa - Iztok EAD, Bulgargaz EAD, Bulgartel EAD, Bulgartransgaz EAD, Electricity System Operator EAD, NPP Kozloduy - New Builds EAD, HPP Kozloduy EAD, Interpriborservice OOD, NPP - Construction Supervision EOOD, NPP Service EOOD, Bulgartel-Skopje DOOEL, Balkan Gas Hub EAD

Joint ventures and Associates for BEH Group

ICGB AD, South Stream Bulgaria AD, ContourGlobal Maritsa East 3 AD, ContourGlobal Operations Bulgaria AD, Transbalkan Electric Power Trading SA - NECO S.A., Hydro Power Company Gorna Arda AD, ZAD Energy, POD Allianz Bulgaria AD

Other

Independent Bulgarian Energy Exchange EAD and all entities related to the State.

Key management personnel of the Company:

Boncho Ivanov Bonev – Chairman of the BoD
Zhivko Dimitrov Dinchev – Member of the BoD and Executive Director
Boyan Ivanov Boev – Member of the BoD
Ruslan Tanev Germanov – Member of the BoD
Milan Angelov Milanov – Member of the BoD

Key management personnel of the Parent company:

Veselina Lachezarova Kanatova-Buchkova – Chairman of the BoD
Ivan Todorov Andreev – Member of the BoD and Executive Director
Stelian Penchev Koev – Member of the BoD
Diyan Stanimirov Dimitrov – Member of the BoD
Zheko Mihailov Zhekov – Member of the BoD
Plamen Dilkov Dilkov – Member of the BoD
Anton Georgiev Simeonov – Member of the BoD

Unless otherwise explicitly specified, the transactions with related parties have not been carried out under special terms and no guarantees have been provided or received. Settlement amounts are usually paid through bank transfer or by offsetting.

15.1. Transactions with the sole owner

	30 June 2022 BGN '000	30 June 2021 BGN '000
Purchase of goods and services:		
- accrued interests on loan from BEH EAD	16 902	15 605
- accrued interest on late payments under holding agreement from BEH EAD	-	24
- purchase of services from BEH EAD	125	106
- purchase of GHG emissions from BEH EAD	1 098 811	338 112
Payments of principals under loans received from BEH EAD	-	10 000

15.2. Transactions with other related parties under common control

	30 June 2022 BGN '000	30 June 2021 BGN '000
Sale of goods and services		
- sale of electricity to Mini Maritsa - Iztok EAD	7 099	-
- collection of the "obligation to society" fee of Mini Maritsa - Iztok EAD	133	-
- collection of excise duty for sale of electricity to Mini Maritsa - Iztok EAD	40	-
- sale of electricity and capacity to NEK EAD	103 719	176 791
- sale of services to NEK EAD	7	4
- sale of services and balancing electricity for power transmission system to ESO EAD	55 449	10 331
Purchase of goods and services		
- purchase of coal and other materials from Mini Maritsa - Iztok EAD	154 471	41 481
- purchase of services from Mini Maritsa - Iztok EAD	1 788	1 092
- accrued interest for late payment from Mini Maritsa - Iztok EAD	1 173	21

- purchase of services by NEK EAD	798	794
- purchase of services by ESO EAD	5 934	295
- purchase of electricity from ESO EAD	10 541	3 234

15.3. Transactions with other related parties

	30 June 2022 BGN '000	30 June 2021 BGN '000
Transactions related to services and complicities		
- dividends distributed from ZAD Energia	134	67

15.4. Transactions with other related parties under common control by the Bulgarian state

	30 June 2022 BGN '000	30 June 2021 BGN '000
Sale of goods and services		
- sale of electricity to IBEX EAD	359 551	1 603
Purchase of goods and services		
- purchase of services by IBEX EAD	3 156	67
- purchase of electricity by IBEX EAD	492	25

15.5. Transactions with key management personnel

Remunerations of the key management personnel include the following expenses:

	30 June 2022 BGN '000	30 June 2021 BGN '000
Short-term remunerations:		
Salaries, including bonuses from continuing activities	188	112
Salaries, including bonuses from discontinued activities	4	14
Social security expenses from continuing activities	9	6
Total short-term remunerations	**201**	**132**
Total remunerations	**201**	**132**

15.6. Balances of related parties as at the end of period

	30.06.2022 BGN '000	31.12.2021 BGN '000
Current receivables from:		
- owner		
BEH EAD - purchase of GHG emissions	182 160	65 441
- other related parties		
NEK EAD – sale of electricity	24 282	87 237
ESO EAD – sale of electricity	8 907	13 847
ESO EAD – guarantees	2 315	2 315
Mini Maritsa - Iztok EAD – sale of materials	-	32
IBEX EAD – sale of electricity	12 615	6 202
IBEX EAD – guarantees	2 255	10
Total current receivables from related parties	**232 534**	**175 084**
Total receivables from related parties	**232 534**	**175 084**

Non-current payables to:	**30.06.2022**	**31.12.2021**
- owner	**BGN '000**	**BGN '000**
BEH EAD – loan (novation of payables)	900 836	981 734
- other related parties		
Mini Maritsa - Iztok EAD – loan (agreement on the rescheduling of payables)	40 097	55 729
Total non-current payables to related parties	**940 933**	**1 037 463**

Current payables to:		
- owner		
BEH EAD – loan (novation of payables)	147 325	66 427
BEH EAD – holding agreement and interest for delay	68	34
BEH EAD – ceded receivables of BEH EAD from CCB	21 070	21 070
- other related parties		
Mini Maritsa - Iztok EAD – loan (agreement on the rescheduling of payables)	31 036	30 587
Mini Maritsa - Iztok EAD – trade	7 728	21 525
NEK EAD	160	160
ESO EAD	2 420	5 550
IBEX EAD	37	55
Total current payables to related parties	**209 844**	**145 408**
Total payables to related parties	**1 150 777**	**1 182 871**

With the exception of the electricity sales to NEK EAD on the regulated market and the sale of available capacity to ESO EAD at prices set by EWRC and the purchase of coal from Mini Maritsa - Iztok EAD at prices validated by the Minister of Economy and Energy, the sales of and purchases from related parties, as well as the sales of electricity to IBEX EAD upon trading "day ahead" and bilateral contracts, shall be fulfilled as per the negotiated prices. Unpaid amounts at the year end are settled in cash or through offset of mutual liabilities.

All receivables from related parties as at 30.06.2022 were reviewed for indications of impairment.

16. Loans received from the sole shareholder

(1) Commercial loan as of 16 October 2019 – consolidation and novation as a new loan of the liabilities under Contract for sale of greenhouse gas emission allowances No.16215/30.01.2019 (BEH No.10-2019/30.01.2019) for the amount of BGN 398 025 thousand effective from 01.07.2019 to 30.06.2024 and a grace period of the principal until 30 June 2020. The agreed interest rate is at the amount of the base reference interest rate of 4.61%, according to the interest rates for intra-group loans adopted by BEH EAD with the decision under it. I.1 of Protocol No.53-2018/11.09.2018, and a penalty interest at the amount of BIR + 10% calculated for each day of arrears, according to Decree of the Council of Ministers No.426/18 December 2014.
Based on the decision under item 1 from Protocol No.22/09.07.2019 the Board of Directors of TPP Maritsa East 2 EAD took decision to novate the company liabilities to the amount of BGN 398 025 thousand, as a commercial loan.
Based on the decision under item 3 from Protocol No.48-2019/22.07.2019 the Board of Directors of BEH EAD approved the novation of TPP Maritsa East 2 EAD liabilities due to the Bulgarian Energy Holding EAD to the amount of BGN 398 025 thousand, resulting from a contract for purchase and sale of GHG emission allowances No.10-2019/30.01.2019 and Additional agreement No.1 dated 23.04.2019 to the Loan Contract.
By Protocol No.E-RD-21-16/27.08.2019 the Minister of Energy gave his permission a Loan contract to be concluded for conversion of the liabilities of the subsidiary into loan, in favour of

the holding, upon the provisions set in Decision under item 3 of Protocol No.48-2019/ 22.07.2019 of the Board of Directors of BEH EAD.
By decision No.R-295 dated 08.10.2019 the EWRC gave its permission for signing a Loan contract for conversion of the subsidiary liabilities due in favour of the holding as per the provisions set in decision taken under Protocol No. E-RD-21-16/27.08.2019 of the Minister of Energy.
As at 01.08.2021 the principal balance and the accrued interest as at 31.07.2021 under loan are included in consolidation and novation as a new loan.

(2) Commercial loan as of 31 December 2020 – consolidation and novation as a new loan of the liabilities under Contract for sale of greenhouse gas emission allowances No.16906/27.04.2020 (BEH No.28-2020/27.04.2020) at the amount of BGN 309 726 thousand, liabilities for interest due under a loan agreement No.15583/12.02.2018 (BEH No.7-2018/12.02.2018) at the amount of BGN 329 thousand, liabilities for interest due under a loan agreement No.15827/29.05.2018 (BEH No. 51-2018/29.05.2018) at the amount of BGN 3786 thousand, liabilities for interest due under a loan agreement No.16189/10.01.2019 (BEH No.2-2019/10.01.2019) at the amount of BGN 19186 thousand and liabilities for interest due under a loan agreement No.16646/16.10.2019 (BEH No.55-2019/16.10.2019) at the amount of BGN 17 055 thousand, valid since 01.07.2020 to 30.06.2025 and grace period of the principal due 30 June 2021. The agreed interest rate is at the amount of the base reference interest rate of 4.61%, according to the interest rates for intra-group loans adopted by BEH EAD with the decision under it. I.1 of Protocol No.53-2018/11.09.2018, and a penalty interest at the amount of BIR + 10% calculated for each day of overdue payment, according to Decree of the Council of Ministers No.426/18 December 2014.

Based on the decision under item 2 from Protocol No.30/18.08.2020, the Board of Directors of TPP Maritsa East 2 EAD took decision to novate the company liabilities to the amount of BGN 350 091 thousand, as a commercial loan.
Based on the decision under item I.3 from Protocol No.54-2020/06.10.2020 the Board of Directors of BEH EAD approved the novation of TPP Maritsa East 2 EAD liabilities due to the Bulgarian Energy Holding EAD to the amount of BGN 350 091 thousand, resulting from above-described liabilities under a contract for purchase and sale of GHG emission allowances and interest due under loan agreements.
By Protocol No. E-RD-21-21/27.11.2020 the Minister of Energy gave his permission a Loan contract to be signed for conversion of the subsidiary liabilities into loan, in favour of the holding, as per the provisions set in Decision under item I.3 of Protocol No.54-2020/06.10.2020 of the Board of Directors of BEH EAD.
By decision No. R-327 dated 23.12.2020 the EWRC gave its permission for signing a Loan contract for conversion of the subsidiary liabilities due to the holding as per the provisions set in decision included in Protocol No. E-RD-21-21/27.11.2020 of the Minister of Energy.
As at 01.08.2021 the principal balance and the accrued interest as at 31.07.2021 under loan are included in consolidation and novation as a new loan.

(3) Commercial loan dated 06 December 2021 – consolidation and innovation as a new loan of obligations under a contract for the sale of greenhouse gas emission allowances No.17375/ 20.04.2021 (BEH No.21-2021/20.04.2021) in the amount of BGN 341 023 thousand (including principals in the amount of BGN 338 111 thousand and interest in the amount of BGN 2 912 thousand), the obligations under the loan agreement No.16646/16.10.2019 (BEH No.55-2019/ 16.10.2019) in the amount of BGN 339 563 thousand, including principal in the amount of BGN 323 026 thousand and interest in the amount of BGN 16 537 thousand), the obligations under the loan agreement No.17255/31.12.2020 (BEH No.58-2020/31.12.2020) in the amount of BGN 367575 thousand, including principals in the amount of BGN 350 091 BGN thousand and interest in the amount of BGN 17 484 thousand), valid from 01.08.2021 to 31.07.2028 and grace period of the principal until 31 July 2022. The agreed interest rate is in the amount of the basic reference interest rate of 3.225%, according to the interest rates adopted by BEH EAD by decision under item I.1.1 of Protocol No.41-2021/30.07.2021 for intragroup loans and penalty interest for arrears in the amount of BIR+10%, calculated for each day of overdue, according to the Council of Ministers No.426/18 December 2014.

Based on the decision under item 7 from Protocol No.36/16.08.2021 the Board of Directors of TPP Maritsa East 2 EAD took decision to novate the company liabilities to the amount of BGN 1 048 161 thousand, as a commercial loan.

By decision under item I.1 of Protocol No.49-2021/21.09.2021, the Board of Directors of BEH EAD approved the novation of the liabilities of TPP Maritsa East 2 EAD to Bulgarian Energy Holding EAD in the amount of BGN 1 048 161 thousand, arising from the above-described liabilities under the Contract for purchase and sale of allowances for GHG emissions and interest due under loan agreements.

By Protocol No. E-RD-21-34/15.10.2021, the Minister of Energy gave his permission for signing a loan agreement with the purpose of conversion the subsidiary liabilities due to the holding, into a loan, under the conditions specified in decision under item I.1 of Protocol No.49-2021/21.09.2021 of the Board of Directors of BEH EAD.

By decision No.R-362 of 02.12.2021, the Energy and Water Regulatory Commission authorized the signing of a loan agreement in order to convert the liabilities of the subsidiary to the holding under the conditions described in the decision under Protocol No. E-RD-21-34/15.10.2021 of the Minister of Energy.

(4) Loan agreement (credit line) dated 22 November 2021. Pursuant to the Decision under item 2.3 of Protocol No.35-2021 dated 09.07.2021 of the Board of Directors of Bulgarian Energy Holding EAD and the Decision under item 10 of Protocol No.26/08.07.2021 of the Board of Directors of TPP Maritsa East 2 EAD a framework agreement was signed for purchase and sale of greenhouse gas allowances No. 51 of 16.07.2021 (No. 17460/16.07.2021).

The term of the framework contract for the purchase and sale of greenhouse gas allowances is 12 months from the date of its signing and it determines the general conditions applicable to transactions for the purchase and sale of greenhouse gas emission allowances of the type "EUA" between Bulgarian Energy Holding EAD and TPP Maritsa East 2 EAD.

Essentially, the provisions of this contract apply to the purchase of greenhouse gas emission allowances that are realized or will be realized after its entry into force and do not cover the greenhouse gases emitted by TPP Maritsa East 2 EAD as a result of the quantities of electricity produced and realized by the company within the period from 01.01.2021 to 30.06.2021.

Pursuant to a Decision under item I.2. of Protocol No.58-2021/27.10.2021 of the Board of Directors of Bulgarian Energy Holding EAD and of Decision under items 9.1 and 9.2 of Protocol No.46/28.10.2021 of the Board of Directors of TPP Maritsa East 2 EAD, Annex No.1/01.11.2021 to the framework contract for purchase and sale of greenhouse gas allowances No.51 of 16.07.2021 (No.17460/16.07.2021) was signed, which regulates the relations between the parties in connection with the purchase of the necessary quantities of GHG allowances, as a result of the quantities of electricity produced and realized by TPP Maritsa East 2 EAD within the period 01.01.2021 – 30.06.2021.

In Annex No.1/01.11.2021 signed additionally to the Framework agreement regarding purchase and sale of GHG allowances, No. 51 dated 16.07.2021 (No. 17460/16.07.2021) the parties agreed on the use of a credit line in the following conditions:

- Limitation: BGN 100 000 000 (one hundred million);
- Target purpose: Repayment of obligations under the Framework Agreement No.51 of 16.07.2021, for quantities of allowances purchased for the purpose of securing the

production activity of TPP Maritsa East 2 EAD during the period from 01.01.2021 to 30.06.2021;
- Validity period: 12 months from the date of signing this credit agreement;
- Interest rate: 3.225% per annum on the utilized amount, according to the interest rates for intragroup loans adopted by the Board of Directors of BEH EAD by decision under item I.1.1 of Protocol No.41-2021/30.07.2021.

It has been agreed that the utilized funds from the credit line may be used by TPP Maritsa East 2 EAD only and solely for repayment of liabilities for purchased allowances for greenhouse gas emission during the period from 1 January 2021 to 30 June 2021.
The Lender provides the Borrower with a credit line for circulating assets /hereinafter referred to as "credit"/, with a credit limit of up to BGN 100 000 000 /one hundred million BGN/, without collateral.

The loan funds are provided to the Borrower for circulating assets related to repayment of obligations under applications for purchase of greenhouse gas emission allowances issued during the period from 01.01.2021 to 30.06.2021, arising from a framework purchase and sale agreement of greenhouse gas allowances No. 51 of 16.07.2021 (No. 17460/16.07.2021).

The Borrower shall pay to the Lender interest on the utilized part of the loan for the period from the day following the day of funds absorption until the day of repayment of the absorbed part (partially or fully), inclusive.

The applied interest rate is 3.225% per annum on the utilized amount, according to the interest rates for intragroup loans under interest rate convention 365/360 adopted by the Board of Directors of BEH EAD by decision under item I.1.1 of Protocol No.41-2021/30.07.2021.
The interest is accrued daily on the amount utilized and not repaid at the end of each day by the Borrower and it is payable monthly, until the 25th of the month for the previous expired one-month period.
In case the Borrower does not repay the due payment by the 25th of the month for the expired previous one-month period, the Lender shall accrue default interest on the amount of the portion not paid in time for each day of delay. The legal interest for delay is determined under the terms and conditions of the Council of Ministers No.426/18.12.2014. No interest for late payment is charged on the principal that has not matured.

Agreement for rescheduling of receivables and liabilities

Pursuant to a decision of Protocol No.44/11.10.2021, item 15 of the Board of Directors of TPP Maritsa East 2 EAD, a decision of Protocol No.25-2021/15.10.2021 of the Board of Directors of Mini Maritza Iztok EAD and decision of Protocol No.57-2021/19.10.2021 of the Board of Directors of BEH EAD, an agreement was signed on 20 October 2021 for rescheduling the outstanding monetary obligations of TPP Maritsa East 2 EAD to Mini Maritsa Iztok "EAD, arising from invoices for delivery of lignite coal, issued by Mini Maritsa Iztok EAD as at 24.09.2021 in the amount of BGN 85 225 385.68 (eighty-five million two hundred and twenty-five thousand three hundred and eighty-five levs and sixty-eight stotinki), including interest accrued as at 30.09.2021 for late payment on issued invoices for delivered lignite coal in the amount of BGN 8 598 638.70 (eight million five hundred ninety-eight thousand six hundred thirty-eight levs and seventy stotinki).

The agreement is valid from 20.10.2021 to 20.09.2024. The agreed interest rate is in the amount of the basic reference interest rate of 3.225%, according to the decisions adopted by BEH EAD with a decision under item I. 1.1 of Protocol No.41-2021/30.07.2021 interest rates for intragroup loans and penalty interest in arrears in the amount of BIR+10%, calculated for each day of arrears, according to the Council of Ministers No.426/18 December 2014.

As at 30 June 2022 TPP Maritsa East 2 EAD has no overdue loan obligations to BEH EAD and Mini Maritza East EAD.

17. Contingent assets and liabilities

Legal claims

Various legal actions with non-substantive claims were brought to the Group during the reporting period. The management of the Group considers the claims unjustified and the likelihood that they will result in a cost to the Group upon their settlement is negligible. This judgment of the management is supported by the opinion of an independent legal consultant. None of the above claims are set out in detail here so to avoid any serious impact on the position of the Group upon the resolution of disputes.

18. Commitments

Capital commitments

Under requirements of European Directives, national standards and IPPC Permit (Complex permit), as well as in relation to the realization of the projects included in the National Investment Plan for the period 2013-2020 (NIP), National Investment Framework for the period 2021-2030, Recovery and Sustainability Plan, TPP Maritsa East 2 EAD is obliged to achieve certain environmental standards, which will be achieved by constructing and putting assets of environmental purpose into operation. As at 30 June 2022 TPP Maritsa East 2 EAD has capital commitments of BGN 136 507 thousand. Projects included in the National Investment Plan for the period 2013-2020 (NIP) are: Full engineering of low emission burners at KA-9 to 12; Manufacture and installation of gas-tight screens of Boiler-3; Construction of gas-fired installation of Unit-2; Conceptual design under the Recovery and Sustainability Plan are feasibility studies related to the Plan and decarbonization of the energy sector.

Other activities included in the Investment Program of TPP Maritsa East 2 EAD are: Replacement of the existing ID fans by new compressors of oxidizing air, Installation of 5 (fifth) nozzle level FGD-7; major overhaul of Unit-7 and minor repairs of all other Units 1 to 6 and Unit-8.

Commitments to BEH EAD for the purchase of allowances for greenhouse gas emissions

As at 30.06.2022 TPP Maritsa East 2 EAD has commitment to BEH EAD in connection with a framework agreement, dated 16.07.2021 for purchase and sale of greenhouse gas emission allowances, signed between TPP Maritsa East 2 EAD and BEH EAD. Based on the framework agreement, BEH EAD undertakes to purchase a currently determined amount of European greenhouse gas emission allowances after an application submitted by TPP Maritsa East 2 EAD for the purchase of necessary amount of greenhouse gas emission allowances. As at 30 June 2022 the Company is obliged to BEH EAD in the amount of BGN 160 193 thousand, in connection with prepared and submitted applications for purchase of the required quantity of allowances for greenhouse gas emissions.

19. Post-reporting date events

No adjusting events or significant non-adjusting events occurred between the date of the interim condensed consolidated financial statements and the date of its approval for publication, except for the following non-adjusting events:

During the first half-year of 2022 TPP Maritsa East 2 EAD submitted applications to the regulatory body EWRC related to the change in sale prices on the regulated market for the new regulatory period starting on 1 July 2022. Along with the application for approval of prices for the regulatory period 1 July 2022 – 30 June 2023, the Company also submitted a request for compensation of expenses as part of the critical infrastructure in the energy sector on the basis of art. 35 of the Energy Act. EWRC partially accepted the request of TPP Maritsa East 2 EAD for expenses compensation of BGN 53 340 thousand under Art. 35 of the Energy Act, by according to Decision No. TS-27/01.07.2021 the Electricity System Security Fund shall compensate the public provider, respectively the public provider NEK EAD will compensate TPP Maritsa East 2 EAD in 12 equal monthly installments of BGN 4 445 thousand within the price period 1 July 2022 - 30 June 2023. In accordance with the above, as of 01.07.2022, the EWRC approved the price for access to the power transmission system for electricity producers in the amount of BGN 2.30 per MWh (reduction by BGN 0.12 per MWh), which shall be paid by TPP Maritsa East 2 EAD to ESO EAD.

According to Decision of the EWRC No.TS-19/1 July 2022, the price of electricity was calculated at the rate of BGN 328.11/MWh, but although it is by 23.86% lower than the estimated market price of BGN 430.94/MWh set by the EWRC, no availability was determined and the EWRC refused to approve the price, at which TPP Maritsa East 2 EAD would sell electricity to the Public provider.

Pursuant to §24 of the Act on Amendment and Supplement to the Act on the State Budget of the Republic of Bulgaria for 2022, published in State Gazette No.52 dated 05.07.2022, the public enterprises within the meaning of Article 2, paragraph 1 of the Act on Public Enterprises in the Energy Sector with 100% state participation in the capital shall make earmarked contributions to the Electricity System Security Fund, which shall be used to cover costs under Article 36, paragraph 4, item 4 of the Energy Act. The amount of the earmarked contributions shall be fixed by the Council of Ministers after proposal on behalf of the Minister of Energy, by the earmarked contributions shall be paid within due time specified in the Decision of the Council of Ministers, by which they are determined and recognised as current operating expenses for taxation purposes.

No other significant events have occurred since the date of preparation of these interim condensed consolidated financial statements.

20. Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements as at 30 June 2022 (including comparative information) were approved and adopted by the Board of Directors on 2 August 2022.

INDEPENDENT AUDITORS' REPORT

To the sole shareholder of
TPP Maritsa East 2 EAD
Kovatchevo village, Radnevo Municipality

Report on the audit of the interim condensed consolidated financial statements

Opinion

We have audited the interim condensed consolidated financial statements of TPP Maritsa East 2 EAD and its subsidiary (the "Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2022. and the interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the period then ended, and the notes to the interim condensed consolidated financial statements, including a summary disclosure of significant accounting policies.

In our opinion, the accompanying interim condensed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Bulgarian law.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the section of our report entitled "Auditor's Responsibilities for the Audit of the Interim Financial Report". We are independent of the Company in accordance with the "International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (the IESBA Code)" together with the ethical requirements of the Independent Financial Auditing Act as applicable in this country and we have fulfilled our other ethical 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 opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the interim condensed consolidated financial statements for the current period. These matters are considered as part of our audit of the interim condensed consolidated financial statements as a whole and the formulation of our opinion thereon and we do not provide a separate opinion on these matters.

Appraisal of property, plant and equipment	
Note 6 Property, plant and equipment of the interim condensed consolidated financial statements	
Key audit matter	**How this key audit issue was addressed in our audit**
The Group has adopted the revalued cost model as the accounting policy for subsequent measurement of major classes of property, plant and equipment. It represents the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment loss. The frequency of valuations for insignificant changes in fair values of assets is every three years. As of 30 June 2022, the fair value of property, plant and equipment was BGN 1,514,678 thousand, representing 97% of the Group's assets. The revaluation reserve at 30 June 2022 is BGN 865 466 thousand. Revaluations are carried out by an independent valuer with sufficient frequency so that the carrying amount does not differ materially from the amount that would be determined if fair values at the end of each reporting period were used. The last revaluation of the Group's assets was carried out as of 31 December 2021.	During our audit, our audit procedures included, but were not limited to: - verification and assessment of the Group's accounting policy applied during the reporting period regarding the classification and subsequent reporting of property, plant and equipment and analysis of its compliance with the applicable IFRS; - obtaining an understanding of the Group's asset revaluation process and procedures, including in relation to the controls applied; - verification of the qualification and objectivity of the independent external valuer hired by the Group, as well as the appropriateness of the approaches, methods and assumptions used to determine the fair values of the assets, in order to establish compliance with the requirements of IFRS 13 "Fair Value Measurement";

The assets, subject to revaluation, are specific and specialised, strictly related to the Group's operations and alternative use of a significant portion of them is difficult or impossible. Consequently, other uses by market participants are unlikely to maximise the value of the assets and it has been assumed that their current use in the business maximises their value. The valuer has used two main approaches and valuation methods: the 'Market Approach' using the 'Market Analogues Method' for land for which there is a real market and observable data on recent market transaction prices for similar properties; and the 'Cost Approach' using the 'Depreciated Replacement Cost Method' for the fair value of buildings, plant and equipment. The valuation measures the value of the asset by determining its new value at the valuation date, reflecting the cost of acquisition less physical wear and tear and functional and economic impairment resulting from its use. Due to the significance of property, plant and equipment in the Group's interim condensed consolidated statement of financial position and the use of accounting judgements, we consider this matter to be a key audit matter.	- testing input data on which the property, plant and equipment valuation is based against appropriate supporting documentation, and assessing their accuracy and completeness; - obtaining an understanding and assessment of the reasonableness of the main results calculated by the independent external evaluator, as well as of the key judgments and assumptions used in the evaluation, with the participation of our internal expert - evaluators; - analysis of the overall assessment approach, sources of information and key factors that influenced the assessor's assessment; - comparing the results of the appraisal report with the Group's accounting registers; - assessment of the completeness and adequacy of the disclosures in the interim condensed consolidated financial statements relating to property, plant and equipment.

Other information than the interim condensed consolidated financial statements and the auditor's report thereon

Management is responsible for other information. The other information consists of the interim consolidated management report, prepared by management under the Accounting Act, but does not include the interim condensed consolidated financial statements and our auditor's report thereon.

Our opinion on the interim condensed consolidated financial statements does not extend to the other information and we do not express any form of assurance conclusion on it, except as expressly stated in our report and to the extent indicated. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, determine whether the other information is materially inconsistent with the financial statements or with our knowledge, acquired during the audit or otherwise appears to contain material misstatement. If, based on the work we have performed, we conclude that there is a material misstatement in that other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of management and those charged with overall governance for the interim condensed consolidated financial statements

The management is responsible for the preparation and fair presentation of this financial report in accordance with "International Accounting Standards" (IAS), adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council (IFRS adopted by the EU and Bulgarian legislation , and for such system of internal control as management determines is necessary to ensure 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 evaluating the Group's ability to continue as a going concern, disclosing, where applicable, matters related to the going concern assumption and using the going concern basis of accounting, except if management does not intend to liquidate the Group or cease its operations, or if management has no practical alternative but to do so.

The persons charged with general management are responsible for the supervision of the financial reporting process of the Group.

Auditors' responsibilities for the audit of the interim condensed consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the interim consolidated 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 auditor's opinion. A reasonable degree of assurance is a high degree of assurance, but it is not a guarantee that an audit performed in accordance with ISAs and the Independent Financial Audit Act will always detect a material misstatement where it exists. Misstatements may arise as a result of fraud or error and are considered material if they could reasonably be expected, individually or in the aggregate, to influence the economic decisions of users made on the basis of this consolidated financial report.

As part of an audit in accordance with the ISA, we use 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 the risk of a material misstatement resulting from error because fraud may involve collusion, forgery, intentional omissions, input statements misleading the auditor, as well as neglecting or circumventing internal control;
- obtain an understanding of internal control relevant to the audit in order to develop audit procedures that are appropriate in the particular circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- reach a conclusion about 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 relating to events or conditions that could give rise to significant doubts about the Group'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 financial statement disclosures related to that uncertainty or, if those 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 Group to cease to operate as a going concern;
- evaluate the overall presentation, structure and content of the financial statement, including disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence about the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, supervision and auditing of the Group. We bear the sole responsibility for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including material 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 applicable ethical requirements regarding independence and that we will communicate with them all relationships and other matters that could reasonably be considered relevant to our independence. and where applicable, the associated safeguards.

Among the matters communicated with those charged with governance, we identify those matters that were most significant in the audit of the interim condensed consolidated financial statements for the current period and are therefore key audit matters. We describe these matters in our auditor's report, except where law or regulation prevents the public disclosure of information about that matter or when, in extremely rare cases, we determine that a matter should not be communicated in our report. as it could reasonably be expected that the adverse consequences of such action would outweigh the public interest benefits of such communication.

We are jointly and severally responsible for the performance of our audit and for the auditor's opinion expressed by us, in accordance with the requirements of the FSA applicable in Bulgaria. When undertaking and implementing the engagement for a joint audit, in connection with which we report, we were also guided by the Guidelines for the implementation of a joint audit, issued on 13.06.2017 by the Institute of Certified Public Accountants in Bulgaria and by the Commission for Public supervision of registered auditors in Bulgaria.

Report in relation to other legal and regulatory requirements

In addition to our responsibilities and reporting under the IAS described above in the section "Other information other than the financial statement and the auditor's report thereon" in relation to the interim consolidated report of the activity, incl. the corporate governance declaration and the non-financial declaration, we have also completed the procedures added to those required under the IAS, according to the Guidelines of the professional organization of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (IDES). These procedures concern verifications of the availability, as well as verifications of the form and content of this other information in order to assist us in forming opinions as to whether the other information includes the disclosures and reports provided for in Chapter Seven of the Accounting Act and the Public Offering Act of securities applicable in Bulgaria.

Opinion in relation to Article 37(6) of the Accounting Act

Based on the procedures performed, it is our opinion that:

a) the information included in the interim consolidated activity report for the financial year for which the interim condensed consolidated financial report is prepared is consistent with that report;
b) the interim individual activity report is prepared in accordance with applicable legal requirements;
c) as a result of our acquired knowledge and understanding of the Company's business and the environment in which it operates, we have not identified any instances of material misstatement in the interim individual management report;

9 August 2022

Grant Thornton OOD, registration No. 032

Silvia Dinova
Registered auditor, responsible for the audit

SYLVIA BORISLAVOVA DINOVA
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Mariy Apostolov
Managing Partner

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Zaharinova Nexia EOOD, registration No. 138

Dimitrina Zaharinova
Registered auditor, responsible for the audit
Managing Partner

Dimitrina Dimitrova Zaharinova
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