

Annual Consolidated Management Report
Consolidated Corporate Governance Statement
Consolidated Report on Payments to Governments
Annual Consolidated Financial Statements
Independent Auditors' Report

Bulgarian Energy Holding EAD

31 December 2025

Translation from Bulgarian



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BULGARIAN ENERGY HOLDING EAD

ANNUAL CONSOLIDATED MANAGEMENT REPORT

31 December 2025

Board of Directors as of the date of issue of the consolidated financial statements

Ivo Ivanov Todorov
Andrey Stefanov Zhivkov
Petar Valeriev Angelov
Vasil Vassilev Vassilev
Ilza Mitkova Chinkova

Address

Bulgaria
Sofia-city, Sofia 1000,
Oborishte District, 16 Veslets Str.

Servicing banks

Allianz Bank Bulgaria AD
Bulgarian-American Credit Bank AD
Bulgarian Development Bank AD
International Asset Bank AD
D Commerce Bank AD
Central Cooperative Bank AD
Citibank Europe AD, Bulgaria Branch
Eurobank Bulgaria AD
European Investment Bank
First Investment Bank AD
ING Bank N.V. – Sofia Branch
ING Bank
OTP Bank – Hungary
Investbank AD
Municipal Bank AD
DSK Bank AD
United Bulgarian Bank AD
UniCredit Bulbank AD
International Investment Bank
National Bank of Greece

Auditor

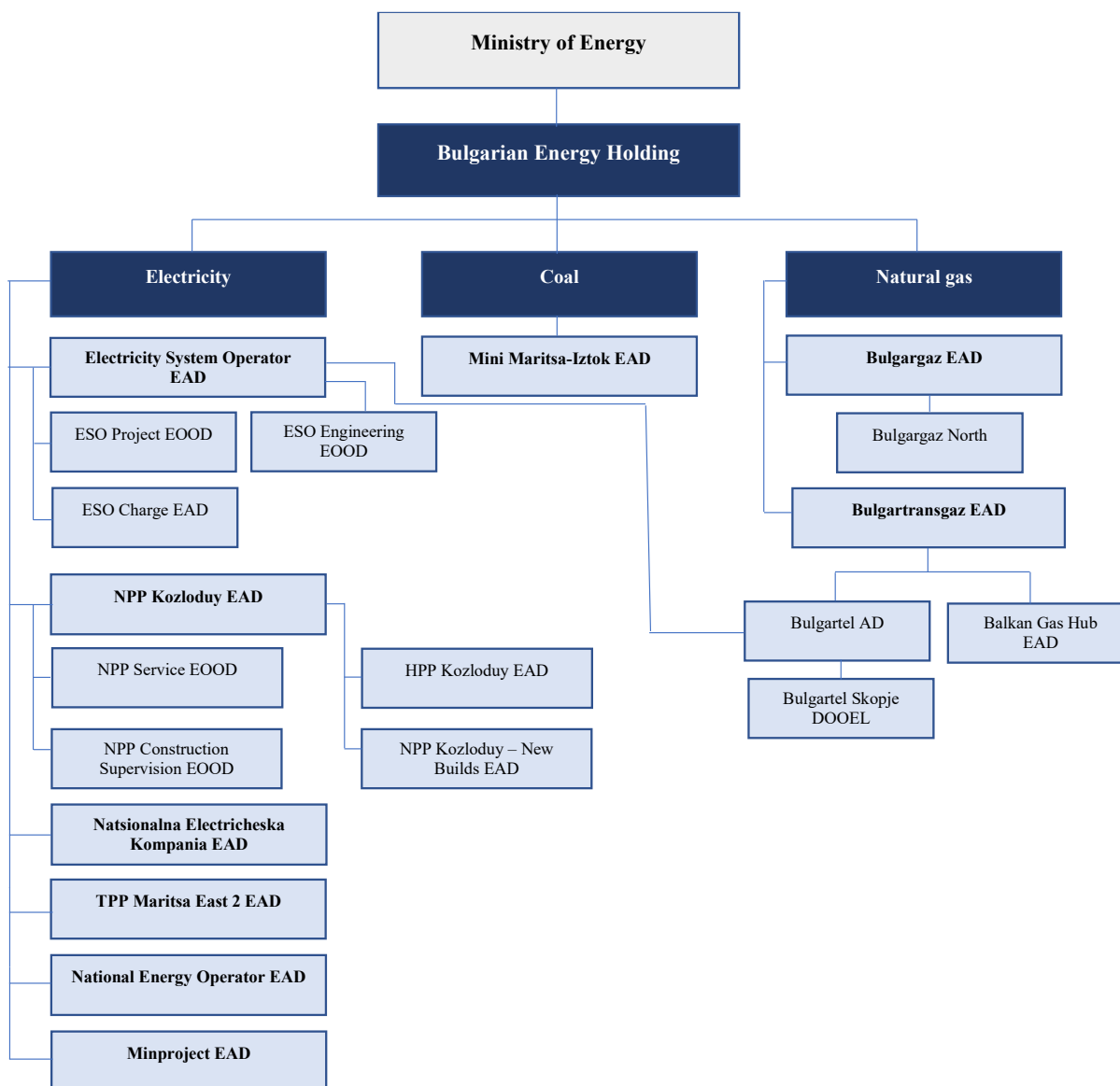
DZZD Audit BEH, with members of the consortium being the audit firms Grant Thornton OOD and Zaharinova Nexia EOOD, registered under Reg. No. 032 and Reg. No. 138, respectively, in the Register of Registered Auditors.

1. General

Company name	BULGARIAN ENERGY HOLDING EAD (BEH EAD)
UIC	831373560
Address	Bulgaria Sofia-city, Sofia 1000 Oborishte district 16 Veslets str.
Scope of Business Activity	Acquisition, management, evaluation and sale of shares in commercial companies, operating in the fields of production, extraction, transmission, transit, storage, management, distribution, sale and/or purchase of natural gas, electricity, thermal energy, coal, as well as all kinds of energy and raw materials for its production, participation in the management of such companies, their financing, acquisition, evaluation, issuance and sale of bonds, acquisition, evaluation and sale of patents, sub-licensing for the use of patents to the above-mentioned companies, as well as carrying out its own production or commercial activity.
Directors	As of 31 December 2025, the Company is managed by a Board of Directors (BoD) with members: Vasil Georgiev Stoynov Chairperson of the BD Kalin Boyanov Filipov Vice-Chairperson of the BD Valentin Aleksiev Nikolov Member of the BD and CEO Diyan Atanasov Ivanov Member of the BD Ivo Ivanov Todorov Member of the BD The Company is represented by its Executive Director.

Bulgarian Energy Holding EAD (parent company) together with its subsidiaries form an economic group. The holding structure is presented in the chart below:

Structure of Bulgarian Energy Holding EAD (BEH) as of 31 December 2025



NPP Kozloduy EAD

Scope of Business Activity

Use of nuclear energy for generation of electricity and thermal power, which activity is performed in the presence and maintenance of: valid license for generation of electric and thermal power by an electric power generation facility specified in the license, valid licenses for operation of nuclear facilities pursuant to the Safe Use of Nuclear Energy Act (SUNEA), issued by the Nuclear Regulatory Agency (a valid authorization for production activities carried out by the power generation facility specified in it, issued by the Inspectorate on the Safe Use of Nuclear Energy for Peaceful Purposes);

Import and export of fresh and spent nuclear fuel;

Investment activity related to the activity of the company, specified in the scope of activity;

Construction, assembly and repair activities in the field of electric and thermal power generation;

Sale of high and medium voltage electricity and thermal power;

Operation of radioactive waste management facilities according to a valid license under the Safe Use of Nuclear Energy Act (SUNEA).

Directors

The Company is managed by a Board of Directors and as at 31.12.2025 it is represented by the Executive Director Ivan Todorov Andreev.

Licenses

The company holds the following licenses:

– Nuclear facility operation license - Series E, Registration No. 5303 of 03.11.2017, effective from 06.11.2017 (amended by Order No. AA-04-131/18.07.2022 and Order No. AA-04-139/26.07.2024) for the operation of Unit 5 of Kozloduy NPP EAD, issued by the Nuclear Regulatory Agency (NRA) with an indefinite period of validity;

– Nuclear Facility Operating License – Series E, Registration No. 5535/27.09.2019, dated October 3, 2019 (as amended by Order No. AA-04-132/18.07.2022 and Order No. AA-04-140/26.07.2024) for the operation of Power Unit 6 of Kozloduy NPP EAD, issued by the Nuclear Regulatory Agency (NRA) with an indefinite period of validity;

– Nuclear Facility Operating License – Series E, Registration No. 6200/20.06.2024, effective as of 26.06.2024, for the operation of the Spent Nuclear Fuel Storage Facility of Kozloduy NPP EAD, issued by the Nuclear Regulatory Agency (NRA), with an indefinite period of validity;

– Nuclear Facility Operating License – Series E, Registration No. 5016 of 28.01.2016 (as amended by Order No. AA-04-

138/26.07.2024 and Order No. AA-04-200/26.09.2025) for the operation of the Dry Spent Fuel Storage Facility for VVER-440 reactors, issued by the Nuclear Regulatory Agency (NRA), with an indefinite period of validity;

– License Series O, Registration No. 6149/21.03.2024, effective as of 01.04.2024, for the use of ionizing radiation sources for business purposes – performance of non-destructive testing using radiation methods, issued by the Nuclear Regulatory Agency (NRA). Term of the license - 01.04.2034

– License Series O, Registration No. 6147/20.03.2024, effective as of 08.04.2024 (as amended by Order No. AA-04-223/14.10.2025), for the use of ionizing radiation sources for business purposes – performance of radiochemical control, environmental radiation monitoring, and metrological control, issued by the Nuclear Regulatory Agency (NRA). License term - 08.04.2034;

– License Series T, Reg. No. 6195/19.06.2024, effective as of 12.07.2024, for the transport of radioactive substances, issued by the NRA. License term - 12.07.2034;

license Series CO, reg. No. 5794, effective as of 05.10.2021, for conducting specialized training for activities in nuclear facilities and with ionizing radiation sources having an impact on safety, and for issuing certificates of competence to persons professionally engaged in activities in nuclear facilities and with ionizing radiation sources, other than those under Article 64, Paragraph 1, Items 1 and 2 of the ASUNE – issued by the Nuclear Regulatory Agency (NRA). Validity of the license: until 05.10.2026;

– License for the Generation of Electricity and Thermal Energy No. L-049-03/11.12.2000, issued by the Energy and Water Regulatory Commission (EWRC) for a term of 30 years;

– License for the Transmission of Thermal Energy No. 050-05/11.12.2000, issued by the EWRC for a term of 30 years;

– License for Electricity Trading No. L-216-15/18.12.2006, issued by the EWRC with a validity period until 18.12.2026;

Investments in enterprises

NPP Kozloduy EAD is the sole owner of the capital of Kozloduy HPP EAD, Kozloduy NPP-New Builds EAD, NPP Construction Supervision EOOD, NPP Service EOOD, and holds a minority stake of 1.12% in ZAD Energy AD.

Bulgargaz EAD

Scope of Business Activity

Public supply of natural gas and natural gas trading, as well as the related activities of purchase and sale, acquisition of natural gas for the purpose of its storage in a gas storage facility, market research and analysis of the domestic natural gas market.

Directors

The Company is managed by a Board of Directors and as at 31.12.2025 it is represented by the Executive Director Veselin Sashev Sinabov.

Licenses

The company holds the following licenses/permits:

- License for the Public Supply of Natural Gas within the territory of the Republic of Bulgaria No. L-214-14 of 29.11.2006, issued by the EWRC for a term of 35 years;
- License for Natural Gas Trading No. L-548-15 of 16.09.2021, issued by the EWRC for a term of 10 years;
- License for trading in natural gas on the territory of the Republic of Greece under Decision No. 247/2020 and Decision No. 311/2022 for trading in natural gas on the territory of the Republic of Greece, for a period of 20 years.
- Permit No. 2023P 0370 for carrying out activities in the energy sector - gas supply, issued by the Regulatory Authority for Network Industries of the Slovak Republic pursuant to Decision No. 0024/2023/P-PE of June 20, 2023. The permit is valid indefinitely;
- Right to participate in the natural gas markets in Romania to carry out the activity of natural gas supply for a period of 1 (one) year, according to Decision No. 2274/29.10.2024 of the President of the National Energy and Water Regulatory Agency (ANRE). By decisions No. 2079/30.09.2025 and No. 2309/04.11.2025 of the Chairman of ANRE, the right to participate in the natural gas markets in Romania was extended until 29.10.2030.
- License for trading in natural gas in Hungary, pursuant to Decision No. H4955/2024 of 12.12.2024 of the Hungarian Energy and Utilities Regulatory Authority, valid from the date of notification for an indefinite period of time.

Investments in enterprises

Bulgargaz EAD is the sole owner of the capital of Bulgargaz North, which carries out the activity of trading in natural gas on the territory of Moldova.

Bulgartransgaz EAD

Scope of Business Activity

Storage and transmission of natural gas; maintenance, operation, management and development of gas transmission grids; maintenance, operation, management and development of

underground gas storage facilities; development of programs and activities for ensuring the compliance of the natural gas transmission and storage activities with the requirements of the European energy legislation; development of pricing policy for access to and transmission on the gas grids, storage of natural gas and connection to gas transmission grids; administration of natural gas transactions and arranging the balancing of the natural gas market in compliance with the requirements of the current legislation; engineering, investment, manufacturing and service activity; import of goods, machinery and equipment related to the company's operations; centralized operational management, coordination and control on the operation of gas transmission grids.

Directors

The company has a two-tier management system - Supervisory Board and Board of Directors. As of 31.12.2025, the Company is represented and managed by Executive Director Vladimir Asenov Malinov.

Licenses

The Company holds licenses issued by the Energy and Water Regulatory Commission (EWRC) as follows:

- License No. JI-214-09 dated 29 November 2006 for transmission of natural gas on the territory of the Republic of Bulgaria, for a period of 35 years;
- License No. JI-214-06 dated 29 November 2006 for transmission of natural gas on the territory of the Republic of Bulgaria, for a period of 35 years;
- License No. JI-214-10 dated 29 November 2006 for storage of natural gas on the territory of the Republic of Bulgaria for a period of 35 years.

Investments in enterprises

Bulgartransgaz EAD is the sole owner of the capital of Balkan Gas Hub EAD and owns 50% of the shares of Bulgartel AD, and 20% of the capital of Gastrade S.A.

Mini Maritsa Iztok EAD

Scope of Business Activity

Coal mining and marketing; industrial, commercial, leasing, repair, and foreign economic activities; training and retraining of personnel for coal mining for the purpose of income generation; provision of prevention and rehabilitation activities at holiday resorts owned by the company; electricity trading; provision of rail freight transport, as well as any other activities not prohibited by law.

Directors

The Company is managed by a Board of Directors and as of 31.12.2025 it is represented by Executive Director Todor Dimchev Todorov.

Licenses	The company owns: – License for Rail Freight Transport issued in 2016 by the Ministry of Transport, Information Technology and Communications, valid for a period of 5 years. The license was updated on 14.05.2021 and it is valid until 13.05.2026.
Investments in enterprises	Mini Maritsa Iztok EAD holds a minority share of 3.68% in ZAD Energy.
<i>TPP Maritsa East 2 EAD</i>	
Scope of Business Activity	Electricity generation; construction and repair activities in the fields of electric power engineering and thermal power engineering; investment activities; acquisition and disposal of copyrights, rights to inventions, trademarks, and industrial designs, know-how, and other intellectual property objects, as well as any other activity not prohibited by law or other regulatory act, and where the issuance of a permit or a license is required, after obtaining such permit or license.
Directors	The Company is managed by a Board of Directors and as of 31.12.2025 it is represented by Executive Director Diyan Stanimirov Dimitrov.
Licenses	The Company holds the following licenses issued by EWRC as follows: – License for generation of electric power JI-091-01 dated 21 February 2001 valid for a period of 20 years; By Decision No. II-JI-091 of July 2, 2020, the term of the license was extended by another 20 years, starting from the date of expiration of the license - 24.03.2021; – License for trading with electric power No. JI-498-15 dated 31 January 2018 valid for a period of 10 years;
Investments in enterprises	The Company holds a minority share of 0.96% in ZAD Energy.
<i>Natsionalna Elektricheska Kompania EAD (NEK EAD)</i>	
Scope of Business Activity	Generation of electricity, centralized purchase and sale of electricity, supply of electricity to consumers, connected to the transmission grid, import and export of electricity, construction works and repairs in the field of electricity production, investment activities, implementation and promotion of energy efficiency in the electricity production.
Directors	The Company is managed by a Board of Directors and as of 31.12.2025 it is represented by Executive Director Georgi Georgiev Dobrev.
Licenses	The Company holds licenses issued by EWRC as follows: – License No. JI-147-13 of December 17, 2004 for public supply of electricity, which was terminated as of July 1, 2025

pursuant to §52 of the previous and final provisions of the Electricity Act, promulgated SG issue No. 96 of 2023, respectively §66, item 1 of the Transitional and Final Provisions of the Act on the Environment, promulgated SG issue No. 39 dated 2024, in force as of 01.07.2019;

- license No. JI-073-01 dated 14 February 2001 for power generation from HPP and PSHPP, valid for a period of 35 years;
- License No. 1-230-15 dated June 4, 2007, for electricity trading for a term of 10 years, supplemented with the role of a standard balancing group coordinator. By decision of the Energy and Water Regulatory Commission (EWRC) No. II2-JI-230 dated 15 September 2016, the validity of the license for trading in electricity was extended, including the rights and obligations of a coordinator of a standard balancing group with 10 years - by 4 June 2027;
- License No. JI-408-17 dated 1 July 2013 for supply of electricity from a supplier of last resort, valid for a period of 26 years. (Decision No. II-L-408/29.01.2014 amending /supplementing License No. L-408-17/01.07.2013, issued for the activity “supply of electricity from a supplier of last resort” with the rights and obligations of a coordinator of a special balancing group).

Internal structural units

NEK EAD, Hydroelectric Power Plants Enterprise, city of Plovdiv – operation and maintenance of HPPs, electricity generation, construction and repair activities in the field of electricity generation from HPPs, repair and investment activities.

NEK EAD, Dams and Cascades Company, Sofia performs technical operation and maintenance of dams and hydro power facilities.

NEK EAD, Enterprise „Hidroelektroinvest“, city of Sofia – carries out activities related to research, development, preparation and implementation of hydropower projects.

Investments in enterprises

NEK EAD holds 27% of the capital of ContourGlobal Maritsa Iztok 3 AD, 27% of the capital of ContourGlobal Operations Bulgaria AD, 42% of the capital of ZAD Energy, 34 % of the capital of Allianz Bulgaria Pension Company AD, and 24% of the capital of HPC Gorna Arda AD.

Electricity System Operator EAD (ESO EAD)

Scope of Business Activity

Transmission of electricity, unitary operational planning, coordination and management of the electricity system of the Republic of Bulgaria, provision and management of third party

access on a non-discriminatory basis to grid users or groups of grid users, implementation of the joint operation of the electricity system with the electricity systems of other countries, coordinated development and interoperability of the electricity transmission grid with interconnected electricity transmission grids, expansion, reconstruction, modernization, operation, maintenance and provision of the reliable operation of the electricity transmission grid, including the availability of all necessary ancillary services, maintenance and development of auxiliary grids, repairs and services in the field of energy, other commercial activities and services that are not prohibited by law.

Directors The company has a two-tier management system - Supervisory Board and Board of Directors. As of 31.12.2025, the Company is represented and managed by Executive Director Kiril Georgiev Georgiev.

Licenses The company owns:
– License for electricity transmission No.JI-419-04, dated 18 December 2013, valid for a period of 35 years, issued by EWRC

Investments in enterprises Electroenergien Sistemen Operator EAD (ESO EAD) is the sole owner of the capital of ESO Engineering EOOD, ESO Project EOOD, ESO Charge EAD, holds 50% of the capital of Bulgartel AD, 50% of the capital of Operator Zagore EAD, 33.33% of the capital of SEleNe CC, and 4% of the allocation office JAO S.A.

National Energy Operator EAD (NEO EAD)

Scope of Business Activity Construction and operation of electric power facilities
Directors The Company is managed by a Board of Directors and as at 31 December 2025 it is represented by the Executive Director Aleksandar Zdravkov Mihaylov.

Minproekt EAD

Scope of Business Activity Design and construction, scientific research, engineering and consulting activities related to coal mining in Bulgaria, notwithstanding whether by open or underground method. Tests of explosion-proof equipment and explosives.
Directors The Company is managed by a Board of Directors and as at December 31, 2025 it is represented by the Executive Director Kostadin Hristov Hristov.

Basis for preparation of the consolidated financial statement

The Group BEH EAD operates in compliance with the Bulgarian and the European legislation. The consolidated financial statements of the Group are prepared in accordance with the International Financial Reporting Standards developed and published by the International Accounting Standards Board and adopted by the European Union.

Responsibility of the Management

The Management confirms that an adequate accounting policy has been applied in the preparation of the consolidated financial statements for 2025 and they have been prepared on a going concern basis.

The management is responsible to keep proper accounting records, to carry out appropriate asset management and to undertake the measures necessary to avoid and detect any possible frauds and other irregularities.

The Consolidated management report for 2025 is prepared in accordance with art. 45 of the Accountancy Act and art. 247 of the Commercial Act and is approved by the Board of Directors of Bulgarian Energy Holding EAD.

2. Incorporation, management and structure

Legal status

Parent company

BEH EAD is a sole owner joint-stock company, established in 2008, following the change of the company name, statute and subject of activity of Bulgargaz Holding EAD, and the capital of the company being increased through an in-kind contribution at par value of all shares of the capital of Natsionalna Elektricheska Kompania EAD, NPP Kozloduy EAD, TPP Maritsa Iztok 2 EAD and Mini Maritsa-Iztok EAD. In this way, all state energy companies operating in the sphere of production, extraction, transmission and trade with energy resources, have been integrated in the structure of BEH EAD.

The sole owner of the capital of BEH EAD is the Republic of Bulgaria and the rights of a sole owner are exercised by the Minister of Energy who has the capacity of a principal and is empowered to make all decisions within the competence of the sole owner of the capital according to the law and the Articles of Association of the Company.

The company is managed through a one-tier management system. The management bodies are:

- Sole owner of the capital in its capacity of General Assembly - the Minister of Energy of the Republic of Bulgaria;
- The Board of Directors.

At the date of preparation of these annual consolidated financial statements, there are no plans for privatization of the company, it is included in the list of state companies not subject to privatization - Appendix No. 1 to art. 3, para. 1 of the Privatization and Post-Privatization Control Act.

Subsidiaries within the Group of Bulgarian Energy Holding EAD (BEH EAD)

NPP Kozloduy EAD was established on 28 April 2000 by Decision No.7 dated April 2000, company case 582/2000 of Vratsa District Court. The Company has its headquarters and registered office at: city of Kozloduy, Vratsa Province, NPP site, telephone code 0973, postal code 3320. The sole owner of the capital of NPP Kozloduy EAD since 18 September 2008 is BEH EAD.

HPP Kozloduy EAD was registered in Vratsa District Court with company case No.495 dated 2004 with the purpose of building a hydroelectric plant, generation and distribution of electricity from small hydroelectric power plant for utilization of the residual resource of the spent water from NPP Kozloduy EAD. The sole owner of the capital of HPP Kozloduy EAD is NPP Kozloduy EAD.

Kozloduy NPP-New Builds EAD was incorporated on May 9, 2012, with the business purpose of constructing nuclear power plant units. The sole owner of the capital of NPP Kozloduy - New Builds EAD is NPP Kozloduy EAD.

NPP Construction Supervision EOOD was entered in the Commercial Register at the Registry Agency with UIC 206736961, headquarters and registered office: Vratsa province, Kozloduy municipality, town of Kozloduy, site of "Kozloduy NPP" on November 25, 2021. "Kozloduy NPP" EAD is the sole owner of the capital of "NPP Construction Supervision" EOOD.

NPP SERVICE EOOD was entered in the Commercial Register and the Register of Non-Profit Legal Entities with the Registry Agency with UIC: 206858488, headquarters and registered office Vratsa province, Kozloduy municipality, town of Kozloduy, site of Kozloduy on 11.03.2022 with capital BGN 750 thousand. Kozloduy NPP EAD is the sole owner of the capital of Nuclear Power Plant (NPP) Service EOOD.

Bulgargaz EAD was registered in Bulgaria in accordance with the Commercial Act. The Company was entered in the Commercial Register under No. 113068, volume 1534, page 35, company case No. 16440/2006 and was registered on the basis of Decision No.1 dated 15 January 2007. The Company has headquarters and registered office at: Sofia municipality, Sofia 47 Petar Parchevich Str. The sole owner of the capital of Bulgargaz EAD is BEH EAD.

Bulgargaz North S.R.L. was registered in the Republic of Moldova on 27.06.2025. On 19.08.2025, by decision of the regulator of the Republic of Moldova, Bulgargaz North S.R.L. received a license to trade in natural gas on the territory of the republic. The sole owner of the capital of Bulgargaz North S.R.L. is Bulgargaz EAD.

Bulgartransgaz EAD was registered in accordance with the Commercial Act by Decision No.1 dated 15 January 2007 by Sofia City Court under No.113067, Volume 1543, p. 32, company case No. 16439/2006.

The Company's headquarters and registered office is: Sofia, Lyulin Municipality, Residential Area Lyulin 2, 66 Pancho Vladigerov Blvd. The sole owner of the capital of Bulgartransgaz EAD is BEH EAD.

Balkan Gas Hub EAD is a sole joint stock company with registered office in the Republic of Bulgaria, incorporated in the Commercial Register and the Register of Non-Profit Organizations with the Registry Agency under UIC 205478458 on 18 January 2019. The Company's registered office is in Sofia, res. area Darvenitsa, Sv. Kliment Ohridski Blvd., next to block 19, Kintex Business Building. The sole owner of the capital of Gas Hub Balkan EAD is Bulgartransgaz EAD.

Bulgartel EAD was registered under company case No. 13115/2004 in accordance with the Commercial Act by a decision of the Sofia City Court dated 30 November 2004. The Company's headquarters and registered office is: Sofia, residential area Darvenitsa, Sv. Kliment Ohridski Blvd., next to block 19, Kintex Business Building. The owners of the capital of Bulgartel AD are Electricity System Operator EAD and Bulgartransgaz EAD with a 50% share each.

Bulgartel Skopje DOOEL is a sole owner joint-stock company registered in the Central Registry of the Republic of Macedonia on 3 December 2008 under No. 643867. The company registered office and address of management is in Macedonia, city of Skopje, Yane Sandanski 64/3-2. The sole owner of the capital of Bulgartel Skopje DOOEL is Bulgartel EAD.

Electricity System Operator EAD (ESO EAD) was registered in accordance with the Commercial Act by Sofia City Court by Decision No.1 of 4 January 2007, under company case No. 16298/2006, lot No. 112765, volume 1528, register 1, page 53. The Company's registered office and address of management is Sofia, Vitosha district, 201 Tsar Boris III Blvd. The sole owner of the capital of ESO EAD is BEH EAD.

ESO Engineering EOOD was registered in the Commercial Register and the Register of Non-Profit Legal Entities with the Registry Agency on 18 February 2021 with UIC/PIC 206401308. The registered office of the company is. Sofia, 24 Petko Yu. Todorov blvd. The sole owner of the capital of the company is Electricity System Operator EAD.

ESO Proekt EOOD was registered in the Commercial Register and Register of Non-Profit Entities to the Registry Agency on 26.04.2022. Its headquarters and registered office is: city of Sofia, postal code 1404, 24 Petko Yu. Todorov blvd. The sole owner of the capital of the company is Electricity System Operator EAD.

ESO Charge EAD was registered in the Commercial Register with the Registry Agency on March 29, 2024, under Unified Identification Code (UIC) 207774922, with its registered office and management address at: Sofia, postal code 1404, 24 Petko Yu. Todorov blvd. The sole owner of the capital of the company is Electricity System Operator EAD.

Natsionalna Elektricheska Kompania EAD was registered in accordance with the Commercial Act by Sofia City Court under No.196, volume 5, p. 98, under company case No. 29869/1991. The Company has its registered office and business address in: Sofia, 5 Veslets str. The sole owner of the capital of NEK EAD is BEH EAD.

This document is a translation of the original Bulgarian text in case of divergence the Bulgarian text shall prevail

Mini Maritsa-Iztok EAD was registered under company case No. 2444/1993, Reg. 1, Vol. 1, p. 12, lot 6 by Stara Zagora District Court in accordance with the Commercial Law by Decision No.2773 dated 7 July 1993. The Company headquarters and registered office: Radnevo, Stara Zagora district, 13 Georgi Dimitrov str. The sole owner of the capital of Mini Maritsa-Iztok EAD is BEH EAD.

TPP Maritsa East 2 EAD was registered by decision No. 2591 dated 30 June 2000 of Stara Zagora Regional Court in accordance with the Commercial Act under company case 1338/2000, reg. 1, vol. 2, p. 46, lot 23. The Company has its headquarters and registered office at: Kovachevo, Stara Zagora province The sole owner of the capital of TPP Maritsa Iztok 2 EAD is BEH EAD.

National Energy Operator EAD is a joint-stock company established on 4 April 2023, as a sole proprietorship with sole owner Bulgarian Energy Holding EAD. The Company has its headquarters and registered office at: city of Sofia 1000, Oborishte district, Veslets str. and the address for correspondence is Sofia 1000, Oborishte district, 5 Stara planina str., office #3.

Minproekt EAD is a joint-stock company with sole owner Bulgarian Energy Holding EAD. The company joined BEH EAD Group on 07.12.2023 and it registered address is: city of Sofia 1756 Studentski district, 14 Kliment Ohridski Blvd.

No separate branches of the enterprise were set up in the structure of BEH EAD as of 31.12.2025.

History of the parent company

BEH EAD is the successor of the State Oil and Gas Company, founded in 1973, renamed to Gazosnabdyavane in December 1975. In accordance with the Decree on Business Activities, in the beginning of 1990, the Company was renamed to Bulgargaz. Bulgargaz was transformed into a sole-owner joint-stock company by order of the Council of Ministers of 12 May 1993.

With a transformation plan dated 27 October 2006 and its annexes, Bulgargaz EAD was transformed into Bulgargaz Holding EAD by the separation of two separate sole joint-stock companies – Bulgartransgaz EAD and Bulgargaz EAD pursuant to the provisions of Article 262 (d) of the Commerce Act. Bulgartransgaz EAD and Bulgargaz EAD are legal successors of the respective portion of the property (rights and obligations) of Bulgargaz Holding EAD. The transformation was registered in the court by decision No.45 dated 15 January 2007 of the Sofia City Court.

With Protocol No. RD-21-305 of 18 September 2008, the Minister of Economy and Energy changes the company name, the Articles of Association and the scope of activity of Bulgargaz Holding EAD and establishes Bulgarian Energy Holding EAD, the capital is increased by in-kind contribution at par value of all shares of the capital of Natsionalna Elektricheska Kompania EAD, NPP Kozloduy EAD, TPP Maritsa East 2 EAD and Mini Maritsa Iztok EAD.

Information under Art. 187e and Art. 247 (2) of the Commercial Act

Share capital

By Decree No. 168/27.08.2025 of the Council of Ministers, amendments to the 2025 budget of the Ministry of Energy were approved in the amount of BGN 1,500,000 thousand for increasing the capital of Bulgarian Energy Holding EAD. The funds are intended to be used to finance strategically important projects in the Energy sector. On 19 September 2025, funds in the amount of BGN 1,500,000 thousand were transferred to the account of Bulgarian Energy Holding EAD. The capital increase was registered in the Commercial Register and the Register of Non-Profit Legal Entities on 26 September 2025.

Pursuant to Protocol of the Minister of Energy dated 15 December 2025, the share capital of the Company was increased through a non-cash asset contribution in the amount of BGN 14,298 thousand, representing the ownership right to a real estate property - private state property, located in the Republic of Greece, city of Athens, 12 Akadimias Street, consisting of a land plot with a total area of 196.87 sq. m. and a seven-story building constructed thereon with a total gross built-up area of 1,424 sq. m. and a total floor area. The increase was entered in the Commercial Register and the Register of Non-Profit Legal Entities on 29 December 2025.

As at 31 December 2025 the share capital of the parent company BEH EAD is BGN 4,978,239,873 distributed in 4,978,239,873 shares with a nominal value of BGN 1 each. The entire amount of the Company capital is subscribed and paid in full. The Company's shares are ordinary, registered, non-privileged, with voting rights.

The Company does not possess any own shares. In 2025, the Company did not acquire or transfer its own shares.

Information regarding the remuneration of the members of the Board of Directors of Bulgarian Energy Holding EAD and its subsidiaries under management and control contracts

The remuneration of the members of the Board of Directors of Bulgarian Energy Holding EAD and its subsidiaries is as follows:

Remuneration of key management personnel

<i>thousand BGN</i>	2025	2024
Remuneration	5,832	5,664
Social security contributions	520	363
Social costs	364	892
Benefits for unused leave	8	-
Total	6,724	6,919

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

The members of the Board of Directors do not own shares of the companies. They do not have privileges or exclusive rights to acquire shares and bonds of the companies. All shares of BEH EAD are owned by the State, and the shares of NPP Kozloduy EAD, Bulgargaz EAD, Bulgartransgaz EAD, Mini Maritsa-Iztok EAD, NEK EAD, TPP Maritsa East 2 EAD, Minproekt EAD, NEO EAD and ESO EAD are 100% owned by BEH EAD.

Information on the participation of members of the Board of Directors in companies as unlimited liability partners, ownership of more than 25 percent of the share capital of another company, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members for the period 01.01.2025 - 31.12.2025:

Vasil Georgiev Stoynov – Chairperson of the Board of Directors of Bulgarian Energy Holding EAD since 22.05.2025. The latter does not participate as a general partner, does not own more than 25% of the share capital of another company, and does not participate in the management of other companies or cooperatives as procurator, manager or board member.

Veselina Lachezarova Kanatova-Buchkova – Chairperson of the Board of Directors of Bulgarian Energy Holding EAD until 22.05.2025 – does not participate as a general partner, does not own more than 25 percent of the share capital of another company, and does not participate in the management of other companies or cooperatives as procurator, manager or board member.

Kalin Boyanov Filipov – Vice Chairperson of the Board of Directors of Bulgarian Energy Holding EAD and as of 31.12.2025. He does not have any participation as an unlimited liability partner, does not own more than 25% of the share capital of another company, and does not participate in the management of other companies or cooperatives as procurator, manager or board member.

Valentin Aleksiev Nikolov – Executive Director of Bulgarian Energy Holding EAD and member of the Board of Directors as of 31.12.2025. He owns more than 25% of the company capital as follows:
SUZVEZDIE LUV OOD, UIC: 202787168 – sole owner of the capital until 10.01.2024 and partner with 49 percent participation in the capital from 10.01.2024 to the present;
MDV CONSULT OOD, UIC: 203320833 – Partner with 50 percent participation in the capital until the present moment.

Galina Tsvetanova Todorova – Executive Director of Bulgarian Energy Holding EAD and member of the Board of Directors until 13.02.2025. She does not have any participation as an unlimited liability partner, does not own more than 25 percent of the share capital of another company and does not participate in the management of other companies or cooperatives as procurator, manager or board member.

Diyan Atanasov Ivanov - member of the Board of Directors as of 13.02.2025. He owns more than 25% of the capital of the following commercial companies:
MIHAYLOVI CONSULT EOOD, UIC: 203306709 – sole owner of the capital until 14.02.2025;
Until 14.02.2025, he participates in the management as a Manager of the following company:
MIHAYLOVI CONSULT EOOD, UIC: 203306709

Ivo Ivanov Todorov - Member of the Board of Directors of Bulgarian Energy Holding EAD as of 31.12.2025. He does not have any participation as an unlimited liability partner, does not own more than 25% of the share capital of another company, as well does not participate in the management of other companies or cooperatives as procurator, manager or board member.

Information on contracts pursuant to Art. 240b of the Commerce Act

The Company has not entered into contracts with members of the Board of Directors, other than management and control contracts, as well as with parties related to them.

Personnel

Number of personnel:

2025 report	2024 report	% change 2025/2024
18,613	19,066	(2.38%)

Labor productivity - revenue/number of employees (in thousand BGN)

2025 report	2024 report	% change 2025/2024
496.71	463.73	7.11%

Related parties

As of 31 December 2025, the economic group of BEH holds interests in the following joint ventures, reported in the consolidated financial statements using the equity method:

Company	Country of incorporation	Core Business	2025 %	Amount of investments thousand BGN
Joint ventures				
ICGB AD	Bulgaria	construction and operation of a gas transmission system	50.00%	72,772
South Stream Bulgaria AD	Bulgaria	construction and operation of a gas transmission system	50.00%	9,856
SEleNe CC	Greece	coordinating the security of the electricity network in Southeast Europe	33.33%	4,881
Operator Zagore AD	Bulgaria	distribution network, distribution of electricity and natural gas within a closed distribution network, provision of energy services	50.00%	50
Gastrade S.A.	Greece	construction of a liquefied natural gas terminal	20.00%	40,831
Total joint ventures				128,390

As at 31 December 2025, the economic group of BEH holds interests in the following associated companies, reported in the consolidated financial statements using the equity method:

Company	Country of incorporation	Core Business	2025	Amount of investments
			%	<i>thousand BGN</i>
Associated companies				
ContourGlobal Maritsa Iztok 3 AD	Bulgaria	generation of electricity	27.00%	48,283
Contour Global Operations Bulgaria AD	Bulgaria	operation and maintenance of a thermal power plant	27.00%	2,967
ZAD Energy	Bulgaria	insurance company	48.08%	12,229
Allianz Bulgaria Pension Company AD	Bulgaria	pension insurance company	34.00%	37,462
Hydro Power Company Gorna Arda AD	Bulgaria	hydroelectric company	24.00%	-
Total associated companies				100,941

Information on the main intangible resources according to Art. 39, para. 6 of the Accountancy Act

The main intangible resources of BEH Group are related to the licenses held by the subsidiaries in the field of production and trade in electricity and heat and transmission and trade in natural gas. The licenses are described in detail for each company separately in Section 1. "General Information" of this consolidated activity report.

3. Main results for 2025

3.1. Financial result

The reported net financial result of the Group for 2025 is a profit of BGN 108,660 thousand, with an annual decrease of BGN 137,517 thousand compared to the result in 2024 (BGN 246,177 thousand). An analysis of the financial performance of BEH Group by business segments, as well as the main factors affecting the activities of the Holding companies, is presented below in this section.

The change in the main components forming the financial result:

Financial results	2025	2024	Change 2025/2024	
	thousand BGN	thousand BGN	thousand BGN	%
Total revenue	9,245,301	8,841,436	403,865	4.57%
Book value of natural gas, electricity and other current assets sold	(3,590,218)	(3,405,516)	(184,702)	(5.42%)
Operating expenses	(5,278,012)	(4,979,592)	(298,420)	(5.99%)
Finance costs, net	(115,462)	(103,751)	(11,711)	(11.29%)
Profit from investments accounted for using the equity method	27,711	3,716	23,995	645.72%
Tax expenses	(180,660)	(110,116)	(70,544)	(64.06%)
Net profit	108,660	246,177	(137,517)	(55.86%)

BEH EAD was established as a corporate structure that combines the state-owned energy companies. The Group's principal revenues relate to the generation, transmission, supply and sale of electricity; the transmission, storage and sale of natural gas; and the mining and sale of coal.

Taking into account the characteristics of the current market model, the activities of the companies and their financial results depend on the influence of external factors related to the macroeconomic factors and market trends, as well as to the market regulation models applied by the independent regulatory authority – Energy and Water Regulatory Commission (EWRC/the Commission).

By 30.06.2025, the current market model provided for the existence of companies carrying out the functions of a public supplier of electricity and natural gas. As of 31.12.2025, Bulgargaz EAD is still a public supplier of natural gas and is subject to regulation by the Energy Regulatory Commission, with the commission determining the selling prices of natural gas at which the company sells them to end suppliers, while the role of National Electric Company EAD as a public supplier of electricity was eliminated with amendments to the Energy Act, effective from 01.07.2025.

In 2025, the BEH Group's Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) decreased by 1.95% year-on-year, amounting to BGN 1,361,685 thousand, compared to the BGN 1,388,833 thousand reported in 2024. The Group's operating financial result before interest and taxes (EBIT) for 2025 was a profit of BGN 377,071 thousand, which is BGN 79,257 thousand less than the operating profit reported a year earlier.

The total amount of assets increases from BGN 30,091,566 thousand at the end of 2024 to BGN 31,175,313 thousand as of 31.12.2025. The reported increase is mainly due to a higher carrying amount of property, plant and equipment, as well as the increased value of current trade and other receivables during the period under review.

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By the end of 2025, the company's working capital increased to BGN 3,887,689 thousand, which indicates the formation of a significant buffer of liquid resources, ensuring coverage of short-term liabilities with current assets.

The table below provides information on the key performance indicators of the Group's financial position as at 31 December 2025.

Main indicators	2025	2024	Change 2025/2024	
	<i>thousand BGN</i>	<i>thousand BGN</i>	<i>thousand BGN</i>	%
Total revenue	9,245,301	8,841,436	403,865	4.57%
Total expenses	(8,868,230)	(8,385,108)	(483,122)	(5.76%)
EBITDA ¹⁾	1,361,685	1,388,833	(27,148)	(1.95%)
EBIT ²⁾	377,071	456,328	(79,257)	(17.37%)
EBT ³⁾	289,320	356,293	(66,973)	(18.80%)
EBITDA margin	14.73%	15.71%	(0.98 p.p.)	-
Total assets	31,175,313	30,091,566	1,083,747	3.60%
PPE ⁴⁾	21,580,085	21,083,539	496,546	2.36%
Working capital ⁵⁾	3,887,689	3,291,871	595,818	18.10%
Cash	2,581,365	3,699,884	(1,118,519)	(30.23%)
Equity	19,928,554	19,946,205	(17,651)	(0.09%)
1) EBITDA – earnings before interest, taxes, depreciation and amortization and profit in associates and jointly controlled companies; 2) EBIT – earnings before interest, taxes and profit in associates and jointly controlled companies; 3) EBT – earnings before taxes; 4) PPE – property, plant and equipment; 5) Working capital – current assets minus current liabilities				

The reported financial results by different types of segments are presented below:

- **Electricity segment**

Electricity	2025	2024	Change 2025/2024	
	thousand BGN	thousand BGN	thousand BGN	(%)
Revenues from sales:				
- external customers	6,739,485	6,267,236	472,249	7.54%
- other segments	1,782,626	1,657,716	124,910	7.54%
Segment Revenue	8,522,111	7,924,952	597,159	7.54%
Changes in production and WIP balances	15,422	14,089	1,333	9.46%
Costs for acquisition of property, plant and equipment	68,957	61,858	7,099	11.48%
Book value of natural gas, electricity and other current assets sold	(3,743,620)	(3,431,763)	(311,857)	(9.09%)
Expenses for materials	(1,000,595)	(683,787)	(316,808)	(46.33%)
Hired services expenses	(483,886)	(430,287)	(53,599)	(12.46%)
Depreciation and amortization expenses	(557,825)	(521,841)	(35,984)	(6.90%)
Personnel expenses	(955,460)	(901,771)	(53,689)	(5.95%)
Impairment of sales receivables, net	36,943	17,082	19,861	116.27%
Impairment of property, plant and equipment, net	(23,814)	2,173	(25,987)	(1,195.90 %)
Costs for provisions	(267,720)	(466,288)	198,568	42.58%
Other operating expenses	(1,112,266)	(946,502)	(165,764)	(17.51%)
Operating profit from the segment	498,247	637,915	(139,668)	(21.89%)

Within the Group, operations in the Electricity segment are carried out by the following companies: NEK EAD, ESO EAD, NPP Kozloduy EAD, TPP Maritsa East 2 EAD and the National Energy Operator EAD. In compliance with the legal regulations, the companies are holders of licenses for generation, sale, transmission and trade of electricity. They carry out their operations in compliance with the requirements of the EU directives and regulations in the field of energy, the Energy Act and the Ordinance on regulating the prices of electricity. The regulation of their operations is carried out by the independent specialized authority – EWRC.

The main changes in the environment in which they operate and which had an impact on the activities of the companies in the "Electricity" segment are the following:

- Regulatory interventions in the free electricity market, manifested primarily in setting revenue caps for electricity generators, as well as determining compensations for non-household end-users;

- Termination of the license of NEK EAD for Public Electricity Supply, effective from 01.07.2025. From the same date, the new mechanism "Tenders - End Supplier" will be launched through the IBEX platforms, as NEK EAD, in its role as coordinator of a standard balancing group and through its trading license, supplies end suppliers with electricity;
- Normalization of prices on the European electricity markets compared to the peak prices from the end of 2021 and during 2022. In 2025, the average baseload price on the 'Day-Ahead' market segment of IBEX recorded a moderate year-on-year growth of 4.6% to EUR 107.2/MWh;
- The increased construction of solar power generation and consumption installations in 2025, with the same reaching a 32.7% share of the total generation capacities in the country, resulting in a decline in generation from conventional sources in 2025 compared to the previous year 2024;
- The share of electricity produced by RES in the electricity mix of the Republic of Bulgaria in 2025 reached 28% (2024: 25%). The growth in supply from this type of producer affected the competitiveness and volumes of electricity sold by other types of producers.

In 2025, the total gross production of electrical energy in the country increased with 5.2% compared to the previous year and amounted to 40,198,090 MWh, compared to 38,227,519 MWh a year earlier. The reason for the reported growth on an annual basis is mainly the higher demand for electricity in the region. As a result, the country's net commercial exports increase compared to the previous year – by 33.9%, reaching 1,321,792 MWh in 2025.

In 2025, the gross electricity generation of the generating companies within the BEH Group amounted to 21,820,460 MWh (representing a 54% share of the total gross generation in the country), marking a 1.39% decline compared to the generation reported in 2024 (22,124,462 MWh).

In 2025, Kozloduy NPP EAD produced 15,362,268 MWh of electricity, and the net active electricity supplied by the company, according to the current regulations, amounted to 14,603,368 MWh. The amount of electricity generated is 3% less than in 2024, due to reduced production due to shutdowns with a total duration of 23.21 days of nuclear power unit No. 6 outside the planned annual maintenance. The sale of electricity on the regulated market for the period until 30.06.2025 is based on the electricity price and monthly quantities for the sale of electricity of the Public Supplier "National Electricity Company" EAD (NEK) approved by the EWRC. Electricity supplies in the first half of the year at regulated prices amounted to 3,188,001 MWh and were 25% more than in the same period of 2024, due to the increased quota from 01.01.2025, which is reflected in a corresponding decrease in the quantities for the free market. On an annual basis, electricity sales at regulated prices are 39% lower than in 2024, due to changes in the Energy Act, published in the State Gazette, issue. 44 of 2025, which, as of 01.07.2025, brings into force full liberalization of the wholesale electricity market and the abolition of the obligation of the public supplier to purchase electricity from producers for the needs of household consumers.

A new mechanism has been created, which is implemented through NEK EAD, in its capacity as balancing group coordinator. After the quota was abolished, it was replaced by a legally imposed obligation for participation of Kozloduy NPP EAD in the new mechanism and provision of quantities for bidding by NEK EAD on the new exchange segment, for the purposes of satisfying household consumption and protecting it from the predicted high prices on the free market. In 2025, Kozloduy NPP EAD sold a total of 11,370,962

MWh on the free market (including sales to the balancing group coordinator - NEK EAD) compared to 9,789,905 MWh a year earlier. The remaining quantities (44,406 MWh) are sold by the power plant on the balancing market and through sales under Art. 119 of the Energy Law and delivery to its own sites under Art. 119, para. 1 of the Energy Law.

The average selling price of electricity produced by Kozloduy NPP EAD in all directions in 2025 is 152.10 BGN/MWh and marks an increase of 11.9% compared to the average selling price achieved in 2024. The higher average selling price of electricity compensates for the moderate decline in the quantities realized by the plant, as in 2025, revenues from the sale of electricity increase to 2,219,851 thousand BGN. (by 9% annually). Despite the reported sales growth, the significant increase in operating expenses during the period under review, mainly as a result of the significant increase in targeted contributions to the Electricity System Security Fund (ESSF) and higher nuclear fuel costs, led to a decline in the company's net profit, which for 2025 amounted to BGN 12,739 thousand compared to BGN 221,913 thousand.

In 2025, Maritsa Iztok 2 TPP EAD reported gross electricity generation of 4,613,702 MWh, which is 2.8% more compared to the generation a year earlier (4,486,222 MWh). In 2025, the company generated 3,923,551 MWh of electricity, which is 6,746 MWh more than in 2024 (3,916,805 MWh).

Pursuant to Order No. E-RD-16-310 of 31.05.2024, pursuant to Art. 4, para. 2, item 8 of the Energy Act and Art. 25, para. 4 of the Administration Act, in view of the security of electricity supply on the territory of the country, the Minister of Energy has assigned to "TEC Maritsa Iztok 2" EAD a total annual quota of 2,628,000 MWh for mandatory purchase of electricity during the regulatory period from 01.07.2024 to 30.06.2025, produced from local primary fuel sources, representing approximately 9.35% of all primary energy necessary for the production of electricity consumed in the country in the calendar year 2023. By Order No. E-RD-16-2729 of 13.12.2024, the total annual quota of 2,628,000 MWh was replaced with "up to 3,155,000 MWh". Pursuant to Art. 93a, para. 1, item 3 of the Energy Act, the quantities determined by Order No. E-RD-16-2729 of 13.12.2024 for the period 01.01.2025-30.06.2025 should be purchased by the Public Supplier (NEK EAD) and sold to satisfy the requests of the end suppliers to cover the consumption of household consumers.

With the amendments to the Energy Act, in force from 10.06.2025, as of 01.07.2025, the functions of NEK EAD as a public supplier for purchasing energy under quotas determined by the Energy Regulatory Commission under Art. 93a, para. 1 for the purpose of selling to end suppliers of household end customers were abolished. With the same amendments to Art. 100, para. 8 and para. 9 of the Energy Act, a mechanism was created for supplying end-user customers through transactions with non-standard long-term products on an organized exchange market. On the basis of Art. 100, para. 9 item 2 in connection with Art. 100 para. 8 of the Energy Act, on 16.06.2025, the company concluded with NEK EAD (balancing group coordinator) a contract for the purchase and sale of electricity for participation through a balancing group coordinator in auctions on an organized exchange market for sale to end suppliers. The contract is in force from 01.07.2025 and is valid until the mechanism introduced in Art. 100, para. 8 of the Law on Economic Activities is repealed. For the period from 01.07.2025 to 30.06.2026, the purchase and sale of 3,155,000 MWh of active electricity with estimated monthly distribution of quantities and load modulation have been agreed.

As a result of the changes in the functioning of the electricity market and the elimination of the production quota for "THP Maritsa East 2" EAD, as of 01.07.2025, in 2025 the plant sold 2,524,050 MWh on the free market (compared to 604,617 MWh sold on the free market in 2024), while sales at regulated prices, carried out only in the first half of 2025, decreased to 1,348,028 MWh (compared to 3,233,217 MWh for 2024).

The average selling price of electricity produced by Maritsa East 2 TPP EAD in all directions in 2025 is 294.32 BGN/MWh, which represents a decrease of 3.5% compared to the average selling price reached in the previous year. The lower average selling price and the quantities of electricity sold result in a moderate decrease of 2.8% on an annual basis in revenues from electricity sales, which in 2025 amount to BGN 1,172,644 thousand. The company's net financial result during the period under review was negative - 216,150 thousand BGN compared to a loss of 101,595 thousand BGN reported a year earlier. The deterioration in the result is largely due to higher costs for greenhouse gas emissions in 2025.

With the owned hydroelectric plants and PSHPP, NEK EAD is the largest producer of energy from renewable energy sources in the country, which actively participates in the regulated and free market and in the control and regulation of the electricity system. The production of electricity from its own hydroelectric power plants and combined hydropower plants in 2025 was typical of a dry year, with the hydroelectric power plants in the structure of NEK EAD producing 1,839,773 MWh compared to 1,861,165 MWh of production reported for 2024. Compared to last year (when production was also typical of a dry year), a minimal decrease in the quantities produced by hydroelectric power plants was reported by 1.1% or 21,392 MWh less. The trend from the previous year persists, with water resources in the reservoirs managed by NEK EAD remaining at insufficient volumes due to the dry period, in connection with which the company has been endeavoring to conserve the water resource. Despite the low production during the year, the hydroelectric power plants in the structure of NEK EAD actively participate in the balancing market and are an important part of the management and regulation of the electricity system in the country.

During the period under review, NEK EAD fulfilled its obligations in accordance with its licensing activities and provided the necessary amount of electricity to the End Suppliers in 2025. Until 30.06.2025, the company sold electricity to the End Suppliers through the Public Supply license, and from 01.07.2025, it continues to supply them with electricity through the trading license through the Auctions - End Supplier Mechanism. With the amendments to the Energy Act dated May 30 and June 10, 2025, the Public Supply license of NEK EAD was terminated, and a full liberalization of the wholesale electricity market was implemented, effective as of July 1, 2025. This full liberalization applies solely to wholesale trading, whereas retail liberalization for household consumers has been postponed with no fixed deadline. In accordance with the amendments to the Energy Law of 01.07.2025, end suppliers purchase electricity on market principles through the Tenders-End Supplier Mechanism (from NEK EAD through the trading license) and sell it to household consumers at prices containing a regulated component.

In 2025, NEK EAD sold 15,496,625 MWh of electricity on the regulated market and on the platforms of IBEX and the free market, including through the Auction Mechanism - End Supplier. Reported electricity sales are 2.7% higher than the reported sales by NEK EAD for the previous year 2024, when they were at a level of 15,096,485 MWh. The increase in electricity sales in quantitative terms is 400,140 MWh in 2025 and is entirely due to the growth in sales to End Suppliers, as their relative share (90.1% in 2025) continues

to be the highest of all electricity sold by the company. The average selling price of electricity achieved by NEK EAD in all directions in 2025 amounts to 172.86 BGN/MWh, which is 27.35% more than the company's average selling price a year earlier (135.74 BGN/MWh). The reported significant growth on an annual basis is a result of the full liberalization of the wholesale electricity market, effective from 01.07.2025.

The higher average selling price, as well as the higher quantities of electricity sold, led to a significant increase (30.73% on an annual basis) in the company's sales revenue, which in 2025 amounted to BGN 2,678,824 thousand compared to BGN 2,049,146 thousand reported in 2024. In 2025, NEK EAD's net profit increased to BGN 281,231 thousand, reporting an annual growth of 102.19% compared to a net profit of BGN 139,090 thousand reported a year earlier. It should be borne in mind that the growth in the reported financial result of NEK EAD on an annual basis in 2025 is in conditions of less reported revenues from the FSES compared to those of the previous year, which is due to the changed compensation structure from the fund according to the price decisions for the regulatory periods 2024-2025 and 2025-2026 and the elimination of the reimbursed costs for consumed electricity from the End Suppliers, which was the largest item in the revenues from the FSES in 2024.

In 2025, ESO EAD continued to carry out the activities of operation, maintenance, expansion, reconstruction, modernization and ensuring the reliable functioning of the electricity transmission network, including the availability of all necessary additional services, maintenance and development of auxiliary networks, repair activities and services in the field of energy.

For the period January – December 2025, the volume of electricity sustained in the country, for which the transmission system operator ESO EAD is owed an access fee for end-users and transmission, amounted to 33,663,561 MWh, which is 872,535 MWh, or 3% more compared to 2024 (32,791,026 MWh). In 2025, the volume of electricity for which an access fee is owed by generators, excluding solar and wind energy generators, amounted to 28,709,894 MWh, which is 484,148 MWh, or 2%, more compared to the previous year (28,225,746 MWh), while the volume for which an access fee is owed by solar and wind electricity generators was 7,528,466 MWh, which is 1,006,829 MWh (15%) more compared to 2024 (6,521,637 MWh).

In 2025, ESO EAD reported a net profit of BGN 262,006 thousand, representing a 1.2% decrease compared to the result achieved a year earlier (2024: BGN 265,184 thousand). The reported moderate decline in the company's financial result for 2025 is mainly due to higher costs for purchasing energy for the balancing market and for purchasing energy for technological transmission costs, due to the higher reported purchase price for 2025. It should be noted that the financial condition of the transmission operator depends largely on external factors such as electricity consumption and production, the price of electricity on European exchange markets and in the region, amendments to the Energy Act, as well as the decisions of the Bulgarian Electricity Regulatory Commission.

- **Natural Gas Segment**

Natural gas	2025	2024	Change 2025/2024	
	thousand BGN	thousand BGN	thousand BGN	(%)
Revenues from sales:				
- external customers	2,300,093	2,341,614	(41,521)	(1.77%)
- other segments	231,430	242,327	(10,897)	(4.50%)
Segment Revenue	2,531, 523	2,583,941	(52,418)	(2.03%)
Changes in production and WIP balances	(48)	15	(63)	(420.00%)
Carrying amount of natural gas, electricity and other assets sold	(1,635,672)	(1,654,435)	18,763	1.13%
Expenses for materials	(6,734)	(7,633)	899	11.78%
Hired services expenses	(52,550)	(44,805)	(7,745)	(17.29%)
Depreciation and amortization expenses	(338,642)	(305,660)	(32,982)	(10.79%)
Personnel expenses	(93,216)	(87,290)	(5,926)	(6.79%)
Impairment of sales receivables, net	(43,819)	(71,895)	28,076	39.05%
Impairment of property, plant and equipment, net	-	431	(431)	(100.00%)
Other operating expenses	(68,118)	(126,074)	57,956	45.97%
Costs for provisions	(48,812)	(34,351)	(14,461)	(42.10%)
Technological costs of natural gas	(152,576)	(140,208)	(12,368)	(8.82%)
Operating profit from the segment	91,336	112,036	(20,700)	(18.48%)

The operations of transmission, transit, storage and public supply of natural gas are carried out based on licenses issued to Bulgartransgaz EAD and Bulgargaz EAD in compliance with the Energy Act and the secondary legislation which follows the European legislation in the field and the regulatory requirements of EWRC.

In 2025, the amount of natural gas transmitted to consumers on the territory of the country is 27,655,910 MWh (2024: 27,850,701 MWh), which is comparable to the levels of the previous year, with a slight decrease of 194,791 MWh (0.7%). Traditionally, the seasonality in natural gas transmission persisted in 2025, with the highest volumes being transmitted in December – 3,261,275 MWh, and the lowest volumes transmitted in August – 1,519,698 MWh. The dynamics of the monthly change in transported natural gas shows that the most significant increase in 2025 compared to 2024 was recorded in the months of February, April and December.

The deviation in the quantities of natural gas transported to exit points in the country is due to a complex of factors, including changes in natural gas consumption, influenced by temperature conditions during the

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period, as well as by the dynamics of consumption by the main customer groups. The largest decrease was recorded in August – by 17.22% or 316,211 MWh, while the smallest decrease was recorded in July – by 1.71% or 27,162 MWh.

In 2025, the total amount of transited natural gas to neighbour countries was 194,874,041 MWh (2024: 174,925,007 MWh), with a steady increase of 19,949,034 MWh, or 11.4% compared to 2024. The growth is mainly due to increased flows to Romania and Serbia, which reinforce the importance of Bulgarian infrastructure as a strategic supply route in the Southeastern Europe region. The reported changes to neighboring countries are as follows:

- The most significant increase is reported in the direction of Romania, with 74.4%, or 17,981,717 MWh more compared to 2024;
- In the direction of Serbia, an increase of 4.0% was reported, or 4,413,431 MWh more compared to 2024;
- In the direction of Greece, a decrease of 5.7% was reported, or 2,129,311 MWh less compared to 2024;
- In the direction of North Macedonia, a decrease of 8.4% was reported, or 316,802 MWh less compared to 2024.

The quantities transmitted in the direction of Serbia have the largest share in the total transit of natural gas in 2025 – 58.5%, followed by the direction of Romania with a share of almost 21.6%. The least transited quantities were to North Macedonia - only 1.8% of the total transit.

No cross-border transmission of natural gas to the Republic of Turkey took place during the period 2022-2025, as the commissioning of the Turkish Stream gas pipeline, through which Turkey supplies its own natural gas, started in early January 2020.

The activity "Natural gas storage" is carried out in the only underground gas storage facility on the territory of the country - Chiren, owned by Bulgartransgaz EAD. The technological process related to the natural gas storage service is seasonal (cyclic) and is expressed in the extraction and injection of gas from/into the underground gas storage. In 2025, the volume of extracted natural gas amounted to 4,285,760 MWh, which is 701,517 MWh (14.1%) less compared to the volumes in 2024 (4,987,277 MWh). The reported natural gas injected into the Chiren UGS facility in 2025 amounted to 4,791,466 MWh, which is 334,465 MWh (7.5%) more than the gas injected during the same period of 2024 (4,457,001 MWh).

In 2025, the trend of maintaining a high level of gas storage capacity utilization in line with European measures to ensure security of supply continues. As of 31.12.2025, the natural gas stored for customers at Chiren UGS was 4,657,744 MWh compared to 4,079,062 MWh stored in 2024.

Gas Hub Balkan (GHB) EAD was established as an operator of a natural gas trading platform in accordance with the Bulgarian Energy Law. In 2025, GHB offered the following services for access to its e-commerce platform: i) Short-term (spot) segment, which offers short-term standardized products "within the day", "day ahead", as well as time and local products for the needs of balancing the network of the transmission system operator. Trading is conducted on an anonymous basis, in accordance with the provisions of Regulation (EU) No. 312/2014; ii) Long-term segment, where products traded on a medium-term and long-term basis are offered – weekly, monthly, Balance of Month, quarterly, seasonal (summer and winter half-year), and annual.

iii) Brokerage service, which enables the conclusion of gas purchase contracts by end-users/end-suppliers directly connected to the gas transmission system of Bulgaria, without incurring membership costs on the trading platform and without the need to obtain access to the access and transmission services through the network of the transmission system operator Bulgartransgaz EAD.

In 2025, the volumes under transactions on the short-term segment increased by 1.94% year-on-year, or by 313,379 MWh, reaching 16,466,760 MWh compared to those reported in 2024 (16,153,381 MWh). The volumes under transactions on the long-term segment in 2025 amounted to 21,634,395 MWh, which is 17.2% less compared to the same period of the previous year (2024: 26,123,714 MWh).

At the end of 2025, there were 126 registered participants in the BGH, of which three transmission network operators and one mining company.

The activity of Bulgargaz EAD (public supply of natural gas) is regulated by the Energy Act and the bylaws. With the amendment of Art. 30 par. 1 item 7 of the Energy Act (EE) promulgated in SG No. 79 of 2019, effective as of 01.01.2020, Bulgargaz EAD, in its capacity as a public supplier, sells natural gas at regulated prices solely to: i) end-suppliers of natural gas; ii) persons who have been issued a license for the generation and transmission of thermal energy. All other customers directly connected to the gas transmission network are excluded from the regulated market.

After the changes in the legislation, Bulgargaz EAD conducts its activities as follows: i) on the regulated market under contracts at an exit point of the gas transmission system of Bulgaria – at prices regulated by the EWRC; ii) on the free market under contracts with customers directly connected to the gas transmission system – at freely negotiated prices; iii) on the organized exchange market in the country and in the countries where the company holds a trading license – at freely negotiated prices; iv) others, outside the organized exchange market (on the domestic and international markets) – at freely negotiated prices (most frequently applying the formula 'TTFfm price + premium', where TTFfm is the main reference virtual trading marketplace for gas in Europe, based in Amsterdam, the Netherlands); v) sale of services (SWAP operations and others) and extraordinary sales.

In June 2025, Bulgargaz EAD registered its subsidiary under the name 'Bulgargaz North', through which it conducts natural gas trading activities within the territory of Moldova. On 19.08.2025, by Decision of the regulator of the Republic of Moldova, "Bulgargaz North" received a license for trading in the Republic of Moldova. In July 2025 Bulgargaz EAD concluded a standardized supply agreement (EFET agreement) with the Moldovan company Energocom S.A. The purpose of the concluded contract is access and provision of an opportunity for Bulgargaz EAD to participate in the tenders organized by "Energocom" S.A., financed within the framework of the loan granted to them by the EBRD for the purchase of natural gas or own funds.

As of January 1, 2025, the transit contract for the transmission of Russian natural gas through Ukraine to Europe expired. Almost a third of Russian gas sold in Europe was transported through the territory of Ukraine. As a result, Ukraine, like other European countries, is suffering serious economic, social and geopolitical consequences. The resolution of the emerging energy crisis, combined with the availability of reserved capacity for access to the Greek and Turkish terminals by Bulgargaz EAD, represents a potential business opportunity for expanding the activities of Bulgargaz EAD through its entry into the Ukrainian market. On 24.07.2025, Bulgargaz EAD concluded a framework EFET agreement with the state-owned company Naftogaz Ukraine, which enabled Bulgargaz EAD to participate in the auctions organized by it

with a delivery point and exit points of the gas transmission networks of countries neighboring Ukraine. After participating in several tenders, it was found that Bulgargaz's costs for transmission to such points significantly exceed the costs of other companies located in close proximity to Ukraine and Bulgargaz EAD's prices are not competitive. In order to make sales in Romania, Moldova and Ukraine, Bulgargaz EAD reserves annual capacities on the relevant routes. Subsequently, however, these capacities became uncompetitive due to decisions by the regulatory authorities of Greece, Bulgaria, Romania, Moldova and Ukraine to introduce route capacity products from VTT Greece to Ukraine, offered at a significant discount compared to the established standard capacity products.

For 2025, the reported quantities of natural gas sold are 17,552,950 MWh, and compared to those for 2024 (17,806,287 MWh), they decrease by 253,337 MWh, or 1.42%.

In 2025, the following trends were reported:

- the main consumers of natural gas remained enterprises in the Energy sector, as well as Distribution companies, with these sectors experiencing a growth in consumption of 4.7% (Energy) and 18.2% (Distribution companies) respectively compared to the reporting period of 2024;
- A decline in sales was reported in the remaining sectors, with the exception of Building Materials and Construction, with the most significant decrease being reported in the Metallurgy (63%) and Glass and Porcelain (35%) sectors compared to 2024.

In 2025, the largest relative share in the structure of natural gas sales had those on the regulated market - 14,124,844 MWh or about 80.5% of the total sales. In second place in terms of relative share are the sales at free prices on the local and regional market (VTP) - respectively 2,768,793 MWh, or 15.8% of the total quantities. The lowest share is the sales of the Anonymous/non-anonymous segment for the regional exchange market – 659,913 MWh, or 3.8% of total sales.

To meet the natural gas needs of its customers, as of 31.12.2025, Bulgargaz EAD has delivered 18,006,026 MWh of natural gas (for 2024: 17,738,287 MWh). In 2025, the company purchased *pipeline natural gas* in the volume of 10,095,664 MWh, *liquefied natural gas (LNG)* in the volume of 7,034,028 MWh, purchased volumes at a virtual trading point (VTP) in the volume of 668,431 MWh, and natural gas purchased under balancing contracts in the volume of 207,903 MWh.

The main supplies of natural gas, guaranteeing the consumption of the company's customers, are provided through:

- concluded contracts for the supply of liquefied natural gas for 2025 as a result of tender procedures for liquefied gas supply terminals in Turkey and Greece (Alexandroupolis);
- a long-term contract concluded with Azerbaijan Gaz Supply Company (AGSC), which is implemented in full from 01.10.2022 with the launch of the IGB interconnection;
- natural gas purchase and sale agreement with BOTAŞ providing capacity for regasification and transmission through interconnection point Strandzha 1 - Malkochlar.
- the terminal in Alexandroupolis, which was put into commercial operation on October 1, 2024, through which supplies of liquefied natural gas (LNG) were made to the Bulgarian market. The capacity reserved by Bulgargaz EAD for the next 10 years amounts to 10,600,000 MWh per year.

At the end of January 2025, an accident occurred at the terminal in the city. Alexandroupolis, causing it to suspend operations work until 01.08.2025.

To ensure the security and continuity of natural gas supplies and to cover the seasonality for its customers, Bulgargaz EAD uses the capacity of the underground gas storage facility at Chiren UGS, owned by the combined operator Bulgartransgaz EAD. The operation of the gas storage is cyclical, with the natural gas injection period being "May-October" and the withdrawal period being "November-April".

In line with the Emergency Action Plan regarding the storage on natural gas quantities with a view to making up for seasonal variations for its clients, Bulgargaz EAD is obliged to pressurize, store and extract certain quantities of natural gas by taking part in the public procedure of Bulgartransgaz EAD for distributing capacities to be stored with Chiren UGS. The quantities of natural gas produced by Bulgargaz EAD as of 31.12.2025, amounted to 1,126,801 MWh, which is 1,072,874 MWh or 48.77% less than in the previous period (31.12.2024: 2,199,675 MWh). The higher production in 2024 was related to the condition that the quantities of natural gas subject to compensation must be produced and delivered to final customers and/or final suppliers in the European Economic Area, according to the application of the compensation mechanism under the Compensation Program for companies that pressurized natural gas into the underground gas storage between 01.05.2022 - 11.10.2022.

In 2025, the injected volumes of natural gas amounted to 1,221,102 MWh, which is 335,421 MWh less compared to 2024, when they stood at 1,556,523 MWh. As of December 31, 2025, the Company has a stock of 2,664,535 MWh of gas in the Chiren UGS facility, representing an increase of 94 301 MWh, or 3.67%, compared to the previous period.

The development of the natural gas market in 2025 continued the trend of increasing the share of LNG deliveries started in 2022 and 2023, in view of the reduced pipeline gas deliveries from Russia to Europe. Since the beginning of 2025, there has been a trend of high natural gas prices on European gas markets, due to the faster emptying of gas storage facilities and the relatively cold winter.

In January 2025, the terminal in Alexandroupolis suffered serious damage, suspending operations until August 2025. This forced LNG supplies to be redirected to terminals in Turkey. As a result, in 2025, capacity utilization under the agreement with BOTAS reached nearly 23%.

In 2025, there is a trend of increased demand for natural gas from Bulgargaz EAD customers, compared to the quantities declared in their annual programs. This is due to three main reasons:

- ✓ the suspension of Russian gas transit through Ukraine and the associated increased demand;
- ✓ competitive prices outside the regulated market, thanks to a flexible pricing policy;
- ✓ The current delivery prices at which Bulgargaz EAD receives the quantities under its long-term contract with the Azerbaijani company are lower than the current prices of European gas hubs, which enables the company to form a mix between the quantities under the long-term contract and spot supply contracts for liquefied natural gas at prices close to market levels.

Bulgargaz EAD supplies liquefied natural gas within the reserved slots for regasification at the terminal in the town of Alexandroupolis and according to a signed Agreement with BOTAS for regasification, storage

and subsequent transmission to the Bulgarian border. The conclusion of the Agreement provided three interchangeable sources, contributing to increasing security of supply.

In January 2025, due to temporary supply disruptions, Bulgargaz EAD received only 60% of the volume under the Azerbaijani contract, and at the end of the same month, an accident occurred at the terminal in Alexandroupolis. In order to meet this month's consumption, the quantities planned for delivery under the long-term contract with the Azerbaijani company, as well as those from the terminal, were replaced with supplies from Turkey from previous liquefied gas deliveries made by Bulgargaz EAD, which are stored on the territory of Turkey. Considering that the FSRU Alexandroupolis terminal was not operating, Bulgargaz EAD had to redirect all contracted supplies of liquefied natural gas from Alexandroupolis to Turkey, taking into account the terms of the signed contracts with suppliers.

- **Coal Segment**

Coal	2025	2024	Change 2025/2024	
	thousand BGN	thousand BGN	thousand BGN	(%)
Revenues from sales:				
- external customers	201,732	227,996	(26,264)	(11.52%)
- other segments	160,014	153,277	6,737	4.40%
Segment Revenue	361,746	381,273	(19,527)	(5.12%)
Changes in finished goods, work in progress and costs for overburden removal	22,426	38,236	(15,810)	(41.35%)
Costs for acquisition of property, plant and equipment	11,923	9,637	2,286	23.72%
Carrying amount of natural gas, electricity and other assets sold	(10,020)	(9,176)	(844)	(9.20%)
Expenses for materials	(105,890)	(96,051)	(9,839)	(10.24%)
Hired services expenses	(50,414)	(32,590)	(17,824)	(54.69%)
Depreciation and amortization expenses	(63,222)	(86,597)	23,375	26.99%
Personnel expenses	(374,425)	(386,055)	11,630	3.01%
Impairment of sales receivables, net	(142)	(132)	(10)	(7.58%)
Impairment of property, plant and equipment, net	-	(19,572)	19,572	100.00%
Other operating expenses	(30,000)	(6,166)	(23,834)	(386.54%)
Costs for provisions	(3,547)	(70,575)	67,028	94.97%
Operating loss for the segment	(241,565)	(277,768)	36,203	13.03%

The lignite coal extracted by Mini Maritsa-Iztok EAD is intended for the supply of the thermal power plants in the Maritsa East complex (TPP Maritsa East 2 EAD, ContourGlobal Maritsa East 3 AD, AES Maritsa – 3C Maritsa East 1 EOOD and Brikel EAD), with which the subsidiary is linked in terms of technology and market.

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One of the priorities in the activity of Mini Maritsa-Iztok EAD is the implementation of the planned overburden activities aimed at stabilization of the mining horizons and the increase of the land resistance coefficient. Therefore, the production levels are consistent on one hand with the extraction opportunities provided by the land, and on the other hand with the needs of the plants that the company supplies. The extracted and sold coal in 2025 amounts to 15,549 thousand tons, 1,804 thousand tons (13.1%) more than the quantity in 2024 (13,745 thousand tons), due to the reported growth in demand from almost all thermal power plants in the Maritsa East complex, with the exception of ContourGlobal Maritsa East 3 AD, where the decrease in lignite coal consumption is from 838 thousand tons in 2024 to 628.6 thousand tons in 2025 or by 209.4 thousand tons (25%). After the expiration of the lignite coal supply agreement between "Mini Maritsa-Iztok" EAD and "ContourGlobal Maritsa Iztok 3" AD (ContourGlobal) on 21.02.2024, a new lignite coal supply agreement was concluded between the same parties on 15.10.2025 with a term of two years.

The extraction volume for the period 01.01.2025 - 31.12.2025 amounts to 32,433 thousand cubic meters. It is higher compared to the same period in 2024 by 2,366 thousand cubic meters (7.87% increase).

The reported mining volume for 2025 is 45,196 thousand cubic meters and is 3,867 thousand cubic meters more (9.36% increase compared to 2024).

The selling prices of the lignite coal volumes sold by the company to counterparties within the country during the reporting period were based on a price of BGN 87.35/TCF, maintaining the same price levels from 2023.

- **Administrative Activity Segment**

Administration activity	2025	2024	Change 2025/2024	
	thousand BGN	thousand BGN	thousand BGN	(%)
Revenues from sales:				
- external customers	3,991	4,590	(599)	(13.05%)
- other segments	807,294	625,342	181,952	29.10%
Segment Revenue	811,285	629,932	181,353	28.79%
Expenses for materials	(249)	(237)	(12)	(5.06%)
Hired services expenses	(8,027)	(7,826)	(201)	(2.57%)
Depreciation and amortization expenses	(1,276)	(1,490)	214	14.36%
Personnel expenses	(13,592)	(12,450)	(1,142)	(9.17%)
Impairment of sales receivables, net	10,894	(62,677)	73,571	117.38%
Impairment of property, plant and equipment, net	-	(13)	13	100.00%
Other operating expenses	(925)	(1,315)	390	29.66%
Operating profit from the segment	798,110	543,924	254,186	46.73%

Administrative activities are mainly carried out by the parent company BEH EAD, as this segment also includes the activities of Minproekt EAD. The financial situation of its subsidiaries is the primary factor that

directly affects the revenue amount of BEH EAD. This is because the dividend received by BEH EAD from its subsidiaries is determined based on the net financial result reported by the subsidiaries from their operations. In 2025, the recognized income from dividends and equity interests (including income from interest on arrears) amounted to BGN 817,472 thousand compared to BGN 632,297 thousand of received income from dividends and equity interests in 2024. The most significant portion thereof consists of dividend income from ESO EAD in the amount of BGN 370,184 thousand, followed by dividend income from NPP Kozloduy EAD and NEK EAD, amounting to BGN 199,722 thousand and BGN 139,091 thousand, respectively. The recognized dividend income in 2025 is higher on a year-on-year basis because, during the period under review, the dividend distribution rate for commercial companies with state participation in the capital was increased to 100% of the companies' net profits, after deducting unrecovered losses from prior years and allocations to the Reserve fund, pursuant to Council of Ministers Decree No. 1 dated May 2, 2025 on the determination and payment to the benefit of the State of deductions from the profit of state enterprises and commercial companies with state participation in the capital. For comparison, in 2024, the dividend deduction was set at 50% of the companies' net profits, after deducting unrecovered losses from prior years and allocations to the Reserve fund.

At the profit before tax level, the result reported in 2025 for BEH EAD was BGN 909,813 thousand and was higher by BGN 235,935 thousand than the reported profit before tax in 2024 in the amount of BGN 673,878 thousand. This result was influenced by the reported net finance income in 2025 in the amount of BGN 97,214 thousand (for comparison, in 2024, net finance income amounted to BGN 119,332 thousand). A significant portion of the company's financial income is from interest on loans granted to subsidiaries. In 2025, the reported financial expenses of the company amounted to BGN 127,437 thousand (BGN 73,623 thousand in 2024) and mainly reflect the accrued interest on the non-matured bond issues of BEH EAD, as well as the effect of an agreement for rescheduling of interest obligations with NEK EAD.

3.2. Ratios

- **Profitability of revenue - net profit/operating income**

2025 report	2024 report	% change 2025/2024
0.012	0.028	(57.14%)

This indicator summarizes the overall efficiency of the operations of BEH-group.

- **Return on Equity (ROE)**

2025 report	2024 report	% change 2025/2024
0.005	0.012	(58.33%)

The ratio indicates the efficiency of turning the equity into profit.

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- **Return on Assets (ROA)**

2025 report	2024 report	% change 2025/2024
0.003	0.008	(62.50%)

The ratio provides information about the efficiency in turning the assets into profit.

3.3. Compliance with the covenants according to the terms and conditions of the bond issues of BEH EAD

The values of the covenants that BEH EAD is obliged to observe on a consolidated basis according to the terms of the bond issues placed are as follows:

Covenants	as of 31.12.2025	as of 31.12.2024
EBITDA Coverage ratio > 4.0	6.48	8.44
Debt Coverage ratio < 4.5	1.06	(0.18)

3.4. Commitments, contingent liabilities and other significant events

Litigation and claims arise during the normal course of business of the Company. The Company's management is of the opinion that the costs necessary to resolve these disputes and claims will not have a material effect on the financial status and cash flows in future financial periods.

Bulgarian Energy Holding EAD

Proceedings by the European Commission against Bulgarian Energy Holding EAD

Case COMP/B1/AT.39849 – BEH gas

The case concerns a possible violation of Article 102 TFEU in relation to alleged actions by BEH EAD and its subsidiaries Bulgargaz EAD and Bulgartransgaz EAD aimed at:

- preventing their competitors from gaining access to key gas infrastructure (gas transmission network and the natural gas storage facility) in Bulgaria, such as explicitly or tacitly denying access to third parties or delaying it;
- preventing competitors from receiving access to a main gas import transmission network by reserving a capacity, which remains unused.

The proceedings were instituted in 2013 with a view to adopting a decision under Chapter 3 (Articles 7 to 10) of Regulation 1/2003.

On 25 October 2023, the court of first instance rendered a Decision in favor of Bulgarian Energy Holding EAD, Bulgartransgaz EAD and Bulgargaz EAD, with which it completely annulled the fine imposed by the European Commission on the three BEH Group companies in the amount of EUR 77,068,000.

On 11 January 2024, the European Commission filed an appeal against the decision of the court of first instance, requesting the annulment of the Decision of the General Court in its entirety.

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Based on the appeal, case C-14/24 R was brought before the Court of Justice of the European Union - European Commission against Bulgarian Energy Holding EAD and others.

On 29 March 2024, BEH-Group filed a reply to the European Commission's complaint with the Court of Justice of the European Union.

On 22 July 2024, the European Commission submitted a counter-answer to the Court of Justice of the European Union. On September 30, BEH Group provided an answer.

On 30 September 2024, Bulgarian Energy Holding EAD, Bulgartransgaz EAD and Bulgargaz EAD, and the State, filed replies to the European Commission's complaint in Case C-14/24 before the Court of Justice of the European Union.

On 5 November 2024, the Court of Justice of the EU notified the parties that the written procedure was closed.

On December 10, 2025, an oral hearing of the parties in Case C-14/24 P was held before the Court of Justice of the European Union in Luxembourg.

On April 23, 2026, the Advocate General presented their opinion on the case. A final judgment of the CJEU is expected to be rendered by the end of 2026, and therefore the provision has been reclassified as a current liability.

As of 31.12.2025, the Group recognized a provision in connection with case COMP/B1/AT.39849 – BEH gas in the amount of BGN 161,145 thousand (31 December 2024: BGN 161,145 thousand).

4. Risk factors

The Group's risk management policies identify and analyse the risks affecting the Group, set risk limits for individual types of risks, define rules for risk control and compliance with the established limits. Risk management policies and systems are subject to regular review in order to identify the changes occurred in the market and activities. By trainings and application of the established standards and procedures, the Group aims to develop discipline and constructive control environment where all employees understand their role and obligations. The main types of risks to which the Group is exposed in the course of its business are as follows:

4.1. Interest rate risk

Interest rate risk is the risk of adverse change in interest rates leading to an increase in interest expenses and/or a decrease in the company's interest income.

The Group is exposed to the risk of changes in market interest rates mainly in relation to the financial assets and liabilities with a variable (floating) interest rate, as well as in relation to defined staff benefit plans, calculated on the basis of a discount factor which is determined at the basis of the market yield of government securities.

The interest-bearing assets in the structure of the Group's assets are represented by bank deposits and loans granted, the majority of which have a fixed interest rate. The Group also has loans granted with a combined structure of the borrowing rates, which contains two components – fixed and variable. The borrowings of the Group are in the form of long-term and short-term loans and predominantly have a fixed interest rate. This minimizes the likelihood of a change in the unfavorable direction of cash flows.

4.2. Currency risk

The Group carries out purchases, sales, lending and borrowing operations in foreign currencies – US Dollars, Japanese Yen, British Pounds, Swiss Francs and Macedonian Denars. The bulk of these transactions are carried out in US dollars, such as payments for construction, deliveries of goods and assets under construction. In this regard, there is a risk of changes in exchange rates. Consequently, the Group is exposed to the risk of changes in the exchange rate of the US dollar. In the event of material fluctuations in the future, the Group may hedge its exposure through derivative instruments such as foreign currency swaps.

4.3. Liquidity risk

Liquidity risk arises if the Group fails to meet its obligations when they become due. The group carries out ongoing monitoring and control of cash outflows and applies an approach that ensures the necessary liquidity resource to meet the obligations incurred under normal or stressful conditions without realizing unacceptable losses.

One of the objectives of the parent company is to provide, if necessary, financial resources to its subsidiaries in order to maintain their operations and to implement certain strategic projects.

The parent company finances the operating activities of the companies in the Group in two ways:

- *Internal financing* - within the economic group, by redistribution of the free cash resource. Bulgarian Energy Holding EAD acts as an intermediary between the companies in the corporate structure, coordinating the conditions between them and monitoring for the execution of transactions at market levels. The interest rates on cash loans and foreign currency deposits are tied to a rate that is the market rate for such transactions during the transaction period (floating or fixed).
- *External financing* – in case of shortage of funds in the economic group, Bulgarian Energy Holding EAD may take actions for external financing. This is a preferred way to raise funds for investment projects. The holding has successfully implemented 5 (five) bond issues from 2013 to date. The funds raised were used to implement investment projects, repay and refinance loans, as well as for general corporate purposes, with the exception of coal-related activities.

4.4. Market risk

The manifestation of the risk is expressed in a change in market conditions in terms of prices, exchange rates, interest rates or capital instruments and their impact on the Group's income from the investments made. The purpose of market risk management is to exercise control over the exposure to market risk within acceptable parameters by optimizing returns.

The Group undertakes periodic analyses of the macroeconomic environment in the country and in-depth analysis of specific macro-indicators, including information on interest rates, which are submitted to the Board of Directors. The Board is responsible for assessing the future risks faced by the Group. In the event of deteriorating market conditions, hedging instruments may be used.

4.5. Credit risk

In the course of its activities, the Group is exposed to credit risk, which is associated with the risk for some of the counterparties not to be able to fulfill their obligations in full and within the usual deadlines. In this regard, the credit quality of the customers is assessed taking into account financial status, past experience

and other factors. Regular monitoring of the evaluation results is carried out, on the basis of which, if necessary, impairment is charged, according to the applicable international accounting standards.

The Group's receivables are presented in the consolidated statement of financial position in net amount in net amount, after deducting the accrued impairment for the expected credit loss.

In relation to the credit risk of uncollectability of receivables from counterparties, the Group takes the following precautionary measures:

- for trade and other receivables that are overdue and were not secured upon their origination, deferred payment arrangements are concluded and a collateral of not less than the initially recognized amount of the claim is negotiated;
- for other contracts that are not secured, the following usual measures are taken in advance in case of overdue payment by the debtor company – offsetting liabilities to the Group against overdue receivables of the debtor, and if the amount of the liabilities is not big enough to cover the receivables, then other out-of-court options for settling the claims are sought.

The Group is currently monitoring and analysing the servicing of the receivables, the reasons for the defaults and the changes in the financial capacity of the debtor companies and the status and quality of the collaterals received.

The group has a significant concentration of credit risk in respect of receivables from Toplofikatsia Sofia EAD.

Credit risk arising from other financial assets of the Group, such as cash and other financial assets, is the credit exposure of the Group arising from the likelihood that its contractors may fail to meet their obligations.

The Group's maximum credit exposure with respect to its financial assets amounts to their respective carrying amount in the consolidated statements of the financial position as of 31 December 2025.

4.6. Regulatory risk

Regulatory risk is determined by the specifics of the business activity. Pursuant to Art. 21, paragraph 1, item 8a, item 8b, item 8c, 8d, 8g, 8h, 8i, Art. 30, para. 1 and Art. 33a of the Energy Act, the following prices are subject to regulation by the EWRC:

- determines for each price period a limit value of the costs of the electricity transmission network operator for purchasing availability for additional services by the order of art. 105, para. 2;
- determines annually by June 30 premiums for electricity from renewable sources and from high-efficiency combined production of electricity and heat, generated by power plants with a total installed electrical capacity of 500 kW and over 500 kW
- determines a monthly compensation to cover part of the costs of household final customers for purchased electricity from a final supplier;
- for the purposes of pricing, determines annually by June 30 an estimated market price of electricity to cover the technological costs of the transmission system operator and the distribution system operators;
- monitors market developments, assesses risks that may arise from new products and services, and takes measures against abuse;

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- controls the possibility for transmission system operators to impose limits on the capacity provided or operational restrictions, based on transparent and non-discriminatory procedures that do not create barriers to market entry;
- may allow the transmission network operator and distribution network operators to carry out activities other than those provided for in this law and in Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal electricity market (OJ, L 158/54 of 14 June 2019), hereinafter referred to as "Regulation (EU) 2019/943", if these activities are necessary to fulfill their obligations under this law or Regulation (EU) 2019/943;
- at which the producers sell thermal energy to the heat transmission company and to directly connected customers;
- at which the heat transmission company sells thermal energy to customers;
- at which the public supplier sells natural gas to the end suppliers of natural gas and to a person who has been issued a license for production and transmission of heat energy; the prices are approved on monthly basis and are applied from the first day of the month for which they are approved;
- at which end suppliers sell natural gas to customers connected to the respective gas distribution networks;
- for access and/or transmission through the transmission grid;
- to connection to the grids;
- for access and transmission of natural gas through transmission and/or distribution networks, except in the cases where the Commission at its discretion approves a methodology for setting a price for access and transmission through the transmission grid;
- for access and/or transmission through the electricity distribution grids;
- for access and storage of natural gas in a storage facility;
- for distribution of traction electricity on the distribution grids of the railway transport;
- For the provision of services to customers, as determined by the Commission, related to the licensing activity;
- including the price or the price component at which all end customers connected to the electricity system, including the electricity transmission system operator and the electricity distribution network operators, shall contribute for compensation of the costs under Art. 34 and Art. 35.
- The Commission sets premiums for power plants with a total installed electrical capacity of 500 kW and over 500 kW for the electricity produced from highly efficient combined heat and electrical energy production;
- the premiums are determined annually until June 30 as the difference between the producers' preferential prices and the estimated market price determined for that period for electricity produced in a highly efficient combined manner.

Price regulation has a significant impact on revenues, expenses, and hence on the overall economic and financial condition of the Group.

4.7. Cash flow risk

The cash flow risk depends on fluctuations in the amount of future cash flows associated with a possessed financial instrument. The Group plans its cash flows and floating rate financial instruments are of a short-term nature of less than 1 year.

Detailed information regarding the Group's financial risk management objectives and policy and the main categories of financial assets and liabilities, is included in the consolidated financial statements of BEH EAD for 2025.

5. Future development, investments, forthcoming significant transactions and other information under Art. 247 of the Commercial Act

5.1. Future development of BEH Group

The objectives of BEH Group are focused on the following main and priority areas:

Financial sustainability of BEH Group

- ***Improving corporate management practices***
 - Increasing the transparency and sustainability of BEH Group in accordance with OECD principles and the Guidelines for Corporate Governance of State-Owned Enterprises.
- ***Providing funding for key activities and projects:***
 - Effective management of financial assets and instruments;
 - Participation in the capital markets in order to attract external financing from international financial institutions under competitive terms;
 - Using the advantages that result from the scale of the holding structure (economy of scale);
 - Securing the necessary credit resources under optimal conditions to finance projects of particular importance to the Group's companies, in the context of climate change mitigation and the sustainable development of a low-carbon economy.
- ***Cost Optimization within the BEH Group:***
 - Forecasting and planning the expenses of BEH Group;
 - Transparency and predictability of expenses;
 - Increasing the efficiency of the business activities.
- ***Decarbonization of BEH Group***
 - Integration of decarbonization goals with the strategic direction and development framework of the energy sector in Bulgaria;
 - Identifying possible solutions for sustainable development and decarbonization;

Ensuring the security of the energy system in the country

- ***Diversification of sources***
 - Projects aimed at securing natural gas supplies through new sources. The purpose is to achieve independence by securing more natural gas suppliers;

- Increasing the technical capacity of the intersystem gas connection Greece-Bulgaria upon proven binding market interest in accordance with the Exemption Decision for the IGB project issued by the Regulatory Authorities EWRC and RAE dated 25.07.2018 and approved by the European Commission.
- ***Diversification of routes***
 - Projects aimed at eliminating the risk of a single import route for natural gas and making optimal use of existing pipeline routes;
 - Research of the possibilities and expediency of possible participation in other new investment intentions to build terminals for liquefied natural gas in the region;
 - Securing regasification and storage capacity for liquefied natural gas (LNG) at terminals in Turkey.
- ***Security, reliability and continuity of gas supplies***
 - Extension of UGS Chiren capacity.
- ***Investments for the development of nuclear energy***
 - Construction of new nuclear facilities.
- ***Increasing the life cycle of the electricity generating facilities that guarantee system security along with ensuring long-term profitability***
 - Projects aimed at extending the useful life of a number of capacities that are key to the energy system, as they ensure the security of electricity supply, the balance of the energy system and the increase in the value of services offered.
 - Main current projects in this direction:
 - Ensuring the long-term operation of the 5th and 6th nuclear power units above their design life in the following 30 years and the implementation of measures ensuring the operation of the units at increased power;
 - Rehabilitation of hydropower capacities, expansion of the production capacity and modernization of the capacities with the purpose of ensuring the long-term and effective exploitation of the hydropower resources of Bulgaria;
- ***Diversifying the supplies of fresh nuclear fuel***
 - Completion of the diversification process through supplies of an alternative type of nuclear fuel;
 - Reducing the dependence of NPP Kozloduy EAD on a single supplier of nuclear fuel subject to compliance with the conditions and requirements for nuclear safety.
- ***Regional and European connectivity of the systems***
 - Projects aiming at optimally connecting the Bulgarian market with regional and European markets, thus achieving one of the major European aims – merger of the markets, on the one hand, and enhanced energy security, on the other hand.

- A major ongoing project in this direction – Vertical Gas Corridor, which will expand the natural gas transmission network in Southeastern and Central Europe in a south-north direction;
- Development and modernization of the electricity transmission network by increasing its capacity with a view to the successful integration of renewable energy sources (RES) capacity.

5.2.Expected investments

Gas interconnector Greece-Bulgaria

The Greece-Bulgaria Gas Interconnector project (IGB project) was implemented in pursuance of the policy of the Republic Bulgaria, aimed at increasing the security of natural gas supplies by providing infrastructure for access to alternative sources and routes for supply of natural gas and ensuring the country's physical connectivity with the Southern Gas Corridor. With the project, put into operation on 1 October 2022, the construction of a gas pipeline with a capacity of 3 billion cubic meters per year from Komotini to Stara Zagora town, with a length of 182 km, 151 km of which on Bulgarian territory, was carried out.

With the commissioning of the IGB gas pipeline, Bulgaria and Greece are now able to respond effectively to supply disruptions from external sources or seasonal peaks in the consumption of natural gas. This is infrastructure that ensures transit transmission, and also ensures crisis supplies and covers peak usage in the months of increased consumption.

Currently, the gas pipeline operates with a transmission capacity of 3 billion m³ per year, which, with additional investment, can reach 5 billion m³ per year depending on the market interest.

The project for expanding the pipeline's capacity to 5 bcm/y is part of the Vertical Gas Corridor initiative and is of significance for enhancing regional security of supply and diversification of sources and routes for both the Bulgarian and neighboring gas markets.

Expansion of the capacity of Chiren underground gas storage

The only underground gas storage facility in the country Chiren is owned by Bulgartransgaz EAD. The project for expansion of the capacity of Chiren UGS consists of step-by-step increase of the capacity gas storage facility on the territory of Bulgaria with the purpose of achieving larger volumes of stored gas, increased pressures in the gas tank and higher average withdrawal and injection capacity. The project provides for increasing the working gas volume to 1 billion cubic meters and increasing the withdrawal and injection flow rates to 8 - 10 million cubic meters per day.

On 22 June 2022, a grant agreement was signed with the European Executive Agency for Climate, Infrastructure and Environment (CINEA) for the co-financing of the expansion of the Chiren UGS with the following identification number and name: Project 101069718 - 6.20.2-BG-W-M-21-Extension of the Chiren UGS. The total value of the costs, according to the decision of the EC to approve the financing, is in the amount of EUR 155,820 thousand. The amount of the non-repayable financial assistance is 50% of the value under the grant agreement – up to EUR 77,910 thousand. As of the date of preparation of the financial statements, Bulgartransgaz EAD has received EUR 38,955 thousand as an advance payment, or 50% of the grant funding amount. In March 2025, Amendment No. 1 to the grant agreement was signed, according to which the project implementation period was extended until 07.12.2027.

For the purpose of supporting the Chiren UGS expansion project, the State Budget Act for 2026 provides for a state guarantee in the amount of EUR 207.6 million in favor of Bulgartransgaz EAD.

Vertical Gas Corridor

On 19 January 2024, the Vertical Corridor Memorandum was renewed in Athens, Greece, in the framework of the Interconnection Initiative - CESEC, which was joined by the gas transmission operators of Ukraine, Moldova and Slovakia. The Vertical Corridor is a strategic route for the transmission of additional volumes of natural gas from south to north from alternative sources for the region, including liquefied natural gas (LNG) via the existing and future LNG terminals in Greece.

Participants in the Vertical Corridor initiative are the gas transmission operators of Bulgaria, Greece, Romania, Hungary, Slovakia, Ukraine, and Moldova. Pursuant to a decision of the National Assembly dated March 14, 2024 (published in State Gazette No. 23 of 2024), Bulgartransgaz EAD participates in the Vertical Corridor initiative through the expansion of the gas transmission infrastructure and the implementation of the following projects:

Project 1: Increasing the natural gas transmission capacity at the Kulata/Sidirokastro interconnection point in the direction from Greece to Bulgaria;

Project 2: Increasing the natural gas transmission capacity at the Negru Voda/Kardam interconnection point in the direction from Bulgaria to Romania;

Project 3: “High-pressure gas transmission infrastructure to supply consumers in the East Maritsa region”.

In implementation of the aforementioned decision of the National Assembly of the Republic to take action in connection with the Vertical Gas Corridor initiative, BEH EAD increased the capital of Bulgartransgaz EAD by a cash contribution in the amount of BGN 200,000,000 through the issuance of 200,000,000 new ordinary registered voting shares with a nominal value of BGN 1 each. The entry in the Commercial Register and the Register of the National Commercial and Commercial Center was made on 20 June 2024. The funds from the capital increase are used by Bulgartransgaz EAD, specifically for the preparation and implementation of the project initiative.

On December 2, 2025, a new capital increase of Bulgartransgaz EAD was registered in the Commercial Register and the Register of Non-Profit Legal Entities by a cash contribution in the amount of BGN 95,292,033, through the issuance of 95,292,033 new ordinary registered voting shares with a nominal value of BGN 1 each, with BEH EAD subscribing and acquiring the entire new share issue. The funds from the capital increase are used by Bulgartransgaz EAD for the targeted implementation of projects in connection with the Vertical Gas Corridor initiative.

The state-guaranteed financing under the Vertical Gas Corridor initiative was initially included in the State Budget Act of the Republic of Bulgaria for 2025 in the amount of up to the currency equivalent of BGN 625 million. During the implementation of the project in 2025, state guarantees were issued with a total amount

of BGN 249 million. For the remaining, unrealized part of the planned financing of the project in the amount of BGN 376 million. (EUR 192.3 million), the State Budget Act for 2026 provides for the issuance of state guarantees under new loan agreements of Bulgartransgaz EAD.

Construction and installation activities under Project 1 and Project 2 began in 2025, and the Vertical Gas Corridor project on Bulgarian territory is expected to be completed by the end of 2026.

Acquisition of a share of the rights and obligations under the Oil and Gas Exploration Contracts in the area of Block 1-21 Han Asparuh

In fulfillment of the Decision of the National Assembly of the Republic of Bulgaria dated July 21, 2023 (SG, issue No. 63/2023) to conduct negotiations on the terms and conditions for Bulgarian Energy Holding EAD to acquire an equity interest of up to 20% in the consortium holding the Oil and Natural Gas Exploration Permit and Agreement for the 'Block 1-21 Han Asparuh' area, and following the technical, financial, and legal consultations and negotiations conducted during the second half of 2025, at the end of December 2025 Bulgarian Energy Holding EAD started a process of acquiring a 10% interest in the rights and obligations under the Oil and Natural Gas Exploration Permit and Agreement for the 'Block 121 Han Asparuh' area.

Effective from March 2025, the holders of 50% of the exploration rights and obligations are OMV Offshore Bulgaria GmbH - Branch Office Bulgaria (acting as the Operator) and NewMed Energy Balkan Limited - Bulgaria Branch. In December 2025, drilling operations commenced on the first of the two exploration wells in accordance with the 2025 budget and work programme. Depending on the drilling results, a new work program and budget are anticipated.

Initiating actions for the construction of a New Nuclear Power Capacity

On December 18, 2023, the National Assembly passed a Decision on initiating actions for the construction of Units 7 and 8 at Site No. 2 of the NPP Kozloduy using AP1000 technology, including an indicative time line of priority activities pursuant to Appendix No. 1 to the decision (promulgated, SG, issue No. 105/2023).

In fulfillment of this decision a number of concrete steps have been taken since 2023 for the construction of two new nuclear units with a total installed capacity of up to 2,300 MW. A contract has been signed with Westinghouse Energy Systems LLC Bulgarian Branch to provide initial engineering and design services to support the implementation of a new nuclear power project based on AP1000 technology, which is scheduled for completion by the end of 2025.

In implementation of a Decision adopted by the 49th National Assembly on February 23, 2024, at the end of 2024, a contract for engineering services was concluded with the consortium "WESTINGHOUSE - HDC" DZZD with a performance period of one year. The contract is for engineering phase 1, which lays the foundation for the contract for the supply of equipment and construction (EPC contract). Negotiations have been initiated to conclude an amendment to the Engineering Contract, Phase 1 to expand the scope of

activities. As of the date of approval of the consolidated activity report, no decision has been made to assign additional activities to the consortium.

In accordance with the Decision of January 12, 2023 of the National Assembly, after a procedure, a contractor was selected to whom the environmental impact assessment activities were assigned in accordance with the Environmental Protection Act, by notifying the competent environmental authority of the existence of an investment proposal for the construction of a new nuclear power plant - Unit 8. In October 2024, a contract was signed with the Deacon - Abmerit consortium with a completion period of 2 years.

On August 12, 2025, a contract was signed with Ernst & Young Bulgaria EOOD in its capacity as a financial consultant for the financial structuring and modeling process, including during interactions and negotiations with project lenders and other key stakeholders.

On September 2, 2025, in connection with the development and implementation of the design, construction and commissioning of an AP1000 nuclear power plant, a contract was concluded with LEP-BWXT-CNPSA CONSORTIUM as the owner's engineer with the subject "Engineering and consulting services for the development of the project for a new nuclear capacity at the Kozloduy NPP site.

A mandatory stage in the process of preparing the project for the construction of new nuclear capacities at the Kozloduy NPP site is the notification to the European Commission, with the main addressee of the notification being the Directorate-General for Competition (DG COMP). The need for notification is due to the fact that the implementation of such a large-scale energy project implies the provision of various forms of state support, the implementation of which requires prior approval under the European Union's state aid rules. A pre-notification was submitted in 2025, and the notification procedure continues in 2026.

In order to successfully implement the procedures for spatial planning, investment design and construction on the territory of Site No. 2, it is necessary for the Group, through the subsidiary "Kozloduy NPP - New Power Plants" EAD, to acquire the right of ownership and/or construction on the land properties. Those falling within the scope of the approved site are 545,722 sq. m., with a total affected area of 608,015 sq. m.

On January 8, 2026, in connection with Order No. RD-02-15-96/22.12.2025 of the Minister of Regional Development and Public Works, a draft detailed development plan – amendment to the regulation and construction plan (Detailed Development Plan – Amendment to the Regulation and Construction Plan /DDP-ARCP) was approved for the construction of the following facility: Construction of the 7th and 8th units at site No. 2 of the NPP Kozloduy EAD with the AP1000 technology. For the implementation of the above-mentioned project, the Group must acquire real rights (right of ownership or right of construction) over the entire or affected parts of 19 real estate properties - private property. The Energy Act (EA) regulates a special procedure for settling the property rights over the land necessary for the implementation of energy facilities by the persons who will build and operate them, in implementation of the state policy in the field of energy. In this specific case, the Group is unable to voluntarily acquire from the owners the necessary rights for the construction of the energy facility. Therefore, it is necessary to carry out expropriation proceedings under Chapter Three of the State Property Act for the forced expropriation of properties - private property, for state needs. Valuation reports were prepared by an independent appraiser to determine the market price under the State Property Act, establishing equivalent cash compensation for the owners of the affected properties. On

June 5, 2026, a request was submitted to the Ministry of Energy to initiate a procedure for the expropriation of the specified properties pursuant to Article 34a of the Energy Act.

GREENABLER Project

The project "Sustainable adaptation of the national transmission grid for full integration of the potential for renewable energy production" (Bulgarian Grid REinforcement ENABLING Full-Fledged Clean Energy Rollout) aims to adapt Bulgaria's existing electricity transmission grid to the massive deployment of RES, observed both nationally and regionally. It includes the reconstruction of about 720 km of existing power lines to increase their nominal voltage from 220 kV to 400 kV and the synchronized reconstruction of their adjacent substations from 220/110 kV to 400/110 kV.

On December 23, 2024, a Grant Agreement was signed between the Ministry of Energy and ESO EAD for the allocation of funding from the Modernization Fund in the amount of EUR 630,809,624, 90% of which is a grant. Technical implementation is underway, with pre-investment activities being carried out. By the end of 2025, the EIA procedures for all overhead line reconstructions included in the project have been completed. Activities are being carried out under the applicable procedures for the detailed development plan for all sites, as well as the procedures under the Environmental Protection Act for substations and new diversions for connecting power lines.

'Digital transformation of the electricity transmission grid under the National Plan for Recovery and Sustainability' Project

ESO EAD is implementing investment C4.I4 "Digital transformation of the electricity transmission network", part of the Recovery and Resilience Plan of the Republic of Bulgaria, with an approved budget of BGN 611 million (co-financing of BGN 370 million from the Recovery and Resilience Facility and BGN 241 million from own funds). The investment is being implemented in accordance with an operational agreement signed by the Ministry of Finance, the Ministry of Energy and ESO EAD. The project completion is expected to be by the end of 2026.

5.3. Future developments in 2026 by segments

- ***Electricity segment***

Significant dynamics and unpredictability of the market environment are expected in the current and upcoming years as a result of significant external factors, such as ongoing military conflicts, a highly volatile electricity market in terms of prices, and a significant impact of supply from renewable sources. Internal factors also have an impact, such as measures to protect businesses from high electricity prices, the participation of BEH Group companies in the mechanism for a smooth transition to full liberalization of the retail market for household end customers, as well as frequent changes in the regulatory framework. Sustainable development and diversification of the energy mix will be essential to address existing challenges and ensure stability and security in the energy sector.

With the amendments and supplements of the Energy Act (EA) as of May 30, 2025 (prom. SG issue No. 44 of 30.05.2025) changed the previous model of parallel functioning of a regulated and free market and moved to the next stage of the liberalization of the electricity market, with full liberalization of the wholesale electricity market from July 1, 2025, while maintaining household consumers on a regulated market. The

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adopted changes extended the transitional period of functioning of the electricity market, and the introduction of liberalization of the retail market was postponed to a later stage, when adequate mechanisms for the protection of household consumers have been developed.

In the new market model, the figure and functions of the public supplier (PS) were eliminated, as was the obligation of EWRC to annually determine the estimated monthly availability for electricity production of the producers from which the PS should purchase electricity. In accordance with the adopted changes, in order to ensure the security of electricity supplies to households after July 1, 2025 and given the withdrawal of NEK EAD as a public supplier, in order to ensure the needs of end suppliers to cover household electricity consumption, a new mechanism (segment) was created on the exchange market, which includes long-term products. This segment is open to all sellers (i.e. electricity producers and traders) and includes a newly created non-standard product (traded on an organized exchange market) that is tailored to the specific consumption profile of end suppliers. In accordance with the amendments to the Energy Act, end-suppliers purchase electricity on a market basis and sell it to household consumers at prices containing a regulated component.

The strategic goals of NPP Kozloduy EAD are related to ensuring the highest level of safety, efficient and competitive production, maintaining qualified, competent and motivated personnel and preserving the financial stability of the company. In order to meet the requirements of EURATOM, an Agency for diversification of fresh nuclear fuel (FNF) supplies, the activities under the contracts concluded with Westinghouse for supply of fresh nuclear fuel cartridges for Unit 5 and with Framatom for supply of FNF for Unit 6 will be carried out.

From the second half of 2025, Kozloduy NPP EAD concludes transactions with electricity on an organized exchange market, with the exception of sales under Article 119 of the Energy Act, as well as sales of electricity to NEK EAD, in its capacity as coordinator of a balancing group for the sale of electricity to end suppliers. A priority for a basic nuclear producer such as NPP Kozloduy EAD, operating entirely in market conditions, is to ensure the operation of the units with nominal power (base load) in the long term, in strict compliance with the characteristic technological requirements and limitations. In this regard, the commercial activity of the company in the future will be aimed at ensuring the full realization of the produced electricity. The company's price policy for free supply will be oriented towards ensuring secure and rhythmic sales revenue, in line with market conditions.

The main challenge for NPP Kozloduy EAD is the implementation of the Decision of the National Assembly (NA) for undertaking specific steps on the construction of units 7 and 8 at site No. 2 of NPP Kozloduy EAD with AR1000 technology. The implementation of new nuclear capacity is related to the need for the Bulgarian state to take action to ensure long-term base capacity in connection with the green deal and the ongoing energy transformation, given the advantages and opportunities of nuclear energy as a safe, reliable, sustainable and low-emission alternative. Currently, NPP Kozloduy-New Builds EAD is conducting negotiations with international financing institutions and export credit banks of the United States and South Korea, respectively US EXIM and KEXIM, for the provision of long-term financing under favorable financial conditions, secured by state guarantees. In July 2025, a contract was signed with the American bank Citibank for a lead coordinating and organizing bank to structure the loan financing for the implementation of the project and commissioning of the nuclear units and to assist NPP Kozloduy - New Builds EAD in the processes of applying for and approving financing, in accordance with the terms of export crediting, market

conditions, and the amount of the required loan capital. In August 2025, NPP Kozloduy-New Builds EAD entered into a contract with Ernst & Young Bulgaria EOOD, a financial and economic consultant, for the preparation of a comprehensive financial model covering the entire life cycle of the new Power Units 7 and 8.

The future development of NEK EAD will be in accordance with the licenses held by the company and will be determined by the future model for full liberalization of the electricity market. The activity of the company will be aimed at fulfilling the main obligations of NEK EAD to satisfy the consumption of the End Suppliers until this activity ceases as a result of the legislative changes. In parallel with this, the company's goal is not to allow a price deficit and to demand from the EWRC a mechanism for recovery of the one accumulated to NEK EAD until now to be developed. In the field of production, the company will strive to use the available water resources as efficiently as possible, as well as to gradually refurbish the facilities to ensure their safe and reliable operation. On the free electricity market, NEK EAD will strive to expand its market share through the hydro facilities at its disposal providing vital services for balancing the electricity system of the country.

NEK EAD, in its capacity as coordinator of a standard balancing group, provided the necessary quantities of electricity for end suppliers to satisfy the consumption of household consumers for the price period from 01.07.2025 to 30.06.2026, after auctions were held on the newly created mechanism of the IBEX platforms. For this purpose, NEK EAD formed a mix of Kozloduy NPP EAD, Maritsa East 2 TPP EAD, AES-3C Maritsa East 1 TPP EOOD, NEK's hydroelectric power plant, supplemented by purchases from IBEX.

In the event of the possible discontinuation of the currently operating model, in which NEK EAD is the coordinator of a standard balancing group and ensures the consumption of end suppliers, the company will continue to sell on the IBEX platforms the electricity produced by its own hydroelectric power plants and hydroelectric power plants through the trading license, and will continue the process of developing the commercial activities of NEK EAD. To this end, the company has focused its efforts on strengthening its commercial activities by developing the activities of the analytical unit established within the company, optimizing the operation of the implemented algorithmic trading, registering with the EEX, and creating a team for trading in CO2 allowances.

In line with the European requirements to achieve zero carbon neutrality, NEK EAD is actively exploring possibilities for construction of renewable energy sources, electricity storage systems (through batteries and PSHPP), modernization and expansion of the existing capacities and other projects in this direction.

In order to ensure the adequacy of the energy sector in Bulgaria in the long-term perspective, it is of key importance to preserve the power generation capacities, which have a key role on the one hand for generation, and on the other for the regulation of the electricity system, as well as building new ones, by using innovative, low-carbon and sustainable technologies.

The strategy of TPP Maritza East 2 EAD includes the implementation of investment projects, the main objective of which is the modernization of the Power Plant and the limitation of environmental pollution. The completion of already started projects and the implementation of new ones is a prerequisite for TPP Maritza East 2 EAD to maintain its key position as one of the main producers of electricity in the country. A higher capacity utilization with a lower emergency rate, higher efficiency and environmental friendliness

of the plant, ensuring energy security in the country, is achieved as a result of the implementation of the investment and repair programs.

In order to ensure the adequacy of the energy sector in Bulgaria in the long-term perspective, it is of key importance to preserve the power generation capacities, which have a key role on the one hand for generation, and on the other for the regulation of the electricity system, as well as building new ones, by using innovative, low-carbon and sustainable technologies. In this regard, the role of the transmission system operator in the process of transition to a low-carbon market model is of key importance and covers directions such as the integration of new renewable capacities through implementation of innovations contributing to the flexibility and development of the transmission network, increasing and efficient distribution of intersystem capacity and last but not least - ensuring the necessary level of security of supply.

- **Natural Gas Segment**

The market goals of Bulgargaz EAD are related to maintaining market positions in the country and entering new regional gas markets. To achieve these goals, Bulgargaz EAD has obtained licenses for natural gas trade in Greece and Hungary, as well as permits for the supply of natural gas to Slovakia and Romania. The company is a registered user of the gas transmission networks of Bulgartransgaz EAD and ICGB (Bulgaria), DESFA SA (Greece), TRANSGAZ SA (Romania), GASTRANS d.o.o. (Serbia), FGSZ (Hungary) and Gas Transmission System Operator of Ukraine (Ukraine).

In June 2025, Bulgargaz EAD registered its subsidiary under the name 'Bulgargaz North', through which it conducts natural gas trading activities within the territory of Moldova. On 8/19/2025, by Decision of the Regulator of the Republic of Moldova, Bulgargaz North received a license to trade in the Republic of Moldova. In July 2025, Bulgargaz EAD concluded an EFET (European Federation of Energy Traders) standardized contract with the Moldovan company Energocom S.A. The purpose of the concluded contract is to grant access and ensure the opportunity for Bulgargaz EAD to participate in the tenders organized by Energocom S.A.

The expiration of the transit contract for the transmission of Russian natural gas through Ukraine to Europe as of January 1, 2025 created a potential opportunity to expand the company's activities by entering the Ukrainian market. In this regard, on July 24, 2025, Bulgargaz EAD concluded a framework EFET agreement with the state-owned company Naftogaz Ukraine, which enables Bulgargaz EAD to participate in the tenders organized by them.

Diversification of supply sources

Bulgargaz EAD ensures the supply of natural gas through a long-term contract for supply of Azerbaijani natural gas from the Shah Deniz field through the IGB (Greece-Bulgaria intersystem connection) gas pipeline with Azerbaijan Gas Supply Company (AGSC), concluded in 2013, with validity period 25 years from the date of the first delivery - 31.12.2020. Bulgargaz EAD has reserved a long-term capacity in the IGB gas pipeline, corresponding to the quantities of Azeri gas agreed for delivery.

Pursuant to the state strategy for diversification of natural gas supply routes and sources for the country and Decision No. 166 of 10 March 2020 of the Council of Ministers, Bulgargaz EAD has reserved capacity at the liquefied natural gas terminal to Alexandroupolis for the supply of 5,300,000 MWh/year for a period of

10 years. Pursuant to Decision No. 661 of 15 September 2022 of the Council of Ministers (CoM), Bulgargaz EAD has reserved an additional capacity at the liquefied natural gas terminal near the town of Alexandroupolis, Republic of Greece - Gastrade S.A., for 5,300,000 MWh/year ($\approx$ 500 million cubic meters per year) for a period of 10 years, starting from the year of commercial operation of the terminal (from 2024), with which the total reserved capacity is 10,600,000 MWh/year.

At the end of 2022, an Agreement was signed between Bulgargaz EAD and the Turkish state gas company BOTAŞ, whereby Bulgargaz EAD is granted access to the regasification terminals of liquefied natural gas in the Republic of Turkey for 1.5 billion cubic meters per year and the subsequent transfer of quantities of natural gas to the interconnection point between the Bulgarian and Turkish gas transmission networks - Strandja/Malkochlar, for the period 2023 - 2035. The signing of the Agreement with BOTAŞ provides a strategic partnership and makes it possible to balance the supply portfolio of Bulgargaz EAD, providing three entry points from LNG terminals located in the Aegean Sea - BOTAŞ Revitousa and Alexandroupolis. The agreement entered into force after its approval by Decision No. 26 of 12.01.2023 of the Council of Ministers of the Republic of Bulgaria. Currently, Bulgargaz EAD and BOTAŞ are in active negotiations to renegotiate the Agreement, with the Ministry of Energy providing the necessary institutional and political support.

Diversification of delivery routes

The Republic of Bulgaria has a strategic geographical location, a well-developed gas infrastructure with a high level of interconnection and significant capacity. With the implementation of new infrastructure projects, the country is developing its potential of being an increasingly significant factor in ensuring energy independence and diversification of sources and routes for the supply of natural gas for the region.

At the end of 2025, the Council of the European Union and the European Parliament reached an agreement on a concrete timetable for an effective and permanent cessation of Russian gas imports in 2027. The agreement ensures a gradual but permanent cessation of Russian gas imports into the European Union, with liquefied natural gas to be stopped by 31 December 2026 and pipeline gas by 30 September 2027.

In this regard, ensuring the security of supplies of natural gas and mainly liquefied natural gas from alternative, reliable sources are priorities both at the national level and in a regional aspect.

These factors determine the future development of Bulgartransgaz EAD, which will be aimed at ensuring the security of natural gas supplies, diversifying sources and supply routes, building a competitive pan-European gas market and, at the same time, at activities in the implementation of climate and energy policies.

With the implementation of the projects for new gas infrastructure in the country and the region, it is expected that there will be a significant increase in the quantities of natural gas from alternative sources, which will be transported through the gas transmission infrastructure of Bulgartransgaz EAD both for Bulgaria and for the countries of the region.

Priority projects for Bulgartransgaz EAD are projects to increase transmission capacities along the Vertical Gas Corridor and to improve interconnection, to modernize and expand the gas infrastructure with a contribution to guaranteeing LNG-related services. Contributing to achieving the goals for reducing carbon emissions are projects in the field of hydrogen, aimed at building an entirely new infrastructure for the transmission of pure hydrogen and at adapting the existing gas transmission network for the transportation of hydrogen-gas mixtures.

In this regard, Bulgartransgaz EAD will continue its consistent work on the implementation of the infrastructure of the Vertical Gas Corridor as the main highway for the transport of liquefied natural gas to the region. The vertical gas corridor is a strategic project for ensuring security of supply and diversification of natural gas supplies for Bulgaria and the countries of South-Eastern, Eastern and Central Europe. The projects, developed by Bulgartransgaz EAD, to increase transmission capacities from Greece to Bulgaria and from Bulgaria to Romania are a key part of the overall vision of the Vertical corridor, as their implementation and the already available infrastructure in Bulgaria are the basis for achieving the set goals for diversification and improving the security of supplies.

A project in the conceptual phase is the construction of a second gas interconnector between the Republic of Bulgaria and the Republic of Northern Macedonia with Petrich - Strumica route. The development of intersystem connectivity between the Republic of Bulgaria and the Republic of North Macedonia will contribute to increasing the energy security and integration of the energy markets.

Also important for the development and expansion of the gas infrastructure is the project for the construction of a supply gas transmission infrastructure to supply consumers in the East Marija region, and it is expected to make a significant contribution to the decarbonization of the energy sector in Bulgaria and achieve economic and environmental benefits for the region.

Natural gas storage

Strategic importance for the Republic of Bulgaria has the project to increase the capacity of Chiren UGS facility and its turning into a commercial storage facility. Chiren USG plays a major role in compensating for the seasonal irregularity in the consumption of natural gas in the country and providing an emergency reserve in unforeseen and force majeure situations. The increased storage, extraction and injection capacities will give the market an additional flexibility and will ensure the security of natural gas supplies and will contribute to improving competition and access to natural gas from alternative sources. In this way, the project will help increase the liquidity of the gas markets in Bulgaria and the region.

The expansion of the Chiren UGS is in synergy with the LNG terminal project near Alexandroupolis, in which Bulgaria participates through Bulgartransgaz EAD with a 20% shareholding. In this way gas traders and users in the region will be enabled to take full advantage of the dynamic development and competitive advantages provided by the liquefied natural gas market. This will enable gas traders and users in the region to take full advantage of the dynamic development and competitive advantages provided by the liquefied natural gas market. The Bulgarian participation in the project is strategically important for the diversification and security of energy supply for Bulgaria and other countries in the region.

- **Coal Segment**

The climate neutrality road map of Bulgaria, adopted by decision No. 59 of 26.01.2024 of the Council of Ministers, considers both the risks associated with climate change and the changing realities regarding the electricity industry in Bulgaria and the interacting economic, environmental and social factors.

Based on the conclusions in the Report of the Energy Transition Commission, the final date for the gradual cessation of the use of coal is 31.12.2038, and subsequent implementation of measures to restore the disturbed areas and preparation for new economic activities in the Company.

In response to the challenges faced by Mini Maritza - East EAD, actions are taken to preserve the energy profile of the region, through investments in the field of clean technologies, low-emission productions and scientific research and development activities, using the potential of the available infrastructure, human capital and land.

Mini Maritza - East EAD also plans actions aimed at developing projects and adapting financing programs using sources such as:

- The Just Transition Fund, which is a financial instrument within the Cohesion Policy and aims to provide support to territories facing serious socio-economic challenges arising from the transition to climate neutrality;
- The Modernization Fund, which is funded by the from the emissions allowances auctions as per the EU Emissions Trading Scheme, with the aim of supporting the transition to climate neutrality;
- The Cohesion Fund, the purpose of which is to strengthen the economic, social and territorial cohesion of the European Union to promote sustainable development;
- The Social Climate Fund, established by Regulation (EU) 2023/955 of the European Parliament.

By a decision of the National Assembly in 2024 (promulgated in SG No. 38/30.04.2024), it was mandated that all necessary actions be taken, in compliance with applicable Bulgarian and Community legislation, to ensure funds from the state budget for Mini Maritsa-iztok EAD in the amount of BGN 250,000 thousand annually for a period of four years for the purpose of securing technical reclamation activities of the disturbed terrains of the 'Iztochnomarishki Coal Basin' deposit. The funds will be provided exclusively on the condition that the reclamation activities will be carried out only by Mini Maritsa-Iztok EAD, and it is not allowed to assign or subcontract the activities to private companies and/or companies with state or municipal participation.

- **Corporate governance**

BEH EAD will actively continue its activities on the implementation of effective management practices within the Group. The aim of the management is to provide a long-term vision for the development of the Group companies which is in line with the Energy Strategy of Bulgaria.

The management of BEH EAD works in close cooperation and takes advantage of the necessary support from the State represented by the Minister of Energy. In the process of management of the holding and its subsidiaries, all important decisions regarding the management strategy and their future development are taken after being agreed and approved by the principal – the Minister of Energy.

Directly affecting the activities of BEH EAD is one of the activities envisaged in the National Recovery and Resilience Plan (NRRP) of the Republic of Bulgaria. Bulgaria reforms, namely Reform 11 (C4.R11) – Improving the corporate governance of state-owned companies in the energy sector. The aim of the reform is to improve the transparency and competitiveness of state-owned companies in the energy sector. According to the version of the NLP adopted by the EC in November 2025, the measure consists of separating the ownership of companies related to coal activities from the corporate structure of Bulgarian Energy Holding EAD and separating them into a separate holding structure, with 100% state ownership of the capital.

In this regard, by Decision of the Council of Ministers No. 443 of 10.06.2026, the Minister of Energy was

assigned to work on the relevant acts in connection with the corporate restructuring of "Bulgarian Energy Holding" EAD for the implementation of Reform 11 (C4.R11) of the National Energy Strategy.

6. Credit rating

6.1. Credit rating of Bulgarian Energy Holding EAD

Moody's Rating Agency

On June 10, 2025, Moody's assigned a „Ba2“ credit rating to an unsecured and unsubordinated 5-year bond issue of Bulgarian Energy Holding EAD, placed on June 12, 2025.

On 30 June 2025, in its credit opinion, Moody's maintained its long-term credit rating at „Ba1“ for BEH EAD with a stable outlook. BEH EAD's rating reflects both its own creditworthiness (Baseline Credit Assessment – ba3) and the high probability of support from the sole owner of the company's capital – the Government of Bulgaria (rating „Baa1“, with a stable outlook) in the event of financial difficulties.

Fitch Ratings

On 17 March 2025, Fitch Ratings revised the outlook on Bulgarian Energy Holding EAD's long-term rating (BB+) to stable from positive and affirmed the rating on its unsubordinated and unsecured debt at BB+. The outlook revision reflects the expected increase in leverage and high capital expenditure associated with the construction of the new nuclear units.

On June 10, 2025, Fitch Ratings assigned a „BB“ rating to the unsecured and senior 5-year bond issue of BEH EAD, successfully placed on June 12, 2025.

6.2. Credit rating of Natsionalna Elektricheska Kompania EAD

Standard&Poor's rating agency

On August 7, 2025, the S&P rating agency affirmed the credit rating of the subsidiary NEK EAD at the "BB" level and revised its outlook from positive to stable mainly due to the expected higher indebtedness of BEH EAD in connection with the development of the new nuclear capacity project and the postponement of the liberalization of the retail electricity market for an indefinite period. S&P considers NEK EAD as a strategic subsidiary, given its key role in the country's energy system.

7. Events after the reporting period

No adjusting events or significant non-adjusting events have occurred since the date of the reporting period to the date of approval of the consolidated financial statements for publication, except for the following non-adjusting events:

Introduction of the euro in the Republic of Bulgaria

Following the official decision of the EU Council of July 8, 2025, on the admission of Bulgaria to the eurozone, our country has officially been admitted to the monetary union, effective January 1, 2026, with a fixed exchange rate of 1 EUR = 1.95583 BGN, approved without the possibility of change. In order to ensure

a smooth and transparent process, the responsible institutions enacted the Act on the Introduction of the Euro in the Republic of Bulgaria. Reports with a reporting date after January 1, 2026 shall be prepared and presented in euro. In the annual financial statements for the transition year, the comparative information for the previous reporting period (which was in BGN) must also be restated and presented in EUR. The reason for the change in reporting currency must be disclosed in the notes to the annual financial statements.

The military conflict in the Middle East

The complicated international situation and escalation of tensions since the end of February 2026, related to military actions in Iran, contribute to increased geopolitical uncertainty in the region and at the global level. The potential consequences of these events include increased volatility in energy markets, further fluctuations in the macroeconomic environment, and increased uncertainty about future economic conditions. Management is monitoring the development of the situation and has taken into account the available information when preparing the accounting estimates and assumptions. At present, no need for adjustments to the financial statements has been identified, beyond the disclosures made.

Target contributions to the Security of the Electricity System Fund

In 2026, the mechanism for raising targeted contributions to the "Security of the Electricity System" fund is extended. The targeted contribution represents the positive difference between the market revenues and the determined revenue cap for the respective type of producer, with a delivery period from January 1, 2026, to December 31, 2026. By Council of Ministers Decision No.165/12.02.2026, the values serving to calculate the revenue cap for the individual electricity producers concerning the BEH Group were determined for the period from January 1, 2026, to December 31, 2026, as follows:

- a) for a producer of electricity from a nuclear power plant – EUR 61.36/MWh;
- b) for electricity from hydro power plants owned by the Natsionalna Elektricheska Kompania EAD – EUR 71.58/MWh;
- c) for producers of electricity from coal-fired condensing power plants, including lignite-fired power plants – EUR 204.52, increased by the average monthly price per ton of CO₂ emission allowances for one MWh multiplied by 1.32;

Bulgarian Energy Holding EAD

Change in the Board of Directors of Bulgarian Energy Holding EAD

On May 21, 2026, an application for a change in the Board of Directors of Bulgarian Energy Holding EAD was submitted to the Commercial Register and the Register of Non-Profit Legal Entities. By decision of the Minister of Energy, Ivo Ivanov Todorov, Kalin Boyanov Filipov, Valentin Aleksiev Nikolov, Diyan Atanasov Ivanov, and Vasil Georgiev Stoyanov were released, and Ivo Ivanov Todorov, Andrey Stefanov Zhivkov, and Petar Valeriev Angelov were appointed as state representatives, with Vasil Vasilev Vasilev and Ilza Mitkova Chinkova appointed as independent members. Andrey Stefanov Zhivkov was elected as Executive Member. The change was entered in the register on May 28, 2026.

'Block 1-21 Han Asparuh' Project

By virtue of Council of Ministers Decision No. 15 dated January 14, 2026, Bulgarian Energy Holding EAD acquired a 10 per cent interest in the rights and obligations under the permit and the agreement for oil and

natural gas exploration, from the project for oil and natural gas exploration in the 'Block 1-21 Han Asparuh' area, located in the exclusive economic zone of the Republic of Bulgaria.

Capital Increase via Non-Cash Contribution

On February 19, 2026, an increase in the capital of Bulgarian Energy Holding EAD was registered in the Commercial Register and the Register of Non-Profit Legal Entities through a non-cash contribution amounting to EUR 2,931,747.75, representing the ownership right to real estate – private state property, located in the city of Sofia, Oborishte region, 8 Veslets Street, and consisting of a building with a built-up area of 369 sq. m. The newly issued 5,748,525 shares for the registration of the contribution in kind were acquired by the State, through the Minister of Energy.

Corporate restructuring of Bulgarian Energy Holding EAD

In connection with the implementation of Reform C4.R11 "Improving the corporate governance of state-owned enterprises in the energy sector" with Decision No. 443 of June 10, 2026, the Council of Ministers (CoM) of the Republic of Bulgaria approved the restructuring of "Bulgarian Energy Holding" EAD, for which purpose a new public enterprise (holding company) with the sole owner being the Bulgarian state should be established. The newly established company is planned to be the sole owner of coal-related enterprises that were previously owned by Bulgarian Energy Holding EAD.

Credit rating of Bulgarian Energy Holding EAD

On April 28, 2026, Fitch Ratings affirmed the long-term foreign- and local-currency issuer credit ratings of Bulgarian Energy Holding EAD at 'BB+' with a stable outlook. The rating reflects the holding company's stable financial position, as well as its position as a leading integrated operator in the electricity sector in Bulgaria and the region.

On June 10, 2026, Moody's presented an updated credit opinion, in which the credit rating of BEH EAD remains unchanged - at the "Ba1" level, with a stable outlook. The credit opinion reflects the dominant position of BEH Group as the main supplier of electricity in Bulgaria and its extremely important role in the implementation of the country's energy policy. The rating agency notes that the company has a strong financial profile, which puts it in a good position to cope with rising capital expenditures.

Extension of the Tripartite Agreement between Bulgarian Energy Holding EAD, Toplofikacia Sofia EAD, and the Security of the Electricity System Fund

On July 28, 2026, Amendment No. 3 to Tripartite Agreement No. 58-2023/19.07.2023 was signed between Bulgarian Energy Holding EAD, Toplofikacia Sofia EAD, and the Security of the Electricity System Fund, extending its validity for the regulatory price period from July 1, 2026, to June 30, 2027, whereby 20% of the monthly premiums due to Toplofikacia Sofia EAD from the Fund shall be transferred to the account of Bulgarian Energy Holding EAD within the current price period. The proceeds will be used to repay obligations under the Agreements of 2015 and 2019 between Bulgarian Energy Holding EAD and Toplofikatsia Sofia EAD.

Natsionalna Elektricheska Kompania EAD

Reduction of the capital of Contour Global Maritsa Iztok 3 EAD

By Decision under item I. 1 of Minutes No. 16/21.04.2026 of the Board of Directors of NEK EAD, the Executive Director of NEK EAD was assigned to vote at an extraordinary general meeting of shareholders of Contour Global Maritsa Iztok 3 AD on a reduction in capital and changes to the articles of association. The reduction of the capital of Contour Global Maritsa East 3 AD was entered in the commercial register and was carried out on May 19, 2026.

Power Purchase Agreement between NEK EAD and AES-3C Maritsa Iztok 1 EOOD

On 09.05.2026, the term of the Purchase Power Agreement between NEK EAD and AES-3C Maritsa Iztok 1 EOOD expired, as a result of which the obligation of NEK EAD to purchase electricity from the power plant ceased.

Chaira PSHPP

As of the beginning of April 2026, hydro unit No. 3 had successfully passed all pre-commissioning tests, including the successful completion of 72-hour trial runs. On June 10, 2026, hydro unit No. 3 of the Chaira PSHPP successfully passed the State Acceptance Commission, and a permit for use and introduction into regular operation was received.

Memorandum of Understanding with Toshiba

On April 8, 2026, NEK EAD and Toshiba International (Europe) signed a memorandum of understanding aimed at the long-term rehabilitation and sustainable operation of Chaira PSHPP. Through the memorandum, the parties express their desire to explore and develop a common vision for future joint projects related to a long-term solution for all hydro units of the Chaira PSHPP and a comprehensive approach to sustainable operation of the plant.

TPP Maritsa Iztok 2 EAD

European Union Emissions Trading System (EU ETS)

On March 18, 2026, the 51st National Assembly adopted and promulgated in the State Gazette, issue 28 of March 20, 2026, a Decision to mandate the Council of Ministers to state the position of the Republic of Bulgaria within the framework of the meeting of the European Council on March 19–20, 2026 on the need to temporarily suspend the implementation of the European Union Emissions Trading System (EU ETS) until the completion of its current review at the European Union level and the development of a derogation mechanism.

Court cases with the Association For the Land - Access to Justice

By Decision No. 5324/18.05.2026, the Supreme Administrative Court leaves in force Decision No. 918/15.03.2024 of the Administrative Court - Stara Zagora, which repealed Decision No. 50-HO-ИО-A5/2018. In compliance with the instructions of the ExEa (letter with ref. No. KP 2410/26.06.2026, registered in the registry of TPP Maritsa East 2 EAD under No. 22912/26.06.2023) The company begins a procedure for reviewing KP No. 50/2005, last updated with decision No. 50 HO-ИО-A6/26.03.2020.

NPP Kozloduy EAD

Conclusion of a contract for consulting services under Art. 166 of the Spatial Planning Act (SPA)

On January 30, 2026, a contract was signed between NPP Kozloduy - New Builds EAD and NPP Control DZZD for consulting services under Art. 166 of the SDA for the preparation of an Assessment of the compliance of investment projects with the basic requirements for construction under Art. 142 of the SDA , exercise of construction supervision pursuant to Art. 166 and Art. 168 of the SDA , preparation of an energy certificate and technical passport of the construction pursuant to Art. 176a of the SDA for the site: construction of units No. 7 and No. 8 on Site No. 2 of Kozloduy NPP EAD with AP1000 technology, as well as the sites of the Staff Housing Complex and the Workers Housing Complex in the village of Harlets and the Workers Complex - town of Kozloduy. The implementation of the services is divided into two main stages: before the Final Investment Decision for the Project and after the Final Investment Decision for the Project.

Extension of the term of the Electricity Trading License

By Decision No. И2-ЈІ-216 of 04.03.2026 of the EWRC, the term of the Electricity Trading License No. ЈІ-216-15/18.12.2006, issued to NPP Kozloduy EAD, was extended by 10 years.

Conclusion of additional agreement No. 1 to a bank credit-overdraft agreement

The Board of Directors of BEH EAD, with a decision from Minutes No. 39-2026/08.06.2026, grants permission to NPP Kozloduy EAD to conclude Supplementary Agreement No. 1 to the bank credit-overdraft agreement dated 16.07.2025, concluded between NPP Kozloduy EAD and International Asset Bank with the subject: "Provision of a bank credit-overdraft in the amount of BGN 50 million to NPP Kozloduy EAD, to extend the term of the contract by 12 months and increase its maximum value to EUR 1,745,000, without changing the remaining clauses of the contract, according to an approved draft additional agreement, with a decision under item 7.2.1 of Minutes No. 7/23.04.2026 of the Board of Directors of NPP Kozloduy EAD .

Preventive reduction of the power of the 5th power unit of NPP Kozloduy

On August 21, 2026, the power of Unit 5 of the NPP Kozloduy was preventively reduced by about 120 MW. The decision is part of the measures to ensure the safe operation of the NPP Kozloduy, as a result of the ongoing unprecedented and critical lowering of the Danube River level.

Bulgargaz EAD

Conclusion of overdraft agreements with banking institutions

After an announced procedure for selecting a financial service provider to provide a loan to cover operating expenses, in the form of an overdraft, in January 2026, Bulgargaz EAD concluded contracts with four commercial banks, with a total limit of EUR 111 million.

"Natural Gas Purchase and Sale Agreement with Bulgargaz North"

Bulgargaz has concluded a contract with Bulgargaz North for the sale of quantities of natural gas, in which Bulgargaz is in the role of Seller, respectively Bulgargaz North SRL - Buyer. In January 2026, Bulgargaz EAD's subsidiary in Moldova - Bulgargaz North SRL started selling natural gas through the electronic platform Bursa Română de Mărfuri (BRM) in Moldova.

Tripartite agreement with Sofia District Heating EAD

On July 13, 2026, a tripartite agreement was signed between Bulgargaz EAD, Toplofikatsiya Sofia EAD and the Security of the Electricity System Fund to settle the financial relations between the companies.

Protocol with BOTAŞ BORU HATLARI İLE PETROL TAŞIMA A.Ş.,

On July 6, 2026, a protocol was signed between Bulgargaz EAD and the Turkish company BOTAŞ BORU HATLARI İLE PETROL TAŞIMA A.Ş., by which the contract between the companies was frozen for 15 months, starting from July 2026. During this period, Bulgargaz will pay only for the capacity used on the Bulgarian side under improved conditions.

Obtained a trading license in the Republic of Serbia

On 09.07.2026, Bulgargaz was issued a license by the Energy Agency of the Republic of Serbia for trading on the territory of the Republic of Serbia.

Mini Maritsa-Iztok EAD

Signing of an agreement for cooperation in the exploration of critical raw materials and rare earth materials

An agreement for cooperation in the exploration of critical raw materials and rare earth metals was signed on January 15, 2026 between Mini Maritsa-Iztok EAD, the Geological Institute of the Bulgarian Academy of Sciences and Bulgarian Energy Holding EAD. The signed document marks the beginning of a targeted partnership to explore the possibilities for extracting critical raw materials, rare earth metals and their analysis from lignite coal on the territory of the Maritsa-Iztok complex.

Registration of a new subsidiary

A new company with a sole owner Mini Maritsa-Iztok EAD has been established, with the name MMI - Restoration of Mining Areas EOOD, registered on 09.04.2026, with the address in the town of Radnevo, 13 Georgi Dimitrov str. The main subject of the company is socio-economic transformation of mining areas; design, construction and restoration of mining areas; commercial representation and brokerage; commission, forwarding and transportation transactions; warehouse transactions, license transactions; stock control; repair and service activities, leasing and all other activities permitted by the Law and unrelated to coal mining, as the activities for which a license (permit) is required will be carried out after obtaining a license - after obtaining the relevant permit and/or after completing the required registration.

Coal supply agreement with AES Maritza East 1 EOOD

In May 2026, the coal supply contract with one of the main customers of Mini Maritsa-Iztok EAD - AES Maritsa Iztok 1 EOOD ended.

Bulgartransgaz EAD

Approval of an investment project for hydrogen transmission

In January 2026, Bulgartransgaz EAD received an official notification from the European Climate, Infrastructure and Environment Executive Agency (CINEA) regarding the approval of the project proposal and the launch of the grant agreement preparation process, which includes activities under the 'studies' category related to the implementation of PCI 10.3.2 'Internal hydrogen infrastructure in Bulgaria towards the border with Greece'. The project envisages the construction of a bidirectional hydrogen transmission

infrastructure between Bulgaria and Greece, including a linear section with a length of approximately 250 km and two new compressor stations with an indicative total compressor capacity of around 48 MW. The project aims to provide hydrogen transmission capacity of approximately 0.9 Mt/y (80 GWh/d). The approved project has the number 101287437 – 10.3.2-BG-S-M-25-PCI 10.3.2 – Studies, with the maximum amount of the grant amounting to EUR 4,561 thousand, representing 50% of the total eligible costs of EUR 9,123 thousand.

On June 8, 2026, the Grant Agreement (GA) was signed between Bulgartransgaz EAD and CINEA for a project with identification number 101287437 - 10.3.2-BG-S-M-25-PCI 10.3.2 - Studies - CEF-E-2025-PCI-PMI, which includes activities from the "studies" category related to the implementation of PCI 10.3.2 "Internal hydrogen infrastructure in Bulgaria towards the border with Greece". On June 18, 2026, an advance payment of EUR 2,281 thousand or 50% of the grant value was received.

Financial collateral

In connection with an agreement concluded between Bulgartransgaz EAD and Gastrade S.A. for the regasification of liquefied natural gas at FSRU Alexandroupolis in June 2026, the Group provided financial collateral in the form of a pledge of cash in the amount of USD 29,513 thousand at ING Bank N.V., at a fixed interest rate of 3.20% securing an issued bank guarantee in favor of Gastrade S.A. in the amount of EUR 24,357 thousand.

On July 20, 2026, the Management Board of the Company adopted a decision to conclude Annex No. 1 to Agreement No. 7434/08.06.2026 for a guarantee loan and Annex No. 1 to Agreement No. 7435/08.06.2026 for a pledge of funds concluded with ING Bank N.V. – Sofia branch, which increases the amount of the bank guarantee from EUR 24,357 thousand to EUR 52,554 thousand. On July 30, 2026, the Supervisory Board approved the decision of the Management Board to conclude the aforementioned annexes. The annexes were signed on August 4, 2026.

Elektroenergien Sistemen Operator EAD

Sale of the shares of Operator Zagore AD

By decision under Minutes No. 8/02.03.2026 of the Management Board, confirmed by decision under Minutes No. 8/04.03.2026 of the Supervisory Board of ESO EAD, a decision was made to sell the shares of „Operator Zagore“ AD to „Industrial Zone Zagore“ AD at a price equal to the nominal value of the shares. The change was entered in the Commercial Register and the Register of Non-Profit Legal Entities on 21.07.2026.

EWRC pricing decision

By Decision No. Ts-13 of 01.07.2026, EWRC approved the following prices for Electricity System Operator EAD, effective from 01.07.2026:

- Price for access to the electricity transmission network for end customers in the amount of EUR 0.18/MWh;
- Price for access to the electricity transmission network for producers, with the exception of producers of electricity from renewable sources with dynamically changing generation – from solar and wind

energy, connected to the electricity transmission and distribution networks, in the amount of EUR 2.19/MWh;

- Price for access to the electricity transmission network for producers of electricity from renewable sources with dynamically changing generation – from solar and wind energy, connected to the electricity transmission and distribution networks, for the entire amount of electricity produced, in the amount of EUR 2.72/MWh;
- Price for transmission of electricity through the electricity transmission network in the amount of EUR 8.01/MWh;

Termination of ESO Engineering EOOD

On July 25, 2026, a transformation through a merger by acquisition of ESO Engineering EOOD into the sole owner of its capital – Elektroenergien Sistemen Operator EAD (ESO EAD), was registered with the Commercial Register. As a result of the registration, the company was terminated without liquidation, and its entire assets, all rights and obligations were transferred to ESO EAD by virtue of universal succession.

8. NON-FINANCIAL INFORMATION

This consolidated non-financial information has been prepared in accordance with the requirements of Art. 29, Para. 4 of the Public Enterprises Act and contains a description of the policies of the companies within the Bulgarian Energy Holding EAD with regard to the activities carried out in the field of ecology, social issues and those related to employees, human rights and the fight against corruption.

8.1. Brief description of the business model and general information

Bulgarian Energy Holding Group (BEH) EAD includes companies operating in production and transmission of electricity, transmission, transit and storage of natural gas, as well as lignite mining. The Group occupies a leading position in the natural gas and electricity market in Bulgaria. The Group owns the main electricity generation companies in the country, as well as the electricity transmission network and the natural gas transmission and transit networks. The Group is also the public supplier of both electricity and gas in Bulgaria and is therefore a strategically important state-owned company.

Main activities. Mission and goals

BEH EAD and the companies within BEH Group carry out their operations in compliance with the Bulgarian and European legislation and in accordance with the licenses issued to them by the Energy and Water Regulatory Commission (EWRC) and the Nuclear Regulatory Agency.

Brief description of the main activities	Mission and goals
Bulgarian Energy Holding EAD is a financial holding company with the companies within its corporate structure retaining their operational independence. The services provided to the subsidiaries are in the areas of financial management, project management, corporate governance and business planning, legal and regulatory issues, public relations and communication. These activities ensure the application of a unified approach within the group regarding the future development of the energy companies, which is in line with the directions set out in the Energy Strategy of Bulgaria.	The goals of Bulgarian Energy Holding EAD are focused on the following main areas and priority areas: • Financial sustainability of BEH Group and the electricity sector in the country through: – Improving of corporate management practices – Providing funding for key activities and projects; – Cost optimization at BEH Group; – Decarbonization of BEH Group • Ensuring the security of the energy system through project management for: – Diversification of sources and routes; – Security, reliability and continuity of gas supplies;

Brief description of the main activities	Mission and goals
NPP Kozloduy (NPP) EAD is the only nuclear power plant in Bulgaria and the largest manufacturer of electricity in the country, providing more than a one third part of the national annual electricity production. The subject of a company's activity also includes: • heat generation; • import and export of unused and spent nuclear fuel; • ensuring the normal and safe functioning of the nuclear power plant through the implementation of activities set out in the company's investment and repair programs in the field of electricity generation and heat generation; • operation of a radioactive waste management facility.	- Investments for the nuclear energy development and diversification of supplies of fresh nuclear fuel (FNF); - Extending the life of the capacities guaranteeing the security of the system, coupled with ensuring long-term profitability; - Regional and European interconnection of systems. The mission of NPP Kozloduy EAD is to supply the country and the region with energy in a reliable way with safe, efficient and environmentally friendly production at a reasonably low price. The vision of the management of NPP Kozloduy EAD is to continue to be a safe and secure nuclear power plant in the long-term, to produce electricity with care for the environment and to achieve a reasonable balance between quantity, quality and prices. The goal of the management of NPP Kozloduy EAD is safe, efficient and environmentally friendly long-term energy production with guaranteed quality and security of supply, in accordance with national and international standards.
TPP Maritsa East 2 (TPP ME2) EAD is a basic condensing plant with an installed capacity of 1,620 MW, located in Maritsa East Energy Complex. The plant is a generation source of strategic importance for the country and a key element in the Bulgarian energy system, providing baseload consumption and regulating power to ensure the security of supply for the electric power system.	The mission of TPP Maritsa East 2 is aimed at achieving the following strategic and operating goals: • Increasing the security of energy supply; • Strengthening the company position in the regional and European markets; • Enhancing the investment attractiveness of the Bulgarian energy sector; • Continuous enhancement of the environmental status of the plant, the region and the country; • Transparency and good management practices; • Sustainable financial situation; • Pursuance of a balanced investment policy; • Enhancement of human resource quality.

Brief description of the main activities	Mission and goals
The main activity of Natsionalna Elektricheska Kompania (NEK) EAD is production and trading of electric energy on the free and regulated market (by 30.06.2025). NEK EAD owns and operates 31 hydropower plants (HPPs) and pumped storage hydro power plants (PSHPPs) with a total installed capacity of 2,737 MW in turbine mode and 937 MW in pumping mode. NEK EAD was a public electricity supplier and as such occupied a key position on the regulated market in the country until 30.06.2025. On the basis of §52 of the Transitional and Final Provisions (TFP) of the Act on Amendments and Supplements to the Energy Act (EA), promulgated in the State Gazette, issue 96 of 17.11.2023, in force from 01.07.2025, the license for carrying out the activity of public supply of electricity has been terminated.	Mission of NEK EAD is: • To fulfill its obligations for providing public interest services; • To be a competitive participant in the power trade in the free market in the country and the region; • To be a leading participant in the provision of balancing services for power system management; • To support the transition to renewable energy sources through energy storage and production from hydroelectric power plants; • To manage water resources effectively. The strategic goals of NEK EAD include: • Expansion of the company's market positions in the domestic and foreign markets; • Development of the business portfolio, ensuring sustainability and competitiveness; • Maintenance and development of the company hydroelectric plants and hydro engineering facilities in order to ensure the security of electricity supplies; • Development and construction of new RES projects with a view to support the energy transition to completely green energy and decarbonization of the economy;
The main activities of the Elektroenergien Sistemen Operator (ESO) EAD include: • Transmission of electricity through the electricity transmission network; • Power System Management (PSM); • Administration of electricity transactions also on the balancing energy market; • Electricity metering; The company is certified as an Independent Power Transmission Operator.	Mission and goals: Continuously increasing the safe and reliable operation of the Bulgarian power system and optimizing the process of its management, improving the quality of operation and maintenance of the transmission network, to achieve maximum security and economy of electricity supply. The Company's goals are consistent with the stated European and national energy policy and the process of transition to a low-carbon market model. Priority activities with a horizon of 2030 have been identified in the following areas: • Development of the electricity grid infrastructure; • Modernization and digitalization; • Integration of the electricity market;

Brief description of the main activities	Mission and goals
Bulgargaz (BGAZ) EAD is mainly engaged in public supply of natural gas, as well as its related purchases and sales, purchase of natural gas for the purpose of its storage in a gas storage facility, marketing research and analysis of the natural gas market.	• Ensuring financial sustainability; • Human capital. As a public supplier of natural gas, Bulgargaz EAD has as its main strategic goal to guarantee the interests of the public by providing long-term supplies of natural gas to the country.
Bulgartransgaz (BTG) EAD is a combined gas operator carrying out natural gas transmission and storage activities. As an independent gas transmission operator, it has the following responsibilities: • Maintaining the balance between import, production and consumption of natural gas; • Transmission through the gas transmission system and storage of natural gas in the Underground Gas Storage Facility - village of Chiren (UGS), in accordance with the requirements for quality and accountability; • Ensuring optimal functioning of the gas transmission system during transmission; • Maintenance of the sites and facilities of the gas transmission system and UGS in accordance with technical requirements and operational safety; • Development of the gas transmission system and UGS in accordance with the company's long-term development plans; • Ensuring equal treatment of consumers by providing access to natural gas transmission and storage facilities; Administration of natural gas transactions and organization of balancing of the natural gas market.	The mission of Bulgartransgaz EAD, as a combined gas operator holding licenses for transmission and storage of natural gas, is to ensure these activities following the interests of the state and society, to ensure conditions for security and sustainable development of the gas market in the country and the region, actively help the process of liberalization in the spirit of pan-European energy policy. Strategic goals: • Ensuring the security and reliability of the gas transmission system and the Chiren Underground Gas Storage (UGS); • Development, modernization and expansion of the gas infrastructure for the transmission and storage of natural gas in the country and increasing its connectivity with neighboring gas transmission networks; • Ensuring the necessary conditions for the establishment of a competitive, efficient, liberalized and integrated gas market, in accordance with the requirements of the European legislation.
The main activity of Mini Maritsa Iztok (MMI) EAD includes extraction and sale of lignite coal through the development and operation of three open pit mines - "Troyanovo-1", "Troyanovo-	Company strategy: • Introduction of high-tech equipment and automation;

Brief description of the main activities	Mission and goals
sever" and "Troyanovo-3". Another significant activity carried out by the company is transportation and disposal of technological waste from TPP Maritsa East 2 EAD and Contour Global Maritsa Iztok 3 AD;	• Development and implementation of high-tech mining solutions; • Professional development of personnel at all levels; • Ensuring the operational, repair and investment activities of the company in accordance with the annual engineering project for the development of mining works; • Subsequent implementation of measures to restore disturbed areas and prepare for new economic activities in the company, based on the conclusions in the Report of the Energy Transition Commission where the final date for the gradual cessation of the use of coal is 31.12.2038; • Undertaking actions to preserve the energy profile of the region, through investments in the field of clean technologies, low-emission productions and scientific research and development activities, using the potential of the available infrastructure, human capital and land. • Project development and adaptation to programs to attract funding using external sources such as the Just Transition Fund, the Modernization Fund, the Cohesion Fund and the Social Climate Fund. The main goal of Mini Maritsa Iztok EAD is to ensure the smooth and secure supply of lignite coal to the thermal power plants in the region, and respectively to fully meet their needs.
The main activity of National Energy Operator (NEO) /) / (Natsionalen Energien Operator) EAD is to develop and implement projects for the construction and subsequent operation of systems for the storage and/or utilization of electricity generated from renewable energy sources, while in parallel the Company will provide and contribute to maintain balance of the national electricity system.	Mission of National Energy Operator EAD is: - To stimulate investments in environmentally clean energy, to promote the full use of energy from renewable sources and to increase the security of the energy system by developing new balancing and production capacities; - To develop analytical and investment activities, including feasibility studies, engineering and technical developments, grant negotiation and co-financing, as well as fulfillment of regulatory

Brief description of the main activities	Mission and goals
	requirements for the implementation of high-potential projects. - To explore opportunities for economically profitable electricity production through low-emission technologies, in order to provide maneuvering capacities for the Bulgarian energy sector. The main objectives of the company are: - Implementation of projects for the construction of facilities for the production and storage of energy from renewable sources; - Implementation of projects for the construction of energy production systems with the integration of green hydrogen and energy systems; - Operation and maintenance of the constructed facilities for energy production and storage in the long term; - Participation in various European projects providing an opportunity for active cooperation with research and development initiatives in the field of energy storage and production through renewable energy sources and other low-emission methods; - Helping to ensure the security of the electricity system during peak loads by building new energy storage systems and maneuvering capacities for energy generation; - Supporting the reduction of greenhouse gas emissions at national and European level; - Provision of system services for the benefit of ESO EAD.
The main activity of Minproekt (Minproekt) EAD is related to investment design, feasibility studies and the provision of consulting services.	The mission of Minproekt EAD is the design of structure-determining energy and mining, civil and industrial objects of international and national importance.

Management bodies

The sole owner of the capital of BEH EAD is the Republic of Bulgaria and the rights of a sole owner are exercised by the Minister of Energy who has the capacity of a principal and is authorized to make all decisions in the competence of the sole owner of the capital according to the law and the statute of the Company. The company is managed through a one-tier management system. The management bodies are

the sole owner of the capital in its capacity of General Assembly – the Minister of Energy of the Republic of Bulgaria and the Board of Directors.

The subsidiaries NPP EAD, BGAZ EAD, MMI EAD, NEK EAD, TPP ME2 EAD, NEO EAD, Minproekt EAD and BEH EAD are managed through a one-tier management system. The management bodies of the companies are the sole owner of the capital - BEH EAD, which decides upon the issues within the competence of the General Meeting and the Board of Directors of the respective company.

The management bodies of the subsidiaries of BEH Group – ESO EAD and BTG EAD, in their capacity of independent transmission operators, include the Supervisory Board and the Management Board. The rights of the sole owner of the capital of the companies are exercised by the Board of Directors of BEH EAD.

8.2. Information related to environmental issues

As a socially responsible structure, the protection of human health and the protection of the environment from adverse impacts, are key priorities for the Group. BEH EAD and the companies within BEH Group strictly observe the environmental standards and the applicable legislation in this field, both within the country and in the EU.

Environmental protection policies have been developed, aimed mainly at achieving the goals for protection of the atmosphere and the air cleanliness, safe management, minimization and recovery of waste, energy efficiency and assessment of the impact of raw materials on the environment, minimizing the risk of environmental damage and accidents.

All safety standards in the operation of production facilities are strictly observed, constant, systematic and comprehensive control over the activities, products and services that have a detrimental impact on the environment and human health is exercised, the best available techniques are applied and introduced.

Environmental protection systems, policies and rules.

Bulgarian Energy Holding EAD

Bulgarian Energy Holding EAD operates as a financial holding company and its activity does not imply violation of the environmental norms and the applicable legislation, both within the country and in the EU. The specifics of the company's operation are such that its activities do not endanger the protection of the environment in any way.

Kozloduy NPP EAD

Environmental management is a process which forms part of the NPP Integrated Management System (IMS). Aspects management of the nuclear power plant impact on the environment covers the entire site and all structural units included in the organizational and management structure. It is carried out according to the requirements of the international and Bulgarian standard BDS EN ISO 14001:2015.

To manage the significant aspects and comply with the regulatory requirements, as well as the requirements and conditions of the permits and licenses issued to the NPP, programs are developed, the implementation of the activities of which is controlled and reported.

The environmental policy is aimed at achieving the following objectives:

- Protection of the atmosphere and the purity of the atmospheric air.
- Reduction of the impact that the company's business exerts on the water quality.
- Safe management and minimization of waste.
- Optimized use of raw and other materials.
- Reduction of emissions into the environment.
- Enhancement of energy efficiency.
- Minimization of the risk of environmental damage and accidents.
- Maintaining compliance of the Quality Management System with the requirements of GR Part 2 – Leadership and Management for Safety, BDS EN ISO 14001:2015, and the applicable legal, regulatory and stakeholder-adopted requirements.

Environmental protection in the area of the NPP is based upon the following principles:

- Efforts to minimize the impact that the company business exerts on environment.
- Leadership and personnel engagement.
- Contamination prevention.
- Strict compliance with the instructions of the competent environmental authorities.
- Substantiated decision-making based on risk and opportunity assessment.
- Interaction with control authorities, local authorities, the public and other stakeholders on issues related to environmental protection.

The implementation of the statutory and other environmental requirements concerning the non-radiation monitoring at the NPP is organized and controlled by designated structural units. The infrastructure related to environmental protection includes facilities and means for:

- Maintenance of equipment, systems and apparatus that contain fluorinated greenhouse gases (FGG);
- Drainage, treatment, discharge and monitoring of wastewater;
- Collection, transportation, storage and disposal of non-radioactive waste;
- Safe storage and use of hazardous chemicals and mixtures, etc.

The condition of the environmental infrastructure is monitored during patrols, inspections and audits by responsible officials, according to the internal company documents. The results are reported to the NPP Management and are taken into account in the planning and organization of the activities.

The main competent environmental authorities with which the NPP maintains communications are the Ministry of Environment and Water (MoEW), the Regional Inspectorate of Environment and Water (RIEW) - Vratsa, the Danube Region Basin Directorate (BDR) - Pleven and the Executive Agency on Environment and Water (EAEW).

The management conducts annual reviews of IMS, and the results include a conclusion on the effectiveness of IMS, including SLD, and decisions related to any need for changes in the policy, environmental objectives, resources and activities, as well as opportunities for improvement.

The obligatory internal non-radiation monitoring of water in the NPP Kozloduy area, arising from water use and discharge permits issued to the Company, includes:

- Measuring and reporting of the quantity of water used from the river Danube;
- Measuring of the quantity of waste water (by individual streams) and the concentration of the pollutants in them, for which there are certain individual emission limitations in the permits;
- Measuring of the amount of groundwater extracted;
- Monitoring of water levels and chemical status of groundwater bodies used for water extraction;
- Monitoring of water levels and chemical status of groundwater on the industrial site, etc.

The non-radiation monitoring of water in NPP Kozloduy EAD is performed by the Testing Laboratory (TL) with the Engineering Chemistry (EC) Sector, Quality Assurance Department. TLQ-EC is accredited according to BDS EN ISO / IEC 17025 by EA BAS under reg. No. 172 ЛИ. The management system (MS) of TLQ-EC is subject to annual reviews by the management, internal audits and planned supervision by the Bulgarian Accreditation Service (BAS).

Environmental radiation monitoring of NPP Kozloduy EAD is carried out in compliance with the relevant national statutory regulations (Bulgarian Nuclear Regulatory Agency, Ministry of Environment and Water, Ministry of Health) and the guidelines of the EU and the International Atomic Energy Agency. The scope thereof and the arrangements pertinent to its implementation are regulated by a long-term program developed in alignment with the BNRA, the Ministry of Environment and Water, and the Ministry of Health. The main activities related to own radiation monitoring of the environment and site of NPP Kozloduy include:

- Ensuring the conduct of reliable and safe environmental monitoring during the operation of the NPP, which covers the following zones: the zone of the NPP's industrial site, the surroundings thereof which fall within a 2 km Precautionary Action Zone (PAZ), the checkpoints within a 30 km Urgent Action Zone (UAZ), the reference points in the towns of Lom, Pleven and Berkovitsa and the routes thereto.
- Control of the radiation status within the industrial zone and compliance with the rules and regulations on radiation safety when handling radioactive materials. Control of the collection, transport and storage of all kinds of radioactive waste. Control of the radioactive contamination of vehicles and materials that are removed from the industrial site zone.
- Monitoring the equivalent gamma-radiation dose rate; the radioactivity of ambient air, soil, water, vegetation, etc. environmental components; radioactivity of foodstuffs and agricultural products produced around the town of Kozloduy.
- Model assessments of additional dose loads of the population within the 30 km UAZ as a result of the liquid and gaseous waste from NPP Kozloduy.
- Maintenance of emergency preparedness through field measurements and radiation scanning with the use of a mobile laboratory for environmental radiation monitoring.
- Recording and official operational reporting of results to the national competent authorities and the IAEA (the ALMERA network).

Environmental radiation monitoring is carried out with the use of the resources of a designated unit at NPP Kozloduy EAD. The radio-ecological monitoring at NPP Kozloduy EAD is performed by the Testing Laboratory of the Radio-Ecological Monitoring (TL-REM) department, Safety Unit. TL-REM is accredited according to BDS EN ISO / IEC 17025 by EA BAS under reg. No. 154 ЛИ. The management system (MS)

of TL-REM is subject to annual reviews by the management, internal audits and planned supervision by the Bulgarian Accreditation Service (BAS).

The infrastructure related to ensuring radio-ecological monitoring includes:

- Sampling network of borehole wells for groundwater monitoring on site and off-site reference boreholes;
- Sampling network for radiation monitoring of environmental components – air, water, soil, vegetation – 36 control posts up to a 100 km radius;
- Automated system for aerosol monitoring of the environment and the site – 14 high-flow sampling devices;
- Automated system for sampling river water Danube – 3 stations along the river;
- Automated Radiation Monitoring System for Settlements within the 30-km Emergency Planning Zone (EPZ) of Kozloduy NPP – 13 local monitoring stations and 1 reference station in the town of Lom.
- Laboratory complex with radiochemical and measurement laboratories for analysis of environmental and site samples.

The main competent authorities in the field of radioecological monitoring with which Kozloduy NPP EAD maintains communications are the Ministry of Environment and Water (MOEW), the Nuclear Regulatory Agency (NRA), and the National Center of Radiobiology and Radiation Protection (NCRRP).

The radio-ecological monitoring at NPP Kozloduy EAD is performed by the Testing Laboratory of the Radio-Ecological Monitoring (TL-REM) department, Safety Unit. TL-REM is accredited according to BDS EN ISO / IEC 17025 by the Executive Agency Bulgarian Accreditation Service (EA BAS) under Registration No. 154 JII. The management system (MS) of TL-REM is subject to annual reviews by the management, internal audits and planned supervision by the Bulgarian Accreditation Service (BAS).

TPP Maritsa East 2 EAD

The company has a built and constantly improving Environmental Management System (EMS) certified according to the international standard ISO 14001:2015 by the authorized body TÜV Rheinland Cert GmbH with the field of application ‘Production and sale of electrical energy, provision of availability, additional frequency and exchange power regulation services, balancing energy and voltage regulation’.

The policy of TPP Maritsa East 2 EAD aims at curbing the detrimental impact on environmental components by controlling the effects that it exerts thereon when conducting its principal business: power production and supply.

The main objective is to maintain and continuously improve the EMS in compliance with the requirements of EN ISO 14001:2015. In 2025, an update was made to the Register of Risks and Opportunities related to an additional assessment of the planned activities to reduce the level of climate change risk and the consequences of the risk. Risks that have a negative impact on the environment, such as rising average temperatures and extreme weather events, have been examined. In this regard, the program for achieving environmental management goals has set goals aimed at reducing carbon emissions - production of electricity

from a thermal power plant by placing solar panels on the roofs of surveyed buildings and conducting an industrial experiment for the co-combustion of lignite coal and wood chips at "TPP Maritsa Iztok 2" EAD.

In October 2025, the first supervisory audit to demonstrate compliance with the requirements of the ISO 14001:2015 standard was successfully completed. During the audit, no non-compliances were found and no recommendations for improvement were given. Full compliance of the constructed Environmental Management System (EMS) with the requirements of the EN ISO 14001:2015 standard has been reported. The management system is effective and ensures that the organization may expect to achieve the goals it has set. As a result, a new certificate was issued with validity to 02.02.2027.

Comprehensive pollution prevention and control rules are followed by adhering to Integrated Permit No. 50/2005, which includes rules on admissible emission levels based on the best techniques available aiming to prevent and control emissions into the atmosphere, water and soil, waste management, energy efficiency and accident prevention.

Decision No. PP-4914/23.01.2023 extended the validity period of permit No. 31430010 (previous No. 0560)/28.09.2001, last extended by Decision No. PP-1366/14.11.2011, for water abstraction from a surface water body, issued by the Minister of Environment and Water, continued by the Director of the East Aegean River Basin Directorate (EARBD).

To prevent major accidents involving hazardous substances and to mitigate the effects thereof on human life and health, and the environment, a classification has been made of the chemicals used and an updated Safety Report has been approved by virtue of Resolution No. 60-A2/2019 of the executive director of the Executive Environment Agency. An emergency plan and a safety management system are maintained.

On 07.02.2024, in pursuance of the resulting obligations within the meaning of Art. 116f, para. 1 of the Environmental Protection Act, a working group, formed by Order No. ПД-17-145/25.01.2024 of the ED, was reviewed and approved by the Decision No. 60-A2/2019. Safety report, including Major Accident Prevention Policy (MAPP) Report and Safety Management System (SMS).

The policies and measures aimed at mitigating the effects of climate change are implemented by joining the EU Emissions Trading System (EU ETS) targeted towards reduction of greenhouse gas emissions. The company holds permit No.46-H2/2020 and monitors and reports greenhouse gas emissions.

The main pollutants emitted into the atmosphere as a result of the combustion of East Maritsa lignite coal by MMI EAD, characterized by a high content of moisture, ash and sulfur from the steam generators of TPP ME 2 EAD include: sulfur dioxide, nitrogen oxides, carbon dioxide, carbon monoxide and dust.

By Decision No. 46-H2-A3/2025 of the Executive Environment Agency (ExEA), Greenhouse Gas Emissions Permit (GGEP) No. 40-H2/2020 of Maritsa Iztok 2 TPP EAD was updated in accordance with the requirements of Article 74 of Regulation (EU) No. 2018/6066 on the monitoring and reporting of greenhouse gas emissions, and a new version of the Monitoring Plan dated 15.02.2021 was published.

In the period 11.02.2025 - 12.02.2025, a verification audit of the Annual Greenhouse Gas Report for 2024 was carried out. The verified Annual Report was submitted for review and confirmed by the EEA with a letter No. PTE 776/28.03.2025. In the period 05.02.2026 - 06.02.2026, a verification audit of the Annual Greenhouse Gas Report for 2025 was carried out.

Natsionalna Elektricheska Kompania EAD

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NEK EAD has a certified "Integrated system for the management of quality, environment and health and safety at work" with the following scope "Construction and commissioning of HPP, PSHPP and HEP. Management of HEP. Production of electricity in HPP and PSHPP. Public supply of electricity. Power trading and coordination of a standard balancing group. Power supply from a supplier of a last resort and coordinator of a special balancing group. Decommissioning of HEP, HPP and PSHPP". In the environmental section, Rina Bulgaria EOOD has issued certificate EMS-10264/S for compliance with the BDS EN ISO 14001:2015 standard, with a validity period until 15.11.2028.

NEK's policy is aimed at achieving and maintaining full compliance with applicable regulatory and other environmental requirements, reducing risks and preventing environmental incidents, as well as reducing the consequences of environmental impacts. The activities in the Company are carried out in strict compliance with the internal instructions and rules regarding the environment. The company has published a Declaration of the policy on Quality, DC, Biological Diversity Act (BDA) on its website.

The Company developed internal documents ensuring environmental protection include the following:

- Instruction for determining the environmental aspects.
- Work program for objectives about quality, environment and health and safety at work and measures to achieve them.
- Program of NEK EAD for long-term environmental measures
- Methodology. Risk assessment at NEK EAD.
Instruction. Compliance assessment.
- Rules. Non-compliance management.
- Instruction. Safe storage and use of hazardous chemicals and mixtures.
- Instruction for administration of permits, according to the Water Act.
- Instruction on the procedure for carrying out waste management activities at NEK EAD.
- Emergency instruction and measures to reduce and prevent the consequences for the environment in case of disasters, accidents and catastrophes, etc. at the facilities on the HPP Enterprise's territory.
- Emergency instruction and 'Measures for reduction and prevention of the consequences for the environment in case of disasters, accidents, catastrophes etc. at the facilities on the territory of 'Dams and cascades' Enterprise.
- Instruction. Measures for reduction and prevention of the consequences for the environment in case of disasters, accidents and other events in the headquarters.
- Plans for internal water monitoring in the PSHPP.

Electricity System Operator EAD

In 2025, ESO EAD continued to implement an environmental policy aimed at reducing the consequences of environmental impacts as a result of its operations. The company operates in strict compliance with environmental requirements in accordance with Bulgarian legislation and in accordance with Directive 75/439/EEC as of 16.06.1975 on the disposal of waste oils.

- Activities involving treatment of waste oils and waste oil products

In fulfillment of the Ordinance on waste oils and waste oil products, adopted by Decision No. 352/27.12.2012 of the Council of Ministers (promulgated SG, issue 2/08.01.2013) and on the grounds of Art. 3, para 1 of the same Ordinance any used oils that result from the technological processes in the system of ESO EAD are primarily utilized through reclamation at a transformer oil reclamation facility in the area of MED Plovdiv. Reclamation is carried out through a technological line for the treatment of critically polluted oils by a sedimentation-absorption method using bleaching earth for transformer oils. In this type of technological treatment, spent bleaching earth is treated as hazardous waste. By virtue of Art. 7. (1) and Art. 8 (1) of the WMA, the waste is handed over for collection, transportation and treatment to persons who have the right to carry out these activities in accordance with this act.

To minimize the amount of released waste, ESO EAD has invested significant resources and procured an innovative computerized plant for the processing of low and medium contaminated transformer oils. The specialized percolation treatment plant uses a granular adsorbent, which can be made to undergo repeated recovery /over 300 work cycles/, during which operation practically no dangerous waste is generated.

In compliance with the requirements of the Regulation establishing measures for the implementation of Regulation (EC) No. 842/2006 on certain fluorinated greenhouse gases, the modernization of the fire extinguishing systems in the building of the Central and Territorial Administration "Zapad (West)" has been completed. The modernization was carried out in accordance with all legal requirements, and with a handover protocol between ESO EAD and the contractor, thirty-two cylinders of Halon 1301 gas with a total weight of 1258,3 kg were handed over for disposal. The contractor presented a disposal contract between itself and A-Gas Nederland.

By virtue of Art. 6, Art. 7 and Art. 8 of the Waste Management Act (WMA), (SG, issue No. 53/13.07.2012), as well as in connection with Art. 35, the holders of waste shall be obliged to provide the necessary financial means for the fulfillment of their obligations, specified in this act.

- Maintaining of an energy management system for the management of the final power consumption by operational and maintenance activities at facilities - substations owned by ESO EAD.

The aim is to maintain the developed, documented and implemented energy management system, recertification, according to the requirements of ISO 50001:2018.

ESO EAD continues to fulfill the requirements and maintain the implemented energy management system. In 2025, a recertification audit was conducted in accordance with the system requirements and for another year, the successful functioning and maintenance of the system was found.

- Performing activities for modernization or replacement of energy facilities containing environmentally hazardous components with facilities of a new type, which do not contain such components.

ESO EAD continues its targeted implementation of its policy on the modernization or replacement of energy equipment containing environmentally hazardous components with equipment of a new type. In 2025, during the reconstruction and refurbishing of electrical equipment in the company's substations, 123 oil-filled circuit breakers were replaced. At the same time, 9 new oil collection sewers and pits were built with the installation of highly efficient sludge and oil traps.

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When performing substation reconstructions, new highly efficient luminaires based on energy-saving LED technologies are installed and put into operation.

- Practices for limiting the environmental impact of polluting substances resulting from the disposal and/or use and decommissioning of products and services.

Organization of the fulfillment of the requirements of the Clean Air Act was organized, the requirements of Regulation (EC) No. 1005/2009 on substances that deplete the ozone layer and Regulation (EU) No. 517/2014 on fluorinated greenhouse gases and associated regulations, as well as any regulations thereto.

Annual reports are prepared in accordance with the Annexes to the Regulations implementing Regulation (EC) No. 1005/2009 and Regulation (EU) No. 517/2014;

Coordinating the implementation of the requirements of Ordinance No. 1 of 17 February 2017 was organized on the procedure and method of training and issuing documents for qualification of persons performing activities involving equipment containing fluorine-containing greenhouse gases, as well as on the documentation and reporting of fluorine-containing emissions greenhouse gases, issued by the Minister of Environment and Water and the Minister of Interior - promulgated, SG, issue No. 20 of 7 March 2017, effective 07.03.2017.

In the Central Fire Department and the West Fire Department, the fire extinguishing system uses Halon 1301 gas and reconstruction is currently underway to replace the PGS with a new type of system with environmentally friendly gas.

The company performs activities for modernization or replacement of energy facilities containing environmentally hazardous components with facilities of a new type, which do not contain such components. These activities include:

- Gradual replacement of oil-filled circuit breakers;
- Continuation of the policy of installation and commissioning of new high-efficiency LED lighting in the facilities;
- Modernization of existing and construction of new oil sump pits at the sites.

Bulgargaz EAD

Bulgargaz EAD, as a public supplier of natural gas, does not carry out production activities and does not have any production sites exerting an impact on the environment. The company does not own any infrastructure sites (linear and on-site), while only using services related to the operation of the same, provided to it by the operator of these sites – Bulgartransgaz EAD. Bulgargaz EAD carries out only commercial activities - purchase of natural gas for the purpose of its sale to customers.

Bulgartransgaz EAD

Bulgartransgaz EAD has developed a high culture in the field of environmental protection, in all activities and at all levels in the Company's structure. The main rule is to avoid any accidents or negative impacts on the environment by adopting an environmentally friendly behavior in compliance with regulatory

requirements. To fulfill the commitments aimed at ensuring environmental protection, the following activities related to the company's environmental policy are performed:

- Ensuring the necessary actions to maintain the environmental management system in accordance with the regulatory requirements of environmental legislation and all other compliance obligations. The company has developed, implemented and certified an environmental management system (EMS), which is in full conformity with the requirements of ISO 14001:2015 “Environmental management systems”. In 2022, Bulgartransgaz EAD successfully passed a recertification audit in accordance with the standard's requirements regarding the functioning of the EMS, which was conducted by TÜV NORD Bulgaria EOOD.
- The company applies the best available techniques in the installations with effective complex permits - the Lozenets, Strandzha, Rasovo and Nova Provadia compressor stations with installed low-emission gas turbine compressor units, as well as in the Ihtiman and Petrich installations with revoked complex permits. Low-emission gas turbine equipment is to be installed at the Chiren UGS, which also has a valid complex permit.
- The Company implements plans and programs to reduce and prevent environmental pollution. The annual program for investments and maintenance of “Bulgartransgaz” EAD includes events for which the necessary funds are provided for the implementation of activities to bring operational areas into compliance with environmental regulations.
- The policy is implemented to prevent and control the risk of major accidents and limit their consequences through a safety measures management system. In 2022, an updated Safety Report of the Chiren UGS for the operation of an enterprise with a high risk potential, necessary for the expansion and modernization of the above-ground part of the gas storage facility, was updated and approved by the competent authorities. Organizational and technical measures for the prevention and control of accidents and an emergency plan have been developed for all site and linear parts of the company's gas transmission system. The necessary organization has been created and maintained for the implementation of the measures/plan, as well as for updating them, if necessary.
- Improving the qualification of the employees in relation to the issues of the environmental protection, according to the existing personnel training program.
- Monitoring of key environmental parameters that exert significant environmental impact – in accordance with set monitoring plans, which include monitoring of the greenhouse emissions into the atmosphere, monitoring of waters, noise level, soils etc. Assess compliance with applicable regulatory requirements;
- Efficient management of the waste generated by the production activity, according to the regulatory requirements. Preparation of plans for construction waste management when the company is involved in investment activities related to construction;
- Maintaining communication with control bodies and all stakeholders in resolving environmental protection issues related to applicable environmental legislation;
- Continuous improvement of the environmental management system in order to increase its effectiveness in relation to environmental protection.

Mini Maritsa-Iztok EAD

According to the terms of the Concession Agreement of August 11, 2005, for the extraction of underground resources in the East Maritsa Coal Basin, between the Grantor - Council of Ministers of the Republic of Bulgaria, Bulgaria and the Concessionaire – Mini Maritsa-Iztok EAD, have undertaken an obligation to carry out measures to protect the environment, water and living resources in the concession area. The Company is obliged (Article 27 and Article 30 of the Concession Agreement), when conducting mining operations, to comply with all applicable statutory and regulatory acts, rules, and standards governing the protection of the environment and waters, as well as measures for preventing landslides, rockfalls, erosion, and uncontrolled discharges of groundwater.

Mini Maritsa Iztok EAD is certified under ISO 14001:2015 - an international standard that defines the requirements for the environmental management systems. It allows the organization to develop and implement policies, common goals, instructions, regulations and programs, taking into account the legal and other requirements that the organization should comply with towards minimizing the impact of significant aspects on the environment.

The following is achieved through the environmental management system, which forms part of the IMS:

- Supporting and improving the environmental management and performance;
- Assisting the achievement of compliance with the regulatory obligations for environmental management;
- Improving the image of the organization;
- Environmentally-friendly waste management across the Company.

Written documents for managing the activities related to the environment area have been approved and are being applied, and the company policy in this area is set out in the general Statement by the Management and forms part of the general policy of the Company.

All waste is treated according to the “Program for waste management activities on the territory of Mini Maritsa Iztok EAD for the period 2021-2026”, as endorsed by the Executive Director of the Company.

Mini Maritsa Iztok EAD owns two Complex Permits (CP): No. 398-H0/2010, updated with Decision No. 398-HO-HO-A1-TT1/2022 and No. 403-HO/2010 respectively. They have the status of landfills for non-hazardous waste due to the fact that they are used for the mixed disposal of overburden from mining activities and production non-hazardous waste from TPP Maritsa East 2 EAD and Contour Global Maritsa Iztok 3 AD. The permits are in compliance with Directive 2008/1/EU for complex prevention and control of pollution transposed in chapter seven of the Environmental Protection Act.

In 2025, at the Non-Hazardous Waste Landfill “United Northern Dumps”, through Overburden Transport and Dumping Complex 3 (OTDC 3) of Troyanovo 1 Mine, a total of 787,707 tonnes of waste from Maritsa East 2 TPP EAD (ash and gypsum from the ash pond) and 7,970,519 tonnes of overburden were deposited. The waste-to-overburden ratio was 9%, thereby fulfilling the requirement that the amount of waste must not exceed 25% of the total quantity of deposited materials.

Effective as of February 21, 2024, no disposal of non-hazardous industrial waste generated by the activities of ContourGlobal Maritsa East 3 AD is carried out within the territory of the 'Nasipishte Mednikarovo' Non-Hazardous Waste Landfill, due to the decommissioning of the thermal power plant.

In 2025, the foreseen measures for the prevention, limitation and minimization of unorganized dust emissions from the activities of the landfills were applied. In dry weather with high temperatures and wind, the transport roads are sprinkled with sprinkler equipment. In the spring of 2025, an accredited laboratory carried out monitoring of the groundwater in order to control and prevent the contamination of the water bodies of the surface/rain/water and of the underground water from the landfills. Surface water monitoring was carried out in June and November 2025.

During the four internal inspections carried out during the reporting period of 2025, no violations related to waste management activities were found. During the reporting period, no spills or other accidents related to immediate danger to people and the environment occurred during the activities of the landfills.

Minproekt EAD

Minproekt EAD does not carry out production activities and does not have any production sites exerting an impact on the environment. Regarding the environment, the company has implemented an integrated quality management system and environmental impact reduction, in accordance with ISO 9001:2015 and ISO 14001:2015 standards.

The processes presented in the management system cover the main subject of activity of "Minproekt" EAD - survey, design, scientific research, engineering and consulting activities for mining, energy, industrial and civil sites.

National Energy Operator EAD

"National Energy Operator" EAD (NEO) is a public enterprise within the structure of the Ministry of Energy of the Republic of Bulgaria. The Sole Owner of the Capital of the company is Bulgarian Energy Holding EAD (BEH). One of the main activities of "NEO" EAD is the implementation of various aspects of the "Green Deal", including supporting the significant increase in the share of renewable energy sources in the energy mix.

In the process of implementing the company's future projects, systems, policies and rules for environmental protection will be developed, implemented and reported. In this regard, a comprehensive analysis of potential environmental impacts will be carried out in order to determine the likely consequences of NEO EAD's projects on the environment and surrounding communities according to the following parameters:

1. Land use and habitat disturbance;
2. Air quality and emissions;
3. Noise pollution;
4. Visual impact and aesthetic considerations;
5. Water resources and quality;
6. Socio-economic impacts.

Monitoring of environmental indicators and resources used in the production process.

The following results have been reported regarding the BEH Group companies producing electricity:

Indicators for NPP Kozloduy EAD	Unit	Amount
<i>Radiation indicators:</i>		
RBG activity in discharges	TBq	0.697
JA activity in discharges	MBq	2.075
I-131 activity in discharges	MBq	11.20
Unbalanced water activity (without tritium)	MBq	103.0
<i>Emitted pollutants in the atmospheric air:</i>		
CO ₂	t	439
<i>Resources used:</i>		
Water resources, of which:		
Cooling water (the river Danube)	m ³	2,587, 591,770
Water for CPW production (the river Danube)	m ³	1,487,790
Drinking water (WSS)		233,880
Electricity ESO EAD (balancing market – shortage of electricity purchased)	MWh	44,740

Indicators for TPP Maritsa East 2 EAD	Unit	Amount
<i>Emissions into the environment:</i>		
CO ₂	t CO ₂ e	5,226,318
SO ₂	t/y	8,713,157
NO _x	t/y	3,207, 772
Particulates	t/y	98,877
<i>Resources used:</i>		
Lignite coal	t/y	7,417,002.25
Water resources	m ³ /y	607,695,000
Electricity for internal needs	MWh	757,006,904

Indicators for Natsionalna Elektricheska Kompania EAD	Unit	Amount
<i>Resources used:</i>		
Water resources	m ³	5,160,575,391
Electricity	MWh	11,922,072

8.3. Information related to social matters

Human Resource Management (HRM) at BEH Group is defined as a strategic approach for managing the most valuable resource of the Group - the people who achieve the goals and provide a sustainable competitive advantage through their ability to create uniqueness and value.

Social responsibility to employees

BEH Group invests in its employees in the belief that they are its most valuable asset. As a responsible employer, the Group follows certain principles of workplace relations:

- No discrimination in the workplace;
- Ensuring occupational health and safety;
- Provision of development opportunities based on gender and age equality;
- Ensuring the right of association and labor protection of employees.

Human resources management plays a leading role in the successful implementation of the goals and priorities of the corporate strategy of BEH EAD. With regard to human resources management, BEH EAD applies the Human Resources Management Policy (the Policy) implemented in the Group. The policy regulates the general framework for the human resources management processes, while at the same time enabling the companies within the holding structure to apply the established approach, taking account of the specifics of the companies and the existing applicable regulations. Internal code of conduct at work and internal remuneration rules have been developed.

BEH Group strives to select the most suitable employees, organize their training and motivate them thus offering them opportunities for development in order for them to effectively perform the work. To achieve all this, the company maintains a working environment and working conditions which guarantee job security, good remuneration, in line with achieved results, opportunities for training and development and, above all, good working relationships.

BEH Group does not tolerate any form of discrimination based on sex, race, nationality, ethnicity, citizenship, origin, religion or belief, education, convictions, political affiliation, disability, age, property status, or other criteria. Equal rights and opportunities for work, development and career growth are provided based solely on the professional qualification, acquired experience, personal qualities and achieved work results.

The main areas of corporate social responsibility of the companies within the Group are focused on transparent corporate governance, sustainable development and guaranteed quality and safety of employees. The companies within the Group cooperate with and are members of various organizations thus supporting the adequate and effective implementation of the strategy for corporate social responsibility.

Joint initiatives with municipalities and voluntary initiatives have been undertaken as a result of the personal commitment of employees to ensure lasting benefits for the local community: helping people in need, providing support for the development of public works, infrastructure and healthcare, as well as in the fields of education, science, culture and sports. The companies contribute to a number of donation programs.

Personnel allocation

The number of employees in BEH EAD and the companies within the Group, as of the end of 2025, is 18,613.

The allocation of employees by category in the main companies of the holding is as follows:

- according to the national classification of occupations and positions:

	BEH	NPP	TPP	NEK	ESO	BGAZ	BTG	MMI	NEO
Managers	27	473	95	152	272	12	77	186	2
including women	13	122	13	39	36	7	17	20	1
Specialists	65	1,187	225	448	960	32	93	483	12
including women	39	550	75	207	301	24	46	169	8
Technicians and application specialists	2	877	886	395	467	4	231	398	-
including women	1	217	190	45	43	-	65	135	-
Assistant administrative staff	5	194	88	92	110	2	39	207	2
including women	4	172	79	70	70	2	32	185	1
Staff engaged in services of the population, trade and security	-	80	1	57	1	-	13	59	-
including women	-	35	1	46	-	-	10	49	-
Skilled workers and similar craftsmen	-	793	601	386	1,087	-	175	1,756	1
including women	-	65	69	17	12	-	8	97	-
Machine operators and installers	2	153	204	135	132	3	270	2,439	-
including women	-	20	21	-	-	-	1	129	-
Professions not requiring special qualifications	-	110	111	269	87	3	34	562	-
including women	-	79	57	87	63	3	23	75	-

- according to completed education:

	BEH	NPP	TPP	NEK	ESO	BGAZ	BTG	MMI	NEO
Higher education	95	2,496	931	834	1,841	46	526	1,495	17
including women	54	963	261	324	418	33	156	340	10
Secondary education	6	1,360	1247	1,064	1,210	10	404	4,499	-
including women	3	293	237	183	102	3	45	506	-
Primary education	-	11	28	36	65	-	2	96	-
including women	-	4	7	4	5	-	1	13	-
No education	-	-	5	-	-	-	-	-	-
including women	-	-	1	-	-	-	-	-	-

- according to age:

	BEH	NPP	TPP	NEK	ESO	BGAZ	BTG	MMI	NEO
Age 18 - 30 years	8	319	83	66	163	6	23	280	1
including women	3	94	12	10	17	3	6	30	-
Age 31 - 40 years	24	893	456	342	461	10	118	1,014	1
including women	13	275	88	89	68	4	31	108	1
Age 41 - 50 years	39	1,113	836	562	949	20	276	1,904	9
including women	27	387	176	142	188	16	68	250	5
Age 51 - 60 years	21	1,304	786	735	1,191	15	409	2,690	4
including women	12	408	213	239	205	10	85	420	2
Age over 60 years	9	238	50	229	352	5	106	202	2
including women	2	96	16	31	47	3	12	51	2

Health and safety at work

Health and safety at work is the main priority of the holding. Given the specifics of their activities, the companies within BEH Group purposefully follow a policy of strict compliance with the requirements of the laws and regulations on health and safety at work in force in the country. In this regard, the main objectives are related to protecting the life, safety, and working capacity of the companies' employees, as well as preserving the health of the personnel and the population during the execution of activities, eliminating or mitigating to the maximum extent the existing risks in the production process, and adopting and implementing decisions for the execution of legal, socio-economic, organizational-technical, sanitary-hygienic, and therapeutic-preventive measures aimed at ensuring safe and healthy working conditions.

The factors of the working environment are regularly measured and the risks for each work activity assessed in order to successfully eliminate or mitigate the risks for the health and safety of workers.

Each employee receives adequate training in and is briefed on healthy and safe conditions of work in accordance with the specifics of their position and workplace. The employees of the Group are offered a

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wide range of social services related to medical check-ups, proper recreation, rehabilitation and recovery from the work process.

The key component of health and safety at work is prevention – prior implementation of measures pertinent to health and safety at work to prevent adverse effects, should any hazardous and harmful factors present.

NPP Kozloduy EAD

Maintaining healthy and safe working conditions is a primary responsibility of the management of Kozloduy NPP EAD. The applied modern approach includes the implementation of highly effective safety and health measures, enhancing the safety culture of employees and building conscious behavior in compliance with safety requirements. The requirements of the regulations in force in the Republic of Bulgaria regarding health and safety at work, as well as the best international practices in this area, are strictly applied.

Long-term programmes for improving industrial safety and for risk assessment are harmonized with the recommendations of the International Atomic Energy Agency and with international practice. The programmes cover the protection and prevention of occupational risks arising from work processes, work equipment and the working environment in all aspects of the nuclear power plant's activities - operation, maintenance, repair, etc.

A risk assessment of workplaces and laboratory measurements of the parameters of the working environment are systematically carried out. Only persons who possess the necessary education, qualifications and legal capacity are allowed to work. Employees periodically undergo training on occupational safety rules, as well as mandatory briefings - initial, on-the-job, periodic, daily and overtime.

In 2025, three occupational accidents and two incidents involving employees of Kozloduy NPP EAD were registered, occurring under circumstances that have no direct correlation with non-compliance with the statutory requirements for ensuring HSE. One work accident involving an employee from an external organization performing activities at the Kozloduy NPP site was also registered. There are no registered work accidents involving workers from external organizations.

TPP Maritsa Iztok 2 EAD

In order to achieve efficiency in ensuring health and safety at work, TPP Maritsa East 2 EAD has built its own company policy on health and safety, in which the Occupational Health and Safety Management System takes a leading place. The policy in the field of occupational health and safety is aligned with the business policy of the enterprise and it is aimed at achieving economic growth, creating high-quality jobs, modernizing social protection and promoting sustainable development, rethinking working conditions and work organization, with an emphasis on promoting "well-being at work".

For the implementation of the strategic goals for occupational health and safety, announced in the Management Declaration, for 2025, general and specific measurable goals have been set for the individual structural units. The achievement of these goals is ensured by the approval of the Occupational Health and Safety Management Program for 2025, which includes a total of 74 activities for the plant, aimed at:

- Improvement of working conditions, normalization of the parameters of the working environment and improvement of work hygiene in the work premises;
- Ensuring safety at the workplaces by applying effective means of collective protection;

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- Improvement of sanitary and hygienic services.

In 2025, Maritsa Iztok 2 TPP EAD registered 2 occupational accidents under Article 55, Paragraph 1 of the Social Insurance Code (SIC) and 1 occupational accident under Article 55, Paragraph 2 of the SIC, with the frequency rate (Fr) reflecting the number of occupational accidents per 1,000 insured persons amounting to 0.89, and the severity rate (Sr) reflecting the number of calendar days lost due to occupational accidents per insured person amounting to 0.1.

Natsionalna Elektricheska Kompania EAD

NEK EAD provides employment conditions for workers and employees working under an employment contract. Technical facilities, raw materials and materials, energy, tools, work and special work clothing, personal protective equipment and other working conditions sufficient for the normal and safe performance of the work duties of the workers and employees are provided.

All workers and employees have the right to equal access to job vacancies, equal opportunities for professional training, professional development and retraining related to job duties, equal respect for human dignity in the workplace, and healthy and safe working conditions.

In 2025, 8 (eight) occupational accidents were registered within the structure of NEK EAD: seven occupational accidents under Article 55, Paragraph 1, and one occupational accident under Article 55, Paragraph 2 of the Social Insurance Code (SIC). Four accidents under Art. 55, para. 1 of the CSR involved employees at the Hydroelectric Power Plant Enterprise, two accidents under Art. 55, para. 1 of the Social Insurance Code (SIC) involved employees at the Dams and Cascades Enterprise, two accidents involved employees at the Central Management Office of NEK EAD - one under Art. 55, para. 1 and one under Art. 55, para. 2 of the SIC.

To prevent and limit occupational accidents at NEK EAD for 2025, a set of measures have been taken:

- an approved policy statement on quality, environment, health and safety at work is available in the company;
- goals and indicators under the BDA have been identified, the implementation of which is monitored;
- a risk assessment/reassessment is carried out for each position and workplace, and work environment factors are measured;
- Preventive activities are planned and implemented to limit and reduce workplace risk.

Bulgartransgaz EAD

Bulgartransgaz EAD declares its commitment to developing a high occupational health and safety culture in all activities and at all levels within the structure of the Company. An Occupational Health and Safety Management System has been implemented in accordance with the requirements of the ISO 45001:2018 standard, certified by an independent accredited organization.

For construction and operational activities, relevant Safety and Health Plans are adopted and implemented with respect to the employed personnel. An Internal Emergency Plan for the Chiren UGS has also been adopted in accordance with the Environmental Protection Act, and Emergency Plans have been developed for the remaining linear and site facilities under the Disaster Protection Act.

Mini Maritsa-Iztok EAD

The policy that Mini Maritsa-Iztok EAD has adopted and follows in relation to occupational health and safety is the application of the regulations, the uniform, industrial and internal rules in this area. By controlling the compliance with labor legislation in the field of occupational health and safety, prevention of work-related accidents, prevention of occupational risks and compliance with the introduced anti-epidemic measures the management of the Company aims to safeguard and protect the health of workers.

In 2025, in Mini Maritsa-East EAD, Radnevo, accepted a total of 16 occupational accidents by virtue of orders issued by the Territorial Directorate of the National Social Security Institute, of which 15 were under Article 55(1) and 1 was under Article 55(2) of the Social Insurance Code. The occupational injury rate in 2025, by branch and management, is:

- Mini Maritsa - Iztok EAD, town of Radnevo - Management – 1 accident;
- 'Trojanovo-1' Mine Branch, village of Trojanovo – 4 accidents;
- 'Trojanovo-North' Mine Branch, village of Kovachevo – 6 accidents;
- 'Trojanovo-3' Mine Branch, village of Mednikarovo – 5 accidents.

To prevent work-related accidents in the Company in 2025, the following measures have been taken:

- strengthening control when carrying out repair and loading and unloading works.
- conducting extraordinary occupational health and safety inspections;
- creating an organization to build lasting safe work habits among employees;
- when conducting the types of briefings, the emphasis is on the specific safety measures in relation to the work being performed;
- review of the risk assessment for positions and workplaces;
- providing the necessary means of collective protection, PPE and work clothing;
- providing health monitoring and rehabilitation of workers.

Professional development

NPP Kozloduy EAD

To ensure conditions for the preservation and transfer of available knowledge and continuous accumulation of information and data in specific areas of strategic and technological importance, the Company applies a systematic and coordinated approach to managing the risk of knowledge loss, the implementation of which supports continuity and helps identify and preserve key competencies. The purpose of tacit knowledge management activities is to prevent the loss of key knowledge and skills necessary for the safe operation of Kozloduy NPP EAD, whose carriers are workers and employees of the Company.

In 2025, a knowledge loss risk assessment was performed for 189 employees from key units. As a result, 22 plans for preventing knowledge loss have been approved, containing over 140 specific measures for the transfer of knowledge and experience.

In 2025, 3,600 training courses were organized and conducted for personnel from Kozloduy NPP EAD and 720 training courses for personnel from external companies and organizations. A total of 287,310 man-hours of specialized training were conducted for our own staff.

To ensure personnel for the long-term operation of the units at Kozloduy NPP EAD and from the perspective of the prospects for the construction of new nuclear capacities at the NPP site, special attention is paid to attracting young specialists. In this regard, the Company continues to develop a number of initiatives in support of young people, both in the field of higher and secondary vocational education through the concluded cooperation agreements with academic organizations and secondary schools.

TPP Maritsa East 2 EAD (TPP Maritsa Iztok 2 EAD)

TPP Maritsa East 2 EAD provides, at its own expense, conditions for training and professional qualification of its workers and employees in cases of closure/disclosure of jobs, production and activities, as well as when the work technology changes.

In accordance with international standards and national requirements, a system for training and qualification of personnel has been created, an integral part of the management system of "TPP Maritsa East 2" EAD. The plant has its own Advanced Training Centre (ATC) which provides conditions for specialized training. The Professional Qualification Center at Maritsa East 2 Thermal Power Plant EAD offers and organizes training courses for 7 professions and specialties, which include positions under the National Labor Relations Act from the Company's staff, qualification in part of a profession, acquisition of legal capacity for responsible professions and training for continuous professional development.

Natsionalna Elektriesheska Kompania EAD (NEK EAD)

The development of human resources at NEK EAD is aimed not only at guaranteeing the two basic human needs - good remuneration and job security, but also at providing various opportunities for development and career growth. Staff training is a systematic process, with the aim of employees continuously updating and enriching their knowledge and skills.

The company operates a professional training center "Green Energy", which has been re-registered in view of changes in the current regulatory framework and changes in the list of licensed professions. The center is located within the territory of the Plovdiv HPP and provides training for current and future NEK employees in 17 professions. Every year, over 1,200 employees undergo training in the technical school year, which runs from October to March. A number of forms of work with students and pupils in a dual form of education have been established and are functioning - mandatory summer internships and practices, scholarship and internship programs of NEK.

Elektroenergien Sistemen Operator EAD (ESO EAD)

The appointment of young professionals is a top priority in human resources management. In this regard, a Scholarship Programme is being successfully implemented, targeting students enrolled in the country's technical universities, with the aim of attracting young specialists with a desire to develop in the field of electric power engineering and to pursue their career development within the Company. In 2025, guided by the policy of promoting the Company's activities among young people with the aim of attracting future specialists in the energy industry, ESO EAD successfully implemented a policy of hands on learning under the dual training system for students from electrical engineering vocational high schools in the country.

The company's internship programme has aroused significant interest among young people. To date, over 175 interns from the country and abroad have participated (49 interns in 2025), including from the Technical

Universities of Sofia, Ruse, Plovdiv, and Varna, the UNWE, Sofia University, NBU, the American University, as well as students from Germany and the Netherlands.

Bulgartransgaz EAD

Bulgartransgaz EAD pays special attention to human resources policy in order to create conditions for high motivation and prospects for staff development. Conditions have been created for the development of the individual potential of employees, including preparation for taking up management positions, taking into account the need for a balance between professional and personal life. In 2025, 23 external trainings were conducted in the Company, of which 8 were specialized, and 21 internal trainings related to HSE and EMS, as well as mandatory briefings under other regulations. The total number of people trained in external training is 220, of which 71 have undergone specialized training under the regulation.

Mini Maritsa-Iztok EAD

The qualification activities at "Mini Maritsa-iztok" EAD are carried out by the company's own Vocational Training Center, holding license No. 200211028 dated 04.11.2002, amended and supplemented in 2007 and in 2025, in several areas:

- Organization of trainings, seminars, qualifications and acquisition of legal capacity in professions related to the Company's activities through the implementation of the Qualification Activities Program;
- CVT coordinates and organizes educational and production practices and internships for school and university students.

For the 2025/2026 academic year, "Mini Maritsa-Iztok" EAD is a partner of two vocational high schools with classes in a dual form of training in professions and specialties at the Vocational High School "St. Ivan Rilski", Radnevo and Vocational High School of Electrical Engineering and Technologies "G. S. Rakovski", town Stara Zagora. The partnership with vocational high schools in the region, as well as the readiness of "Mini Maritsa-Iztok" EAD to participate in internship programs, providing an opportunity for students in higher education institutions to conduct internships and study practices on the territory of the Company, are aimed at overcoming the deficit of qualified personnel on the labor market.

Collective labor agreements

Collective labor agreements (CLAs) have been concluded between the trade unions and some of the companies in BEH Group, which regulate specific labor, social security and social relations that are not regulated by mandatory legislative provisions. CLAs guarantee compliance with the Employer's commitments to guarantee the rights of the staff. The typical arrangements in the collective labor agreements are also aimed at maintaining the social peace in the companies, a prerequisite for effective conduct of negotiations and a form of conflict prevention. The agreements establish a framework for social activity in part of the companies, and the conditions reached have the following basic guidelines, such as: safety and health of workers and employees in the companies, provision of favorable conditions for rest and recovery of the workforce of the staff, social and household benefits, financial assistance and benefits, etc.

Reported results

The reported data in the companies with an active CLAs are presented in the table below. The companies that do not have an active Collective Labor Agreement (CLA) are Bulgargaz EAD, National Energy Operator EAD (NEO EAD), and Minproekt EAD.

Indicators BGN thousand;	BEH	NPP	TPP	NEK	ESO	BGAZ	BTG	MMI	NEO
Trainings, qualifications and workshops	56	1,185	136	57	1,058	16	261	21	1
Donations and social events	130	5,456	308	16	366	10	196	139	11
Social costs	2,728	46,706	27,527	-	40,762	1,655	28,608	67,409	253
incl. free food	-	9,609	9,269	-	4,722	654	6,037	23,576	-
Medical care	-	1,146	902	1,288	1,740	37	140	512	-
Other	-	-	17,356	-	34,300	964	-	43,321	-

The following results have been reported in relation to implemented social policies:

Indicator:	BEH	NPP	TPP	NEK	ESO	BTG	MMI
Existence of a valid CLA	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of members as of 31.12.2025	101	3,867	2,211	1,934	3,116	932	6,090
% of the number of employees as of 31.12.2025	100%	100%	100%	100%	100%	100%	100%
Newly joined members in 2025 (pc)	101	301	89	239	250	31	-
Employees who renounced the terms of CLA in 2025 (pc)	-	-	-	-	320	-	-

8.4. Issues related to human rights and the fight against corruption and bribery

Anti-corruption plan for the energy sector

The companies in BEH Group implement the Sectoral Anti-Corruption Plan for the energy sector¹ (Sectoral anti-corruption plan), approved by Order No. E-PД-16-536/30.10.2015 of the Minister of Energy. This plan elaborates on and makes more specific the priority areas for prevention of and cracking down on corruption in the energy sector, ensuring transparent management and accountability in the conduct of activities at the Ministry of Energy and at the companies with more than 50% state-ownership of equity.

BEH EAD and its subsidiaries apply internal rules and procedures for registration and taking action upon complaints of corruption and/or conflict of interest and such of a more general nature, and for the protection of persons who have submitted such information. The examination of the received complaints is carried out

https://www.me.government.bg/files/useruploads/files/inspektorat/sektoren_anti_korupzionen_plan_energetikata.pdf

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on the principle of confidentiality of the information and protecting the anonymity of the persons who have submitted such complaints. In 2025, no cases of corruption were identified in the BEH Group companies. The following results have been reported in connection with the implementation of the Sectorial Anti-Corruption Plan in the energy sector in 2025:

Indicators / number /	BEH	NPP	TPP	NEK	ESO	BGAZ	BTG	MMI	NEO
Corruption reports received	1	-	-	-	-	-	-	-	-
Identified cases of corruption	-	-	-	-	-	-	-	-	-
Protected persons that have submitted corruption reports	-	-	-	-	-	-	-	-	-

Code of Conduct

BEH EAD and the companies in BEH Group have adopted a Code of Conduct, which aims to define the ethical norms and rules of conduct in the corporate culture of employees, sets out the framework in which all employees operate, guides them in their daily contacts with colleagues and external contractors and reflects the norms of proper corporate behavior. The purpose of the Code of Conduct is to achieve a more comfortable working environment that leads to a higher level of commitment of each employee in the work process.

8.5. Disclosures in connection with Art. 8 of Regulation (EU) 2020/852 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (Taxonomy Regulation)

The Paris Agreement adopted under the United Nations Framework Convention on Climate Change (UNFCCC) was approved by the European Union (EU) on 5 October 2016. Art. 2, para. 1, letter "c" of the UNFCCC sets out a target to redirect capital flows to ecologically sustainable and/or neutral activities with regard to the impact on the environment with a view to achieving the goals of reducing greenhouse gas emissions and achieving sustainable ecological development. In addition, the adopted European Green Pact (so-called Green Deal) by the European Commission (EC) in 2019 aims to transform the EU into a society with a modern, resource-efficient and competitive economy in which in 2050 there will be no net emissions of greenhouse gases and economic growth will not depend on the usage of the natural resources.

In order to increase the share of investments in climate-neutral technologies, the EU adopted a package of measures to finance sustainable growth. In this regard, on 18 June 2020, the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 for establishing a framework to facilitate sustainable investments and amending the Regulation (EU) 2019/ 2088) entered into force. "Taxonomy" definition has been presented, which is a key component of the European Commission action plan to meet these targets and it is an important step towards achieving carbon neutrality by 2050 in line with the EU set climate targets. Taxonomy in essence is a classification system for environmentally sustainable economic activities.

The current legislation in relation to the application of the requirements laid down in the Taxonomy Regulation includes:

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- *Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43 of the European Parliament and of the Council and repealing Directives 78/660/EEC and 83/349/EEC of the Council;*
- *Regulation (EU) 2020/852 of the EP and of the Council as of 18 June 2020 establishing a framework for sustainable investments and amending Regulation (EU) 2019/2088;*
- *Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, according to Art. 9 of the Taxonomy Regulation, amended by Delegated Regulation (EU) 2023/2485;*
- *Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation;*
- *Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities;*
- *Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria to determine the conditions under which economic activities are qualified as contributing substantially to climate change mitigation or adaptation and whether those economic activities do not cause significant harm in relation to the achievement of any of the other environmental objectives;*
- *Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Delegated Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria to determine the conditions under which an economic activity qualifies as contributing substantially to the achievement of 6 (six) environmental objectives, and for determining whether that economic activity does not cause significant harm in relation to the achievement of any of the other environmental objectives, and amending the Commission Delegated Regulation (EU) 2021/2178 as regards the specific public disclosure of information on those economic activities.*
- *Commission Delegated Regulation (EU) 2026/73 of 4 July 2025 amending Delegated Regulation (EU) 2021/2178 to simplify the content and presentation of the information to be disclosed in relation to environmentally sustainable activities and Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 to simplify certain technical screening criteria for determining whether economic activities do not cause significant harm in relation to the achievement of environmental objectives.*

Pursuant to the amendments to the taxonomy proposed on February 26, 2025, under the presented 'Omnibus I' package, the applicability of the technical screening criteria is being reviewed in connection with Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139, establishing additional technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

At present, the applicability of these technical criteria should be considered in the light of the already adopted acts of the Omnibus I package, which replaced the initial Commission proposals of 26 February 2025: – as regards taxonomy, Commission Delegated Regulation (EU) 2026/73 of 4 July 2025 amending Delegated Regulation (EU) 2021/2178 (as well as Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486), in force from 28 January 2026 and applicable retroactively from 1 January 2026 for the financial year 2025. It simplifies the content and templates for disclosure, clarifies the criteria for not causing significant harm and introduces a materiality threshold of 10% below which individual activities may be excluded from detailed reporting; – on the scope of reporting – Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026. (OJ, 26 February 2026; in force from 18 March 2026; transposition deadline until 19 March 2027), which narrows the scope of the CSRD to undertakings that simultaneously have more than 1,000 employees and a net turnover of more than EUR 450 million. In this regard, the amendment to the Accountancy Act of December 2025 should also be taken into account, whereby "first wave" enterprises that do not meet the new criteria were exempted from preparing a sustainability report for the financial year 2025.

Disclosure of environmentally sustainable economic activities

Environmentally sustainable economic activities are defined in the Taxonomy Regulation. Within the meaning of *Delegated Regulation (EU) 2021/2178*, as well as on the basis of the Accountancy Act and the Public Enterprises Act (with regard to companies in the corporate structure that carry out consolidation). The subsidiaries within the structure of Bulgarian Energy Holding EAD, as non-financial undertakings, are required to disclose non-financial information in their annual management report for 2025, containing the respective company's activities related to economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation, taxonomy-non-eligible activities, and key performance indicators (KPIs) pursuant to Annexes I and II of Delegated Regulation 2021/2178. The consolidated version of Delegated Regulation (EU) 2021/2178, which is in force from 1 January 2026, includes the amendments introduced by Delegated Regulation (EU) 2026/73. In accordance with the changes made, the companies in the corporate structure of BEH present data on the key performance indicators - turnover, capital and operating expenses, according to the templates in Annex II in the version applicable to the financial year 2025.

The disclosure information relating to the implementation of the provisions of the Regulation on taxonomy covers the financial year 2025.

Classification of economic activities according to the Taxonomy Regulation

Taxonomy-eligible economic activity

The Taxonomy Regulation and its delegated regulations provide a definition of a **taxonomy-eligible economic activity**. In accordance with Art. 1, item 5 of *Delegated Regulation (EU) 2021/2178*, an economic activity is taxonomy-eligible regardless of whether it meets some or all of the technical verification criteria established in *Delegated Regulation (EU) 2021/2139*. The eligibility of a given economic activity under the taxonomy does not guarantee its alignment and sustainability with the requirements of Art. 3 of the Taxonomy Regulation. In the event that an economic operator generates revenue or invests in capital expenditure (CapEx) or in operating expenditure (OpEx) corresponding to an economic activity described in *Delegated Regulation (EU) 2021/2139*, the activity may be considered consistent in terms of the taxonomy eligibility disclosure. Otherwise, if an activity is not included in the Delegated Act, it should not be considered eligible.

Taxonomy-aligned economic activity

A given economic activity is considered a **“taxonomy-aligned economic activity”** if:

- it contributes substantially to one or more environmental objectives;
- it does not significantly harm any of the six environmental objectives;
- it is carried out in accordance with the minimum requirements ensuring compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights established in the eight core conventions set out in the International Labor Organization's Declaration on Fundamental principles and rights at work and in the International Charter of Human Rights;
- to meet the technical screening criteria – established in the Climate Delegated Act and its annexes (*Commission Delegated Regulation (EU) 2021/2139*, *Commission Delegated Regulation (EU) 2023/2486*, and *Commission Delegated Regulation (EU) 2026/73*).

Transitional economic activity

Any economic activity for which there is no technologically and economically feasible low-carbon alternative is classified as contributing substantially to mitigating the effects of climate change if it supports the transition to a climate-neutral economy in line with measures to limit the temperature increase to 1.5 C above pre-industrial levels.

In addition, in order to meet the definition of a transitional economic activity, it needs to fulfill the following specific criteria:

- has greenhouse gas emission levels that correspond to the best in the sector or industry;
- does not impede the development or implementation of low-carbon alternatives;
- does not lead to a commitment to carbon-intensive assets considering their economic life cycle.

Enabling economic activity

Any economic activity that directly enables other activities to contribute substantially to one or more environmental objectives, provided that this economic activity:

- does not result in a tie-up with assets that undermine the achievement of long-term climate objectives over the economic life cycle of those assets;
- has a significant positive impact on the environment based on life cycle considerations.

Environmental objectives

The same are specified in Art. 9 of the Taxonomy Regulation as follows:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- prevention and control of environmental pollution;
- protection and restoration of biodiversity and ecosystems.

The degree of environmental sustainability of the activities carried out by a given company and their compliance with the taxonomy is determined based on an analysis of the contribution of the given activity to the achievement of stated environmental objectives:

Taxonomy-eligible economic activities of the BEH Group companies

After an assessment was carried out to identify economic activities eligible for the taxonomy by the subsidiaries of BEH Group, in accordance with the technical criteria for verification in the applicable regulations and delegated regulations of the European Union, the main economic activities at group level eligible for the taxonomy were summarized and established, as follows:

BULGARIAN ENERGY HOLDING EAD

Bulgarian Energy Holding EAD has a scope of activity: Acquisition, evaluation and sale of participations in trading companies operating in the fields of production, extraction, transmission, transit, storage, management, distribution, sale and/or purchase of natural gas, electricity, thermal power, coal, as well as any other types of energy and raw materials for the production and participation in the management of such companies, their financing, acquisition, evaluation, issuance and sale of bonds, acquisition, evaluation and sale of patents, concession of licenses for use of the above companies as well as performance of own production or trade activities.

The company is a financial holding and it provides financial services, as its activity falls outside the scope of the taxonomy - hence, no holding activities have been identified that are taxonomy-eligible.

NPP Kozloduy EAD

Within the meaning of Delegated Regulation (EU) 2021/2178, Kozloduy NPP EAD, in its capacity as a non-financial parent undertaking, is required to disclose information in its non-financial statement for 2025, containing the Group's activities related to economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation, taxonomy-non-eligible activities, and key performance indicators (KPIs) pursuant to Annexes I and II of Regulation 2021/2178. The information disclosed pursuant to this Regulation covers the annual reporting period from 01.01 to 31.12.2025.

Kozloduy NPP EAD, as a parent company, has conducted a review and assessment of the economic activities of the companies within its corporate structure in connection with the application of Regulation (EU) 2020/852 of June 18, 2020, and the applicable delegated regulations thereto.

In view of the specified environmentally sustainable activities related to production of energy from nuclear and gas plants according to *Delegated Regulation (EU) 2022/1214*, the license activities performed by NPP Kozloduy EAD fall within the scope of item **4.28 Electricity or heat generation from nuclear energy in existing installations** and are classified as eligible under the taxonomy. This type of activity is included in Annexes I and II of the *Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022* amending *Delegated Regulation (EU) 2021/2139* as regards economic activities in certain energy sectors and of *Delegated Regulation (EU) 2021/2178* as regards specific public disclosures for those economic activities.

HPP Kozloduy EAD (a subsidiary) operates a hydroelectric plant with an installed capacity of 5 MW. In accordance with the statistical classification of the economic activities established by Regulation (EC) No. 1893/2006, the operation of a facility for the production of electricity from hydropower refers to the following NACE code, namely D35.11. The performed activity is classified as taxonomy eligible and it falls within the scope of Item **4.5. Electricity generation from hydropower** of Annex I of *Delegated Regulation (EU) 2021/2139* supplementing the Taxonomy Regulation.

In view of the defined environmentally sustainable activities related to the construction and safe operation of new nuclear power plants for electricity generation pursuant to Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2078 as regards specific public disclosures for those economic activities), the licensed activities implemented by NPP Kozloduy-New Builds EAD (a subsidiary) do not fall within the scope of this activity.

The reason for this is the fact that at present no construction permit for the new nuclear facility has been issued by the competent authority in accordance with the applicable national legislation. According to point 4.27 of Delegated Regulation (EU) 2022/1214, the scope of the activity includes new nuclear installations for which the construction permit has been issued by the competent authority of a Member State no later than 2045.

These activities are included in Annexes I and II to Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

After an analysis and evaluation of the activities within the Group, the below activities have been distinguished - environmentally sustainable and taxonomy eligible (group A1), taxonomy eligible but not environmentally sustainable (group A2) and taxonomy non-eligible (group B):

A. Taxonomy Eligible Activities
A.1. Environmentally sustainable activities (taxonomy-aligned)
4.5. Electricity generation from hydropower <u>Description of the activity:</u> Operation of an existing facility for the production of electricity from hydropower - HPP of warm corridor 1 with an installed capacity of 5 MW.
4.28. Electricity generation from nuclear energy in existing installations <u>Description of the activity:</u> Electricity and heat generation from nuclear energy in existing installations.
5.3. Construction, expansion and operation of waste water collection and treatment systems and operation of waste water collection and treatment systems <u>Description of the activity:</u> The activity includes the collection of domestic waste water from the company's activities, through its own sewage system, its treatment in a treatment facility for treating domestic waste water and its discharge to a water body. The activity has a substantial contribution to pollution prevention and control. For the discharge of treated wastewater, the company has been issued a permit under the Water Act, with individual emission limits for pollutants defined in the national legislation. The activity contributes to causing no significant harm and is carried out in accordance with the issued wastewater discharge permit. The economic activity to which the activity can be attributed is E37.00
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) <u>Description of the activity:</u> The activity includes the installation and maintenance of charging stations and parking spots and charging electric vehicles that belong to the company. The activity has a substantial contribution to mitigating climate change, as it is an enabling activity according to Art. 10, para. 1, letter (i) of Regulation (EU) 2020/852. The economic activity to which the activity can be attributed is F42.99.
A.2. Taxonomy eligible but not environmentally sustainable activities (non-taxonomy aligned activities)
3.10. Hydrogen production <u>Description of the activity:</u>

The production of hydrogen in the plant is intended for cooling the turbo generator, therefore it is considered non-taxonomy. The activity is included in the taxonomy, but in cases where hydrogen is used as a fuel or is involved in mixtures with other gases that are used for fuels. The economic activity to which the activity can be attributed is C20.11 according to NACE.
4.12. Hydrogen storage <u>Description of the activity:</u> The hydrogen storage in the plant is intended for cooling the turbo generator. The stored hydrogen does not meet the technical criteria under item 3.10, therefore it is considered not to meet the technical criteria of the taxonomy. The economic activity does not meet the criteria under Art. 3 of the Regulation EU 2020/852 and it is considered non-taxonomy aligned.
5.1. Construction, expansion and operation of water collection, purification, and delivery systems <u>Description of the activity:</u> The activity is related to the production of chemically desalinated water for technical needs. Water from the the Danube river is purified from chemical and mechanical impurities through appropriate installations. The activity does not meet the criteria under Art. 3 of Regulation EU 2020/852 and it is considered non-taxonomy aligned. The economic activity to which the activity can be attributed is E37.00 according to NACE.
5.5. Collection and transport of non-hazardous waste into fractions, separated at the source <u>Description of the activity:</u> The waste generated in the enterprise is collected separately according to the written company rules. The waste is stored in warehouses in individual cells, after which it is transferred to enterprises having the necessary permits for subsequent safe treatment or recycling. The activity has a substantial contribution to climate change mitigation, since all separately collected and transported non-hazardous fractions of waste, which are separated at the source, are transferred for preparation for reuse or recycling. The activity contributes to the mitigation of climate change, according to an additional “does not significant harm” criterion, item 4) “Transition to a circular economy” as the separately collected fractions of waste are not mixed with other waste or materials with different properties in the waste storage and transfer facilities. Economic activities in this category can be assigned to NACE code E38.11

6.5. Transport by motorcycles, passenger cars, and light commercial vehicles <u>Description of the activity:</u> The company provides mobility between the individual sites by electric cars and electric scooters. The electric mopeds, cars and trucks are entirely electric and have zero CO2 emissions, but they are a small part of the company's vehicle fleet. Therefore, the activity is considered non-taxonomy aligned. Economic activity in this category can be assigned to NACE code H49.41
7.2. Repair (renovation) of existing buildings <u>Description of the activity:</u> Renovation of existing buildings according to a previously prepared investment plan. The activities in this category partially meet the technical screening criteria under Annexes I and II to Delegated Regulation (EU) 2021/2139, and therefore the activity is considered taxonomy-non-compliant. Economic activities in this category can be assigned to NACE codes F41 and F43.
7.3. Installation, maintenance, and repair of energy-efficiency equipment <u>Description of the activity:</u> Repair of existing buildings according to a previously prepared plan for energy efficiency activities. The activity is an enabling activity according to Art. 10, para. 1, letter (i) of Regulation (EU) 2020/852. The activities in this category partially meet the technical screening criteria under Annexes I and II to Delegated Regulation (EU) 2021/2139, and therefore the activity is considered taxonomy-non-compliant. Economic activities in this category can be assigned to NACE codes F41 and F43.
B. Taxonomy non-eligible activities
Other educational activities not elsewhere classified
Technical tests and analyses
Hotels and similar accommodation
Activity of restaurants and quick service establishments

In the disclosed KPIs for the financial year 2025, all economic activities of the companies within the structure of Kozloduy NPP EAD defined as environmentally sustainable and falling under group A1 comply with the requirement for minimum safeguards in accordance with the European regulatory framework.

The information disclosed under the Taxonomy Regulation covers the reporting annual period of 2025.

Form №1: Share of consolidated turnover, CapEx and OpEx from products and services, associated with taxonomy-eligible or taxonomy-aligned economic activities - disclosure for the 2025 financial year															
KPI's	TOTAL	Share of taxonomy aligned turnover	Taxonomy-aligned turnover	Share of taxonomy aligned activities	Breakdown of environmental objective of taxonomy-aligned activities						share of supporting activities	share of transitional activities	unassessed activities considered non-essential	Taxonomy-aligned activities for 2024	Share of taxonomy eligible activities for 2024
					Climate change mitigation	Adaptation to climate change	Waters	Circular economy	Pollution	Biological diversity					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Indicator	(BGN thousands)	%	(BGN thousands)	%	%	%	%	%	%	%	%	%	%	(BGN thousands)	%
Turnover	2,242,568	99.5%	2,219,851	99.0%	90.0%	9.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2,052,654	99.3%
Capital Expenditure (CAPEX)	786,673	30.5%	235,875	30.0%	30.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	180,855	72.0%
Operating Expenditure (OPEX)	160,348	98.6%	115,702	97.1%	90.0%	7.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	135,510	95.3%

NATSIONALNA ELEKTRICHESKA KOMPANIA EAD (NEK EAD)

The core activity of Natsionalna Elektricheska Kompania EAD (NEK EAD) – electricity generation from hydroelectric power plants (HPPs) and electricity storage through pumped-storage hydropower plants (PSPPs) – is taxonomy-eligible and taxonomy-aligned. PSHPP is not considered a separate energy storage activity, but is part of the main activity - production of electric energy from hydroelectric power plants and PSHPPs.

NEK EAD carried out an assessment of the economic activities in 2025 for taxonomic alignment, as follows:

Substantial contribution - In order to determine whether an economic activity is aligned with the taxonomy, it is necessary for it to have a substantial contribution to one or more of the environmental objectives defined in the Taxonomy Regulation.

“Does Not Significantly Harm” (DNSH) criteria - For all economic activities with proven substantial contribution to climate change mitigation, the DNSH criteria are further analyzed. This assessment usually starts with the respective sites where the respective economic activity is performed.

Minimum safeguards - The final step for taxonomy alignment is compliance with the minimum safeguards (MS). The minimum safeguards include all procedures applied to ensure that the economic activities are carried out in alignment with:

- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights laid out in the eight core conventions included in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work; and
- The International Charter of Human Rights.

The results from the eligibility assessment performed are summarized in the table below:

A. Taxonomy eligible activities
A.1. “Environmentally sustainable” activities (taxonomy-aligned)
No activities within group A.1. have been identified.
A.2. Taxonomy eligible but not environmentally sustainable activities (non-taxonomy aligned activities)

4.1. Electricity generation using solar photovoltaic technology (Annex I and/or II) <u>Description of the activity:</u> Construction or operation of facilities for the production of electricity through solar photovoltaic technology.
4.5. Electricity generation from hydropower (Annex I and/or II) <u>Description of the activity:</u> Construction and operation of facilities for the production of electricity from hydropower - impoundment HPPs and PSHPPs.
4.10. Electricity storage (Annexes I and/or II) <u>Description of the activity:</u> Construction and operation of electricity storage facilities that subsequently return it to the electricity network. The activity includes storing hydroelectric energy through pumped storage facilities. Economic activities in this category have no defined NACE code - the statistical classification of economic activities established by Regulation (EC) No. 1893/2006.
6.5 Transport with motorcycles, passenger cars, and commercial vehicles <u>Description of the activity:</u> Purchase, financing, leasing and operation of vehicles classified in categories M1 (499) and N1 (500), which are within the scope of Regulation (EC) No. 715/2007, or category L (two-, three- and four-wheeled vehicles) (501).
7.2. Repair (renovation) of existing buildings <u>Description of the activity:</u> Construction and installation works of buildings and construction equipment or preparation for such. Repair of existing buildings in accordance with the current legislation. Economic activities in this category can be assigned to NACE codes F41 and F43. The activities in this category partially cover the technical criteria of Annex II and therefore the activity is considered non-taxonomy aligned.
7.3. Installation, maintenance, and repair of energy-efficiency equipment <u>Description of the activity:</u> Separate repair measures consisting of installation, maintenance and repair of energy-efficiency equipment. The economic activities of this category consist of the following individual measures: • Adding insulation to existing components of the external building envelope such as external walls (including green facades), roofs (including green roofs), attics, basements and ground floors (including measures to ensure sealing against ingress of external air, measures to reduce the effects of thermal bridging and scaffolding) and products for attaching insulation to the exterior building envelope (including mechanical fixings and adhesives); • Replacement of existing windows with new energy-efficient ones; • Replacement of existing exterior doors with new energy-efficient ones; • installation and replacement of energy-efficient light sources; • Installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems, including equipment related to regional (central) heat supply services, with high-efficiency technologies.

7.6. Installation, maintenance and repair of renewable energy technology products (Annex II of Delegated Regulation (EU) 2021/2139) <u>Description of the activity:</u> Installation, maintenance and repair of on-site renewable energy technology products, consisting of one of the following separate measures, if it concerns on-site installation in the form of technical building systems: a) installation, maintenance and repair of solar photovoltaic systems and auxiliary technical equipment; b) installation, maintenance and repair of solar hot water panels and auxiliary technical equipment; National Electric Company EAD Annual Activity Report for the year ending 31 December 2025 63 c) installation, maintenance, repair and improvement of heat pumps contributing to the achievement of the targets for energy from renewable sources for heating and cooling in accordance with Directive (EU) 2018/2001, and auxiliary technical equipment; d) installation, maintenance and repair of wind turbines and auxiliary technical equipment; e) installation, maintenance and repair of air solar collectors and auxiliary technical equipment; f) installation, maintenance and repair of thermal or electrical energy storage devices (collectors) and auxiliary technical equipment; g) installation, maintenance and repair of high-efficiency micro-cogeneration (combined heat and electricity generation installations); (h) installation, maintenance and repair of heat exchanger/heat recovery systems. Economic activities in this category may be assigned to several NACE codes — F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28.
7.7. Acquisition and ownership of buildings <u>Description of the activity:</u> Purchase of real estate and exercise of ownership rights over them. The economic activities of this category can be referred to code L68 under NACE - the statistical classification of economic activities established by Regulation (EC) No. 1893/2006
9.3. Professional services related to the energy performance of buildings (Annex I of Delegated Regulation (EU) 2021/2139) <u>Description of the activity:</u> Professional services related to the energy performance of buildings. Economic activities in this category can be assigned to NACE code M71

NEK EAD, as a non-financial enterprise of public interest, discloses the proportion of turnover, capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting period of 2025, related to taxonomy-aligned economic activities in accordance with Article 8 of the Taxonomy Regulation.

As of the date of preparation of this disclosure, the consolidated version of Delegated Regulation (EU) 2021/2178, which is in force from 1 January 2026, includes the amendments introduced by Delegated Regulation (EU) 2026/73. NEK EAD presents the data according to the templates in Annex II in the version applicable to the financial year 2025.

The following table presents a summarized information regarding the calculated KPIs of NEK EAD for 2025.

Form №1: Share of consolidated turnover, CapEx and OpEx from products and services, associated with taxonomy-eligible or taxonomy-aligned economic activities - disclosure for the 2025 financial year															
KPI's	TOTAL	Share of taxonomy allowed turnover	Taxonomy-aligned turnover	Share of taxonomy aligned activities	Breakdown of environmental objective of taxonomy-aligned activities						share of supporting activities	share of transitional activities	unassessed activities considered non-essential	Taxonomy-aligned activities for 2024	Share of taxonomy eligible activities for 2024
					Climate change mitigation	Adaptation to climate change	Waters	Circular economy	Pollution	Biological diversity					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Indicator	(BGN thousands)	%	(BGN thousands)	%	%	%	%	%	%	%	%	%	%	(BGN thousands)	%
Turnover	2,784,646	11.6%	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure (CAPEX)	42,073	80.9%	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenditure (OPEX)	3,709	39.1%	-	-	-	-	-	-	-	-	-	-	-	-	-

Elektroenergien Systemen Operator EAD

The reporting information in connection with the taxonomy has been prepared in accordance with *Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2178, Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2023/2485, Delegated Regulation (EU) 2023/2486, and Delegated Regulation (EU) 2026/73.*

Companies in the corporate structure of ESO fall within the scope of Article 8 of the Taxonomy Regulation and prepare non-financial information in accordance with the Accounting Directive 2013/34/EU and the Accounting Act transposing *Directive 2014/95/EU*. The disclosure of substantial accounting policies is presented in the explanatory notes to the Annual Consolidated Financial Statements as of 31.12.2025.

The consolidated disclosure under the EU Taxonomy for the reporting period 01.01.- 31.12.2025 includes the activities of the Parent Company ESO EAD and the fully consolidated subsidiaries - "ESO Engineering" EOOD, "ESO Project" EOOD and "ESO Charge" EAD.

The electricity system operator is an independent electricity transmission operator, engaged in the management and maintenance of the high-voltage electricity transmission network in Bulgaria. ESO EAD manages the electricity supply, the transit of electricity flows through the territory of the country and the parallel operation with the electricity systems of the countries of the synchronous zone of Continental Europe. **The main and permissible economic activity of ESO EAD within the meaning of the EU Taxonomy is Transmission and Distribution of Electricity.** Activities and accompanying processes that directly serve the transmission and management of the electricity system are treated as part of this main economic activity.

Unlike previous reporting years, in the current year the turnover, KR and OR are determined and consolidated in relation to the main activity of ESO EAD, referring to the revenues and expenses that support the implementation of the management and maintenance of the electricity system. Option C, applied for the previous reporting period, accounts for capital expenditures for individual improvements or measures enabling future compliance. This year, the company applies Option A, where CapEx is classified directly to the main taxonomic activity, as all investments represent additions to assets directly necessary to perform that activity. Accordingly, these capital and operating cost indicators are not allocated to individual "financed" economic activities, but are assessed as a single set of costs for the main activity and checked against the applicable technical criteria for electricity transmission and distribution.

Based on the amendments introduced by Delegated Regulation (EU) 2026/73, effective as of 28.01.2026 and applicable from 01.01.2026 for disclosures concerning the reporting year 2025 regarding the introduction of materiality thresholds, the revenues, CapEx, and OpEx associated with the enterprise's recreation facility have been excluded from the analysis, as it is not financially material and represents less than 1% of the turnover, CapEx, and OpEx, respectively. The activity is not part of the main activity of electricity transmission and distribution.

For the reporting period 2025, based on the experience gained from previous disclosures and the development of practices in the sector, ESO EAD deepened and refined the analysis of taxonomically compliant activities with a more traceable assessment methodology. As a result, the disclosure contains more detailed reasoning and better demonstrability against the applicable technical criteria, including those for no significant harm (DNSH) and minimum societal safeguards (MS), which explains the differences compared to previous reporting years and increases the transparency of the information presented.

In 2025, the ESO Group applies an updated reporting approach under the EU Taxonomy in accordance with the amendments introduced by Delegated Regulation (EU) 2026/73, published in the Official Journal of the EU on 8 January 2026. As a result, a different methodology was used in the preparation of the 2025 DAC than the one applied for 2024, therefore the results presented may not be fully comparable with previous reporting periods.

A summary of the KPI information is presented in the following table.

Form №1: Share of consolidated turnover, CapEx and OpEx from products and services, associated with taxonomy-eligible or taxonomy-aligned economic activities - disclosure for the 2025 financial year															
KPI's	TOTAL	Share of taxonomy allowed turnover	Taxonomy-aligned turnover	Share of taxonomy aligned activities	Breakdown of environmental objective of taxonomy-aligned activities						share of supporting activities	share of transitional activities	unassessed activities considered non-essential	Taxonomy-aligned activities for 2024	Share of taxonomy eligible activities for 2024
					Climate change mitigation	Adaptation to climate change	Waters	Circular economy	Pollution	Biological diversity					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Indicator	(BGN thousands)	%	(BGN thousands)	%	%	%	%	%	%	%	%	%	%	(BGN thousands)	%
Turnover	1,495,724	99.8%	1,493,397	99.8%	99.8%	-	-	-	-	-	99.8%	-	-	625,027	45.2%
Capital Expenditure (CAPEX)	353,104	99.9%	352,784	99.9%	99.9%	-	-	-	-	-	99.9%	-	-	215,690	83.8%
Operating Expenditure (OPEX)	34,138	99.9%	34,109	99.9%	99.9%	-	-	-	-	-	99.9%	-	-	587	1.9%

BULGARGAZ EAD

A review of the economic activities carried out by the Company has been conducted against the technical criteria for taxonomy eligibility and for compliance alignment with Annexes I and II to Delegated Regulation (EU) 2021/2139 (Climate Delegated Act) and the amendments made in Delegated Regulation 2026/73 on simplifying the content and presentation of the relevant information. As a result, a justified conclusion was reached that the main economic activity of Bulgargaz EAD, i.e. public supply of natural gas, is not covered by the Delegated Climate Act and is therefore taxonomy non-eligible.

BULGARTRANGAZ EAD

The parent company Bulgartransgaz EAD is a combined gas operator holding licenses for the transmission and storage of natural gas on the territory of the Republic of Bulgaria, according to Art. 39 of the Energy

Act. The company develops the gas transmission system of Bulgaria, maintains the sites and facilities of the gas transmission network in accordance with the technical requirements and safety rules at work, in accordance with the environmental protection requirements.

According to the subject of the Company activity and its classification under the National Classification of Economic Activities - **H 49.50**, the activities carried out by the Company may contribute to achieving the environmental goal to “mitigating climate change” (according to Article 9a) of the Regulation (EU) 2020/852 and fall within the scope of Article 10.1g of the Regulation - “establishing energy infrastructure required for enabling the decarbonization of energy systems”.

In compliance with the eligibility criteria, the activity of the parent company Bulgartransgaz EAD is described and falls within the scope of item 4.14 - “Transmission and distribution networks for renewable and low-carbon gases” of Annex No. 1 of the Commission Delegated Regulation (EU 2021 /2139). According to point 4.14 of the Delegated Regulation, the activity is described as the construction or operation of new transmission and distribution networks for hydrogen or other gases from low-carbon sources; conversion, reconstruction or modernization of existing gas pipeline networks in order to include hydrogen or other low-carbon gases. Economic activities of this category can be referred to several codes under NACE - the statistical classification of economic activities established by Regulation (EC) No. 1893/2006, namely codes D35.22, F42.21, and H49.50.

The activities of Bulgartransgaz EAD meet the criteria described in Article 3 of the Taxonomy Regulation and correspond to the definition of *“economic activity consistent with the taxonomy”*.

Given that the companies within the corporate structure of Bulgartransgaz are non-financial undertakings, the parent company presents consolidated key performance indicators (KPIs) – turnover, capital expenditure (CapEx), and operating expenditure (OpEx), pursuant to Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 and Delegated Regulation (EU) 2026/73 amending Delegated Regulation (EU) 2021/2178 for the purpose of simplifying the content and presentation of information to be disclosed regarding environmentally sustainable activities, and delegated regulations (EU) 2021/2139 and (EU) 2023/2486 for the purpose of simplifying certain technical screening criteria for determining whether economic activities cause no significant harm to any of the environmental objectives.

The following table presents consolidated information about the proportion of taxonomy-eligible and non-eligible activities for 2025:

Form №1: Share of consolidated turnover, CapEx and OpEx from products and services associated with taxonomy-eligible or taxonomy-aligned economic activities - disclosure for the 2025 financial year															
KPI's	TOTAL	Share of taxonomy allowed turnover	Taxonomy-aligned turnover	Share of taxonomy aligned activities	Breakdown of environmental objective of taxonomy-aligned activities						share of supporting activities	share of transitional activities	unassessed activities considered non-essential	Taxonomy-aligned activities for 2024	Share of taxonomy eligible activities for 2024
					Climate change mitigation	Adaptation to climate change	Waters	Circular economy	Pollution	Biological diversity					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Indicator	(BGN thousands)	%	(BGN thousands)	%	%	%	%	%	%	%	%	%	%	(BGN thousands)	%
Turnover	1,098,554	-	-	-	-	-	-	-	-	-	E	-	-	-	-
Capital Expenditure (CAPEX)	351,952	77.5%	272,763	77.5%	77.5%	-	-	-	-	-	E	-	-	116,069	88.8%
Operating Expenditure (OPEX)	19,775	82.4%	16,303	82.4%	82.4%	-	-	-	-	-	E	-	-	6,125	62.0%

MINI MARITSA IZTOK EAD

Mini Maritsa Iztok EAD, as a non-financial enterprise, presents the proportion of the total turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period of 2025, related to taxonomy eligible economic activities in connection with the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Art. 8 of the Taxonomy Regulation and Art. 10, Para. 2 of the Delegated Regulation (EU) 2021/2178.

The scope of Regulation (EU) 2020/852 includes the environmental objectives specified by Art. 12 to Art. 14 – *a substantial contribution to the sustainable use and protection of water and marine resources, a substantial contribution to the transition to a circular economy, a substantial contribution to the prevention and control of pollution.*

After performed review of all economic activities for taxonomy eligibility and alignment with Annexes I and II to Delegated Regulation (EU) 2021/2139 (the Delegated Climate Act), it has been reasonably concluded that the main economic activity of Mini Maritsa Iztok EAD – *coal mining and trading* – is not covered by the Delegated Climate Act and is therefore taxonomy non-eligible.

The activity of providing freight rail services on the national railway infrastructure is included in item 6.2. Freight rail transport from Annex 1 of Delegated Regulation (EU) 2021/2139 (Delegated Climate Act) and is therefore a taxonomy eligible economic activity, NACE code 49.20 Freight rail transport - freight transport on mainline rail networks as well as short line freight railroads.

Part of the transport of coal to customers in the East Marishe Basin area is carried out by rail with separate rail transport services also being carried out.

In the mines Troyanovo-1 and Troyanovo-sever there are sections along the Railway Transport with the respective units necessary for the implementation of the transport process. Each unit has a specific scope of activity with the main goal being the safety of the shunting activity and the provision of train movement in strict compliance and implementation of the regulations. All orders, guidelines, and other ordinances related to cargo and transportation safety are coordinated with the Railway Transport Departments in the Management of Mini Maritsa Iztok EAD.

Through the rail transportation business, the Company generates revenue and generally incurs both capital expenditures and operating expenditures related thereto. Although the Company's activities are aimed at mitigating climate change, the freight rail transport activity does not fully meet the technical screening criteria to determine the conditions under which it is classified as contributing substantially to climate change mitigation and/or adaptation and therefore it could not be defined as a taxonomy-aligned economic activity.

A. Taxonomy eligible activities
A.1. “Environmentally sustainable” activities (taxonomy-aligned)
A.2. Taxonomy eligible but not environmentally sustainable activities (non-taxonomy aligned activities)
6.2. Freight rail transport

In the process of calculating the KPI of Mini Maritsa Iztok EAD for 2025, the samples included in Annex II to the Delegated Act under Art. 8 of the Taxonomy Regulation. A summarized information about the percentage of taxonomy eligible (environmentally sustainable and non-taxonomy aligned) and non-eligible economic activities in the total turnover, capital expenditure and operating expenditure is presented in the tables below.

Financial year 2025	Total (BGN thousand)	Proportion of environmentally sustainable activities (taxonomy-aligned)	Proportion of taxonomy eligible but not environmentally sustainable activities (non-taxonomy aligned activities)	Proportion of taxonomy non-eligible activities
Turnover	354,663	-	1%	99%
Capital Expenditure (CAPEX)	48,115	-	1%	99%
Operating Expenditure (OPEX)	20,086	-	30%	70%

Financial year 2024	Total (BGN thousand)	Proportion of environmentally sustainable activities (taxonomy-aligned)	Proportion of taxonomy eligible but not environmentally sustainable activities (non-taxonomy aligned activities)	Proportion of taxonomy non-eligible activities
Turnover	317,451	-	1%	99%
Capital Expenditure (CAPEX)	52,012	-	2%	98%
Operating Expenditure (OPEX)	20,027	-	14%	86%

TPP MARITSA EAST 2 EAD

In accordance with Article 8 of the Taxonomy Regulation, the company in its capacity of a non-financial enterprise of public interest, discloses the proportion of turnover, capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting period of 2025, related to taxonomy-aligned economic activities, relevant to the environmental objectives - *climate change mitigation* and *climate change adaptation*.

After an analysis and review of the economic activities, carried out by the enterprise for compliance with the technical verification criteria defined in the Delegated Climate Act (Annex I and II thereto), it has been established that the activities performed by TPP Maritza East 2 EAD are taxonomy non-eligible.

A summarized information about the proportion of taxonomy-eligible and taxonomy-aligned economic activities in total turnover, capital expenditure and operating expenditure for 2025, as well as comparable reporting information for 2024, are presented in the tables below:

Financial year 2025	Total (BGN thousand)	Proportion of environmentally sustainable activities (taxonomy-aligned)	Proportion of taxonomy eligible but not environmentally sustainable activities (non-taxonomy aligned activities)	Proportion of taxonomy non-eligible activities
Turnover	1,178,441	-	0.1%	99.9%
Capital Expenditure (CAPEX)	88,298	-	0.4%	99.6%
Operating Expenditure (OPEX)	49,656	-	0.1%	99.9%

Financial year 2024	Total (BGN thousand)	Proportion of environmentally sustainable activities (taxonomy-aligned)	Proportion of taxonomy eligible but not environmentally sustainable activities (non-taxonomy aligned activities)	Proportion of taxonomy non-eligible activities
Turnover	1,211,168	-	0.09%	99.9%
Capital Expenditure (CAPEX)	99,511	-	0.08%	99.9%
Operating Expenditure (OPEX)	35,731	-	0.91%	99.1%

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National Energy Operator EAD

For 2025, a review was carried out for compliance of the Company's economic activities with the technical eligibility criteria for the taxonomy and for alignment with Annexes I and II to the Delegated Regulation (EU) 2021/2139 (the Delegated Climate Act). After a thorough review, including all relevant subdivisions and functions, a justified conclusion was made that the main economic activity of National Energy Operator EAD (NEO EAD) is not taxonomy non-eligible.

Minproekt EAD

For 2025, a review was carried out for compliance of the Company's economic activities with the technical eligibility criteria for the taxonomy and for alignment with Annexes I and II to the Delegated Regulation (EU) 2021/2139 (the Delegated Climate Act). After a thorough review, including all relevant subdivisions and functions, a justified conclusion was made that the main economic activity of Minproekt EAD is not taxonomy non-eligible.

CONSOLIDATED KEY PERFORMANCE INDICATORS – BEH GROUP

Key performance indicators (KPIs)

Only non-financial enterprises are included in the corporate structure of BEH EAD. Considering the above, the companies in the Group disclose the proportion of turnover, capital and operating expenditure, for the year 2025, related to economic activities that qualify as environmentally sustainable depending on their contribution to the first two environmental objectives set out in the Taxonomy Regulation. The information from the subsidiaries has been consolidated at the group level, disclosing the amount and share of KPIs relating to taxonomy-eligible (aligned and non-aligned) economic activities, as well as taxonomy-non-eligible economic activities, in accordance with the consolidated version of Delegated Regulation (EU) 2021/2178, which is effective as of January 1, 2026, and incorporates the amendments introduced by Delegated Regulation (EU) 2026/73. In accordance with the changes made, BEH Group presents data on key performance indicators - turnover, capital and operating expenses, according to the templates in Annex II in the version applicable to the financial year 2025.

The disclosed information on the key indicators is presented in table form as required in the Delegated Regulations for each applicable key performance indicator (KPI).

This document presents the key performance indicators covering the reporting period 01.01–31.12.2025 and comparable information for the previous reporting period, as follows:

Template 1: Porportion of consolidated turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities - disclosure covering 2025															
KPI	TOTAL	Proportion of Taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Breakdown by environmental objectives of Taxonomy-aligned activities						Proportion of enabling activities	Proportion of transnational activities	Not assessed activities considered non-material	Taxonomy-aligned activities in previous financial year (2024)	Proportion of Taxonomy-aligned activities in previous financial year (2024)
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Bio-diversity					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Indicator	BGN'000	%	BGN'000	%	%	%	%	%	%	%	%	%	%	BGN'000	%
Turnover	9,245,301	34.48%	2,981,893	32.25%	30.69%	1.56%	-	-	-	-	-	-	-	2,171,511.00	24.56%
CapEx	1,687,017	53.13%	861,424	51.06%	51.06%	-	-	-	-	-	-	-	-	459,389.82	35.81%
OpEx	265,443	80.51%	206,114	77.65%	73.54%	4.11%	-	-	-	-	-	-	-	129,774.66	56.85%

The disclosed information in financial aspect is presented in BGN and all indicators are rounded to the nearest thousand BGN.

The following actions have been taken for the preparation of the consolidated information on the taxonomy-aligned economic activities in 2025:

- reviewing the business activities of the companies and identifying those that could be eligible and brought into compliance;
- a detailed analysis of the individual taxonomy-eligible economic activities and of the applicable technical verification criteria in close cooperation with the key experts;
- consultation with technical experts related to the specific activities and criteria;
- conducted trainings for responsible persons;
- responsible persons have been appointed to summarize the results of the analyzes and prepare the report.

Key indicator of turnover

The proportion of taxonomy-aligned economic activities (group A1) in the total turnover of the Group is calculated as the part of the net turnover obtained from products and services related to taxonomy-aligned economic activities (numerator) divided by the total net turnover (denominator), in each case, for the financial year from 1 January 2025 to 31 December 2025.

The numerator of the key turnover indicator is defined as the consolidated net turnover obtained from products and services related to economic activities corresponding to the taxonomy.

The denominator of the key turnover indicator is based on the sum of the Group's revenue as disclosed in the following notes to *the consolidated statement of profit or loss and other comprehensive income for 2025*:

- note 6 "Revenue from sales" – BGN 8,232,744 thousand for 2025
- note 7 "Other operating income" – BGN 1,012,557 thousand for 2025

Key indicator of capital expenditure

The proportion of the taxonomy-aligned economic activities (group A1) in the consolidated total capital expenditure is calculated as the part of the capital expenditure for the acquisition of tangible and intangible

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assets related to taxonomy-aligned economic activities (numerator) divided by the total capital expenditure (denominator), in each case, for the financial year from 1 January 2025 to 31 December 2025. Only capitalized expenditure on non-current assets that is taxonomy eligible is included in the numerator.

The denominator of the key indicator for capital expenditure is defined as the total amount of newly acquired non-current assets, both property, plant and equipment (PPE) and intangible assets during the financial year, before depreciation and amortization and all revaluations, including those arising from revaluations and impairments, and excluding changes in fair value relating to the performance of activities aligned with the taxonomy of the Group's subsidiaries as disclosed in the 2025 annual consolidated financial statements in:

- note 19 "Property, plant and equipment" - newly acquired assets BGN 1,667,575 thousand in 2025
- note 20 "Intangible assets" - newly acquired assets BGN 19,442 thousand in 2025 respectively

Key indicator of operating expenditure

The share of taxonomy-aligned economic activities (group A1) in the total consolidated operating expenditure is calculated as the part of the realized operating expenditure for the activities related to taxonomy-aligned economic activities (numerator) divided by the total operating expenditure (denominator), in each case, for the financial year from 1 January 2025 to 31 December 2025.

The numerator is defined as the sum of the expenses of carrying out taxonomy-eligible economic activities determined by the companies within the Group.

The denominator of the key indicator for the operating expenditure includes the costs of repair (renovation) and maintenance of buildings, short-term leases (rents) and all other direct costs related to the ongoing maintenance of the assets of the property, plant and equipment category, by the Group or by an external contractor that is assigned activities needed to ensure the continuous and efficient operation of these assets. The total amount of operating expenses used in the denominator is disclosed in *the consolidated statement of profit or loss and other comprehensive income for 2025*, note 10 "Expenses for materials" – in the part about spare parts expenses in the amount of BGN 87,363 thousand, and note 11 "Hired services expenses" – repair expenses incurred in the amount of BGN 178,070 thousand. The consolidated key performance indicators at Group level are presented in the tables below:

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Form No. 2 Share of consolidated turnover from products or services associated with taxonomy-eligible or taxonomy-aligned economic activities – disclosure for the financial year 2025													
Economic activities	Code	Share of turnover allowed under the taxonomy (A1+A2)	Taxonomy-aligned economic activity (A1)	Proportion of taxonomy-aligned turnover	Distribution of taxonomy-compliant activities by environmental objectives						Enabling economic activity	Transitional activities	Share of taxonomy-compliant activities out of taxonomy-eligible activities
					Climate change mitigation;	Adapting to climate change	Waters	Circular economy	Pollution	Biological diversity			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
		%	(BGN thousand)	%	%	%	%	%	%	%	(C-if applicable)	(P-if applicable)	%
Transmission and distribution of electricity	CCM 4.9 / CCA 4.9	14.91%	1,378,730	14.91%	14.91%	-	-	-	-	-	E	-	100%
Electricity generation from hydropower	CCM 4.5/ CCA 4.5	2.21%	-	-	-	-	-	-	-	-	E	-	-
Electricity generation from nuclear energy in existing installations	CCM 4.28/ CCA 4.28	17.34%	1,603, 163	17.34%	15.78%	1.56%	-	-	-	-	E	-	100%
Collection and transport of non-hazardous waste	CCM 5.5/ CCA 5.5	0.0%	-	-	-	-	-	-	-	-	E	-	-
Material recovery from non-hazardous waste	CCM 5.9/CCA 5.9	0.0%	-	-	-	-	-	-	-	-	E	-	-
Summary of compliance by objectives					30.69%	1.56%	0.00%	0.00%	0.00%	0.00%			
Total KPI value - turnover		34.48%	2,981, 893	32.25%	30.69%	1.56%	0.00%	0.00%	0.00%	0.00%			

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Form No. 3 Share of consolidated capital expenditure from products and services associated with taxonomy-aligned economic activities – disclosure for the financial year 2025

Economic activities	Code	Share of taxonomy-eligible CapEx (A1+A2)	Taxonomy-aligned economic activity CapEx (A1)	Proportion of taxonomy-aligned CapEx	Distribution of taxonomy-compliant activities by environmental objectives						Enabling economic activity	Transitional activities	Share of taxonomy-compliant activities out of taxonomy-eligible activities
					Climate change mitigation;	Adapting to climate change	Waters	Circular economy	Pollution	Biological diversity			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
		%	(BGN thousand)	%	%	%	%	%	%	%	(C-if applicable)	(P-if applicable)	%
Electricity generation from hydropower	CCM 4.5/ CCA 4.5	0.75%	-	-	-	-	-	-	-	-	-	-	-
Transmission and distribution of electricity	CCM 4.9 / CCA 4.9	20.91%	352,784	20.91%	20.91%	-	-	-	-	-	E	-	100%
Development of the country's gas distribution system	CCM 4.14/CCA 4.14	16.17%	272,765	16.17%	16.17%	-	-	-	-	-	E	-	100%
Electricity generation from nuclear energy in existing installations	CCM 4.28/ CCA 4.28	13.98%	235,875	13.98%	13.98%	-	-	-	-	-	E	-	100%
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4/ CCA 7.4	0.01%	-	-	-	-	-	-	-	-	E	-	-
Transport by motorcycles, passenger cars, and light commercial vehicles	CCM 6.5/ CCA 6.5	0.18%	-	-	-	-	-	-	-	-	E	-	-
Freight rail transport	CCM 6.2/ CCA 6.2	0.02%	-	-	-	-	-	-	-	-	E	-	-
Electricity storage	CCM 4.10/CCA 4.10	1.01%	-	-	-	-	-	-	-	-	E	-	-
Market research, development and innovation	CCM 9.1	0.01%	-	-	-	-	-	-	-	-	E	-	-
Material recovery from non-hazardous waste	CCM 5.9/CCA 5.9	0.01%	-	-	-	-	-	-	-	-	E	-	-
Professional services related to the energy performance of buildings	CCM 9.3/CCA 9.3	0.004%	-	-	-	-	-	-	-	-	E	-	-
Repair (renovation) of existing buildings	CCM 7.2/CCA 7.2	0.03%	-	-	-	-	-	-	-	-	E	-	-
Electricity generation using solar photovoltaic technology	CCM 4.1/ CCA 4.1	0.03%	-	-	-	-	-	-	-	-	E	-	-
Summary of compliance by objectives					51.06%	0.00%	0.00%	0.00%	0.00%	0.00%			
Total KPI value - capital expenditure		53.13%	861,424	51.06%	51.06%	0.00%	0.00%	0.00%	0.00%	0.00%			

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Form No. 4 Share of consolidated operating expenditure from products and services associated with taxonomy-aligned economic activities											– disclosure for the		financial year 2025
Economic activities	Code	Share of taxonomy-eligible OpEx (A1+A2)	Taxonomy-aligned OpEx (A1)	Proportion of taxonomy-aligned OpEx	Distribution of taxonomy-compliant activities by environmental objectives						Enabling economic activity	Transitional activities	Share of taxonomy-compliant activities out of taxonomy-eligible activities
					Climate change mitigation;	Adapting to climate change	Waters	Circular economy	Pollution	Biological diversity			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
		%	(BGN thousand)	%	%	%	%	%	%	%	(C-if applicable)	(P-if applicable)	%
Transmission and distribution of electricity	CCM 4.9 / CCA 4.9	12.85%	34,109	12.8%	12.8%	-	-	-	-	-	E	-	100%
Material recovery from non-hazardous waste	CCM 5.9/CCA 5.9	0.03%	-	-	-	-	-	-	-	-	E	-	-
Electricity generation from hydropower	CCM 4.5/ CCA 4.5	0.26%	-	-	-	-	-	-	-	-	E	-	-
Electricity storage	CCM 4.10/CCA 4.10	0.08%	-	-	-	-	-	-	-	-	E	-	-
Development of the country's gas distribution system	CCM 4.14/CCA 4.14	6.14%	16,303	6.1%	6.1%	-	-	-	-	-	E	-	100%
Electricity generation from nuclear energy in existing installations	CCM 4.28/ CCA 4.28	58.66%	155,702	58.7%	54.6%	4.11%	-	-	-	-	E	-	100%
Installation, maintenance, and repair of energy-efficiency equipment	CCM 7.3/CCA 7.3	0.01%	-	-	-	-	-	-	-	-	E	-	-
Installation, maintenance and repair of technological products for renewable energy	CCM 7.7/ CCA 7.7	0.03%	-	-	-	-	-	-	-	-	E	-	-
Freight rail transport	CCM 6.2/ CCA 6.2	2.29%	-	-	-	-	-	-	-	-	E	-	-
Transport by motorcycles, passenger cars, and light commercial vehicles	CCM 6.5/ CCA 6.5	0.03%	-	-	-	-	-	-	-	-	E	-	-
Repair (renovation) of existing buildings	CCM 7.2/CCA 7.2	0.14%	-	-	-	-	-	-	-	-	E	-	-
Summary of compliance by objectives					73.54%	4.11%	0.00%	0.00%	0.00%	0.00%			
Total KPI value - operating costs		80.51%	206,114	77.65%	73.54%	4.11%	0.00%	0.00%	0.00%	0.00%			

Signed with electronic signature
ANDREY ZHIVKOV
EXECUTIVE DIRECTOR
BULGARIAN ENERGY HOLDING EAD
Sofia, 27 August 2026

This document is a translation of the original Bulgarian text in case of divergence the Bulgarian text shall prevail



BULGARIAN ENERGY HOLDING EAD

CONSOLIDATED CORPORATE GOVERNANCE STATEMENT

31 December 2025

1. GENERAL PROVISIONS

This Corporate Governance Statement of the BEH Group (the Group), consisting of the parent company Bulgarian Energy Holding EAD (BEH EAD, the Company) and its subsidiaries, has been prepared in compliance with the requirements of Article 40, Paragraph 1 of the Accountancy Act and pursuant to Article 100n, Paragraph 8 in conjunction with Paragraph 7, Item 1 of the Public Offering of Securities Act (POSA).

The parent company BEH EAD is a public interest entity under § 1, Item 22 of the Supplementary Provisions of the Accountancy Act and Article 2 of Directive 2013/34/EU of the European Parliament and of the Council, as its transferable securities – bonds – have been admitted to trading on a regulated market in a European Union Member State.

The parent company BEH EAD is a separate legal entity under the Bulgarian law, a sole-owner joint stock company acting in accordance with the provisions of the Commerce Act, the Public Enterprises Act, the Rules on the application of the Public Enterprises Act and the other legislative acts of the Republic of Bulgaria. The sole owner of the capital, who has all the rights of a shareholder under the law and the Articles of Association, is the Bulgarian state through the Minister of Energy.

The parent company BEH EAD is managed under a one-tier management system. The Board of Directors has management, representative and control functions.

The implementation of the Corporate Governance Code is both a statutory requirement and a result from the willingness of the management for a constant improvement of the principles and practices for corporate governance established within the Group. The efforts of the executive management are focused on the transparency of the activity through presentation of due and complete information, stakeholder consideration, independence, and prevention of conflict of interests.

The Group observes the established principles and norms of corporate governance provided for in the effective legislative acts, applicable for its activity. Furthermore, the parent company is involved in certain actions and policies with regard to the subsidiaries' sustainable development, including the disclosure of information, related to the climate and social aspects of their activity. The Board of Directors of BEH EAD encourages the implementation and monitors the observation on behalf of the subsidiaries of the established principles for sustainable development at a group level, as well as it contributes to the establishment of sustainable development culture.

The BEH Group places great importance on fostering effective relationships with various stakeholders. These stakeholders include certain individuals or groups directly impacted by the Group's operations and who also possess the ability to influence its activities. This includes suppliers, clients, employees, creditors, advocacy groups, and others. The Group identifies these stakeholders based on their significance, areas of influence, roles, and commitment to sustainable development. The Group complies with legal requirements when engaging with stakeholders. The corporate management of the BEH EAD and its subsidiaries guarantees respect for the stakeholder rights as mandated by law or through mutual agreements with the companies. In line with good corporate governance practice, the Group complies with the principles of transparency, accountability and business ethics.

The Consolidated Corporate Governance Statement is a separate report published together with the consolidated management report, and both documents are subject to publication on the corporate website of the parent company: www.bgenh.com.

2. INFORMATION PURSUANT TO ART. 100n, paragraph 8, item 1 of POSA

The BEH Group complies, as appropriate, with the National Corporate Governance Code in accordance with the Decision dated 05.06.2025 of the Financial Supervision Commission, approving the amendments and supplements to the National Corporate Governance Code, which were adopted by the National Corporate Governance Commission on 25.06.2024. The Code is applied on a 'comply or explain' basis, meaning that in the event of any deviation, the management shall clarify the reasons therefor.

The parent company protects the rights of the sole shareholder – the state, described in Chapter 3 of the National Corporate Governance Code.

BEH EAD implements a Corporate Governance Policy, adopted by the Board of Directors of BEH EAD by a Resolution under item I.2. of Protocol No. 27-2018/17.05.2018. The main purpose of the Corporate Governance Policy is to maintain and improve management standards and quality in line with global best practices for transparency, respect for stakeholders, independence, and the avoidance of conflicts of interest in the conduct of the Company's business. As a public enterprise in the energy sector, BEH EAD plays a key role for the economy of Bulgaria, which predetermines the significance of the good corporate governance. BEH EAD is aware of its importance for maintaining the economic effectiveness and competitiveness of the Republic of Bulgaria. Its implementation raises the efficiency, transparency, and responsibility of Bulgarian Energy Holding EAD in pursuing its activity at levels, competitive to the private sector. It is mandatory for all companies within the holding, as their executive managements develop and apply internal implementing rules, strategies, and policies in conformity with it.

The strategic goals of the Corporate Governance Policy are to:

- Balance the development of the Company with the interests of the owner, management, stakeholders, and existing and potential investors;
- Ensure a mechanism for honest, responsible, and effective management of the Company by its governing bodies;
- Provide an opportunity for effective oversight of management by the principal and regulatory authorities;
- Guarantee the provision of information and predictability for existing and potential investors/bondholders when making investment decisions;
- Achieve transparency and disclosure in the processes of providing information from the Company to employees, partners, and stakeholders;
- Increase the trust of the owner, existing and potential investors, and stakeholders, and maintain a high reputation of BEH EAD before the public.

BEH EAD adheres to an Information Disclosure Policy of BEH EAD adopted by a Decision under item I.1.10 of Protocol No. 75-2022 of 13 October 2022 of the Board of Directors of BEH EAD. The Policy defines the scope of the information subject to disclosure by BEH EAD in its capacity as a public enterprise, within the meaning of Art. 2, para. 1 of the Public Enterprises Act. The Company discloses and provides easy access to all essential information, including the financial status of the holding and BEH Group companies and its structure. BEH EAD discloses any essential information regarding the operational activity of the Company, regardless of its nature, in compliance with the principle of equal treatment of the addressees. As soon as possible, the Company discloses publicly internal information in accordance with Regulation (EU) No. 596/2014 of the European Parliament. The Policy is publicly accessible on the corporate webpage of the Company at: www.bgenh.com.

The Group strictly complies with the requirements for disclosure of information in terms of time and completeness according to the Bulgarian legislation and instructions of the Minister of Energy. Information on the annual, half-yearly and quarterly financial statements, activity reports is disclosed in a timely manner on BEH EAD's website and through the electronic information system for public enterprises administered by the Public Enterprises and Control Agency.

The Group publishes consolidated non-financial information in compliance with Article 29, Paragraph 4 of the Public Enterprises Act. The consolidated non-financial information provides details on the degree and manner in which the companies operations can be considered environmentally sustainable, namely: what part of their turnover is the result of products and services, related to economic activities qualified as environmentally sustainable; the share of capital and operational expenses, if applicable, allocated to assets or processes linked to sustainable activities.

3. INFORMATION PURSUANT TO ART. 100n, paragraph 8, item 2 of POSA

The statutory acts of the Group do not specify the number of companies in which members of the executive bodies may hold management positions, nor is there a limitation on the number of consecutive terms of office for the independent members of the executive bodies. However, the Company complies with the good practices, without a formal regulatory requirement for prevention of high concentration of control functions in individual companies by one single person.

The remuneration of the members of the executive bodies of the Group is determined in accordance with the terms and conditions of the Rules on the application of the Public Enterprises Act. No remuneration other than that specified in the Rules is allowed. As a public enterprise, the parent company complies with the provisions of the Public Enterprises Act and its bylaws, and does not apply a deliberate Remuneration Policy.

4. INFORMATION PURSUANT TO ART. 100n, paragraph 8, item 3 of POSA

By a decision of the Board of Directors of 28 February 2017, an Internal Audit Unit was established at BEH EAD, which is a separate department of direct subordination to the Executive Director. The internal audit activities comply with the requirements of the Public Sector Internal Audit Act. By a decision of the Board of Directors of BEH EAD under item I.2.1. of Protocol No. 68-2017/31.10.2017, as amended by a decision under item I.4.1. of Protocol No. 43/2023 of 29.06.2023, the Statute of the Internal Audit Department was approved. By a decision of the Board of Directors of BEH EAD under item I.1.1. of Protocol No. 47-2023/12.07.2023, a Methodology for the implementation of internal audit activities by the Internal Audit Department was approved. The scope of audit engagements for assurance and consultation covers BEH EAD and its subsidiaries, excluding the independent transmission operators. Internal audit supports the management and its subordinate structures in achieving the goals of the Holding by:

- Identifying and assessing the risks within the Holding;
- Assessing the adequacy and effectiveness of the financial management and control system with regard to:
 - a) identification, assessment, and management of risk by the management of the Holding;
 - (b) compliance with legislation, internal acts, and contracts;
 - c) the reliability and comprehensiveness of financial and operational information;
 - d) the effectiveness, efficiency, and economy of activities;
 - e) safeguarding of assets and information.
 - f) the execution of tasks and the achievement of objectives.
- It provides recommendations for improving the activities and processes of management and control in the holding and its subsidiaries.

On 2 April 2014, a Financial Management and Control System was approved in BEH EAD, which entered into force on 14 April 2014. In 2024, the Financial Management and Control System was updated by the Decision of the Board of Directors of BEH EAD under item I.2.1 of Protocol No. 111-2024/15.11.2024 and is effective as of 29 November 2024.

The purpose of the system is to provide reasonable assurance that the objectives of the Company are achieved through:

- compliance with legislation, the Company bye-laws and contracts entered into;
- reliability and comprehensiveness of financial and operational information;
- economy, efficiency and effectiveness of the activities;
- storage and protection of assets and information;
- preventing and detecting fraud and irregularities and taking follow-up action.

Financial management and control are carried out through the following interrelated elements:

- control environment;
- risk management;
- control activities;
- information and communication;
- monitoring.

The control environment includes:

- personal integrity and professional ethics of the employees of the Company;
- management philosophy and work style;
- an organizational structure ensuring separation of responsibilities, hierarchy and clear rules, rights, obligations and reporting levels;
- human resource management policies and procedures;
- competence of staff.

By virtue of a Decision under Item I.1.1 of Minutes No. 29-2026/28.04.2026 of the Board of Directors of BEH EAD, an updated Risk Management Policy of BEH EAD was adopted in accordance with the Guidelines of the Ministry of Finance on risk management in public sector organizations. The rules and procedures for risk management in BEH EAD are an integral part thereof.

The management of BEH EAD undertakes constant commitment to the processes of identification, assessment, analysis and management of risks within the holding, as well as commitment to these processes at all management and expert levels.

The Risk Management Strategy for the period 2026 – 2028 defines:

- the stages of the risk management process and their content;
- the participants in the implementation of the risk management process.

The implementation of the Strategy aims to:

- Identify, analyze and assess risks with a view to ensuring the possibility of fulfilling the Company's goals;
- Determine the level of risk appetite and risk response actions (restriction, transfer, acceptance or termination);
- Establish and implement adequate and effective control mechanisms;
- Identify the roles and responsibilities of participants in the risk management process;
- Protect the Company's reputation.

The Risk Management process in the Company comprises the following:

- Defining of the main objectives of the Company
- Identifying the risks;
- Controlling risk / controls;
- Risk assessment;
- Documenting the risk;
- Defining the level of risk – risk appetite;
- Review and reporting on risk.

The Executive Director implements controls designed to provide reasonable assurance that risks are contained within tolerable limits and includes, at a minimum:

- authorization and approval procedures;
- separation of responsibilities in a manner that prevents a single employee from having concurrent approval, execution, and control responsibilities;
- a dual signature system that does not permit a financial commitment or payment to be made without the signatures of the Executive Director and the Chief Accountant and Head of the Accounting Department;
- rules for access to assets and information;
- prior control for legality;
- ongoing control over the performance of financial commitments and contracts entered into;
- ex-post performance evaluations;
- policies and procedures for objective, accurate, complete, reliable and timely accounting of all business transactions in accordance with the accounting policies adopted at BEH EAD;
- policies and procedures for human resources management;
- policies and procedures for maintaining personal integrity and professional ethics.

The information and communication systems in the company ensures:

- identification, collection, and dissemination in an appropriate form and within appropriate time frames of reliable and trustworthy information, enabling each employee to assume specific responsibilities;
- effective communication flowing horizontally and vertically across all hierarchical levels of the Company;
- the establishment of an appropriate management information system in the Company, aimed at bringing clear and precise instructions and orders to the knowledge of all employees regarding their roles and responsibilities in relation to financial management and control;
- implement a system for documentation and document work flow, containing rules for the preparation, formatting, movement, use, and archiving of documents;
- establish an effective and timely reporting system, including reporting levels and deadlines, types of reports, and reporting forms upon the detection of errors, irregularities, incorrect use, fraud, or abuse.

The Executive Director of BEH EAD shall ensure monitoring of the financial management and control system in order to assess its functioning and to identify weaknesses and deficiencies in a timely manner and ensure its timely updating. The system includes ongoing monitoring, self-assessment and internal audit

5. INFORMATION PURSUANT TO ART. 100n, paragraph 8, item 4 of POSA

5.1. Information under Art. 10, paragraph 1 (c) of Directive 2004/25/EC of the European Parliament and the Council of 21 April 2004.

Bulgarian Energy Holding EAD is the owner of an economically related group, which includes the following companies as of 31 December 2025:

Company	Country of incorporation	Core Business	31 December 2025 %	31 December 2024 %
<i>Subsidiaries</i>				
Natsionalna Elektricheska Kompania (NEK) EAD	Bulgaria	electricity generation and public electricity supplier	100%	100%
Bulgargaz EAD	Bulgaria	public supply of natural gas	100%	100%
Bulgargaz North SRL	Moldova	Trade in natural gas	100%	-
Bulgartransgaz EAD	Bulgaria	storage and transmission of natural gas	100%	100%
Bulgartel EAD	Bulgaria	implementation of telecommunications	100%	100%
Bulgartel Skopje DOOEL	Macedonia	implementation of telecommunications	100%	100%
Balkan Gas Hub EAD	Bulgaria	construction and operation of an electronic platform for trade with natural gas, energy products, green and white certificates, carbon-gas emissions	100%	100%
NPP Kozloduy EAD	Bulgaria	generation of electricity and thermal energy	100%	100%
HPP Kozloduy EAD	Bulgaria	production and distribution of electricity from a hydroelectric power plant	100%	100%
NPP Kozloduy – New Builds EAD	Bulgaria	construction of energy units of a nuclear power plant	100%	100%
NPP Construction Supervision EOOD	Bulgaria	assessing the compliance of investment projects and exercising construction supervision in the design and construction phases	100%	100%
NPP Service Ltd.	Bulgaria	repair of general and special purpose machines and equipment	100%	100%
TPP Maritsa Iztok 2 EAD	Bulgaria	generation of electricity and thermal energy	100%	100%
Mini Maritsa Iztok EAD	Bulgaria	coal extraction and sale	100%	100%
Elektroenergien Sistemen Operator EAD	Bulgaria	transmission of electricity	100%	100%
ESO Engineering EOOD	Bulgaria	construction of technologies and projects for energy facilities and project management	100%	100%
ESO Project EOOD	Bulgaria	conceptual projects in accordance with the Spatial Development Act, consulting activity	100%	100%
ESO Charge EAD	Bulgaria	construction and operation of electric and hydrogen refueling systems	100%	100%
National Energy Operator (NEO) / (Natsionalen Energien Operator) EAD	Bulgaria	Construction and operation of systems for storage and utilization of electricity from RES	100%	100%
Minproekt EAD	Bulgaria	Design, research and development engineering	100%	100%

Company	Country of incorporation	Core Business	31 December 2025 %	31 December 2024 %
<i>Joint ventures</i>				
ICGB AD	Bulgaria	construction and operation of a gas transmission system	50%	50%
South Stream Bulgaria AD	Bulgaria	construction and operation of a gas transmission system	50%	50%
Operator Zagore AD	Bulgaria	operation of closed distribution system, distribution of electricity and natural gas in closed distribution network	50%	-
Southeast Electricity Network Coordination Center (SEleNe CC)	Greece	Regional Security Coordinator for Southeast Europe with the purpose of maintaining the electricity system	33%	33%
Gastrade S.A.	Greece	onstruction of a liquefied natural gas terminal	20%	20%
<i>Associated companies</i>				
ContourGlobal Maritsa Iztok 3 AD	Bulgaria	generation of electricity	27%	27%
Contour Global Operations Bulgaria AD	Bulgaria	operation and maintenance of a thermal power plant	27%	27%
ZAD Energy AD	Bulgaria	insurance and reinsurance	48.08%	48.08%
Allianz Bulgaria Pension Company AD	Bulgaria	Pensions	34%	34%
Hydro Power Company (HPC)	Bulgaria	construction of hydroelectric power plants	24%	24%
Gorna Arda AD	Bulgaria			

5.2. Information under Art. 10, paragraph 1 (d) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004

BEH EAD has no issued securities with special rights of control.

5.3. Information under Art. 10, paragraph 1 (f) of Directive 2004/25/EC of the European Parliament and the Council of 21 April 2004.

There are no restrictions on voting rights.

5.4. Information under Art. 10, paragraph 1 (h) of Directive 2004/25/EC of the European Parliament and the Council of 21 April 2004.

The rules that regulate the appointment and replacement of the board members are described in item 6.

The Sole Owner of the capital amends and supplements the Company Articles of Association.

5.5. Information under Art. 10, paragraph 1 (i) of Directive 2004/25/EC of the European Parliament and the Council of 21 April 2004.

The powers of the members of the Board of Directors are described in item 6.

6. INFORMATION PURSUANT TO ART. 100n, paragraph 8, item 5 of POSA

The governing bodies of BEH EAD are:

- The Sole Owner of the Capital;
- The Board of Directors.

BEH EAD has an Audit Committee appointed pursuant to Art. 107 of the Independent Financial Audit and Sustainability Assurance Act.

6.1. Sole Owner of the Capital

6.1.1. Status

The Sole Owner of the Capital of BEH EAD is the Republic of Bulgaria. The State rights as the Sole Owner of the Capital are exercised by the Minister of Energy, who has the capacity of principal of the Company, and is the body empowered to make all decisions passed within the competence of the Sole Owner of the Capital according to the law or to the Articles of Association.

6.1.2. Competence

(1) The Sole Owner of the capital has all the rights of a shareholder of BEH EAD according to the law and the Articles of Association. The Sole Owner of the Capital decides all matters which the law places within the competence of the General Meeting of Shareholders.

(2) The Sole Owner of the Capital:

- amends and supplements the Articles of Association of BEH EAD;
- increases or reduces the capital of the Company;
- transforms or terminates the Company;
- selects and dismisses the members of the Board of Directors and determines their remuneration;
- selects and dismisses the independent registered auditor;
- approves the annual financial statements, following the attestation of the appointed independent registered auditor;
- decides on issuing bonds, distributing profits, replenishing the reserve fund and paying out dividends;
- appoints the liquidators upon termination of the Company, except in case of bankruptcy, and enters into contracts with them;
- discharges the members of the Board of Directors from liability;
- makes decisions on the opening, transfer or closure of the branches of the Company;
- determines the amount of the compensation for the owners of nationalized properties, which they receive in the cases set forth in Art.18 of the Transformation and Privatization of Governmental and Municipal Enterprises Act (repealed) and the Compensation of Owners of Nationalized Properties Act;
- approves decisions of the Board of Directors for: disposal transactions with fixed assets and for the establishment of in rem rights on real estate, the value of which exceeds the lower of BGN 500 thousand or 5% of the carrying amount of the fixed assets as of 31 December of the previous year; use or lease of real estate or assets, the carrying amount of which exceeds 5% of the carrying amount of the fixed assets as of 31 December of the previous year; acquisition of shares and/or stocks in other companies, as well as for the disposal of shares and/or stocks owned by the Company in other companies; obtaining loans or credit; providing loans; providing guarantees (with the exception of guarantees provided pursuant to the Public Procurement Act), assuming surety obligations, providing targeted financing, and providing collateral to third parties; concluding joint activity agreements (so-called 'joint ventures'); assuming bill of exchange obligations; securing obligations of the Company by establishing a mortgage or a pledge on fixed assets of the Company; concluding a judicial or extrajudicial settlement whereby obligations of the Company are recognized or a claim of the Company against third parties is waived; material changes in the activity of the Company; significant organizational changes, long-term cooperation of material importance to the Company, as well as the termination of such cooperation;
- approves the selection of an insurer when concluding compulsory insurance contracts;
- authorizes the conclusion of contracts for sale, exchange and renting of fixed assets, as well as the creation of a right in rem through direct negotiation, where the starting price is defined by an independent evaluator;

- authorizes the sale or exchange of houses, studios, offices and garages of workers and employees of the Company;
- approves the business program of the Company, drawn up by the Board of Directors;
- makes a decision on the distribution of the Company's profit and its payment, and on the payment of profit-sharing bonuses (tantièmes) to the members of the Board of Directors, and also fixes their amounts.
- Chooses, empowers and dismisses the Company's procurator(s), determines the scope of their representative power, concludes a contract/s for a power of attorney with notarization of signatures.
- Decides also on other matters, provided in its by the law and the Articles of Association.

6.1.3. Decision-making

(1) The Sole Owner of the Capital shall make decisions within the competence of an ordinary annual General Meeting once a year, and within the competence of an extraordinary General Meeting as necessary. No invitation is announced in the Commercial Register and the Register of Non-Profit Legal Entities by the Sole Owner of the Capital on the exercise of the competence of the General Meeting. The Sole Owner of the Capital may make decisions within the competence of the General Meeting at any time in writing.

(2) The Board of Directors fulfills its obligations under Art. 223, respectively under Art. 251 of the Commerce Act, by sending a written application to the Sole Owner of the Capital regarding the necessity, respectively the readiness, to make decisions by the Sole Owner of the Capital. The written application contains proposals concerning the matters on which the Board of Directors proposes to the Sole Owner of the Capital to make decisions. The proposals do not bind the Sole Owner of the Capital to consider and decide on the issues raised, and do not limit him/her with respect to the range of issues on which he can make decisions.

(3) For the decisions of the sole owner of the capital, a protocol is drawn up in written form and it is signed by the principal of BEH EAD.

(4) If the Sole Owner of the Capital wishes the members of the Board of Directors to be present during the decision-making process, they are obliged to do so. The Sole Owner of the Capital may require from the present members of the Board of Directors or from other persons invited by him, to countersign the record with the decisions made by the Sole Owner of the Capital.

6.2. Board of Directors of BEH EAD

6.2.1. Composition

As of 31.12.2025, BEH EAD is managed by a Board of Directors with members:

Vasil Georgiev Stoynov
Kalin Boyanov Filipov
Valentin Aleksiev Nikolov
Ivo Ivanov Todorov
Diyan Atanasov Ivanov

Vasil Georgiev Stoynov was elected Chairperson of the Board of Directors, and Valentin Aleksiev Nikolov was elected to represent the Company having been appointed Executive Director at a meeting of the Board of Directors.

As of the date of issuance of the Consolidated Corporate Governance Statement, the current Board of Directors of the Company, appointed by the relevant protocol decisions of the Minister of Energy, is as follows:

Ivo Ivanov Todorov
Andrey Stefanov Zhivkov
Petar Valeriev Angelov
Vasil Vassilev Vassilev
Ilza Mitkova Chinkova

Ilza Mitkova Chinkova was elected Chairperson of the Board of Directors, and Andrey Stefanov Zhivkov was elected to represent the Company, having been appointed Executive Director at a meeting of the Board of Directors.

6.2.2. Status

(1) The Board of Directors is accountable to the Sole Owner of the capital for the management of the Company. It holds meetings depending on the need, but at least once every three months.

(2) The Board of Directors consists of at least five members – natural persons, who are elected and appointed after holding a competition, under conditions and by the order, regulated in the Regulations for application of the Public Enterprises Act.

(3) The Board of Directors elects one or two of its members as executive members and the rest are non-executive members. The term of the Board of Directors has a duration of 3 (three) years, as of the entry of the Board of Directors in the Commercial Register and the Register of Non-Profit Legal Entities, with the Board of Directors continuing to exercise its competence until a new Board of Directors is entered even after its term has expired.

(4) A member of the Board of Directors of the Company may be a Bulgarian citizen or a citizen of the European Union, of a State party to the Agreement on the European Economic Area, or of the Swiss Confederation, who:

- has a university degree;
- has at least 5 years professional experience;
- is not placed under guardianship;
- has not been convicted for committing a publicly prosecuted intentional offense;
- is not deprived of the right to hold the respective office;
- has not been declared insolvent as a single owner or general partner in a company, which has been declared insolvent, if there are any unsatisfied creditors left;
- has not been a member of an executive or supervisory body, respectively cooperation terminated due to insolvency in the last two years before the appointment, if there are any unsatisfied creditors left;
- is not a spouse or in de facto cohabitation, direct relative, collateral relative up to the fourth degree, in-law up to the second degree to a manager or member of a collective executive or supervisory body of the same public company;
- does not hold a high public office under Article 6, Paragraph 1, Items 1 - 35, Item 38 and Item 39 of the Anti-Corruption Act, is not a member of a political cabinet, nor is a municipal secretary;
- is not making commercial transactions on his/her or other's behalf similar to the Company activity.
- is not a partner in general or limited partnerships or limited liability companies when they have subject of activity similar to that of the Company;
- is not a director or member of an executive or supervisory body of another public company.

(5) Executive members of the boards of directors cannot be persons who work under an employment contract or under an official legal relationship.

(6) The Company may have one or two procurators, for which people meeting the requirements listed above may be chosen. The procurators are assigned and empowered by the Sole Owner of the Capital of the Company. The contracts with the procurator(s) are signed by the Sole Owner of the Capital.

6.2.3. Functions

The Board of Directors is responsible for managing the Company and overseeing the activities of the Executive Director(s), including the implementation of the Policies. It performs all functions and decides all matters which are not within the exclusive competence of the Sole Owner of the Capital by virtue of the law or these Articles of Association. The Board of Directors adopts Regulations for its operation.

The Board of Directors may establish special committees comprising of its members, such as remuneration or risk management committees. The committees prepare decisions, which are adopted by the Board of Directors. Decision-making powers are not delegated to committees. The committees are chaired by an independent member of the board.

The Board of Directors prepares annual self-assessments of its activities and effectiveness, which are submitted to the body exercising the rights of the State and to the Public Enterprises and Control Agency.

6.2.4. Competence

(1) The Board of Directors exercises the entire competence of a Board of Directors according to the law and the Articles of Association of BEH EAD.

(2) The Board of Directors:

- organizes, manages and monitors the entire activity of BEH EAD;
- prepares a business program of BEH EAD for the whole term and for each year separately and ensures its implementation;
- implements the investment policy of the Company and decides on the acquisition of property and other real estate rights;
- settles the issues related to the movement and the marketing of the equity securities of BEH EAD, the bonds and the securities in civil turnover, which are not of the exclusive competence of the Sole Owner of the Capital, or which have been delegated to it by the principal;
- elects one or two of its members as executive directors and authorizes them to manage and represent the Company before third parties. In the event that two Executive Directors are elected, they shall represent the Company in a manner determined by the Board of Directors.
- makes unanimous decisions on all transactions set forth in Art. 236, para. 2 of the Commerce Act;
- adopts Corporate Governance Policy, Financial and Accounting Policy, Information Technology Policy, Human Resource Management Policy, Investment Management and Projects Policy, Public Procurement Policy (including Policy for Conducting Tenders, Competitions and Direct Contracts for the Supply of Goods and Delivery of Works and Services), Policy on Tenders, Competitions and Direct Contracts for Sale, Exchange and Leasing of Fixed Assets, Risk Management and Internal Audit Policy, and other policies that are mandatory for the Company and its subsidiaries; it is also responsible for implementing those Policies;
- makes proposals to the principal for solving issues, which are of the competence of the Sole Owner of the Capital, and decides on all other issues stipulated to be solved by the Board of Directors in the current statute.

(3) With a preliminary written approval by the principal, the Board of Directors may discharge an Executive Director at any time and replace them with another member of the Board of Directors.

6.2.5. Contracts with members of the Board of Directors of BEH EAD, Remunerations and Expenses

(1) Each member of the Board of Directors concludes a management contract with the Sole Owner of the Capital. The contract is concluded until the end of the term of the Board of Directors and contains the rights and obligations of the parties, the amount of remuneration and the method of its payment, the liability of the parties in case of default, the grounds for termination of the contract, and the type and amount of the guarantee, which the members provide for their management, and the amount of the penalty for early termination of the contract not through the fault of the member the Board of Directors, as well as the relations between the parties in the period from the contract termination to the deletion of the released member of the Board of Directors from the Commercial Register and the Register of Non-Profit Legal Entities.

(2) The members of the Board of Directors receive remuneration the amount and method of payment of which are set by the Sole Owner of the Capital, pursuant to the regulations in force.

(3) The members of the Board of Directors must provide a guarantee for their management in the amount in the amount of not less than three monthly gross remunerations, determined by the Sole Owner of the capital. The provided guarantee is returned upon termination of the contract and following the decision of the Sole owner of the Company for release from liability. When the guarantee was paid in cash, the interests on the paid amount are subject to refunding as well.

(4) In case of need of business trips, the members of the Board of Directors are sent on a business trip abroad by the Minister of Energy under conditions established by such minister, pursuant to the regulatory framework in force, and for those in Bulgaria – by the Executive Director (the Executive Directors) (including if the Executive Director (the Executive Directors) is sent (are sent) on business trips alone at

the expense of the Company. Upon conducting meetings of the bodies of the Company, the expenses for holding the meeting and for seconding the members of the Board of Directors, if the venue differs from the place of residence of a member of the Board of Directors, are borne by the Company.

6.2.6. Statute of the chief (sole) executive member of the Board of Directors.

(1) The Board of Directors entrusts the Executive Director(s) to manage and represent the Company. The non-executive members of the Board of Directors control the activities of the Executive Director/the Executive Directors.

(2) The sole Executive Director represents the Company individually and is entitled to perform all activities and transactions related to the Company's activities, as well as to draw up and sign documents on behalf of the Company and to authorize other persons to perform single activities and deals.

(3) The Executive Director organizes the activities of the Company in compliance with the law, the Articles of Association, the decisions of the Sole Owner of the Capital, the Policies and the Decisions of the Board of Directors. It undertakes the operational management of the Company activities, concludes and terminates the employment contracts and other contracts of the employees and partners of the Company, and is responsible for the accountability and the archives of the Company. The Executive Director also decides all other matters which are not of the exclusive competence of the Sole Owner of the Capital or of the Board of Directors, according to the law or these Articles of Association, or as delegated to him/her by a decision of the Sole Owner of the Capital.

(4) The management contract with the executive director (executive directors) is signed by the Chairman, or respectively by the Deputy-Chairman of the Board of Directors. The Executive Director signs the contracts with the other members of the Board of Directors, unless the representative of the Sole Owner of the Capital signs such contracts himself/herself.

6.2.7. Representation of BEH EAD

The company is represented before third parties by the Executive Director and, where there is more than one, they represent the company in such manner as the Board of Directors may decide.

6.3. Audit Committee

6.3.1. Composition

As of 31.12.2025, the composition of the Audit Committee of BEH EAD, elected with a mandate until 02.02.2027, according to the protocols of the Minister of Energy, is as follows:

Viktor Andreev Videnov – Chairperson, elected by virtue of Minutes No. E-PД-21-23 dated 08.08.2024

Vanya Doneva Georgieva – Member, re-elected by virtue of Minutes No. E-PД-21-5 dated 02.02.2024

Stanislava Plamenova Manolova – Member, elected by virtue of Minutes No. E-PД-21-30 dated 27.09.2024

6.3.2. Status

The committee is a specialized, supervisory, consultative body. The Members of the Committee are appointed by the Minister of Energy of the Republic of Bulgaria in his/her capacity as the Sole Owner of the Capital of BEH EAD upon suggestion of the Board of Directors of BEH EAD. The committee consists of 3 to 5 members, one of them being a chairman.

6.3.3. Remuneration

The remuneration of the members of the Audit committee is determined by the Minister of Energy and is at the expense of BEH EAD. By Protocol No. E-RD-21-7 of 26.02.2021, the Minister of Energy determines the remuneration of the members of the Audit Committee as follows:

- A member of the Audit Committee receives 80% of the monthly remuneration of a member of the Board of Directors of the Company.
- The chairperson of the Audit Committee receives 85% of the monthly remuneration of a member of the Board of Directors of the Company.

By Protocol No.E-PД-21-17 of 10.06.2025, the Minister of Energy approved the Statute of the Audit Committee of BEH EAD.

6.3.4. General provisions

(1) The Audit Committee carries out its activities in accordance with the requirements of the Independent Financial Audit and Sustainability Assurance Act, Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (Regulation (EU) No 537/2014), Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, and its statute.

(2) The Committee has the following functions, rights, and responsibilities:

- Monitors the financial reporting and sustainability reporting processes, and presents recommendations and proposals to ensure the reliability of the prepared and issued reports;
- Reviews and, at its discretion, expresses an opinion on the Holding's accounting policy and its application in financial reporting;
- Monitors the timely and reliable provision of financial information by the subsidiaries in the preparation of the Holding's annual consolidated financial statements;
- Monitors the effectiveness of the internal control system, the risk management system, and the internal audit activities of BEH EAD with regard to financial and sustainability reporting;
- Reviews and expresses an opinion on the risk management strategy, the Holding's risk register, and the annual report on the state of the financial management and control system;
- Expresses an opinion on the statute and number of staff of the internal audit unit and on the strategic and annual plans for internal audit activities;
- Discusses and adopts the Annual Report on Internal Audit and, if necessary, reviews and provides opinions on individual audit reports from completed audit engagements, as well as on all significant issues related to internal audit;
- Monitors the performance of the statutory audit of the annual financial statements and the statutory sustainability assurance engagement, taking into account the findings and conclusions of the Commission for Public Oversight of Registered Auditors regarding the application of Article 26, Paragraph 6 of Regulation (EU) No 537/2014;
- Reviews and familiarizes itself with the audit strategy and the audit plan of the statutory audit of the annual financial statements and the statutory sustainability assurance engagement, and expresses an opinion thereon, evaluating the arguments supporting key decisions and choices made during the planning stage;
- Monitors the implementation of the audit plan, providing opinions at its discretion to the management of the Holding and the auditors for the resolution of any encountered difficulties, and, where necessary, assists in improving operational communication between the auditor and the bodies and officials within the enterprise;
- Reviews the draft reports of the auditors, assesses the reasonability of the identified key audit matters, findings, and the expressed audit opinion, and in turn, expresses an opinion on the annual work of the statutory audit, which includes:
 - independence of the auditor;
 - objectivity and professional skepticism;
 - composition of the audit team;
 - findings from the inspection by the Commission for Public Oversight of Registered Auditors;
 - communication and relationships with the management of BEH EAD;
 - quality of the services provided.
- Discusses the Additional Report of the statutory auditor (prepared pursuant to Article 11, Paragraph 2 of Regulation (EU) No 537/2014) and provides recommendations to the management of the Holding for the elimination of material weaknesses and deficiencies identified in the report;

- Expresses an opinion on the performed audits for the entire duration of this contract, and summarizes the results of the annual assessments in the event that the term of the contract for statutory audit with the same auditor exceeds one year;
- Verifies and monitors the independence of the statutory auditor in accordance with the requirements of Chapters Six and Seven of the Independent Financial Audit and Sustainability Assurance Act, as well as with Article 6 of Regulation (EU) No 537/2014, inclusive;
- Monitors the appropriateness of the provision of non-audit services under Article 5 of the same Regulation;
- Pre-approves the provision of non-audit services by the auditor of BEH EAD, notifying the Commission for Public Oversight of Registered Auditors as well as the Board of Directors of the Holding within a 7-day period from the date of the decision of any given approval under Article 64, Paragraph 3 and Article 66, Paragraph 3 of the Independent Financial Audit and Sustainability Assurance Act;
- Is responsible for the selection procedure of the registered auditor, except in cases where the audited entity has a selection committee, and recommends their appointment;
- Monitors the work of any appointed committee for conducting a selection procedure for the registered auditor, if such exists, and, based on the results of the monitoring, proposes to the Minister of Energy the award of the audit engagement in accordance with the requirements of Article 16 of Regulation (EU) No 537/2014;
- Reports on its activities annually to the Minister of Energy, concurrently with the adoption of the annual financial statements of the Holding;
- Prepares and submits to the Commission for Public Oversight of Registered Auditors, by May 31, an annual report on its activities in a form and with content in accordance with the Ordinance adopted by the Commission.

7. INFORMATION PURSUANT TO ART. 100n, paragraph 8, item 6 of POSA

As a public enterprise, BEH EAD complies with the provisions of the Public Enterprises Act and its bylaws, and does not apply a deliberate Diversity Policy. The Board of Directors of BEH EAD is appointed by an official decision of the Minister of Energy after conducting a competition, under the conditions and order provided for in the Rules on the Implementation of the Public Enterprises Act, according to which the principles of publicity, transparency, free and loyal competition, equality and proportionality have to be complied with upon conduction of the competition procedures, and no discrimination should be allowed.

8. Information about changes that occurred during the reporting period in the basic principles for management of BEH EAD and its group of companies within the meaning of the Accountancy Act.

No significant changes occurred during the reporting period.

Signed with electronic signature

ANDREY ZHIVKOV

EXECUTIVE DIRECTOR

BULGARIAN ENERGY HOLDING EAD

27 August 2026

Sofia

Consolidated Report on Payments to Governments

Bulgarian Energy Holding EAD

31 December 2025



This consolidated report on payments to governments was prepared in compliance with the requirements of Art. 58 of the Accountancy Act, according to which parent enterprises operating in the field of mining, quarrying or logging of primary forests, which are required to prepare consolidated financial statements, shall draw up a consolidated report on payments to governments in accordance with the requirements of Section V of the Accounting Act.

Bulgarian Energy Holding EAD is a parent company in which structure a company Mini Maritsa-Iztok EAD is included.

Mini Maritsa-Iztok EAD operates in the mining industry, CEA 2008 05.20 'Mining of brown and lignite coal'.

1. Payments on concession contract

Pursuant to Decision No. 655 as 13 July 2005 of the Council of Ministers (promulgated in SG, issue 61 of 26 July 2005) the Group, through the subsidiary company Mini Maritsa-iztok EAD, was granted a concession the mining of underground resources in the Maritsa Iztok coal basin. The concession contract was signed on 11 August 2005 between the Concedent – Council of Ministers of the Republic of Bulgaria and the Concessionaire – the Group through its subsidiary Mini Maritsa-Iztok EAD.

Pursuant to the contract, the Group through its subsidiary Mini Maritsa-Iztok EAD is granted the exclusive right to conduct exploration and mining of coal from the Maritsa Iztok Coal Basin within the concession area and to acquire the extracted coal.

The coal extraction from the deposit is performed by an open mining within the concession area including transport and sale of the extracted coal under the following conditions:

- concession area – 473,685,540.87 square meters
- for a 35-years period, and the period starts from the date of entry into force of the Contract with an option the Contract to be extended for another 15 years provided that the mining continues in commercial quantities and in the event, there are proven reserves in the Coal deposit and the Concessionaire requests in written form such extension.

For the period from 01.01.2025 to 31.12.2025, concession payments were made to the Ministry of Energy in the amount of BGN 7,041 thousand, including VAT, as follows:

- Paid liability for the second half of 2024 is in the amount of BGN 3,138 thousand excluding VAT or BGN 3,765 thousand paid amount including VAT.
- The amount of the accrued concession fee for the first half of 2025 was BGN 2,730 thousand, excluding VAT, or BGN 3,276 thousand, including VAT.

The amount of the accrued concession fee for the second half of 2025 was BGN 2,491 thousand, excluding VAT, with a payment maturity deadline until 31.01.2026.

Pursuant to § 5, para. 1 of the State Budget Act, the Concessionaires under granted concessions for the extraction of underground resources under Art. 2, para. 1 of the Subsoil Resources Act, under which as of 31 December 2024 the concession contracts have entered into force, shall pay an additional annual contribution for 2025 in an amount equal to the sum of the value of the agreed annual remuneration for 2024 for the delivery under a contract for the extraction of underground resources and all other taxes and fees, when such are due for the delivery.

For the period from 01.01.2025 to 31.12.2025, contributions were paid to the Ministry of Energy in the amount of BGN 5,532 thousand, including VAT, as follows:

- Paid obligation for the first installment of 2025 is BGN 1,383 thousand including VAT;
- Paid obligation for the second installment of 2025 is BGN 1,383 thousand including VAT;
- Paid obligation for the third installment of 2025 is BGN 1,383 thousand including VAT;
- The paid obligation for the fourth installment of 2025 is BGN 1,383 thousand including VAT.

The development of the operational mining activities of the Group through its subsidiary Mini Maritsa-Iztok EAD based on the concession contract is the reason for occurrence of the following payments to different entities (governments).

2. Payments to Radnevo Municipality

In connection with the development of the mining activities of the Group through the subsidiary Mini Maritsa-Iztok EAD, payments were made for the following projects to the municipality of Radnevo:

Mini Maritsa - Iztok EAD has concluded a contract for financing and carrying out rescue archaeological research on 17.07.2023 with the Maritsa Iztok Archaeological Museum, owned by the Municipality of Radnevo. The amount paid in 2025 is in the amount of BGN 403 thousand.

Signed with electronic signature

ANDREY ZHIVKOV
EXECUTIVE DIRECTOR
BULGARIAN ENERGY HOLDING EAD

27 August 2026
Sofia

Annual Consolidated Financial Statements

Bulgarian Energy Holding EAD

31 December 2025

Translation from Bulgarian



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ending 31 December 2025

	Notes	2025 <i>BGN '000</i>	2024 <i>BGN '000</i>
Revenue from sales	6	8,232,744	7,458,276
Other operating income	7	<u>1,012,557</u>	<u>1,383,160</u>
		9,245,301	8,841,436
Cost of natural gas, electricity and other current assets sold	8	(3,590,218)	(3,405,516)
Changes in inventories of finished goods and work in progress		37,800	52,340
Costs for acquisition of property, plant and equipment by economic category	9	80,880	71,495
Expenses for materials	10	(463,863)	(396,515)
Hired services expenses	11	(483,467)	(439,958)
Depreciation, amortization and impairment	19, 20	(984,614)	(932,505)
Personnel expenses	13	(1,436,680)	(1,387,563)
Reversal of/(losses from) impairment of financial and other non-financial assets, net	12	31,827	(110,332)
Costs for greenhouse gas emissions and other provisions	32	(799,416)	(799,369)
Other operating expenses	14	<u>(1,260,479)</u>	<u>(1,037,185)</u>
Operating profit		377,071	456,328
Profit from investments accounted for using the equity method	22	27,711	3,716
Finance income	15	116,961	69,535
Finance costs	16	<u>(232,423)</u>	<u>(173,286)</u>
Profit before tax		289,320	356,293
Income tax expenses	17	<u>(180,660)</u>	<u>(110,116)</u>
Profit for the year		108,660	246,177
Profit for the year attributable to:			
The shareholder of the parent company		<u>108,660</u>	<u>246,177</u>
		108,660	246,177
		<i>BGN</i>	<i>BGN</i>
Earnings per share	18.1	0.0281	0.0711

*Signed with electronic signature*Andrey Zhivkov
CEO*Signed with electronic signature*Marieta Velikova
Chief Accountant

Issue date: 27 August 2026

The consolidated financial statements were approved for issue by a decision of the Board of Directors on 28 August 2026.

Notes 1 to 43 form an integral part of the consolidated financial statements.

Auditors' report issued by:

Grant Thornton OOD
Audit firm, reg. №032Zaharinova Nexia EOOD
Audit firm, reg. №138*Signed with electronic
signature*Mariy Apostolov
Manager*Signed with electronic
signature*Silvia Dinova
Registered Auditor*Signed with electronic
signature*Dimitrina Zaharinova
Manager*Signed with electronic
signature*Stoycho Milev
Registered Auditor

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ending 31 December 2025

	Notes	2025 <i>BGN'000</i>	2024 <i>BGN'000</i>
Profit for the year		108,660	246,177
Other comprehensive income			
<i>Items that will not be reclassified in profit or loss:</i>			
Revaluation of property, plant and equipment	19	(60,803)	1,823,340
Remeasurement of defined benefit plans	32	(18,918)	2,294
Change in the fair value of equity instruments designated at fair value through other comprehensive income	26	1,539	166
Income tax, relating to items that will not be reclassified in profit or loss	24	7,623	(182,299)
		(70,559)	1,643,501
<i>Items that will be reclassified in profit or loss:</i>			
Exchange rate differences from recalculation of foreign activities		(33)	23
		(33)	23
Share of other comprehensive income of associates			
<i>Items that will not be reclassified in profit or loss:</i>			
Remeasurement of defined benefit plans		(31)	(9)
Finance income on issued insurance contracts		11	-
Change in the fair value of equity instruments designated at fair value through other comprehensive income		(72)	320
Income tax relating to items that will not be reclassified in profit or loss	24	9	(31)
		(83)	280
Other comprehensive income for the year, net of tax		(70,675)	1,643,804
Total comprehensive income for the year		37,985	1,889,981
Total comprehensive income for the year attributable to: The shareholder of the parent company		37,985	1,889,981
		37,985	1,889,981

Signed with electronic signature
 Andrey Zhivkov
 CEO

Signed with electronic signature
 Marieta Velikova
 Chief Accountant

Issue date: 27 August 2026

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Zaharinoва Nexia EOOD
 Audit firm, reg. №138

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 Manager

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 Silvia Dinova
 Registered Auditor

Signed with electronic signature
 Dimitrina Zaharinoва
 Manager

Signed with electronic signature
 Stoycho Milev
 Registered Auditor

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ending 31 December 2025

	Notes	31 December 2025 <i>BGN'000</i>	31 December 2024 <i>BGN'000</i>
Assets			
Non-current assets			
Property, plant and equipment	19	21,580,085	21,083,539
Intangible assets	20	53,090	47,403
Investment properties	21	15,763	-
Investments accounted by the equity method	22	229,331	225,901
Related party receivables	34	234,409	235,592
Trade and other receivables	23	41,750	41,421
Financial assets at fair value through other comprehensive income	26	507	507
Deferred tax assets	24	362,329	324,888
Non-current assets		22,517,264	21,959,251
Current assets			
Trade and other receivables	23	3,396,053	2,652,535
Inventories	25	1,651,962	1,395,001
Related party receivables	34	1,023,603	378,017
Overpaid income tax		2,642	5,993
Financial assets at fair value through other comprehensive income	26	2,424	885
Cash and short-term deposits	27	2,581,365	3,699,884
Current assets		8,658,049	8,132,315
Total assets		31,175,313	30,091,566

*Signed with electronic signature*Andrey Zhivkov
CEO*Signed with electronic signature*Marieta Velikova
Chief Accountant

Issue date: 27 August 2026

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Registered Auditor

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

For the year ending 31 December 2025

	Notes	31 December 2025 <i>BGN'000</i>	31 December 2024 <i>BGN'000</i>
Equity and liabilities			
Equity			
Share capital	28.1	4,978,240	3,463,942
Other reserves	28.2	2,063,703	2,063,693
Reserves from revaluation of financial assets	28.3	2,967	1,649
Revaluation reserve of non-financial assets	28.4	11,648,051	11,727,347
Reserve from recalculation of foreign operations	28.5	(5)	28
Reserve from revaluation of defined benefit plans	28.6	(219,038)	(201,790)
Hedging reserve		(1)	(1)
Retained earnings		1,454,637	2,891,337
Total equity		19,928,554	19,946,205
Non-Current liabilities			
Loans and lease liabilities	29	3,311,144	1,744,429
Deferred financing	30	738,403	687,667
Liabilities related to employee' retirement income	31	336,816	319,060
Provisions	32	172,563	331,090
Deferred income	33	824,573	730,544
Trade and other payables	35	3,006	378,676
Deferred tax liabilities	24	1,089,894	1,113,451
Non-Current liabilities		6,476,399	5,304,917
Current liabilities			
Loans and lease liabilities	29	871,828	1,694,998
Trade and other payables	35	1,796,832	1,559,190
Liabilities to related parties	34	864,581	827,214
Provisions	32	1,061,335	623,580
Liabilities related to employee' retirement income	31	61,029	50,256
Deferred income	33	32,305	34,288
Deferred financing	30	21,277	24,952
Income tax liability		61,173	25,966
Current liabilities		4,770,360	4,840,444
Total liabilities		11,246,759	10,145,361
Total equity and liabilities		31,175,313	30,091,566

Signed with electronic signature

Andrey Zhivkov
CEO

Signed with electronic signature

Marieta Velikova
Chief Accountant

Issue date: 27 August 2026

The consolidated financial statements were approved for issue by a decision of the Board of Directors on 28 August 2026.

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ManagerSigned with electronic
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Registered Auditor

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ending 31 December 2025

	Share capital	Other reserves	Reserves from revaluation of financial assets	Hedging reserve	Revaluation reserve of non-financial assets	Foreign currency translation reserve	Reserve from remeasurement of defined benefit plans	Retained earnings	Total equity
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as of 1 January 2025	3,463,942	2,063,693	1,649	(1)	11,727,347	28	(201,790)	2,891,337	19,946,205
Distribution of dividends	-	-	-	-	-	-	-	(1,569,590)	(1,569,590)
Capital increase through cash contribution	1,500,000	-	-	-	-	-	-	-	1,500,000
Capital increase through in-kind contribution	14,298	-	-	-	-	-	-	-	14,298
Transactions with the owner	1,514,298	-	-	-	-	-	-	(1,569,590)	(55,292)
Profit for the year	-	-	-	-	-	-	-	108,660	108,660
Other comprehensive income	-	10	1,318	-	(54,722)	(33)	(17,248)	-	(70,675)
Total comprehensive income for the year	-	10	1,318	-	(54,722)	(33)	(17,248)	108,660	37,985
Derecognized revaluation reserve	-	-	-	-	(24,574)	-	-	24,574	-
Other changes in equity	-	-	-	-	-	-	-	(344)	(344)
Balance as of 31 December 2025	4,978,240	2,063,703	2,967	(1)	11,648,051	(5)	(219,038)	1,454,637	19,928,554

Signed with electronic signature

Andrey Zhivkov
CEO

Signed with electronic signature

Marieta Velikova
Chief Accountant

Issue date: 27 August 2026

The consolidated financial statements were approved for issue by a decision of the Board of Directors on 28 August 2026.

Notes 1 to 43 form an integral part of the consolidated financial statements.

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Registered Auditor

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ending 31 December 2025

	Share capital	Other reserves	Reserves from revaluation of financial assets	Hedging reserve	Revaluation reserve of non-financial assets	Foreign currency translation reserve	Reserve from remeasurement of defined benefit plans	Retained earnings	Total shareholder's equity of the parent company	Non-controlling shareholder	Total equity
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as of 1 January 2024	3,463,942	2,059,589	1,212	(1)	10,109,838	5	(204,090)	2,906,199	18,336,694	(26)	18,336,668
Distribution of dividends	-	-	-	-	-	-	-	(280,529)	(280,529)	-	(280,529)
Transactions with the owner	-	-	-	-	-	-	-	(280,529)	(280,529)	-	(280,529)
Profit for the year	-	-	-	-	-	-	-	246,177	246,177	-	246,177
Other comprehensive income	-	-	437	-	1,641,044	23	2,300	-	1,643,804	-	1,643,804
Total comprehensive income for the year	-	-	437	-	1,641,044	23	2,300	246,177	1,889,981	-	1,889,981
Derecognition of non-controlling interest	-	4,003	-	-	(1,847)	-	-	(2,002)	154	26	180
Transfer to reserves	-	100	-	-	-	-	-	(100)	-	-	-
Derecognized revaluation reserve	-	-	-	-	(21,688)	-	-	21,688	-	-	-
Other changes in equity	-	1	-	-	-	-	-	(96)	(95)	-	(95)
Balance as of 31 December 2024	3,463,942	2,063,693	1,649	(1)	11,727,347	28	(201,790)	2,891,337	19,946,205	-	19,946,205

Signed with electronic signature
 Andrey Zhivkov
 CEO

Signed with electronic signature
 Marieta Velikova
 Chief Accountant

Issue date: 27 August 2026

The consolidated financial statements were approved for issue by a decision of the Board of Directors on 28 August 2026.

Notes 1 to 43 form an integral part of the consolidated financial statements.

Auditors' report issued by:

Grant Thornton OOD
 Audit firm, reg. №032

Zaharinoxa Nexia EOOD
 Audit firm, reg. №138

Signed with electronic signature
 Mariy Apostolov
 Manager

Signed with electronic signature
 Silvia Dinova
 Registered Auditor

Signed with electronic signature
 Dimitrina Zaharinoxa
 Manager

Signed with electronic signature
 Stoycho Milev
 Registered Auditor

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ending 31 December 2025

	Notes	2025 BGN'000	2024 BGN'000
Cash flows from operating activities			
Cash receipts from sales, including:		9,225,660	8,307,413
<i>Cash receipts from sales of electricity</i>		6,691,732	5,801,975
<i>Cash receipts from sales of natural gas and related services</i>		2,297,260	2,288,634
<i>Cash receipts from sale of lignite (coal)</i>		163,201	157,226
<i>Cash receipts from other sales</i>		73,467	59,578
Proceeds from the Security of the Electricity System Fund		664,672	1,114,115
Payments to the Security of the Electricity System Fund		(598,428)	(486,345)
Proceeds for compensation for natural gas		-	156,775
Payments to suppliers		(5,223,794)	(4,896,320)
Payments to the personnel and social security institutions		(1,437,172)	(1,390,573)
Payments to state funds		(345,204)	(215,913)
Interest paid		(165,637)	(164,979)
Payments of fees, commissions and other		(21,423)	(13,124)
Other payments, net, including:		(1,053,474)	(831,016)
<i>Income tax paid</i>		(174,001)	(132,787)
<i>Payments to the state budget</i>		(753,987)	(657,728)
<i>Other payments for operating activities</i>		(125,486)	(40,501)
Net cash flows from operating activities		1,045,200	1,580,033
Cash flows from investment activities			
Payments for property, plant and equipment and intangible assets		(1,974,391)	(1,123,228)
Acquisition of investments accounted by the equity method		(50)	-
Proceeds from sales of property, plant and equipment		4,956	3,229
Interest received		36,246	16,035
Dividends received and other proceeds from investments accounted by the equity method		24,742	22,075
Financing of non-current assets		89,987	43,136
Cash provided as collateral		(1,406)	(1,446)
Proceeds from cash provided as collateral and deposits		40,140	86,768
Cash provided as deposits		(199,239)	(375,000)
Proceeds from interest on deposits and cash provided as collateral		10,886	17,731
Net cash flows from investing activities		(1,968,129)	(1,310,700)
Cash flows from financial activities			
Proceeds from capital increase		1,500,000	-
Proceeds received from the Ministry of Energy (ME)		250,000	-
Payments to ME		(1,050,000)	-
Bond issue		1,556,043	-
Principals paid on bond issue		(1,173,498)	-
Proceeds from bank loans	29	1,555,275	758,073
Bank loans paid	29	(1,205,733)	(849,313)
Proceeds from loans granted to related parties		1,431	-
Lease payments	29	(1,237)	(1,136)
Dividends paid	18.2	(1,569,590)	(280,529)
Net cash flows from financial activities		(137,309)	(372,905)
Net change of cash		(1,060,238)	(103,572)
Gross amount of Cash on 1 January		3,530,594	3,634,166
Gross amount of cash and cash equivalents at the end of the year		2,470,356	3,530,594
Effect from expected credit losses		(4,019)	(6,119)
Cash as of 31 December	27	2,466,337	3,524,475

Signed with electronic signature

Andrey Zhivkov

CEO

Issue date: 27 August 2026

The consolidated financial statements were approved for issue by a decision of the Board of Directors on 28 August 2026.

Notes 1 to 43 form an integral part of the consolidated financial statements.

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Registered AuditorSigned with electronic
signatureDimitrina Zaharinova
ManagerSigned with electronic
signatureStoycho Milev
Registered Auditor

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

1. Corporate information

The consolidated financial statements of Bulgarian Energy Holding EAD (BEH EAD, the parent company) and its subsidiaries ("the Group") for the year ending on 31 December 2025 was approved for issuance by a Decision of the Board of Directors with Protocol No.60-2026/28.08.2026.

The Group's main activities comprise:

- The production, extraction, transmission, storage, management, distribution, sale and/or purchase of natural gas, electricity, heat, coal, as well as all other types of energy and raw materials, used for production;
- The organization of power exchange market for trading in the field of energy and energy consumption;
- investment activity in the field of energy.

The number of employees in the system of Bulgarian Energy Holding EAD as of 31 December 2025 is 18,613 employees (31 December 2024: 19,066 employees).

The parent company Bulgarian Energy Holding EAD is a sole proprietorship trading company established in the Republic of Bulgaria. The company is the successor of the Neft i Gas (Oil and Gas) State Company, founded in 1973, renamed in December 1975 to Gazosnabdyavane (Gas Supply). In accordance with the Decree on Business Activities, in the beginning of 1990, the Company was renamed to Bulgargaz. Bulgargaz was transformed into a sole-owner joint-stock company by order of the Council of Ministers of 12 May 1993. With a transformation plan dated 27 October 2006 and annexes thereto, Bulgargaz EAD was transformed into Bulgargaz Holding EAD by establishing two sole proprietorships - Bulgartransgaz EAD and Bulgargaz EAD under the terms of Article 262 (d) of the Commercial Law. Bulgartransgaz EAD and Bulgargaz EAD are legal successors of the respective portion of the property (rights and obligations) of Bulgargaz Holding EAD. The transformation was registered in the court with decision No.45 dated 15 January 2007 of the Sofia City Court.

With protocol No.RD-21-305 dated 18 September 2008 of the Minister of Economy and Energy the company name was changed from Bulgargaz Holding EAD to Bulgarian Energy Holding EAD and the capital through was raised through an in-kind contribution at par value of all shares of the capital of Natsionalna Elektricheska Kompania EAD, NPP Kozloduy EAD, TPP Maritsa East 2 EAD and Mini Maritsa Iztok EAD.

The headquarters of Bulgarian Energy Holding EAD are in the Republic of Bulgaria, Sofia city-1000, Oborishte District, 16 Veslets Str.

The registered address is the same: Bulgaria, Sofia city-1000, Oborishte District, 16 Veslets Str. The main place of business of the parent company is in the city of Sofia.

The scope of operation of the Bulgarian Energy Holding EAD is acquisition, evaluation and sale of shares in commercial companies operating in the fields of production, extraction, transmission, transit, storage, management, distribution, sale and/or purchase of natural gas, electricity, thermal energy, coal, as well as and all kinds of energy and raw materials for production and participation in the management of such companies, their financing, acquisition, evaluation, issuance and sale of bonds, acquisition, evaluation and sale of patents, sub licensing of the use of patents of the aforementioned companies, as well as carrying out of its own production or commercial activity.

As of 31 December 2025, Bulgarian Energy Holding EAD is managed by a Board of Directors (BOD) with the following members: Vasil Georgiev Stoykov - Chairman of the Board of Directors, Kalin Boyanov Filipov - Deputy Chairman of the Board of Directors, Valentin Aleksiev Nikolov - Executive Member, Ivo Ivanov Todorov - Member of the Board of Directors, and Diyan Atanasov Ivanov - Member of the Board of Directors. The company is represented by the executive member of the board of directors.

The sole and ultimate owner of the parent company is the Bulgarian state through the Minister of Energy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

As of 31 December 2025, the subsidiaries, joint ventures and associates included in the consolidated annual financial statements are the following:

Company	Country of incorporation	Core Business	31 December	31 December
			2025	2024
			%	%
Subsidiaries				
Natsionalna Electricheska Kompania EAD	Bulgaria	electricity generation and public electricity supplier	100%	100%
Bulgargaz EAD	Bulgaria	public supply of natural gas	100%	100%
Bulgartransgaz EAD	Bulgaria	storage and transmission of natural gas	100%	100%
Bulgartel EAD	Bulgaria	implementation of telecommunications	100%	100%
NPP Kozloduy EAD	Bulgaria	generation of electricity and thermal energy	100%	100%
TPP Maritsa Iztok 2 EAD	Bulgaria	generation of electricity and thermal energy	100%	100%
Mini Maritsa-Iztok EAD	Bulgaria	coal extraction and sale	100%	100%
Elektroenergien Sistemen Operator EAD (ESO EAD)	Bulgaria	transmission of electricity	100%	100%
National Energy Operator EAD	Bulgaria	Construction of projects and subsequent operation of systems for storage and utilization of electricity from RES	100%	100%
Minproekt EAD	Bulgaria	Design, research and development engineering activity	100%	100%
Bulgartel Skopje DOOEL	Macedonia	implementation of telecommunications	100%	100%
HPP Kozloduy EAD	Bulgaria	Generation and distribution of electricity from a hydroelectric power plant	100%	100%
NPP Kozloduy – New Builds EAD	Bulgaria	operation of a nuclear facility for generation of electricity	100%	100%
NPP Construction Supervision EOOD	Bulgaria	assessing the compliance of investment projects and exercising construction supervision in the design and construction phases	100%	100%
NPP Service Ltd.	Bulgaria	repair of general and special purpose machines and equipment	100%	100%
Balkan Gas Hub EAD	Bulgaria	construction and operation of an electronic platform for trade with natural gas, energy products, green and white certificates, carbon-gas emissions	100%	100%
ESO Engineering EOOD	Bulgaria	construction of technologies and projects for energy facilities and project management	100%	100%
ESO Project EOOD	Bulgaria	conceptual projects in accordance with the Spatial Development Act, consulting activity	100%	100%
ECO Charge EAD	Bulgaria	Construction, commissioning, operation and maintenance of electric energy and hydrogen charging systems, hydrogen production systems, development of software products, design and consulting activities etc.	100%	100%
Bulgargaz North	Moldova	Trade in natural gas	100%	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

Company	Country of incorporation	Core Business	31 December 2025	31 December 2024
			%	%
<i>Joint ventures</i>				
ICGB AD	Bulgaria	construction and operation of a gas transmission system	50%	50%
South Stream Bulgaria AD	Bulgaria	construction and operation of a gas transmission system	50%	50%
Southeast Electricity Network Coordination Center (SeleNe CC)	Greece	Regional Security Coordinator for Southeast Europe with the purpose of maintaining the electricity system	33.33%	33.33%
Gastrade S.A.	Greece	Development, exploitation, operation and management of natural gas systems	20%	20%
<i>Associated companies</i>				
ContourGlobal Maritsa Iztok 3 AD	Bulgaria	generation of electricity	27%	27%
Contour Global Operations Bulgaria AD	Bulgaria	operation and maintenance of a thermal power plant	27%	27%
ZAD Energy AD	Bulgaria	insurance and reinsurance	48.08%	48.08%
Allianz Bulgaria Pension Company AD	Bulgaria	Pensions	34%	34%
Hydro Power Company Gorna Arda AD	Bulgaria	construction of hydroelectric power plants	24%	24%
Operator Zagore AD	Bulgaria	operation of closed distribution networks, distribution of electricity and natural gas in closed distribution networks, provision of energy services	50%	-

In June 2025, the subsidiary Bulgargaz EAD registered its own subsidiary under the name Bulgargaz North, through which it will conduct natural gas trading activities within the territory of Moldova. On August 19, 2025, by Decision of the Regulator of the Republic of Moldova, Bulgargaz North received a license to trade in the Republic of Moldova. In July 2025, the subsidiary Bulgargaz EAD concluded a standardized supply agreement (EFET agreement) with the Moldovan company Energocom S.A. The purpose of the concluded contract is to grant access and enable Bulgargaz EAD to participate in tenders organized by Energocom S.A., which are funded either through the EBRD (European Bank for Reconstruction and Development) credit line allocated to them for the purchase of natural gas or through their own funds.

2. Statement of compliance with IFRS Accounting Standards and Application of the Going Concern Principle

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). For the purposes of paragraph 1(8) of the Additional Provisions of the Accountancy Act applicable in Bulgaria, these include the International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

These consolidated financial statements are presented in Bulgarian Leva (BGN), which is the functional currency of the parent company. All amounts are reported in thousands of BGN (including comparative information for 2024), unless otherwise stated.

The parent company Bulgarian Energy Holding EAD has prepared and presented an individual financial statement for the year ending 31 December 2025, where investments in subsidiaries, associates and joint ventures are presented at the relevant acquisition cost. The separate financial statements of Bulgarian Energy Holding EAD were approved for issue by a resolution of the Board of Directors of BEH EAD on June 8, 2026, and signed on June 8, 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

Impact of the ongoing military conflict between Russia and Ukraine

The military conflict between Russia and Ukraine continues to exert economic consequences across all sectors of the global economy. Multiple countries are imposing additional sanctions on assets and operations owned by the Russian state and certain individuals.

In order to avoid ambiguities regarding the effect of the imposed sanctions and restrictions, the Group's management has made a review of activities, counterparties and economic relationships that could expose the Group to significant risk. As of the date of approval of the consolidated financial statements, they can be summarized as follows:

- The natural gas market in Europe, and in particular in Bulgaria and the region, has undergone significant changes over the last 3 years, mainly as a result of the suspended supplies from Russia to some European countries, including Bulgaria. This led to active actions and efforts by European Union countries to reduce energy dependence on Russia. Since the beginning of 2025, imports of liquefied natural gas into Europe have increased by 22.1% compared to the same period last year. Increased demand in Europe is keeping LNG prices higher on global markets;
- A serious risk for the Group from the conflict between Ukraine and Russia may arise in relations with certain counterparties. Notwithstanding the temporary suspension of fresh nuclear fuel (FNF) deliveries by the Russian company AO TVEL in 2024, the Group has carried out the necessary activities, and as of December 31, 2025, all contracted quantities of fresh nuclear fuel for Unit 6 have been delivered. In parallel, in implementation of the measures taken to diversify the supply of fresh nuclear fuel, from 2024, RWFA type nuclear fuel, produced by Westinghouse Electric Sweden AB, is being supplied, which ensures the operation of Unit 5. In this way, the Group will ensure supplies of fresh nuclear fuel for continuous operation.
- Another negative impact is the inability to transport spent nuclear fuel (SNF) for technological storage and reprocessing to Russia under the concluded contract with the company FSUE PA Mayak. The removal of spent nuclear fuel is carried out in accordance with the Law on the Safe Use of Nuclear Energy, the subordinate regulations for its implementation and the national policy set out in the Strategy for the Management of Spent Nuclear Fuel and Radioactive Waste until 2030. At the time of preparation of this report, the subsidiary NPP Kozloduy EAD is lagging behind the planned plans for the removal of spent nuclear fuel for the period from 2021 to 2025. A "wet" type spent nuclear fuel storage facility has been built at the NPP Kozloduy site, in which, after staying in the reactor pools for the aging of the assemblies, the spent fuel is moved to a pool-type spent fuel storage facility, common to all units. The constructed Spent Nuclear Fuel Dry Storage Facility stores spent nuclear fuel from reactors 1, 2, 3 and 4, loaded into CONSTOR 440/84 type containers.
- The Group also has contractual relationships with other Russian and Ukrainian counterparties for the supply of specific spare parts and long-lead equipment, as well as specific services for the nuclear power plant of Kozloduy NPP EAD. In the event that no other alternatives are found, there is a serious risk of delay and/or non-performance of key supplies and services.

With decision No.695 of the Council of Ministers dated 23.09.2022 and No.200 dated 22.03.2023, the Council of Ministers approved a derogation from the sanctions of the European Union, which prohibit the import of certain parts, materials and services in connection with the war in Ukraine. The government granted a derogation so that the Kozloduy NPP could purchase the necessary materials and spare parts to ensure the planned annual maintenance and operation of the nuclear plant. In addition, the management of the Group, with the support of the Ministry of Energy, continued with the process of selecting new contractors.

As the situation is extremely dynamic, the management of BEH EAD refrains from specific and categorical assessments regarding the impact of the war on the future financial situation and the results of its Group activities in 2026. The event already has reported effects on the national economy, inflation processes, the prices of energy resources, household expenditure and disrupted supply chain elements, which in all cases are negative. This, in turn, could lead to a change in the balance sheet values of the Group's assets, which are determined in the consolidated financial statements when a number of judgments and assumptions are made by the management and accounting for the most reliable information available at the date of the estimates, as well as to have an impact on the forecasts made for the future development, cash flows and results of the Group's activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

Climate-related issues

In 2025, the Company presents information on climate-related matters, and considers such reporting as a long-term commitment, which will be further developed and expanded in the future. The legislation, the regulatory bodies, the partners of the Group and the users of non-financial information pay great attention to the climate change. The European Union adopted the European Green Deal as a transition to more sustainable economic and financial system and in the following years the detailed requirements for reporting the climate change will become applicable as a part of the European standards for reporting sustainability. The group is in the process of analyzing the business and the activities carried out and their degree of impact, possible risks and ways to actively participate in decision-making related to climate change. As of 31 December 2025, the Group has not identified any major risks caused by the climate changes, which could affect directly and significantly its consolidated financial statements. In the long term, however, the expected climate-related regulatory changes are expected to adversely affect the revenues of the Coal segment companies and their financial results.

Going concern principle

These consolidated financial statements have been prepared in accordance with the going concern principle, taking into account the possible effects of the continuing military conflict between the Russian Federation and the Republic of Ukraine, the Bulgaria Recovery and Resilience Plan approved by EC and the dynamics of the energy market worldwide and in Bulgaria. The future development of the Group is related to the implementation of the energy strategy of the country to increase and ensure security of energy supply, the implementation of priority energy projects and ensuring the financial participation of our country in them. The management has analyzed the validity of the going concern principle, taking into account the plans, estimates and the business programs of the companies within the Group. As a result, they have concluded that the application of the going concern principle is appropriate.

3. Changes in the accounting policy**3.1. New standards, New amendments and interpretations to IFRS, which came into force as of 1 January 2025.**

As of the date of approval of these consolidated financial statements, the following new standards, amendments, and interpretations to existing standards have also been issued, which entered into force for the financial year beginning on January 1, 2025, but do not have a material impact on the Group:

- Amendments to IAS 21 Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective from 1 January 2025, adopted by the EU.

3.2. Standards, amendments and clarifications that have not yet entered into force and have not been applied by the Group from an earlier date

As of the date of approval of these consolidated financial statements, the following new standards, amendments, and interpretations to existing standards have been issued but are not yet effective or have not been endorsed by the EU for the financial year beginning on 1 January 2025, and have not been early adopted by the Company. They are not expected to have a material impact on the Group's consolidated financial statements, except for the disclosures required under IFRS 18:

- Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026, endorsed by the EU);
- Amendments to IFRS 9 and IFRS 7: Contracts for Renewable Electricity (effective for annual periods beginning on or after 1 January 2026, endorsed by the EU);
- Annual Improvements to IFRS Accounting Standards – Volume 11 (effective for annual periods beginning on or after 1 January 2026), which include amendments to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows;
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027, adopted by the EU);
- IFRS 19 Subsidiaries without public accountability: Disclosures, in force from 1 January 2027, not yet adopted by the EU

This document is a translation of the original Bulgarian text in case of divergence the Bulgarian text shall prevail

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027, adopted by the EU);

IFRS 18 aims to improve the way entities disclose their financial statements, with a focus on financial performance information in the income statement. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date. IFRS 18 replaces IAS 1 Financial statements presentation. The requirements described in IAS 1 that have not changed have been transferred to IFRS 18 and other standards. IFRS 18 will affect all entities in all industries. Although IFRS 18 will not affect how companies measure financial performance, it will affect how companies present and disclose financial performance. IFRS 18 aims to improve financial reporting by:

- requirement for additional defined subtotals in the profit and loss statement; The addition of defined subtotals to the profit and loss statement facilitates the comparison of entities' financial performance and provides a consistent point of reference for investor analysis.
- requirement to disclose performance measures determined by management. Requiring companies to disclose information on management-defined performance indicators increases discipline in their use and transparency in their calculation.
- adding new principles for grouping (aggregation and disaggregation) of information. Specifying requirements for whether information should be in the main financial statements or in the notes and providing principles for the level of detail required improves the effective communication of information.

4. Material Accounting Policy Information

4.1 General provisions

The most significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

The consolidated financial statement has been prepared in accordance with the principles for evaluation of separate types of assets, liabilities, income and expenses under the IFRS accounting standards. The evaluation bases are disclosed in detail further in the accounting policy to the consolidated financial statements.

It should be noted that accounting estimates and assumptions have been used in preparing the consolidated financial statements. Although they are based on information provided to the management as of the date of preparation of the consolidated financial statements, the actual results may differ from the estimates and assumptions made.

4.2 Presentation of the consolidated financial statements

These consolidated financial statements have been presented in accordance with IAC 1 "Presentation of Financial Statements".

The consolidated statement of financial position presents two comparative periods when the Group applies accounting policies retrospectively, recalculates retrospectively positions in these consolidated financial statements or reclassifies positions in the consolidated financial statements.

4.3 Basis for consolidation

The financial statements of the Group consolidate the financial statements of the parent company and all subsidiaries as of 31 December 2025. Subsidiaries are all entities that are under the control of the parent company. Control is when the parent company is exposed to, or has rights to, the variable return on its interest in the investee and has the potential to influence that return by its powers over the investee. All subsidiaries prepare their financial statements for the reporting period that ends on 31 December.

All intragroup transactions and balances are eliminated, including the unrealized gains and losses from transactions between the companies in the Group. When the unrealized losses on intragroup sales of assets are eliminated, the respective assets are reviewed for impairment from the Group's point of view. The amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure their compliance with the accounting policy applied by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the date of acquisition or until the date of disposal.

Non-controlling interest, presented as part of equity, represents the share of profit or loss and the net assets of the subsidiary that are not held by the Group. The total comprehensive income or loss of the subsidiary is attributed to the owners of the parent and the non-controlling interest based on their relative share in the equity of the subsidiary.

If the Group loses control over a subsidiary, any investment retained in that entity is recognized at fair value at the date that control is lost, and the change in the carrying amount is recognized in the profit or loss. The fair value of each investment retained in the entity as of the date when control is lost is regarded as the fair value of the financial asset on initial recognition in accordance with IFRS 9 Financial Instruments or, when appropriate, as the cost of an investment in an associate or a jointly controlled entity upon initial recognition. Furthermore, all amounts recognized in other comprehensive income with respect to that subsidiary are accounted for on the same basis as if the Group had directly disposed of the related assets or liabilities (e.g. reclassified in profit or loss or carried directly to retained profit in accordance with the requirements of the respective IFRS).

The profit or loss from the derecognition of an investment in a subsidiary is the difference between the fair value of the consideration received and the fair value of any retained investment in the former subsidiary and the carrying amount of the subsidiary's assets (including goodwill) and any non-controlling interest.

4.4 Business combinations

All business combinations are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value calculated as the sum of the fair values of the assets at the date of the acquisition, transferred by the acquirer, the liabilities to the former owners of the acquiree assumed by the acquirer and the equity interests issued by the Group. The transferred consideration includes the fair value of any assets and liabilities arising as a result of the contingent considerations. The acquisition-related costs are accounted for in the profit or loss in the period in which the costs are incurred.

The purchase method includes the recognition of the acquiree's identifiable assets and liabilities including contingent liabilities, whether or not they were recognized in the acquiree's financial statements prior to the business combination. Upon initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair value, which serves as a basis for subsequent measurement in accordance with Group's accounting policies.

For each business combination, the Group measures each non-controlling interest in the acquiree, which represents a share of its equity and entitles it to a liquidation share, either at fair value or in proportion to the non-controlling interest in the acquiree's identifiable net assets. The other types of non-controlling interests are measured at fair value or, if applicable, on a basis specified in another IFRS.

Goodwill is recognized after all identifiable intangible assets have been identified. It represents the excess of the fair value of the transferred consideration at the acquisition date and the amount of each non-controlling interest in the acquiree, and in a business combination achieved in stages, the fair value at the acquisition date of Group's previously held interest in the acquiree, over the fair value of the identifiable net assets of the acquiree at the acquisition date. Any excess of the fair value of the identifiable net assets over the above calculated amount is recognized in the profit or loss immediately after the acquisition.

In a business combination achieved in stages, the Group remeasures the previously held equity interest in the acquiree at fair value at the acquisition date (i.e. at the date when control was obtained) and recognizes the resulting profit or loss, if any, in profit or loss. The amounts recognized in other comprehensive income from equity interest in the acquiree prior to the date of obtaining control, are recognized on the same basis as if the Group had disposed directly from the previously held equity interest.

If the initial accounting of the business combination is not completed by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting has not been completed. During the measurement period, which may not exceed one year from the date of acquisition, the Group retrospectively adjusts these provisional amounts or recognizes additional assets or liabilities to reflect new

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

information received about the facts and circumstances that existed at the acquisition date and, if known, would have affected the estimate of the amounts recognized at that date.

All contingent considerations owed by the acquirer are recognized at fair value as of the acquisition date and are included as part of the consideration transferred in exchange for the acquired entity. Subsequent changes in the fair value of the contingent considerations classified as an asset or liability are recognized in accordance with IAS 39 Financial Instruments: Recognition and Measurement either in profit or loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it is not revalued until its final settlement within the equity. Changes in the fair value of contingent consideration that represent provisional amounts during the measurement period are presented retrospectively at the expense of goodwill.

In case of a commitment to a sales plan involving loss of control over a subsidiary, the Group classifies all consolidated assets and liabilities of that subsidiary as held for sale, notwithstanding whether or not it will retain a non-controlling interest in its former subsidiary after the sale. Assets (and disposal groups) classified as held for sale are presented separately in the consolidated statement of financial position and are measured at the lower of their carrying amount (initially, cost of acquisition) and their fair value less expected direct selling expenses (net selling price). Any impairment loss is allocated among these assets of an disposal group.

4.5 Transactions with non-controlling interests

Changes in the Group's share in the equity of a subsidiary that do not result in loss of control are treated as transactions with owners of the Group. The carrying amounts of Group's share and of the non-controlling interests are adjusted to reflect changes in their relative share in the equity of the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received or paid is recognized directly in equity and is attributed to the owners of the parent company.

4.6 Segment reporting

The management determines the operating segments on the basis of the main products and services offered by the Group:

- Electricity segment
- Natural Gas segment
- Coal segment
- Administrative activity segment.

The Administrative activity segment combines the activities of the non-energy companies, the holding and the subsidiary, from the telecommunications sector.

Each of these operating segments is managed separately since various technologies, resources, and distribution approaches are used for each product or service. All transactions between the segments are conducted at prices corresponding to transactions between independent parties, where appropriate, while the transaction in the Electricity and Natural Gas segments are reported at prices set by the regulatory body Energy and Water Regulatory Commission (EWRC). In the reporting per segment, the Group applies a measurement policy consistent with the measurement policy used in the consolidated financial statements.

Financial revenue and expenses are not included in the results of the operating segments, which are regularly reviewed by the persons responsible for making operational decisions.

4.7 Investments in joint ventures and associates

A joint venture is a contractual arrangement by the virtue of which the Group and other independent parties engage in a business activity, which is the subject of joint control and the parties in the joint venture are entitled to the net assets of the entity. Investments in joint ventures are reported using the equity method.

Associates are those entities over which the Group has significant influence, but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognized at cost price and subsequently reported using the equity method. The cost price of the investment includes the costs incurred at its acquisition.

Goodwill or fair value adjustments of the Group's share in the associate are included in the cost of the investment.

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All subsequent changes in the amount of Group's interest in the equity of the associate are recognized in the carrying amount of the investment. Changes due to the profit or loss realized by the associate are reflected in the consolidated statement of profit or loss of the line "Share of profit in associates and jointly controlled entities". These changes include the subsequent depreciation or impairment of the fair value of the assets and liabilities of the associate determined on acquisition.

Changes in the other comprehensive income of the associate, as well as in items recognized directly in the equity of the associate, are recognized in the other comprehensive income or in the equity of the Group, respectively. In cases where the Group's share in the realized losses of the associate exceeds the amount of its interest in the associate, including unsecured receivables, the Group does not recognize its share of the associate's further losses unless the Group has assumed contractual or actual obligations or has made payments on behalf of the associate. If the associate subsequently makes a profit, the Group recognizes its share to the extent that the share of the profit exceeds the cumulative share of losses that were not previously recognized.

Unrealized profits and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of Group's interest in those entities. When unrealized losses on the sale of assets are eliminated, the respective assets are tested for impairment from the Group's point of view.

The amounts recognized in the financial statements of associates and joint ventures are recalculated, where necessary, to ensure their compliance with Group's accounting policies.

In case of loss of significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying value of the investment in the associate in the event of a loss of significant influence and the amount of the fair value of the retained interest and the proceeds of the derecognition is recognized in profit or loss.

If the share interest in the associate is reduced but without loss of significant influence, only a proportionate part of the amounts recognized in other comprehensive income is reclassified in profit or loss.

4.8 Foreign currency transactions

Transactions in foreign currency are reported in the functional currency of the respective company by the Group at the official exchange rate as of the date of the transaction (the announced fixing of the Bulgarian National Bank). The foreign exchange gains and losses resulting from the settlement of such transactions and the revaluation of foreign currency monetary items at the end of the reporting period are recognized in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the transactions. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the date that the fair value was determined.

The functional currency of the separate companies of the Group was not changed during the reporting period.

When consolidated, all assets and liabilities are translated into BGN at the closing exchange rate as of the date of the consolidated financial statements. Income and expenses are translated into the presentation currency of the Group at the average exchange rate for the reporting period. Foreign exchange differences lead to an increase or decrease in other comprehensive income and are recognized in the translation reserves in the equity. On disposal of a net investment in a foreign operation, the accumulated foreign exchange differences from revaluations recognized in equity are reclassified in profit or loss and recognized as part of the profit or loss from the sale. Goodwill and adjustments related to the determination of fair values at the acquisition date are treated as assets and liabilities of the foreign enterprise and are translated into BGN at the closing exchange rate.

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4.9 Revenues recognition

4.9.1. Revenues from contracts with customers

Recognition of revenue under contracts with customers

Revenue from contracts with customers is recognized when the control of the goods and/or services promised in the contract is transferred to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The control is transferred to the customer when (or as) he/she meets the obligation to perform, according to the terms of the contract, by transferring the promised goods or services to the customer. An asset (good or service) is transferred when (or as) the customer gains control over that asset.

Evaluation of a contract with a customer

A contract with a customer exists only when upon its entry into force: (a) it has a commercial nature and a motive, (b) the parties have approved it (verbally, in writing or on the basis of "established and generally recognized business practice") and are committed to perform it, (c) the rights of each party can be identified; and (d) the terms of payment can be identified; and (e) the remuneration to which the Group is entitled in the performance of its obligations is likely to be received.

In the initial evaluation of its contracts with customers, the Group assesses whether two or more contracts should be considered in their combination and accounted for as one, and whether the promised goods and/or services in each individual and / or combined contract should be accounted for as one and / or more performance obligations.

Any promise to transfer goods and / or services that are distinguishable (in themselves and in the context of the contract) is accounted for as a single performance obligation.

The Group recognizes revenue for each separate performance obligation at the level of an individual contract with a customer by analyzing the type, term and conditions for each specific contract. In the case of contracts with similar characteristics, revenue is recognized on a portfolio basis only if grouping it in a portfolio would not have a materially different effect on the financial statements.

Contracts with customers usually involve a single performance.

When another (third) party is taking part in the performance obligations, the Group determines whether it acts as a principal or agent by assessing the nature of its promise to the customer: to provide the specified goods or services himself (principal) or to arrange for another party to provide them (agent). The Group is the principal and recognizes as income the gross amount of remuneration if it controls the promised goods and / or services before transferring them to the client. If the Group does not receive control over the promised goods and/or services and its only obligation is to arrange for a third party to provide those goods and/or services, then the Group is an agent and recognizes the proceeds of the transaction in at the net amount it retains for the provided services as an agent.

The Group has come to the conclusion that it is the principal of its main contracts with customers.

Estimation of revenue under contracts with customers

Revenue is measured on the basis of the transaction price specified for each contract. When setting the transaction price, the Group takes into account the terms of the contract and its usual business practices.

The transaction price is the amount of the consideration that the Group expects to be entitled to in exchange for the transfer of the promised goods or services to the customer, except for amounts collected on behalf of third parties (e.g. value added tax). The remuneration promised in the contract with the customer may include fixed amounts, variable amounts, or both.

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When (or as) a performance obligation is met, the Group recognizes as income the cost of the transaction (which excludes estimates of variable remuneration containing limitations) that is attributable to that performance obligation.

The Group considers whether there are other promises in the contract that are separate performance obligations for which a portion of the transaction price should be allocated.

When determining the transaction price, the impact of variable remuneration, the existence of significant components of financing, non-monetary remuneration and the remuneration due to the customer are taken into account.

Performance obligations and recognition approach to main types of revenue under customer contracts ***Sale of electricity***

Revenue from the sale of electricity include the following:

- public procurement, including a special balancing group coordinator;
- trade in electricity;
- supply of electricity as a supplier of last resort, a special balancing group coordinator;

The revenues from the sale of electricity are recognized over time, as the deliveries are a series of a separate good, which is a promise to supply electricity that is essentially the same and has a uniform pattern of transfer to the customer.

Revenue is recognized in the consolidated statement of profit or loss when the electricity is supplied through the transmission and distribution networks to the end suppliers, the electricity distribution companies, the transmission system operator (ESO EAD), the supplier of last resort, customers of the supplier of last resort. and on the free market. Revenue from sales are recognized on the basis of electricity meter readings for consumed electricity or on registered schedules.

The selling prices of the electricity realized by the Group can be: sale at a regulated price, sale at a fixed price under a contract, sale on power exchange (fixed price under a certain transaction). The transaction price can be defined as a fixed remuneration for the delivery of individual quantities of the series of goods (electricity).

Allocation of the transaction price to the performance obligations is made on the basis of unit selling prices (regulatory, contractual or market).

At the end of each billing period, the Group measures its progress towards full settlement of the performance obligation that is met over time. The measurement is done by confirming the trading schedules, i.e. an assessment is made of the quantities of delivered energy, for which the Group recognizes revenues from supply of electricity, except for the situations in which the company operates as an agent.

Sales prices are fixed (regulated price, fixed contract price, fixed price under a specific transaction). The usual credit period is from 10 to 30 days. In certain cases, the Group collects short-term advance payments from customers who do not have a significant component of funding. The collected advance payments from the customers are presented in the consolidated statement of financial position as liabilities under contracts with customers.

Revenue from access to the electricity transmission grid

The performance obligation is to provide access to the transmission grid. Revenue is recognized in the consolidated statement of profit or loss when electricity is delivered through the electricity transmission network to the customers' sites.

The performance obligation is met over time by the Group measuring the progress of the promised performance using the practical expedient under paragraph B16 of IFRS 15. This practical expedient enables the Group to recognize revenue equal to the amount it is entitled to invoice. As the transaction price is determined by access prices approved by the regulator multiplied by the amount of energy received, which is measured by the commercial metering devices, entered in the state register of the approved for the country types of commercial metering devices, the Group can prove that the invoiced amount directly corresponds to the value the customer receives. The latter is a prerequisite for the use of the "billing right" practical expedient.

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Revenue from transmission of electricity through the electricity transmission grid

The performance obligation is to ensure the transmission of electricity. Revenue from the electricity transmission service is recognized in the consolidated statement of profit or loss for the transmission of electricity through the electricity transmission grid to the customers' sites.

The performance obligation is met over time by the Group measuring the progress of the promised performance using the practical expedient under paragraph B16 of IFRS 15. This practical expedient enables the Group to recognize revenue equal to the amount it is entitled to invoice. As the transaction price is determined by the transmission price approved by the regulator multiplied by the amount of transmitted electricity, which is measured by commercial metering devices, entered in the state register of approved for the country types of commercial metering devices, the Group can prove that invoiced amount corresponds directly to the value the customer receives. The latter is a prerequisite for the use of the "billing right" practical expedient.

Revenue from the sale of electricity from the balancing market

The performance obligation is to provide a balancing service. The performance obligation is met over time, and the aggregated settlement statements for the relevant reporting period are recognized each month at the time the Group receives confirmation by the market participants. The Group measures the progress of the implementation of the promise using the practical expedient under paragraph B16 of IFRS 15.

Revenue from connection of sites to the electricity transmission network

Revenue from the grid connection service provided to customers in exchange for the transfer of sites built by them and recognized as transmission grid assets is recognized in the current financial result for the year in which the connection fee is invoiced.

Natural gas sales

The Group sells natural gas in two main directions, namely:

- on a regulated market - at prices regulated by EWRC;
- on the free market - at freely negotiated prices in several segments:
 - - to customers directly connected to the gas transmission network;
 - - on an organized stock market - in the country;
 - - on an organized stock market - in countries where the Group has a Trading License
 - - outside the organized stock market (domestic and international markets).

As a public supplier, the Group provides a service of public interest - supply of natural gas to a group of persons specified in the Energy Act at prices approved by EWRC ("regulated prices"). The regulated prices are determined in accordance with Ordinance No.2 of 19.03.2013 on the regulation of natural gas prices, issued by the State Commission for Energy and Water Regulation, prom. SG issue No.33 dated 05.04.2013.

The Group supplies natural gas at regulated prices only to end suppliers of natural gas and to a person who has been issued a license for production and transmission of thermal energy (EA, art. 30, para. 1, item 7). The Energy Act obliges the Group to supply natural gas to the heating and gas distribution companies, but they are not obliged to purchase gas from the Group and may prefer other suppliers, as well as to purchase gas from the gas exchange.

For all other customers connected to the gas transmission grid - production enterprises, thermal power plants, greenhouses, etc. ("industrial customers"), the Group supplies natural gas at freely negotiated prices. According to the contracts with customers at freely negotiated prices, the Group performs the function of natural gas trader under competitive conditions.

To determine whether and how to recognize revenue, the Group uses the following 5 steps:

1. Identification of a contract with a customer
2. Identification of performance obligations
3. Determining the transaction price
4. Allocation of transaction price to performance obligations
5. Revenue recognition when performance obligations are satisfied.

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Revenue is recognized either at a point in time or over time, when or until the Group satisfies performance obligations by transferring promised goods or services to its customers.

The Group recognizes revenue for each separate performance obligation at the level of an individual contract with a customer by analyzing the type, term and conditions for each specific contract. In the case of contracts with similar characteristics, revenue is recognized on a portfolio basis only if grouping it in a portfolio would not have a materially different effect on the financial statements.

Revenue from sale of natural gas for balancing

Balancing is of continuous and the customer receives and consumes the benefits at the same time. Revenue is recognized over time as in the sale of natural gas described above.

The compensation by the customer for the sale of natural gas for balancing includes fixed amounts and is based on the price for sale of natural gas for the current month plus the cost component for balancing, determined and fixed by the EWRC for the gas year.

There is no funding component in the sales of natural gas for balancing, as the payment for the sales is due within a period of up to 20 - 25 days from the issuance of the invoice, which is in line with the market practice.

A receivable is recognized when the assets are delivered, as this is the moment when the right to remuneration becomes unconditional and only the expiration of the time before the payment is due is required.

Access to and transmission of natural gas, balancing of the natural gas market, storage of natural gas, provision of access to and use of an electronic platform for natural gas trading

Transit of natural gas to third countries, access and transmission of natural gas

Revenues from the transmission of natural gas to third countries include the transmission of natural gas from the border with Turkey to the borders with Greece, Northern Macedonia and Serbia.

Revenues from access and transmission of natural gas include access and transmission of natural gas at entry and exit points/zones on the national gas transmission network in the country, as well as exit and entry points/zones on the transit gas transmission network.

Balancing the natural gas market

In connection with the Rules for balancing the natural gas market in force since 01.10.2017, the Group, in its capacity as a balancer, performs trade balancing on the natural gas market, which is a compensation for differences between the quantity of natural gas supplied by a given user of the gas transmission network at the entry points, and the quantity of natural gas withdrawn by this user through the exit points of the network. The obligation of the balancer is to cover the individual imbalances of the users of the gas transmission networks. The price for the balancing service is determined by the terms and conditions of the Methodology for determining the daily imbalance fee and the balancing neutrality fee, approved by the EWRC. The price-forming elements - the price of natural gas set by the public supplier, the price for sale of natural gas to end suppliers of natural gas and to customers connected to the gas transmission network, "small adjustment", which is a correction in the price of natural gas for balancing, expressed as a percentage, applied with a positive or negative sign, depending on the sign of the imbalance in order to determine the daily imbalance charges and imbalance charges calculated on a daily basis which the network user pays or receives depending on the amount of its daily imbalance. In order to achieve neutrality from the balancing activity, the Group charges a balancing neutrality fee, which can be a positive or negative value, depending on the distributed quantities of natural gas at each entry /exit point/zone of the gas transmission system owned by the Group.

Natural gas storage

The activity "Natural gas storage" is carried out in the only underground gas storage facility in the country - Chiren (Chiren UGS), owned by Bulgartransgaz EAD. Chiren UGS is a complex of underground and aboveground facilities - operating wells, collection gas pipelines (loops) to them, a compressor station with total installed capacity of 10 MW, facilities for preparation, processing, control and measurement of gas and other appurtenant facilities. The

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technological process related to the natural gas storage service is seasonal (cyclical) and is expressed in the extraction and pumping of gas from/into the underground gas storage.

All revenues from the transmission of natural gas to third countries, access and transmission, balancing and storage of natural gas are recognized over time as deliveries, as the deliveries are a sequence of a separate service, which is a promise to supply natural gas and which is essentially uniform and has a homogeneous pattern of transfer to the customer.

Revenue is recognized in the consolidated statement of profit or loss when natural gas is transferred through the transmission network to the relevant point of the customer. Revenue from sales is recognized on the basis of the quantities reported by measuring instruments or registered schedules.

The sales prices for the access and transmission service through the gas transmission networks owned by the Group are calculated based on necessary revenues and pricing elements for the gas year starting on 01.10. These are approved by a resolution of the Energy and Water Regulatory Commission.

The access price is charged at entry and exit points/zones of the gas transmission system owned by the Group based on the allocated capacity of the relevant points, with interruptible capacity products at the Kulata/Sidirokastro exit point being priced with a pre-determined discount. All other interruptible products are priced at a discount depending on the actual reported interruption in their use.

The transmission tariff consists of a technological component, which is charged at all entry and exit points/zones of the gas transmission system depending on the allocated volumes of natural gas at these points/zones, and a public service obligation component, which covers costs related to imposed public service obligations and is charged at all national exit points/zones of the gas transmission system, excluding exit points to natural gas storage facilities, depending on the allocated volumes of natural gas at these points/zones.

The sales prices of the service for access and storage of natural gas in the storage facilities are determined by a Decision of the EWRC and are published on the website of the subsidiary company Bulgartransgaz EAD.

Allocation of the transaction price to the performance obligations is made on the basis of unit selling prices (regulatory, contractual or market).

At the end of each reporting period, the Group measures its progress towards full settlement of the performance obligation that is met over time. The measurement is carried out by verifying the transmitted quantities and/or the requested quantities as per the schedule, i.e. an assessment of the transmitted quantities of natural gas for which the Group recognizes revenues from access and transmission of natural gas is made.

The selling prices are fixed (regulated price, fixed price under contract). The usual credit period is from 10 to 30 days. In certain cases, the Group collects short-term advance payments from customers who do not have a significant component of funding. The collected advance payments from the customers are presented in the statement of financial position as liabilities under contracts with customers.

Revenue from the service of providing access to and use of an electronic platform for natural gas trading

Gas Hub Balkan EAD was established as an operator of a natural gas trading platform in accordance with the Bulgarian Energy Act. In 2025, the Group through Gas Hub Balkan EAD offered the following services for access to its e-commerce platform:

- **"Conducting an auction" service** (initiation of a non-standard product) - at the request of clients, auctions for the purchase and sale of natural gas are held in the information environment of the Bulgarian Stock Exchange;

- **Short-term (spot)** segment of the platform, which offers short-term standardized products "Intraday", "day ahead", as well as time and local products for the needs of balancing the network of the transmission system operator. The trade is carried out on an anonymous basis in accordance with the provisions of Regulation (EU) No.312/2014.

- **Long-term segment.**

1. Standardized products traded on screen on an anonymous basis for the periods of a week, a month, a quarter, a year/up to five years ahead.

This document is a translation of the original Bulgarian text in case of divergence the Bulgarian text shall prevail

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2. Non-anonymous bilateral contracts for a standardized period, traded on the GHB market through their registration in Trayport's Trades module.

3. Brokerage services of GHB - through them, products and services are offered for end customers - consumers of natural gas and end suppliers directly connected to the gas transmission system, who do not have access to gas transmission networks and to VTT, but wish to purchase natural gas at exit points from registered members of the GHC for their own needs. In this case, the end customer/end supplier has the status of a nontrading user and is not subject to billing according to the applicable price list. Non-trading user gets the right to use the brokerage services of GHB by signing an Agreement for the use of brokerage services, receiving special access rights to a specialized section of the Internet site of GHB.

Revenue from the provision of the service for access to and use of an electronic platform for natural gas trading is recognized in the period during which the services are provided. The Group transfers the control over the services over time and therefore it meets the performance obligation and recognizes revenues over time. When recognizing revenues from the service provided, the Group applies a method of measuring progress that takes into account the resources invested.

In order to be able to operate with the platform, GHC customers initially pay a registration fee of BGN 5,000. The Group enters into termless contracts with its customers to provide services for access to and use of the electronic natural gas trading platform. Contracts have standard terms that are the same for all customers. The contract requires from the customer to pay an advance fee for the initial registration of the customer in the platform. The fee is non-refundable. The initial administrative registration activities of the Group do not transfer goods or services to the customer and therefore do not give rise to an obligation to perform.

The advance fee is an advance payment for future services for access to and use of the electronic platform for natural gas trading. Therefore, the Group determines the transaction price, which includes a non-refundable advance fee, and recognizes revenue for the services for access to and use of the electronic natural gas trading platform in the course of their provision.

The period for rescheduling and recognition as current income of non-refundable amounts collected by the Group is subject to an assessment of the management. In preparing this assessment, management analyzes the current state of the stock market, expectations for changes and development in the market, the presence of competitors after issuing licenses for an organized stock market, changes in the offering of services, the applicable regulatory framework, upcoming legislative changes, the agreement concluded with a clearing service provider, and other relevant factors.

Revenue from the use of additional screens

In addition to the main contracts, the Group provides its customers with the option to use more than one screen to access and operate the natural gas trading platform.

The Group determines that the option to use additional screens does not provide a material right that the customer would not have received without concluding these basic contracts. The prices for the use of additional screens reflect the unit selling prices for these services. To the extent that the option to use additional screens does not provide the client with a substantive right, the Group concludes that this is not an obligation to perform in the contract. As a result, the Group does not allocate any part of the transaction price to the option to use additional screens. The Group recognizes revenue from the use of additional screens if and when it provides these services.

Revenue from the use of an additional screen is recognized in the period in which the services are provided. The Group transfers the control over the services over time and therefore it meets the performance obligation and recognizes revenues over time. When recognizing revenues from the service provided, the Group applies a method of measuring progress that takes into account the resources invested.

Revenue from the provision of a data provision and reporting service and disclosure of inside information

In connection with the implementation of Regulation (EU) No.1227/2011 and Implementing Regulation (EU) No.1348/2014, the Group offers a choice between the following services for reporting offers and transactions concluded or registered through the GHC system:

- **Reporting service** - where GHC sends to ACER data on the relevant market participant's transactions with wholesale energy products executed on GHC's organized market, including agreed and unagreed orders. Reporting

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is done through the Third-party Registered Reporting Mechanism (RRM). The Service includes the reporting of data to ACER and the customer's access to the reported data and the reporting confirmations sent by ACER.

- **Inside Information Disclosure Service (BGH IIP)** - the service has been approved and included by ACER in the official register of insider information disclosure platforms, which certifies that BGH IIP meets the requirements of REMIT and ACER, and guarantees market participants an efficient and in full compliance with the regulatory requirements for disclosure of inside information.

The BGH IIP allows market participants to publish inside information in accordance with the requirements of Regulation (EU) No.1227/2011 and the ACER Guidelines for implementation of REMIT. Access to the published information is free, without the need to register or pay a fee.

The BGH IIP Inside Information Publishing Services are available both to members of the BGH Organized Market and to third-party market participants who do not use the BGH Trading Platform.

Revenue from data reporting services and disclosure of inside information is recognized in the period in which the services are provided. The Group transfers the control over the services over time and therefore it meets the performance obligation and recognizes revenues over time. When recognizing revenues from the service provided, the Group applies a method of measuring progress that takes into account the resources invested.

Revenue from services provided to the Group for a fixed amount is recognized when the Group transfers the control over the assets to the customer. The invoices for transferred services are issued monthly, which reflects the linear method of their recognition, i.e. upon receipt of the assets from the customer.

The invoices are due for payment by the tenth day of the month following the transaction.

Revenue from API services

The Group offers a 24/7 web API communication channel for access to public and private information. The public section contains information that is accessed free of charge and concerns the members of the Balkan Gas Hub (BGH) market, traded volumes, and achieved prices, which are publicly available on the company's website. Private information is available only to members of the BGH market in addition to the public information. The private information contains data about offers and deals, as well as other commercial information about the market segments in which the respective customer is active. Private information is used on a fee payment basis.

Sales of coal

Lignite supplies are made year-round under continuous operation. The customer receives and consumes the benefits at the same time, the Group transfers control of the coal over time and therefore satisfies the performance obligation and recognizes revenue over time.

The control over the assets sold is transferred when they are delivered to customers and there are no outstanding payables that could affect the acceptance of the coal by the buyer. Delivery occurs for each shipment of coal at a specific point specified by the customer (plant) when the risks of potential losses are transferred to the customer and he has accepted the assets in accordance with the sales contract.

For each performance obligation (delivery accepted by the customer), the Group recognizes revenue, by measuring the progress made, to fully meet the performance obligation.

The quantity of coal delivered for a certain period of time (according to the contractual terms), for which control has been transferred to the customer, has been accepted by the management as an appropriate measure of the performance of the obligation and reporting on the progress. Revenue is recognized for the relevant quantity delivered for the relevant period and accepted by the customer.

Sales prices are fixed (fixed price under contract). The usual credit period is from 10 to 30 days. In certain cases, the Group collects short-term advance payments from customers who do not have a significant component of funding. The collected advance payments from the customers are presented in the consolidated statement of financial position as liabilities under contracts with customers.

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Revenue from other services

Revenue from the provision of services is recognized in the period in which the services are provided. The Group transfers the control over the services over time and therefore it meets the performance obligation and recognizes revenues over time. If at the end of the reporting period the service under the contract is not fully performed, revenue is recognized on the basis of the actual service provided by the end of the reporting period, as a proportion of the total services to be provided because the client receives and consumes benefits simultaneously. This is determined on the basis of the actual time spent on work performed, relative to the total expected time to perform the service.

The customer pays for the services provided on the basis of the clauses set out in the specific contract. The usual credit period is from 10 to 30 days after the provision of services. In the event that the services provided by the Group exceed the payment, an asset is recognized under the contract. If the payments exceed the services provided, a liability under the contract is recognized.

Revenue from sales of goods

Revenue from sales of goods and materials is recognized when control of the assets sold is transferred. Delivery occurs when the assets have been sent to the customer, the risks of potential losses have been transferred to the buyer and he/she has accepted the assets in accordance with the sales contract. The usual payment term is up to 30 days after delivery.

Costs under contracts with customers

The Group recognizes as costs under contracts with customer the additional and directly related costs, incurred when concluding a contract with a customer and which would not have arisen if the contract had not been concluded and expects such costs to be recovered for a period longer than twelve months;

In its usual practice, the Group does not undertake direct and specific costs incurred for obtaining contracts with customers and costs for performance of such contracts, which would not have arisen if the relevant contracts had not been concluded.

Balances on contracts with customers

Trade receivables and assets under contracts

The receivable is the right of the Group to receive remuneration in a certain amount, which is unconditional (i.e., before the payment of the remuneration becomes due, it is only necessary that a certain period of time to expire).

The contractual asset is the right of the Group to receive remuneration in exchange for goods or services that it has transferred to the customer, but which is not unconditional (accrual for receivable). If by transferring the goods and/or providing the services the Group fulfills its obligation before the customer pays the relevant remuneration and/or before the payment becomes due, an asset under the contract is recognized as earned remuneration (which is conditional). Recognized assets under a contract are reclassified as a trade receivable when the right to remuneration becomes unconditional.

Contract liabilities

As a contract liability, the Group presents the payments received from the customer and/or an unconditional right to receive payment before it has fulfilled its obligations to perform under the contract. Contract liabilities are recognized as income when (or as) the performance obligations are met.

Assets and liabilities arising from a contract are presented net in the consolidated statement of financial position, even if they result from different contractual obligations under the contract.

After the initial recognition, trade receivables and contract assets are subject to an impairment review in accordance with the rules of IFRS 9 Financial Instruments.

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4.9.2. Other income/revenue

Other income includes transactions that are incidental to the main activities of the Group and is revenue or income that is recognized under other standards and is outside the scope of IFRS 15.

Other income	Recognition approach
Revenue from the Fund for Security of the Electricity System	The amount of payments to the public supplier is determined in accordance with the decisions of the EWRC on the costs of the public supplier, which should be compensated by means of the Fund, within the costs approved by the EWRC and the budget adopted by the Board. The funds provided by the SES Fund are recognized in the profit or loss on a systematic basis over the periods during which the entity recognizes as an expense the relevant costs that the funds are intended to compensate until the approved EWRC budget for the relevant price period is exhausted.
Net profit from sale of property, plant and equipment	Profit or losses arising on the derecognition of property, plant and equipment or an intangible asset as a result of a sale are included in profit or loss when the asset is derecognized. The asset is derecognised when the control over the sold asset is transferred.
Rental income	Lease income from operating leases is recognized as income on a straight-line basis over the term of the lease contract, except when Group's management determines that another system basis reflects more accurately the timing model at which the benefit from the leased asset is reduced.
Revenue from financing	Where the donation (financing) is related to a cost item, it is recognized as income for the periods necessary to reconcile it on a systematic basis with the costs it is intended to compensate. When the donation (financing) is related to an asset, it is presented as a liability and is included in the income over the useful life of the related asset.
Revenue from insurance events	Revenue is recognized when the Group's right to receive the payment is established.
Income from penalties	Revenue is recognized when the Group's right to receive the payment is established.
Revenue from derecognition of liabilities	Revenue from derecognition of a liability is recognized when the liability expires or the creditor waives its rights.

4.9. Finance income

The Group's financial income includes interest income on debt instruments, dividend income, changes in the fair value of financial assets measured at fair value through profit or loss, foreign exchange profits, net profits on transactions in financial instruments.

Recognition of interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets, except for financial assets that are credit impaired (Phase 3), for which interest income is calculated by applying the effective interest rate to their amortized value (gross carrying amount adjusted for the provision for expected credit losses).

Dividend income

Dividend income from equity instruments (minority interests) is recognized in the consolidated statement of profit or loss in the period in which the right to receive payment is established.

4.10 Operating expenses

Expenses are recognized as incurred and on an accruals and comparability basis and to the extent that this would not result in the recognition of assets/liabilities that do not meet the definitions of such under IFRS accounting standards.

Prepaid expenses are deferred for derecognition as current expenses in the period to which they relate.

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4.11 Interest expenses and borrowing costs

Interest expense is recognized on an accrual basis for the periods to which it relates, using the effective interest rate method.

Borrowing costs mainly represent interest on Group's bank loans and bonds. All borrowing costs that can be directly attributed to the purchase, construction or production of a qualifying asset are capitalized in the period in which the asset is expected to be completed and get ready for use or sale by applying a capitalization ratio to the expenses on this asset. The capitalization ratio is the weighted average of the loan expenses attributable to loans of the Group that are outstanding during the period, except for loans received specifically for the purpose of acquiring a qualifying asset.

Other borrowing costs are recognized as expenses in the period in which they are incurred in the consolidated statement of profit or loss under section Financial expenses.

4.12 Property, plant and equipment

Property, plant and equipment are initially measured at cost price, including the expenses on acquisition, as well as any direct costs of bringing the asset to working condition. Their subsequent measurement after initial recognition applies to a whole class of similar assets as follows:

No.	Class of property, plant and equipment	Model for a subsequent assessment
1	Lands	Revaluation model
2	Improvements on land and plots	Revaluation model
3	Buildings and constructions	
	• massive	Revaluation model
	• non-massive	Acquisition price
4	Plant and equipment	Revaluation model
5	Computer systems	Acquisition price
6	Vehicles	
	• freight vehicles	Revaluation model
	• passenger cars	Acquisition price
	• specialized motor vehicles	Revaluation model
7	Furniture, fixtures and fittings	Acquisition price
8	Spare parts, accounted as property, plant and equipment	Revaluation model
9	Other property, plant and equipment	Acquisition price

Property, plant and equipment that are accounted for using the revaluation model are subsequently measured at revalued amount, which is equal to the fair value at the date of measurement, less any accumulated depreciation and impairment losses. The revaluations are presented in the consolidated statement of comprehensive income and are accounted for in the equity (revaluation reserve), if not preceded by previously accrued expenses. Upon sale or derecognition of the remeasured asset, the remaining revaluation reserve is recognized to retained earnings.

Revaluations are performed in compliance with the following frequency of revaluation:

- when the fair value of assets undergoes only minor changes, the revaluation is made every three years;
- when the fair value of property, plant and equipment changes substantially in shorter time intervals, the revaluation is carried out at shorter time intervals so that the carrying amount of the asset does not differ materially from its fair value.

The frequency of subsequent revaluation of property, plant and equipment when applying the revaluation model, depends on whether the carrying amount materially differs from the fair value of a revalued asset at the end of the reporting period.

In this regard, when performing the annual inventory at the end of the reporting period (end of the financial year), the Group checks the items of property, plant and equipment for indications as to whether their carrying amount differs substantially from their fair value.

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A substantial deviation is the deviation of the carrying amount from the fair value of the asset at the date of preparation of the financial statements by more than 5%. The deviation is substantial also if it is below 5%, but the difference between the carrying amount and the fair value as a cumulative amount of property, plant and equipment, is material for the purpose of preparation of the consolidated financial statements.

Property, plant and equipment accounted for using the acquisition price model are subsequently measured at their acquisition price less the accumulated depreciation and impairment losses. The impairments made are reported as an expense and recognized in the consolidated statement of comprehensive income for the period.

The subsequent expenses related to an asset of property, plant and equipment are added to the carrying amount of the asset when the Group is likely to have economic benefits exceeding the originally estimated efficiency of the existing asset. All other subsequent costs are recognized as an expense for the period in which they are incurred.

The residual value and useful life of property, plant and equipment are assessed by management at each reporting date.

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the individual asset groups as follows:

Buildings	5-80 years
Plant and equipment	2-50 years
Vehicles	2-30 years
Furniture	2-30 years
Other property, plant and equipment	3-30 years
Depreciable buffer gas	60 years

The annual depreciation rate for the depreciable lands for coal mining is calculated as a coefficient and can be presented as follows:

$$K = \frac{CP}{SCR + BR + CRIP}$$

where:

CP	Coal Production, in tones
SCR	Stripped Coal Reserves
BR	Blocked Reserves
CRIP	Coal Reserves in Progress

The depreciation expenses are included in the consolidated statement of profit or loss in line "Depreciation expenses" and as part of "Profit / (Loss) for the year from discontinued operations".

Buffer gas

The buffer gas of the Group is a specific non-current asset, a significant part of which is gas in the underground gas storage Chiren (Chiren UGS), and the rest is in the gas transmission system.

The natural gas stored in Chiren underground gas storage (Chiren UGS) includes operating gas and buffer gas. The natural gas stored in the Chiren UGS is inventoried by tank simulation using specialized ECLIPSE software. The change in the pressures in the individual drillings during tank simulation of the operation of the underground section is analyzed and compared with the actually measured pressures.

Buffer gas maintains the stratum pressure required to extract the working gas. The buffer gas stored in the underground gas storage is accounted for as a fixed asset.

The quantity of buffer gas was estimated by technical experts in the Group, based on the stratum pressures during drillings and the pressure at the exit of Chiren UGS, i.e. at the point where the natural gas is fed into the gas pipeline.

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Buffer gas includes physically extractable and non-extractable natural gas. The quantity of physically extractable natural gas has been estimated. The extracted buffer gas is the possible quantity of natural gas that could be extracted on the surface at a pipeline pressure of 35 bar at the currently existing facilities. The extractable buffer gas is non-depreciable. The non-extractable buffer gas is depreciable.

The buffer gas in the transit and main gas pipelines (quantities of natural gas required for the operation of the main and transit gas pipelines) is also categorized as depreciable and non-depreciable as the depreciable part of the gas is the one, which can be extracted when the gas pipelines are dismantled.

Technical experts of the Group have estimated the unrecoverable quantity of natural gas which would be irretrievably lost in case of dismantling the transmission and the transit gas pipelines. This quantity is considered depreciable gas. The rest of the estimated minimum quantity of natural gas required for the normal functioning of the gas transmission network is non-depreciable. This natural gas could be extracted in case of dismantling.

The profit or loss from sale of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset.

4.13 Intangible assets

Intangible assets acquired separately are initially measured at their cost of acquisition, including all duties paid, non-refundable taxes and direct costs incurred in preparing the asset for operation, with capitalized costs amortized on a straight-line basis over the estimated asset's useful life as it is considered to be limited.

The subsequent measurement is based on the cost of acquisition less the accumulated depreciation and impairment losses. The impairments are reported as an expense and are recognized in the consolidated statement of profit or loss for the respective period.

Intangible assets with a limited useful life are depreciated over their useful lives and tested for impairment when there are indications that their value is impaired. The depreciation period and the depreciation method for intangible assets with a limited useful life are reviewed at least at the end of each financial year. The changes in the expected useful life or pattern of consumption of the future economic benefits of the intangible asset are accounted for by changing the amortization period or method and are treated as a change in accounting estimates.

The subsequent expenses arising in respect of intangible assets after their initial recognition are recognized in the consolidated statement of profit or loss for the period in which they are incurred, unless the asset can generate more than the initially anticipated future economic benefits and when those costs can be reliably valued and attributed to the asset. If these conditions are met, the expenses are added to the cost price of the asset.

The residual value and useful life of intangible assets are assessed by management at each reporting date.

The amortization of intangible assets is calculated on a straight-line basis over the estimated useful lives of the assets. The useful lives of intangible assets are defined as limited as follows:

Software products	2-10 years
Licenses	term of the license
Products from development activities	5-20 years
Other intangible assets	3-10 years

The amortization expenses are included in the consolidated statement of profit or loss in the line "Depreciation expenses" and as part of "Profit/(Loss) for the year from discontinued operations".

Profit or losses arising from the disposal of intangible asset that represent the difference between the net proceeds from the sales and the carrying amount of the asset are included in the consolidated statement of profit or loss when the asset is disposed.

The intangible assets created in the Group for the purposes of internal users of the group, as a result of development activities, are recognized as assets by an expert commission appointed by Group's management, according to the intangible asset creation phase, if the following conditions are met:

- it is probable that the entity will receive the expected future economic benefits associated with the asset;

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- there is technical capability to have the asset completed;
- intention to complete the asset;
- the asset can be used or sold and there is a market or the asset is useful for Group's internal use;
- availability of adequate technical, financial and other resources for completion of the development activity and for the use or sale of the intangible asset;
- the value of the asset can be reliably determined.

Research activity

Research activity costs incurred in gaining new scientific or technical knowledge are recognized in profit or loss when incurred.

Research and development expenses incurred in respect of external orders under signed contracts with customers are recognized as assets for sale.

The indirect technological generation costs are allocated on the basis of labor and together with the direct expenses form the cost price of the created asset.

Development activity

Development activities include a plan or project for production of new or significantly improved products and processes. Development costs are capitalized only if these costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends and has sufficient resources to complete the development and use or sell the asset. The capitalized costs include materials, labor, overheads that are directly attributable to the preparation of the asset for its use, and capitalized interest expenses. Other development costs are recognized in profit or loss when incurred. Capitalized development costs are measured at cost of acquisition less any accumulated amortization and impairment losses.

The costs incurred during the development of intangible assets that do not meet these capitalization criteria are recognized when incurred.

4.14 Investment properties

The Group's investment properties are buildings held to earn long-term rentals and/or for capital appreciation.

Initial Measurement

Investment properties are initially recognized at cost. This cost depends on the method of acquisition:

- Through purchase: the purchase price along with all other transaction costs accompanying the trade;
- Through construction by the Group: the production cost;
- Property acquired free of charge: the fair value determined by a professional appraiser as of the transaction date;
- Through an in-kind contribution: the valuation accepted by the court;
- Through a government grant: the fair value determined by a professional appraiser as of the date of the grant.

If payment for an investment property is deferred, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the credit period. Transaction costs are included in the initial cost.

Subsequent Measurement

The Group applies the fair value model for the subsequent measurement of its investment properties. Fair value is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. It reflects market conditions as of the reporting date of the financial statements. A gain or loss arising from a change in the fair value of investment property is included in the net profit or loss for the period in which it arises.

Transfers

Transfers of assets to and from the investment property category are made only when there is a change in use, evidenced by:

- commencement of owner-occupation by the Group – transferred from investment property to owner-occupied property;
- commencement of development with a view to sale - for a transfer from investment property to inventories;

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- end of owner-occupation by the Group and commencement of an operating lease to another party – transferred from owner-occupied property to investment property;
- inception of an operating lease to another party for an asset presented as inventory - for a transfer from inventories to investment property.

When the use of an investment property changes such that it is reclassified as PPE, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

When an owner-occupied property by the Group becomes an investment property carried at fair value, any difference between the carrying amount of the property under IAS 16 and its fair value at the date of the change in use shall be accounted for as a revaluation in accordance with IAS 16.

Derecognition

The carrying amount of an investment property is derecognized upon disposal, upon entering into a finance lease, or when no future economic benefits are expected from the use of the property. Profit or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income.

Disposals of investment properties are carried out by resolutions of the Board of Directors and the Principal.

4.15 Reporting of Lease Contracts

The Group as a Lessee

For all new contracts, the Group assesses whether the contract is or contains a lease. A lease is defined as “a contract or part of a contract that gives the right to use an asset (the underlying asset) for a period of time in return for payment.” To implement this definition, the Group assesses whether the contract complies with three key assessments:

- the contract contains a specific asset that is either explicitly identified in the contract or is implicitly identified by being identified at the time the asset is made available to the Group;
- The Group is entitled to receive substantially all the economic benefits from the use of the specified asset throughout the period of use, taking into account its rights within the defined scope of the contract;
- The Group has the right to direct the use of the specified asset throughout the period of use. The Company assesses whether it has the right to direct “how and for what purpose” the asset to be used throughout the period of use.

Valuation and recognition of a lease as a lessee

At the commencement date of the lease, the Group recognizes an asset for use and a lease liability in the balance sheet. The asset with a right-to-use is measured at cost price, which consists of the initial assessment of the lease liability, all initial direct costs incurred by the Group, estimate of all costs for dismantling and disposal of the asset at the end of the lease and any lease payments made before the start date of the lease (without any incentives received).

The Group depreciates the assets with the right-to-use on a linear basis from the date of the beginning of the lease until the earlier from the end of the useful life of the asset with the right to use or the end of the lease term. The Group also makes a check for impairment of the asset with the right-to-use when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the unpaid lease payments, discounted at that date using the interest rate included in the lease. If this percentage cannot be determined directly, the Group uses the interest rate it would have to pay to borrow for a similar period of time, with similar collateral, the funds needed to obtain an asset of similar value in a similar economic environment.

Lease payments included in the measurement of a lease liability consist of fixed payments, variable payments based on an index or percentage, amounts expected to be payable under a residual guarantee and payments arising from options reasonably certain to be exercised.

After the effective date, the Group measures the lease liability by increasing the carrying amount to reflect the interest on the lease liability and decreasing the carrying amount to reflect the lease payments made, and revalues the carrying

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amount of the liability to reflect revaluations or changes in the lease. to reflect adjusted substantially fixed lease payments.

The Group is exposed to potential future increases in variable lease payments based on an index or interest rate that are not included in the lease liability until it enters into force. When adjustments to lease payments, based on an index or interest rate, become effective, the lease liability is revalued and adjusted for the asset to be used.

When the lease liability is revalued, the corresponding adjustment is reflected in the asset with the right of use or in the profit and loss, if the asset with the right of use is already reduced to zero.

The Group has chosen to account for short-term leases and leases for which the underlying asset is of low value, using exemptions from recognition requirements. Instead of recognizing an asset with a right of use and a lease liability, payments in respect of them are recognized as an expense in the profit or loss on a line during the lease term.

In the consolidated statement of financial position, usable assets are included in property, plant and equipment, and lease liabilities are included in trade and other payables.

The Group as a lessor

As a lessor, the Group classifies its leases as operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and is classified as an operating lease if it does not.

4.16 Impairment testing of non-financial assets

When calculating the amount of impairment, the Group defines the smallest identifiable group of assets for which separate cash flows (a cash-generating unit) can be determined. As a result, some assets are subject to testing for impairment on an individual basis while others - on a cash-generating unit basis.

At each reporting date, the Group assesses whether there is any indication that an asset or cash-generating unit is impaired. In case of such indications or when an annual impairment test for an asset is required, the Group determines the recoverable amount of that asset. The recoverable amount of an asset is the higher of its fair value less costs to sell the asset and the cash-generating unit and its value in use. The recoverable amount is determined for an individual asset, except when the use of the asset does not generate cash flows that are substantially independent of the cash flows generated by other assets or groups of assets. When the carrying amount of an asset or cash-generating unit is higher than its recoverable amount, those cash-generating assets or units are considered impaired and their carrying amount is reduced to its recoverable amount.

When determining the value in use of an asset, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less the costs to sell is determined using an appropriate measurement model. The made calculations are confirmed by using other measurement models or other available sources of information about the fair value of an asset or a cash-generating unit.

Impairment losses are recognized as an expense in the consolidated statement of profit or loss, except for non-current assets that were revalued in prior periods and the increase in revaluation is recognized in other comprehensive income. In this case, the impairment loss is also recognized in the other comprehensive income to the amount of the previously recognized revaluation of the asset.

At each reporting date, the Group assesses whether there are indications that an asset impairment loss recognized in prior periods may no longer exist or may have decreased. If such indication exists, the Group determines the recoverable amount of the asset or cash-generating unit. An impairment loss is reversed only when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal of an impairment loss is limited so that the carrying amount of the asset may not exceed its recoverable amount and does not exceed the carrying amount (after deduction of depreciation) that would have been determined if no impairment loss had been recognized. assets in previous years. The reversal of an impairment loss is recognized in the consolidated statement of profit or loss unless the asset is measured at revalued amount, in which case it is reported as an increase from revaluation.

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4.17 Financial instruments

A financial instrument is any contract that generates a financial asset of an entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that represents: cash, an equity instrument of another entity, a contractual right to receive or exchange cash or financial instruments with another entity under potentially favourable conditions, and a contract to be settled with an equity instrument of the Group and is a non-derivative, in which it may or will receive a variable number of its equity instruments or a derivative that may or may be settled by exchanging a fixed amount of cash or another financial assets against a fixed number of own equity instruments

A financial liability is any liability that represents: a contractual right to provide or exchange cash or financial instruments with another entity under potentially adverse conditions, and a contract that will be settled with the issuer's equity instruments and is a non-derivative in which the Group may or will receive a variable number of the entity's equity instruments or a derivative that can or will be settled, other than the exchange of a fixed amount of cash or other financial assets, for a fixed number of the entity's equity instruments.

4.17.1. Financial assets

Initial recognition and classification

The Group initially recognizes a financial asset when it becomes a party to the contractual arrangement and classifies it according to the financial asset management business model and the characteristics of the agreed cash flows.

The Group classifies its financial assets according to their subsequent measurement in three categories: "financial assets measured at amortized cost", "financial assets measured at fair value through other comprehensive income", or "financial assets measured at fair value through profit or loss", as appropriate in accordance with the contractual terms of the instruments and the business models established in the Group, in accordance with IFRS 9.

The business model of the Financial Asset Management Group refers to the way it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

Initial measurement

Initially, all financial assets, with the exception of trade receivables, are measured at fair value, plus direct transaction costs, if they are not carried at fair value through profit or loss when the net of transaction costs are initially recognized. Trade receivables that do not contain a significant component of financing and for which the Group applies the practically feasible measure under IFRS 15 in this respect are initially measured at the respective transaction price, in accordance with IFRS 15.

Subsequent measurement and presentation

For the purposes of subsequent measurement and presentation, financial assets are classified into one of the following categories: "financial assets measured at amortized cost" (debt instruments), "financial assets measured at fair value through other comprehensive income by reclassifying accumulated gains and losses" (debt instruments), "financial assets designated at fair value in other comprehensive income, excluding reclassification of accumulated gains and derecognition losses" (equity instruments) or "financial assets measured at fair value through profit or loss" (debt and equity instruments).

Classification groups

Financial assets at amortized cost (debt instruments)

The Group management has determined that the financial assets representing cash in banks, trade receivables, other receivables, court and assigned receivables and receivables from related parties are held by the Group in order to receive the agreed cash flows and are expected to lead to cash flows. representing only principal and interest payments (business model applied). These financial assets are subsequently classified and measured at amortized cost.

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This category includes cash in banks, trade receivables, other receivables, court and award receivables and receivables from related parties and loans. This category of financial assets is the most significant for the Group.

The Group evaluates and measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model in order to hold financial assets in order to collect contractual cash flows;
- The agreed terms of the financial asset lead to certain cash flow dates, which are only principal payments and interest on the outstanding principal.

The subsequent evaluation is made using the "effective interest rate" method, which calculates interest income by applying the effective interest rate to the gross carrying amount of the instruments. For purchased or created assets, with initial credit impairment and those with subsequently recognized credit impairment, the effective interest rate and the effective interest rate adjusted for credit losses are applied, respectively, but at the amortized cost of the asset.

Financial assets in this category are reviewed for impairment at the date of each of Group's financial statements, with changes in profit or loss.

Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value in other comprehensive income (equity instruments)

Upon initial recognition, the Group may make an irrevocable choice to classify certain equity instruments as those at fair value through other comprehensive income, but only when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading purposes. The classification is determined on the basis of individual level, instrument by instrument.

Subsequent evaluation of this instrument is carried at fair value and changes are recognized in other comprehensive income. Fair values are determined based on quoted prices in an active market, and when there is no such - based on evaluation techniques, usually an analysis of discounted cash flows.

Profits and losses on these financial assets are never reclassified to profit or loss. Dividends are recognized in the item "financial income" in the consolidated statement of profit or loss when the right to pay is established.

The Group has made an irrevocable choice to classify in this category its minority capital investments, which it holds in the long term and in connection with its business interests in these companies. They are traded on capital markets.

Financial assets at fair value through profit or loss

The Group evaluates all other financial assets other than those designated at amortized cost or at fair value through other comprehensive income, at fair value through profit or loss.

If this eliminates or significantly reduces a discrepancy in the measurement or recognition of a financial asset that would result from recognizing results and changes on a different basis, the Group may apply the exceptions in accordance with IFRS 9 and in initial recognition irrevocably to determine a financial asset as measured at fair value through profit or loss, incl. contracts for the supply of a non-financial position. Such financial assets are presented in the notes to the financial statements separately from other instruments to which this valuation approach is mandatory.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or undertook to pay in full the cash flows received without material delay to a third party under a "transfer" agreement.

When a financial asset is derecognised in its entirety, the difference between 1) the carrying amount (measured at the date of derecognition) and 2) the consideration received (including any new asset received without the new assumption of a new liability) is recognized in profit or loss.

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses whether and to what extent the risks and rewards of ownership are retained. When it neither transfers nor retains substantially all the risks and rewards of the asset, nor does it transfer control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In this case, the Group recognizes a related liability. The transferred asset and the related liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognizes provisions for expected credit losses for all debt instruments that are not carried at fair value through profit or loss, using the approach presented in the table below:

	Type of financial asset	Category under IFRS 9	Impairment approach
1	Short-term trade receivables	Debt instruments measured at amortized cost	Simplified approach
2	Trade receivables with financing component	Debt instruments measured at amortized cost	Standardized approach
3	Short-term receivables from related parties	Debt instruments measured at amortized cost	Simplified approach
4	Receivables from related parties with a financing component	Debt instruments measured at amortized cost	Standardized approach
5	Loan receivables	Debt instruments measured at amortized cost	Standardized approach
6	Cash and cash equivalents	Debt instruments measured at amortized cost	Standardized approach
7	Other financial, court and awarded receivables	Debt instruments measured at amortized cost	Simplified approach

Expected credit losses represent a probabilistic weighted estimate of credit losses (i.e. the present value of each shortfall) for the expected maturity of the financial instrument. Cash deficit is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. As expected credit losses take into account the amount and timing of payments, expected credit loss is recognized even if the Group expects the asset to be repaid in full, but later than the due date.

Impairment and losses on financial instruments are dealt with in three stages – the first two being the expected credit losses for losses that may arise as a result of default, and the third as credit impairment (loss), based on evidence of potential or actual failure to perform on the instruments.

Expected credit losses for exposures for which there is no significant increase in credit risk compared to initial recognition are recognized for credit losses that may arise as a result of default events over the next 12 months. For credit exposures for which there is a significant increase in credit risk after initial recognition, an adjustment of the loss for expected credit losses is required relative to the remaining life of the exposure, regardless of the default time (CPA for the entire life of the instrument).

Receivables with financing component - To calculate the expected credit losses of long-term receivables with financing element, the Group applies a standardized approach to impairment. Under this approach, the Group applies a “three-step” impairment model based on changes in the initial recognition of the credit quality of the financial instrument (asset).

Expected credit losses are calculated in the following 3 phases:

- A financial asset that is not impaired at its initial origination/acquisition is classified in Phase 1. Since its initial recognition, its credit risk and performance have been subject to continuous monitoring and analysis. The expected credit losses of financial assets classified in Phase 1 are determined on the basis of credit losses resulting from possible default events that could occur within the next 12 months of the life of the respective asset (12-month expected credit losses for the instrument).
- In cases where, after the initial recognition of a financial asset, its credit risk increases significantly and as a result its performance deteriorates, it is classified in Phase 2. The expected credit losses of financial assets

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classified in Phase 2 are determined for the entire remaining life (term) of the respective asset, regardless of the moment of occurrence of the default (expected credit losses for the whole life (term) of the instrument).

- In cases where the credit risk of a financial asset increases to a level that indicates that a default event has occurred, the financial asset is considered impaired and is classified in Phase 3. At this stage, the losses incurred by the relevant asset are determined and calculated for all its remaining lifetime (term).

The Group's management has developed a policy and a set of criteria for analysis, establishment and assessment of the occurrence of a state of "significant increase in credit risk".

For trade receivables and contract assets arising from transactions within the scope of IFRS 15 'Revenue from Contracts with Customers' that do not contain a significant financing component, the Group applies a simplified approach in accordance with IFRS 9, recognizing an impairment loss for expected credit losses based on the lifetime expected credit losses at each reporting date. The Group applies a matrix, which is used to calculate the expected credit losses on trade receivables. Receivables are categorized by arrears and are grouped by type and client segments with different models of credit losses.

For trade receivables, the Group uses its experience in the field of credit losses on such instruments to estimate expected credit losses. The historical data used are for periods from 3 to 5 years ago, grouped by type and relevant models of customer segments, and adjusted by forecast factors specific to debtors and industry concerned.

For cash in banks, the Group recognizes impairment of expected credit losses by applying the standardized approach, using the credit rating of the financial institutions in which the Group has deposited its cash in order to determine the loss from the failure to meet the parameters of the model.

At each reporting date, the Group determines the amount of impairment for each instrument in the amount equal to the expected lifelong losses, if the credit risk for this financial instrument has increased significantly since the initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly compared to the initial recognition, the impairment for this financial instrument is equal to the expected 12-month credit loss.

Additional disclosures related to the impairment of financial assets are also contained in the following notes:

- Significant judgments of management in applying accounting policies. Uncertainty of accounting estimates - note 4.29
- Trade and other receivables - note 23
- Cash and short-term deposits - note 27
- Credit risk - note 37.4

4.17.2. Financial liabilities

Initial recognition, classification and measurement

The Group recognizes in the consolidated statement of financial position a financial liability only when it becomes a party to the contractual provisions of the financial instrument.

Upon initial recognition, financial liabilities are classified as: "financial liabilities subsequently measured at amortized cost" (loans and borrowings, trade and other payables) or as "financial liabilities measured at fair value through profit or loss".

Initial recognition takes place at the settlement date and is carried at fair value plus, in the case of financial liabilities that are not carried at fair value through profit or loss, directly attributable to the acquisition or issue of the financial liability. Management fees for received loans are deferred over the period of use of the loans, using the effective interest rate method and are included in the amortized cost of loans.

Group's financial liabilities include bank loans, trade and other payables and lease payables.

According to their maturity, financial liabilities are classified into long-term and short-term.

Subsequent evaluation

The subsequent valuation of financial liabilities depends on their classification, as described below:

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Financial liabilities reported at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially recognized at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are made for redemption in the near future.

Profits or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss.

Financial liabilities determined on initial recognition at fair value through profit or loss are determined on the initial recognition date and only if the criteria in IFRS 9 are met.

The Group has not designated financial liabilities as reported at fair value in the profit or loss.

Financial liabilities measured at amortized cost

The category "financial liabilities measured at amortized cost" includes borrowings, trade payables and other liabilities to which the Group has become a party to a contract or arrangement and which are to be settled net in cash. This category has the most significant share for Group's financial instruments.

The received loans are temporarily attracted funds against services from Bulgarian or foreign banks and other financial institutions, commercial loans, etc.

The bank loans were taken for the purpose of long-term support of Group's activities. They are reflected in the consolidated statement of financial position of the Group, net of borrowing costs. Direct transaction costs are recognized in the consolidated profit and loss report on an accrual basis using the effective interest method and are added to the carrying amount of the financial liability to the extent that they are not settled at the end of the period in which they are incurred.

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition, including fees or charges, which are an integral part of the effective interest rate. Expenses (calculated using the effective interest method) are included as financial expenses in the consolidated statement of profit or loss and other comprehensive income in the line "Financial expenses".

For financial liabilities that are carried at amortized cost, the gain or loss is recognized in profit or loss for the period in which the financial asset or financial liability is derecognized or impaired through the amortization process.

Trade payables are initially recognized at nominal value and subsequently measured at amortized cost less settlement payments.

Dividends payable to the sole shareholder are recognized when the dividends are approved by the General Meeting.

Derecognition

The Group derecognises financial liability only when it settles (fulfills) the obligation, the term of the obligation expires or the creditor waives its rights.

When an existing financial liability is replaced by another from the same lender under significantly different conditions or the terms of an existing liability are substantially changed, such exchange or change is treated as a write-off of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

The difference between the carrying amount of the financial liability settled or transferred to another party and the consideration paid for the settlement, including cash and a transfer of non-monetary assets, is recognized in profit or loss for the period.

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4.18 Compensation of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when there is a legally enforceable right to reimburse the recognized amounts and the Group intends to settle on a net basis or to realize assets and settle liabilities at the same time.

4.19 Fair value of financial instruments

At each reporting date, the fair value of financial instruments that are actively traded in the markets is determined on the basis of quoted market prices or dealer quotations ("buy" prices for long positions and "sell" prices for short positions), without deduct transaction costs.

The fair value of financial instruments for which there is no active market is determined using valuation techniques. These techniques include the use of recent direct market transactions; references to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and other valuation models.

4.20 Inventories

Inventories include materials, output, work in progress and goods. The cost price of inventories includes direct costs of purchase or production, processing and other direct costs associated with their delivery, as well as part of the total production costs determined on the basis of normal production capacity. Financial expenses are not included in the value of inventories. At the end of each reporting period inventories are valued at the lower of cost price and net realizable value. The amount of any impairment of inventories to their net realizable value is recognized as an expense in the period of impairment.

The net realizable value is the expected selling price of inventories, less the expected costs of completion of the production cycle and selling expenses. If inventories have already been impaired to their net realizable value and in a subsequent reporting period it turns out that the conditions leading to the impairment are no longer present, their new net realizable value is accepted. The amount of the recovery can only be up to the carrying amount of inventories before impairment. The amount of the reversal of the costs of inventories is reported as a reduction in the cost of materials for the period in which the reversal occurs.

The Group determines the cost of inventories using the weighted average method.

When inventories are sold, their carrying amount is recognized as an expense in the period in which the related revenue is recognized.

Nuclear fuel

The fuel charged to the reactors represents the residual value (residual resource) of the nuclear fuel located in the reactors at the reporting date. The calculations are based on the approved Methodology for reporting the supply, refuelling and consumption of fresh nuclear fuel in NPP Kozloduy EAD, taking into account the value of refueled fresh nuclear fuel during the fuel campaign and the estimated fuel component, which is determined by dividing the value of the charged nuclear fuel in the reactor by the estimated calculation for electricity production for the period in kWh. The multiplication of the gross energy produced by the respective unit for the fuel campaign and the fuel component represents the consumption of nuclear fuel during the respective period.

Operating gas

Operating quantities of natural gas are reported as inventories. Initially, natural gas is valued at purchase price plus transportation costs. In consumption, operating natural gas is reported at a weighted average price. Operating gas is valued at the lower of cost and net realizable value.

The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and those necessary to effect the sale. When determining the net realizable value at the end of the reporting period, the market levels of the TTFfm index are used, according to the futures published on argusmedia.com for the month of January of the following calendar year. In the event that natural gas has already been depreciated to net

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realizable value and in a subsequent accounting period it turns out that the conditions that led to the depreciation are no longer present, its new net realizable value is accepted. The amount of the recovery can only be up to the carrying amount of the natural gas before impairment. The amount of the reversed impairment is recognized in profit or loss for the period in which it arises.

Stripping costs

These costs are the costs for stripping the coal deposits. These costs include surveying, exploration, mine development and other direct costs related to the preparation for mining the coal. The costs are deferred on the basis of the quantities of coal prepared for mining at the end of the year and are presented as part of the work in progress.

4.21 Income taxes

Income tax paid

Current tax assets and liabilities for the current and prior periods are recognized at the amount expected to be recovered from or paid to the tax authorities. When calculating current taxes, the tax rates and tax laws that are in force or have been largely adopted at the reporting date are applied. The management analyses the individual items in the tax return for which the applicable tax provisions are interpreted and recognizes provisions when appropriate.

Current taxes are recognized directly in equity (not in profit or loss) when the tax relates to items that have been recognized directly in equity .

Deferred income tax

Deferred tax is provided using the balance sheet method, providing for temporary differences as of the reporting date, arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences:

- except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability of a transaction that is not a business combination and affects neither accounting profit nor tax profit or loss at the time of the transaction; and
- for taxable temporary differences related to investments in subsidiaries, associates and participations in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits carried forward and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deferred tax credits carried forward and unused tax credits can be utilized losses:

- unless the deferred tax asset arises from the initial recognition of an asset or liability of a transaction that is not a business combination and does not affect either the accounting profit or the tax profit or loss at the time of the transaction; and
- for deductible temporary differences related to investments in subsidiaries, associates and interests in joint ventures, a deferred tax asset is recognized only to the extent that the temporary difference is likely to reverse in the foreseeable future and to generate taxable profit, against to take advantage of the temporary difference.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces it to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Unrecognized deferred tax assets are reviewed at each reporting date and are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted. degree, as of the reporting date.

Deferred tax relating to items recognized out of profit or loss is recognized out of profit or loss. Deferred taxes are recognized in accordance with the related transaction, either in other comprehensive income or directly in equity.

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The Group only offsets deferred tax assets and liabilities when it has a legal right to deduct current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Additional tax

Due to the scale of the business activities of the BEH Group, the Group is subject to the requirements for a domestic top-up tax under Article 260z25 of the Corporate Income Tax Act for periods post-2024, inclusive.

4.22 Trade receivables

Trade receivables represent an unconditional right of the Group to receive remuneration under contracts with customers and other counterparties (ie it is subject only to the expiration of time before the payment of remuneration).

Initial measurement

Trade receivables are presented and reported initially at fair value based on the transaction price, which value is usually equal to their invoice value, unless they contain a significant financing component, which is charged additionally. In this case, they are recognized at their present value, determined at a discount rate in the amount of interest rate deemed inherent in the client - the debtor.

Subsequent Measurement

The Group holds trade receivables solely for the purpose of collecting contractual cash flows and subsequently measures them at amortized cost less accumulated impairment for credit losses.

Impairment

The Group applies the expected credit loss model for the entire term of all trade receivables, using the simplified approach allowed by IFRS 9 and based on a matrix model for the percentage of loss.

4.23 Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position include cash in bank accounts, cash and short-term deposits with an original maturity of three months or less.

Subsequent Measurement

Cash and cash equivalents in banks are subsequently presented at amortized cost less accumulated impairment losses.

4.24 Equity, reserves and dividend payments

The share capital of the parent company reflects the nominal value of the issued shares.

Other reserves include general reserves and additional reserves.

Revaluation reserves to fair value include revaluations of available-for-sale financial assets, as well as Group's share of results of operations and revaluation of financial assets / liabilities recognized directly in equity of associates or joint ventures.

The revaluation reserve of non-financial assets is formed by the difference between the carrying amount and the fair value of assets, property, plant and equipment at the date of revaluation, reduced by the corresponding deferred tax liability.

The reserve from revaluation of foreign operations includes the foreign exchange differences on the revaluation of the financial statements of subsidiaries whose functional currency is different from the presentation currency of the Group.

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The revaluation reserve for defined benefit plans includes revaluations of staff defined benefit plans determined by reports of independent actuarial valuers.

Retained profit / (accumulated loss) includes the current financial result and the accumulated profits and uncovered losses from previous years.

Debts for payment of dividends to the sole shareholder are included in the line "Debt to related parties" in the consolidated statement of financial position, when the dividends are approved for distribution by the sole owner before the end of the reporting period.

All transactions with the owner are presented separately in the consolidated statement of changes in equity.

4.25 Retirement and short-term employee benefits

Short-term income

Short-term employee benefits in the form of remunerations, bonuses, and social security top-ups and benefits (expected to be settled within 12 months after the end of the period in which the employees render the related service or meet the necessary conditions) are recognized as an expense in the consolidated statement of profit or loss, unless another IFRS requires this amount to be capitalized in the cost of a specific asset, in the period in which the service is rendered and/or the requirements for receiving them are met as a current liability (after deducting any amounts already paid and applicable deductions).

The Group reports short-term liabilities for compensable leaves arising from unused paid annual leave in cases where it is expected to be used within 12 months after the date of the reporting period during which employees have performed work related to these leaves. At the date of each financial statement, the companies in the Group estimate the amount of the expected costs of the accumulated compensatory leave, which is expected to be paid as a result of the unused right to accumulated leave. The assessment includes the approximate estimate of the amounts for the remunerations themselves and of the contributions for the obligatory social and health insurance, which the employer owes on these amounts.

Long-term retirement income

The Group owes retirement benefits to its employees under defined benefit plans and defined contribution plans.

Defined contribution plans

Defined contribution plans are pension plans under which the Group pays fixed contributions to government funds.

The main obligation of the employer is to provide compulsory insurance of the hired staff for the Pension Fund, Supplementary Compulsory Pension Insurance (SCPI), General Sickness and Maternity Fund (GSMF), Unemployment Fund, Occupational Accident and Sickness Fund (OASF) and health insurance (HI).

The amounts of the social security contributions are approved specifically by the Social Security Budget Act and the NHIF Budget Act for the respective year. The contributions are distributed between the employer and the insured person in accordance with the rules of the Social Security Code (SSC).

These insurance pension plans, implemented by the Group as an employer, are defined contribution plans. In them, the employer pays monthly certain contributions to state funds, as well as to universal and occupational pension funds - on the basis of fixed percentages by law and has no legal or constructive obligation to pay future contributions to the funds in cases where they do not have sufficient funds to pay persons the amounts earned by them for the period of their work experience. The obligations regarding the health insurance are similar.

Contributions due from the Group to defined benefit plans are recognized as an expense in the consolidated statement of profit or loss unless an IFRS requires that amount to be capitalized in the cost price of an asset and as a current liability.

Defined benefit plans

According to the Bulgarian labour legislation, the employer is obliged to pay two or six gross monthly salaries to its employees upon retirement, depending on the time served. If the employee has worked for the same employer in the

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last 10 years of service, he must receive six gross monthly salaries in retirement, and if he has worked for less than 10 years with the same employer - two gross monthly salaries. The companies in the Group have concluded collective labor agreements, paying more favorable amounts of compensation than those provided for by law. The staff retirement plan is not funded.

The Group determines its retirement benefit obligations using the actuarial valuation method. The Group's management assesses the obligation to pay defined benefits once a year with the help of an independent actuary. The assessment of liabilities is based on standard inflation rates, expected changes in health care costs and mortality. Future wage increases are also taken into account. The discount factors are determined at the end of each year, taking into account the yield on high-quality corporate bonds, which are denominated in the currency in which the income will be paid and have a maturity close to that of the respective pension liabilities.

Retirement benefits of employees related to current service are included in "Employee benefits expenses", and the amount of discounting liabilities is included as interest expense in "Financial expenses". Actuarial profits/ losses are recognized in other comprehensive income and relate to Group's reserves.

The retirement benefit obligation presented in the consolidated statement of financial position consists of the present value of the obligation to pay that benefit.

4.26 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the value of the obligation can be made. When the Group expects that some or all of the costs necessary to settle the provision will be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when it is reasonably certain that those costs will be reimbursed. Provision expenses are presented in the consolidated statement of profit or loss, net of the amount of recovered expenses. When the effect of time differences in the value of money is significant, provisions are discounted using the current pre-tax discount rate, which reflects, where appropriate, the specific risks of the obligation. When discounting is used, the increase in the provision as a result of the elapsed time is presented as a financial expense.

Provision for environmental protection costs

Provision for environmental protection costs is recognized when it is probable that costs or restoration activities will be incurred and the Group is obliged, by law or contractual obligation, to take such action. When expenses are expected to be incurred over a long period, the present value of expected future expenses is recognized as a provision, and the effects of discounting are reported as Finance income and expenses. At the reporting date, the current consolidated annual financial statement recognizes a provision for environmental costs relating to costs that are legally required to be incurred in connection with the disposal of fluorescent and other mercury-containing lamps, disposal and recycling of rechargeable batteries, disposal, recycling and replacement of capacitor batteries containing PCBs with new ones and utilization of bleaching soil used in the base for oil regeneration.

Provision for reclamation

Provision for the expected costs for reclamation of the lands disturbed by coal mining in Mini Maritsa Iztok EAD has been accrued, taking into account the requirements of the current environmental legislation, the forthcoming land for seizure, the seized uncultivated lands, the value of reclamation per 1 decare of land, and the expected quantities of coal reserves by 2043. The provision is not discounted and is therefore not presented in these consolidated financial statements at present value, due to significant uncertainty about the volume of land reclamation activities performed over time.

Provision for reclamation of disturbed terrains for disposal of gypsum from desulfurization plants

The Group recognizes provision for its obligation to carry out technological and biological reclamation of the landfill after being filled with gypsum from desulfurization plants pursuant to Ordinance 26 on reclamation of disturbed terrains, improvement of low-yielding lands, removal and utilization of the humus layer. Determining the provision for landfill reclamation requires from the management to make assessment of the costs of closure and post-operational care of the landfill site as of the date of the consolidated statement of financial position. As of 31 December 2025 the

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best estimate of the required provision for landfill reclamation is BGN 5,488 thousand (31 December 2024: BGN 5,488 thousand).

Provision for decommissioning nuclear facilities

According to the regulatory requirements, when the implementation of the decommissioning project proves to be more expensive than the estimates approved by the Management Board, the necessary additional costs are borne by the person who last operated the nuclear facility (in this case NPP Kozloduy). As of the date of approval of these consolidated financial statements, there is no clear national strategy for the decommissioning of nuclear facilities and no estimate of the estimated costs of the project has been made by the NFDF Fund, the Group cannot reliably estimate the liability and has not recognized provision for decommissioning of nuclear facilities as of 31 December 2025 and 31 December 2024.

Provision for transport, processing and storage of spent nuclear fuel

According to the current Strategy for spent fuel and radioactive waste management until 2030, adopted by a decision of the Council of Ministers on 2 September 2015, the Group has a legal obligation to transport at least 50 tons of heavy metal per year spent nuclear fuel (SNF) for processing and storage in Russia, in the presence of favourable financial and economic conditions.

In 2018, a framework Amendment to the Contract for transport, temporary technological storage, and reprocessing in Russia was signed between Kozloduy NPP and FSUE PA Mayak, Russia, with the concurrence of the Euratom Supply Agency, Luxembourg. In view of the lengthy nature of the preparatory activities for the transport of SNF, including organizational and technical measures, preparation of the necessary documentation, and obtaining certificates and permits, a new transport scheme for the transport of SNF from WWER-1000 has been developed. The first shipment under this scheme was carried out in December 2020. The costs of its implementation were financed from the funds allocated in 2018 for the management of SNF, including for activities related to the transport, technological storage and processing of SNF, which had not been carried out in previous years. During the following year, 2021, two more shipments were completed, funded by provisions made for 2019 and 2020. Regrettably, the military conflict between Russia and Ukraine, dating back to the beginning of 2022, has caused the suspension of spent nuclear fuel (SNF) transportations to date.

Notwithstanding the above, in order to fulfill the obligations under the 'Strategy for Spent Nuclear Fuel and Radioactive Waste Management until 2030' for the transport of a minimum of 50 tons of heavy metal of SNF per year and to secure the necessary funding, the Company allocated an additional provision for SNF management as of December 31, 2024, amounting to BGN 112,838 thousand. Following calculations of the best estimate of the costs for a single shipment of SNF from VVER-1000 (96 assemblies), as of December 31, 2025, an amount of BGN 32,244 thousand was secured, which is required to cover the current obligation for 2025.

As of December 31, 2025, the total amount of the recognized provision required to cover the present obligation for SNF management stands at BGN 145,082 thousand, which includes the value of the unfulfilled shipments of SNF from VVER-1000 for technological storage and reprocessing for the period from 2021 to 2025.

The draft Updated Strategy (National Programme) for Spent Nuclear Fuel and Radioactive Waste Management in accordance with Directive 2011/70/Euratom states that, pursuant to the contract for technological storage and reprocessing of SNF from VVER-440 at FSUE PA Mayak, the return of vitrified high-level waste (HLW) will be carried out under a separate contract. The same approach will be used for radioactive waste from the reprocessing of WWER-1000 spent nuclear fuel at the same plant. It is planned that the return of vitrified HLW to Bulgaria will take place no earlier than 10 years after the approval of the Methodology for determining the quantity and characteristics of the returned HLW obtained from WWER-440 and WWER-1000 SNF.

The return of vitrified HLW from the reprocessing of SNF from WWER-1000 to FSUE GHK will be carried out under a separate contract, which must be concluded after 25 years of storage of SNF at the reprocessing plant. The specific volume and characteristics of the HLW will be determined in accordance with a *Methodology agreed between the two parties for determining the quantity and characteristics of the returned HLW*, in line with international practice. The methodology is expected to be agreed upon no later than 2030.

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Greenhouse gas emission allowances

Greenhouse gas emission allowances (tonne equivalent of carbon dioxide) are reported using the "net passive method", according to which the Group recognizes a liability for carbon dioxide emissions when the emissions are emitted and exceeded the allocated (according to the national plan for allocating allowances for greenhouse gas emissions trading) and additionally purchased allowances. The amount of emissions that is above the allowances allocated to the Group for the year is purchased from the free market. The Group currently recognizes an expense and a corresponding liability for emissions that are in excess of the allocated allowances. Estimating these emissions is the best possible estimate of the future resources that will be needed to purchase them, i.e. the market price at the end of the reporting period.

4.27 Government grants and deferred funding

Government grants and deferred funding are recognized when there is reasonable assurance that the grant / funding will be received and that all conditions attached to it will be met. Where the grant / financing is related to an expense item, it is recognized as revenue for the periods necessary to match the grant / financing on a systematic basis with the costs it is intended to offset. When the grants / financing is related to the acquisition of a non-current asset, it is presented as income for a future period and is recognized in profit or loss in equal amounts for the expected useful life of the related asset.

When the Group receives non-monetary government grants, the grant and the asset are carried at nominal value, and the grant/financing is recognized as income in profit or loss in equal parts each year for the useful life of the asset.

4.28 Significant judgments of management in applying accounting policies. Uncertainty of accounting estimates

The preparation of these consolidated financial statements requires management to make estimates, estimates and assumptions that affect the value of recognized assets and liabilities and the disclosure of contingent liabilities at the reporting date, as well as the reported income and expenses for the period. Uncertainty related to assumptions and estimates could lead to actual results that require significant adjustments to the carrying amounts of the related assets or liabilities in subsequent reporting periods.

Estimates of accounting and relevant material assumptions are reviewed on an ongoing basis. The results of a change in accounting estimates are recognized in the period in which the change is made, as well as in each future period affected.

Information on significant assumptions, estimates and assumptions, as well as the main sources of uncertainty in the use of accounting estimates that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses, is presented below.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Determining the amount of deferred tax assets requires management to make an assumption about the length of the period and an estimate of the amount of future taxable profits, including an assessment of the future tax planning strategy. The Group has not recognized deferred tax assets for all tax losses. Additional information is provided in note 24.

Fair value of property, plant and equipment

The Group subsequently reports major groups of property, plant and equipment at revalued amount, using reports from independent external appraisers to determine their fair value. Detailed information on revaluation, valuation methods used, assumptions and judgments in determining fair value is provided in note 19.

The specifics of Group's assets and the dynamic economic environment in the energy sector in which it operates could lead to variations in the assumptions and judgments used in determining the fair values of these properties, plants and equipment.

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Provision for transport, processing and storage of spent nuclear fuel

According to the current Strategy for spent fuel and radioactive waste management until 2030, adopted by a decision of the Council of Ministers on 2 September 2015, the Group has a legal obligation to transport at least 50 tons of heavy metal per year spent nuclear fuel (SNF) for processing and storage in Russia, in the presence of favourable financial and economic conditions.

At the end of the reporting period ending on 31 December 2025, the amount of the recognized provision required to cover the current obligation to manage spent nuclear fuel (SNF) is BGN 145,082 thousand, including the value of unrealized transportation of SNF from WWER-1000 for technological storage and processing for 2021 to 2025.

Provision for decommissioning of nuclear facilities

In accordance with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, liabilities whose value and occurrence over time are uncertain are provisions. Provisions are recognized only if the following conditions are met:

- the entity has a present obligation as a result of a past event;
- it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate of the value of the liability can be made.

In compliance with the requirements under the standard for the term 'reliable estimates', the Group has not accrued any provisions for 'decommissioning of nuclear facilities' and for 'safe storage of spent nuclear fuel', due to the following reasons:

- The Group is subject to specific regulations – Safe Use of Nuclear Energy Act, Pricing Regulations and Decrees adopted by the Council of Ministers to raise funds in the Radioactive Waste (RAW) Fund and the Decommissioning of Nuclear Facilities (DNF) Fund. In accordance with the requirements of these regulations, the consolidated statement of profit or loss accrues current expenses for contributions due to these funds, which are transferred to budget accounts. Respecting the principle of "comparability of revenue and expenditures" of the Accounting Act in the price of electricity for a regulated market, determined by the EWRC, is recognized cost up to the amount of contributions due to the funds RAWF and NFDF;
- In compliance with the agreements with the European Commission for early decommissioning of Units 1 to 4, the State has contracted external funding for the construction of a Facility for Dry Storage of Spent Nuclear Fuel (SNF) in order to cover remunerations and social security costs for the staff of Units 3 and 4, and other funding;
- A transfer of assets from Units 1 and 2 was carried out free of charge in December 2008 pursuant to Council of Ministers Decision No.839 from Kozloduy NPP EAD to the State Enterprise Radioactive Waste (SE RAW), Sofia, with subject of operations 'decommissioning'. By Decision of the Council of Ministers No.1038 as of 19 December 2012, Units 3 and 4 of NPP Kozloduy EAD were declared as facilities for radioactive waste management and it was determined that they will be managed by SE RAW. On 1 March 2013, the property belonging to Units 3 and 4, together with the respective staff, were transferred to SE RAW.

According to the regulatory requirements, when the implementation of the decommissioning project proves to be more expensive than the estimates approved by the Management Board, the necessary additional costs are borne by the person who last operated the nuclear facility (in this case NPP Kozloduy). As no estimate of the estimated costs of the project has been made by the NFDF as of the date of approval of the consolidated financial statements, the Group cannot reliably estimate the liability and has not recognized a provision for decommissioning of nuclear facilities as of 31 December 2025 and 31 December 2024.

Other provisions of the Group

The Group recognizes provisions for environmental protection, for reclamation, for exceeding the quotas for greenhouse gas emissions, provisions for legal claims and others. The determination of provisions requires management to make an assessment of the expected costs necessary to cover the relevant liabilities of the Group and the time period. As of 31 December 2025, the best estimate of required provisions is presented in note 32.

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Retirement benefits

Retirement benefits are determined by actuarial valuation. This assessment requires assumptions to be made about the discount rate, future wage growth, staff turnover and mortality rates. Due to the long-term nature of staff income at retirement, these assumptions are subject to significant uncertainty. As of 31 December 2025, the liability of the Group for staff income upon retirement amounts to BGN 397,845 thousand (31 December 2024: BGN 369,316 thousand). Additional information on Group's liabilities for retirement benefits is provided in note 31.

Useful life of property, plant and equipment and intangible assets

Management reviews the useful lives of depreciable assets at the end of each reporting period. As of 31 December 2025, the management determines the useful life of the assets, which is the expected useful life of Group's assets. Information on the useful life of property, plant and equipment and intangible assets is presented in note 4.13. The carrying amounts of the assets are analysed in notes 19 and 20. Actual useful lives may differ from those made due to technical and moral depreciation.

Impairment of inventories

The Group recognizes impairment of immovable and obsolete inventories to their net realizable value. The management estimates annually the adequacy of this impairment and the cost price of inventories is reduced to their expected net realizable value. As of 31 December 2025, the best estimate of the required impairment of inventories is BGN 131,488 thousand (31 December 2024: BGN 140,892 thousand). Additional information is provided in note 25.

Recognition and measurement of expected credit losses on debt instruments measured at amortized cost

Measuring the expected credit loss of financial assets carried at amortized cost (loans, receivables, cash and cash equivalents) requires the use of models and significant assumptions about future economic conditions and credit behaviour of customers and debtors. To implement these requirements, Group's management makes a number of significant assessments, determining criteria for identifying and assessing significant increases in credit risk, appropriate models and assumptions for measuring expected credit losses, establishing and assessing the relationship between historical default rates and the behaviour of certain macro indicators to reflect future effects in the calculation of expected credit losses.

Approach to impairment of cash in banks

Cash and cash equivalents are the most highly liquid financial instruments. They are not bearers of settlement risk, and the liquidity risk they bear is limited to the technical possibility that an order with them will not be executed. However, cash deposited with banks carries credit risk from the counterparty (default risk). Counterparty risk is the probability that the counterparty to a financial transaction will fail to meet its contractual obligations. The Group applies the standardized approach for calculating the expected credit losses of cash in banks, using the credit rating of the financial institutions in which the Group has deposited its cash to determine the loss from default in the parameters of the model. As of 31 December 2025, management's best estimate of expected credit losses on cash at banks amounted to BGN 4.019 thousand (31 December 2024: BGN 6.119 thousand). (Note 27).

Cash and cash equivalents include deposits pledged as collateral for counter obligations, which are classified as cash provided and are provided as collateral in the consolidated statement of financial position. As of 31 December 2025, the management's best estimate of expected credit losses of cash presented as collateral are BGN 42 thousand. (31 December 2024: BGN 111 thousand). (Note 27).

Approach for impairment of short-term trade and other receivables and receivables from related parties

The Group applies a simplified approach to calculating expected credit losses for trade receivables that do not contain a financing element.

For the purpose of determining the expected credit losses, modelling is performed at the client's industry level. Modelling is the inherent derivation of the financial risk that customers bear to the companies in the Group.

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The expected credit losses are calculated for each single receivable (invoice, interest sheet, etc.), adjusted on the basis of the days in arrears and the standard payment cycle by the counterparty. The average number of days of delay per client is determined on the basis of historical information for the period of coverage of receivables by clients. The retrospective review is performed for a period of 3 to 5 years.

The additional risk is identified on the basis of historical experience for the collection of receivables, including deteriorating financial condition, liquidity problems and other difficulties.

The assessment of the ratio between the observed historical data on default, the forecast economic conditions, the determination of the risk by industries and the amount of the expected credit losses is a significant assessment. Information on the impairment of expected credit losses of the Group is presented in note 23 Trade and other receivables, note 33 Related party disclosures, note 36 Financial risk management objectives and policies.

Approach for impairment of receivables with an element of financing

The Group applies an individual approach to impairment of receivables with an element of financing and loans. The impairment model is based on the cash flows agreed in the terms of the financial instrument, as well as the assumptions and estimates of expected cash flows and the feasibility of the financial asset adopted by management in preparing the financial statements.

Expected credit losses represent a probabilistic weighted estimate of credit losses (i.e. the present value of each shortfall) for the expected maturity of the financial instrument. Cash deficit is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. As expected credit losses take into account the amount and timing of payments, expected credit loss is recognized even if the Group expects the asset to be repaid in full, but later than the due date.

Depending on the characteristics of the asset and the counterparty, the expected future cash flows of the asset may differ materially from the agreed ones. This would also lead to significant levels of expected credit losses on the asset.

A revision of the expected future cash flows of each specific asset is performed at each reporting date.

Approach to impairment of court and awarded receivables

In cases where the Group has taken legal action to satisfy its receivables, they are classified as “court receivables”. Expected credit losses represent the sum of expected credit losses for each lawsuit and award receivable based on the historical recoverability of that asset class.

Regardless of the amount calculated as a result of applying formulas to determine expected credit losses on legal and awarded claims, the Company should identify and analyze specific circumstances to serve as a basis for management to review its assessment regarding the recoverable amount of legal and awarded claims as at the reporting date on an individual basis, for each legal and awarded claim. The factors taken into consideration include information on the financial position of the counterparty from which the Company expects to receive repayment of the claim, the stage and status of the legal proceedings against the counterparty, if applicable, the opinion of legal counsels, events after the reporting date, etc. Additional information is also provided in Note 23 Trade and other receivables and note 37 Financial risk management objectives and policies.

Revenue from contracts with clients

In recognizing revenue from contracts with clients, management makes various estimates, estimates and assumptions that affect the reported revenue, expenses, assets and liabilities under contracts. The key estimates and assumptions that have a material effect on the amount and timing of the recognition of revenue from customer contracts are disclosed in note 4.9 Revenue recognition.

Assets with the right of use and liabilities under leasing contracts

The management makes estimates based on its assessments of the elements of the lease in the contracts, the probable terms of the leases, the options for extension and termination, the determination of the differential interest rate, etc.

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upon recognition of “assets with the right of use” and liabilities under leasing contracts. These estimates affect the reported income, expenses, assets and liabilities under leasing contracts and the corresponding disclosures.

As a result of uncertainty about these assumptions and estimates, changes in the carrying amount of usable assets, lease liabilities and reported costs and income may arise as a result of changes in revaluations or changes in leases.

Domestic top-up tax

The requirements of the Second Pillar of taxation have been transposed into Bulgarian legislation and entered into force on January 1, 2024. As a result, the Group has an obligation to determine an additional national tax pursuant to Article 260z25 of the Corporate Income Tax Act. The additional tax relates to the Group's operations in Bulgaria, where the statutory corporate tax rate is 10%. In 2025, the Group recorded a current tax expense of BGN 23,248 thousand related to the additional tax (2024: BGN 19,378 thousand) based on estimates and calculations. The final declaration and payment of this tax will be in subsequent reporting periods and its amount may differ from the amount charged in 2025.

5. Segment reporting

The management currently determines the following products and services of the Group as operating segments, as described in note 4.6 “electricity”, “natural gas”, “coal” and “administrative activities”. These operating segments are monitored by the management, which takes strategic decisions based on the adjusted operating results of the segments.

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In addition, smaller operating segments that do not exceed the quantitative thresholds are grouped into the “administrative activity” segment, whose activity and main source of revenue is the provision of services to companies from other segments of the Group. The information for the individual segments can be analyzed for the presented reporting periods as follows:

As of 31 December 2025	Electricity	Natural gas	Coal	Administrative activity	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Revenue from sales and other operating income from:					
- external customers	6,739,485	2,300,093	201,732	3,991	9,245,301
- other segments	1,782,626	231,430	160,014	807,294	2,981,364
Segment Revenue	8,522,111	2,531,523	361,746	811,285	12,226,665
Changes in inventories of finished goods and work in progress	15,422	(48)	22,426	-	37,800
Costs for acquisition of property, plant and equipment	68,957	-	11,923	-	80,880
Costs of natural gas, electricity and other assets sold	(3,743,620)	(1,635,672)	(10,020)	-	(5,389,312)
Expenses for materials	(1,000,595)	(6,734)	(105,890)	(249)	(1,113,468)
Hired services expenses	(483,886)	(52,550)	(50,414)	(8,027)	(594,877)
Depreciation and amortization expenses	(557,825)	(338,642)	(63,222)	(1,276)	(960,965)
Personnel expenses	(955,460)	(93,216)	(374,425)	(13,592)	(1,436,693)
Reversal of impairment / (net impairment) of trade receivables	36,943	(43,819)	(142)	10,894	3,876
Net impairment of property, plant and equipment	(23,814)	-	-	-	(23,814)
Costs for provisions	(267,720)	(48,812)	(3,547)	-	(320,079)
Other operating expenses	(1,112,266)	(68,118)	(30,000)	(925)	(1,211,309)
Technological costs of natural gas	-	(152,576)	-	-	(152,576)
Operating profit/(loss) of the segment	498,247	91,336	(241,565)	798,110	1,146,128
Segment assets	19,398,643	9,786,345	1,065,722	8,425,281	38,675,991
Segment liabilities	6,654,506	4,194,962	768,457	3,062,310	14,680,235

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As of 31 December 2024	Electricity	Natural gas	Coal	Administrative activity	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Revenue from sales and other operating income from:					
- external customers	6,267,236	2,341,614	227,996	4,590	8,841,436
- other segments	1,657,716	242,327	153,277	625,342	2,678,662
Segment Revenue	7,924,952	2,583,941	381,273	629,932	11,520,098
Changes in inventories of finished goods and work in progress	14,089	15	38,236	-	52,340
Costs for acquisition of property, plant and equipment	61,858	-	9,637	-	71,495
Costs of natural gas, electricity and other assets sold	(3,431,763)	(1,654,435)	(9,176)	-	(5,095,374)
Expenses for materials	(683,787)	(7,633)	(96,051)	(237)	(787,708)
Hired services expenses	(430,287)	(44,805)	(32,590)	(7,826)	(515,508)
Depreciation and amortization expenses	(521,841)	(305,660)	(86,597)	(1,490)	(915,588)
Personnel expenses	(901,771)	(87,290)	(386,055)	(12,450)	(1,387,566)
Reversal of impairment/(net impairment) of receivables from sales	17,082	(71,895)	(132)	(62,677)	(117,622)
Net impairment of property, plant and equipment	2,173	431	(19,572)	(13)	(16,981)
Costs for provisions	(466,288)	(34,351)	(70,575)	-	(571,214)
Other operating expenses	(946,502)	(126,074)	(6,166)	(1,315)	(1,080,057)
Technological costs of natural gas	-	(140,208)	-	-	(140,208)
Operating profit/(loss) of the segment	637,915	112,036	(277,768)	543,924	1,016,107
Segment assets	18,721,451	10,070,470	1,096,045	7,225,560	37,113,526
Segment liabilities	5,877,727	4,413,003	539,999	2,707,343	13,538,072

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The total amount of revenue, operating profit, segment assets and liabilities are compared to the corresponding items in these consolidated financial statements of the Group, as follows:

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Revenues		
Total segment revenue	12,226,665	11,520,098
Elimination of intra-segment revenues	(2,981,364)	(2,678,662)
Group's revenue	9,245,301	8,841,436
Profit		
Operating profit of the segments	1,146,128	1,016,107
Elimination of profits from transactions between segments	(769,057)	(559,779)
Operating profit of the Group	377,071	456,328
Share of profit or loss of investments, accounted for using the equity method	27,711	3,716
Finance costs	(232,423)	(173,286)
Finance income	116,961	69,535
Profit of the Group before taxes	289,320	356,293
Total assets of the segments	38,675,991	37,113,526
Consolidation	(7,500,678)	(7,021,960)
Assets of the Group	31,175,313	30,091,566
Total liabilities of the segments	14,680,235	13,538,072
Consolidation	(3,433,476)	(3,392,711)
Liabilities of the Group	11,246,759	10,145,361

6. Revenue from sales

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Revenue from sales of electricity	5,024,314	4,332,530
Revenue from sales of natural gas	1,337,783	1,418,251
Revenue from sales of coal	174,030	146,305
Revenue from other sales, including:	1,696,617	1,561,190
<i>Related to sale of electricity</i>	<i>795,182</i>	<i>691,717</i>
revenue from access price	101,654	93,540
revenue from reactive electricity	55,853	40,278
revenue from access price	109,879	49,725
revenue related to transmission through the electricity transmission network	527,796	508,174
<i>Related to natural gas</i>	<i>829,741</i>	<i>806,206</i>
revenues from transit transmission of natural gas through the gas transmission network on the territory of Bulgaria - license No.JI-214-09	707,893	708,439
revenues from natural gas transmission through the gas transmission network on the territory of Bulgaria - license No.JI-214-06	102,935	76,822
revenue from natural gas storage	18,913	20,945
Revenue from water supply service	10,214	6,439
Revenue from sale of heat	5,067	4,105
Revenue from transport services	2,534	2,689
Revenue from telecommunications services	2,946	3,115
Revenue from other services	50,933	46,919
	8,232,744	7,458,276

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6.1. Revenues from contracts with customers

As of 31 December 2025 Segments	Electricity	Natural gas	Coal	Administ rative activity	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
1. Revenue by types of goods or services					
Revenue from sales of electricity	5,012,292	-	12,022	-	5,024,314
Revenue from sales of natural gas	-	1,337,783	-	-	1,337,783
Revenue from sales of coal	-	-	174,030	-	174,030
Revenue related to the transmission and management of the electricity transmission network	795,182	-	-	-	795,182
Revenue from natural gas transmission	-	829,741	-	-	829,741
Revenue from water supply service	10,214	-	-	-	10,214
Revenue from sale of heat	5,067	-	-	-	5,067
Revenue from transport services	-	-	2,534	-	2,534
Revenue from telecommunications services	-	-	-	2,946	2,946
Revenue from contracts with customers	14,017	34,683	1,423	810	50,933
Total revenue from contracts with customers	5,836,772	2,202,207	190,009	3,756	8,232,744
2. Geographic markets					
- Domestic market	5,836,772	1,318,224	190,009	3,756	7,348,761
- Foreign markets	-	883,983	-	-	883,983
Total revenue from contracts with customers	5,836,772	2,202,207	190,009	3,756	8,232,744
3. Moment in time for revenue recognition					
Goods transferred at a certain point in time	-	-	177,987	-	177,987
Services transferred over time	5,836,772	2,202,207	12,022	3,756	8,054,757
Total revenue from contracts with customers	5,836,772	2,202,207	190,009	3,756	8,232,744

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**As of 31 December 2024
Segments**

	Electricity	Natural gas	Coal	Administrative activity	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
1. Revenue by types of goods or services					
Revenue from sales of electricity	4,320,626	-	11,904	-	4,332,530
Revenue from sales of natural gas	-	1,418,251	-	-	1,418,251
Revenue from sales of coal	-	-	146,305	-	146,305
Revenue related to the transmission and management of the electricity transmission network	691,717	-	-	-	691,717
Revenue from natural gas transmission	-	806,206	-	-	806,206
Revenue from water supply service	6,439	-	-	-	6,439
Revenue from sale of heat	4,105	-	-	-	4,105
Revenue from transport services	-	-	2,689	-	2,689
Revenue from telecommunications services	-	-	-	3,115	3,115
Revenue from contracts with customers	6,378	39,304	328	909	46,919
Total revenue from contracts with customers	5,029,265	2,263,761	161,226	4,024	7,458,276
2. Geographic markets					
- Domestic market	5,029,265	1,455,157	161,226	4,024	6,649,672
- Foreign markets	-	808,604	-	-	808,604
Total revenue from contracts with customers	5,029,265	2,263,761	161,226	4,024	7,458,276
3. Moment in time for revenue recognition					
Goods transferred at a certain point in time	-	-	149,322	-	149,322
Services transferred over time	5,029,265	2,263,761	11,904	4,024	7,308,954
Total revenue from contracts with customers	5,029,265	2,263,761	161,226	4,024	7,458,276

The balances on contracts with customers are as follows:

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Assets from contracts with customers - third parties, net of impairment	1,796,931	1,431,413
Assets from contracts with customers - related parties, net of impairment	427,203	584,188
Liabilities under contracts with customers	16,234	122,377

Electricity

In 2024 and 2025, there is stability in electricity market prices compared to 2023, when they peaked. In 2025, there is an increase in prices on the electricity market compared to 2024, which is also the reason for the increase in revenues. In the first half of 2025, a regulated and free market still functioned in parallel in Bulgaria. By EWRC Decision II-3/01.01.2025, the forecast monthly availability for electricity production of producers from whom the public supplier is to purchase electricity, and the quantities of electricity to be provided by the public supplier to cover the consumption of end-supplier customers, which was determined by Decision II-17/30.06.2024 for the period July 1, 2024 - June 30, 2025, was amended.

Amendments to the Energy Act, published in State Gazette No.44 of 2025, from 01.07.2025, a full liberalization of the wholesale electricity market and a mechanism ensuring a smooth transition to market-based prices for household end customers were implemented. The concept of a 'public supplier of electricity' is abolished, along with the

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determination of the forecast monthly availability for electricity production of producers from whom the public supplier is to purchase electricity, and the quantity of electricity in accordance with which the public supplier enters into transactions with end-suppliers. A new mechanism has been created, which will be implemented through the Natsionalna Elektricheska Kompania EAD, in its capacity as coordinator of a balancing group in which NPP Kozloduy EAD, TPP Maritsa Iztok 2 EAD and NEK EAD participate. The subsidiary National Electricity Company EAD will sell the electricity from the balancing group on the organized exchange market, where long-term products will be traded, and in which only National Electricity Company EAD and the end suppliers will be able to participate. End suppliers, in turn, will sell to end consumers, who will be compensated by the Electricity System Security Fund for the difference between the actual invoiced price and the base price set by the Energy and Water Regulatory Commission.

Sale of electricity on the balancing market

From May 1, 2024, the implementation of a new Methodology for determining the prices of balancing energy will begin with the introduction of a single price, aimed at harmonizing the regulatory framework with European regulations and directives and enabling the Group, through its subsidiary ESO EAD, to participate in the European platforms for the exchange of balancing energy. With the adoption of the new Methodology, additional mechanisms are introduced to regulate imbalances and discipline trading participants, with these rules applying to all traders and encouraging them to better forecast their schedules. It regulates clearer rules and a mechanism for determining the prices of balancing energy, which take into account the interests of all market participants. The implementation of the methodology has led to a significant reduction in the imbalances of trading participants, as they are incentivized to forecast their schedules as accurately as possible.

The main reason for the adoption of the Methodology is the amendment of Art. 21, para. 1, item 11 of the Law on Energy /EA/, according to which it should not be part of PTEE¹, but should be accepted as an independent act. With these amendments to the Energy Act, the authority of the EWRC under Article 21, Paragraph 1, Item 8 of the Energy Act to annually determine a price cap for entering into transactions on the balancing energy market was also repealed.

After the Group joins the balancing platforms through its subsidiary ESO EAD, Bulgarian balancing service providers will compete effectively with European ones.

In 2024, the activated energy for upward regulation is 189,516 MWh. Of the total amount of activated energy for upward regulation, the activated energy from participation in primary and automatic secondary upward regulation is 129,257 MWh, and from participation in manual secondary upward regulation is 60,259 MWh.

In 2025, the activated energy for upward regulation is 133,358 MWh compared to 189,516 MWh in 2024, with a decrease of 29.63%. Of the total amount of activated energy for upward regulation, the activated energy from participation in primary and automatic secondary upward regulation is 106,375 MWh, and from participation in manual secondary upward regulation is 26,983 MWh.

Downward regulation energy is 158,456 MWh, compared to 208,762 MWh for 2024, which is a decrease of 24.10%. Out of the total volume of downward regulation energy, the activated energy from participation in primary and automatic secondary downward regulation amounted to 67,258 MWh, while that from participation in manual secondary downward regulation amounted to 91,198 MWh.

In 2025, the total energy deficit for the country amounts to 1,421,674 MWh, compared to 1,162,795 MWh in 2024, which is an increase of 22.26%. The total energy surplus in 2025 is 1,529,046 MWh, compared to 1,410,346 MWh in 2024, an increase of 8.42%.

Natural gas

The two main directions of natural gas sales by the Group are as follows:

- on the regulated market – at prices regulated by the EWRC in accordance with the applicable legislation;
- on the free market - at freely negotiated prices in several segments:
 - o to customers directly connected to the gas transmission network;
 - o on an organized stock market - in the country;
 - o on an organized stock market - in countries where the Group has a Trading License
 - o outside the organized stock market (domestic and international markets).

¹ ETR – Electricity Trading Rules

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In its capacity as a public supplier, the Group, through its subsidiary Bulgargaz EAD, provides a service of public interest – delivery of natural gas to a scope of persons specified in the Energy Act, at prices approved by the EWRC ('regulated prices'). The regulated prices are determined in accordance with Ordinance No.2 of 19.03.2013 on the regulation of natural gas prices, issued by the State Commission for Energy and Water Regulation, prom. SG issue No.33 dated 05.04.2013.

The Group, through its subsidiary Bulgargaz EAD, supplies natural gas at regulated prices solely to end-suppliers of natural gas and to an entity that has been issued a license for the production and transmission of thermal energy (pursuant to the Energy Act, Article 30, Paragraph 1, Item 7). The Energy Act obligates the Group, through its subsidiary Bulgargaz EAD, to supply natural gas to district heating and gas distribution companies; however, they are under no obligation to purchase gas from it and may opt for alternative suppliers or procure gas from the gas exchange.

For all other customers connected to the gas transmission network – manufacturing plants, thermal power plants, greenhouses, etc. ('industrial customers') – natural gas is supplied at freely negotiated prices. Under contracts with customers at freely negotiated prices, the Group, through its subsidiary Bulgargaz EAD, performs the function of a natural gas trader under competitive conditions.

Revenue from the natural gas segment includes revenues from providing access and transmission services on the gas transmission network, from providing access and storage services for natural gas at the Chiren UGS, owned by the Group through the subsidiary Bulgartransgaz EAD, and from binding capacity reservation contracts concluded for a period of 20 years after an Open Season procedure, in accordance with the European legal framework.

In connection with the Rules for balancing the natural gas market, the Group, in its capacity as a balancer, performs trade balancing on the natural gas market, which is a compensation for differences between the quantity of natural gas supplied by a given user of the gas transmission network at the entry points, and the quantity of natural gas withdrawn by this user through the exit points of the network. The obligation of the balancer is to cover the individual imbalances of the users of the gas transmission networks. In this regard and in accordance with the "Input-output" tariff model, contracts for the purchase and sale of natural gas for balancing have been concluded with customers, with the Group realizing revenues from balancing.

The Group generates revenues from the provided service for access to and use of the electronic natural gas trading platform, which include: "Auction Conducting" service, short-term standardized products of the short-term (spot) segment, products of the long-term segment, including standardized products traded on screen on an anonymous basis for the periods of a week, month, quarter, year/up to five years ahead, non-anonymous bilateral contracts for a standardized period, traded on the Balkan Gas Hub market through their registration in the Transactions module of Trayport and brokerage services and services related to the provision and reporting of data.

The Group offers reporting services for transactions concluded or registered through the system of the subsidiary Balkan Gas Hub EAD in connection with the requirements of Regulation (EU) No 1227/2011 and Implementing Regulation (EU) No 1348/2014, through a developed and implemented functionality of the company's information system.

Coal

The Group's production is sold mainly on the domestic market to a limited number of customers - those located in the area of thermal power plants. The group provides rail transport services and ash removal services.

Obligations to perform

The Group, through its subsidiary Mini Maritsa Iztok EAD, has concluded long-term contracts for sale of coal with its main customers.

Pursuant to a concluded long-term coal supply agreement with AES - 3C Maritza East 1 EOOD, Mini Maritza-iztok EAD is obligated to deliver a minimum annual quantity of 5,184 thousand standard tons of lignite coal. During the current period, 5,210 thousand standard tons were delivered (for 2024: 3,188 thousand standard tons).

On October 15, 2025, the agreement for the supply of lignite coal was concluded between the subsidiary "Mini Maritsa-Iztok" EAD and "ContourGlobal Maritsa Iztok 3" AD (ContourGlobal), with a term of validity of 2 years. The contract does not stipulate an obligation to deliver a minimum annual quantity.

7. Other operating income

Other income includes transactions that are incidental to the main activities of the Group and are income or revenue that is recognized under other standards and is outside the scope of IFRS 15.

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	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Revenue from the Security of the Electricity System Fund	793,300	1,119,411
Income from penalties	85,294	125,714
Revenue from financing (note 29)	43,967	39,053
Revenue from financing for electricity	17,070	32,525
Rental income	2,440	2,283
Revenue from sale of current assets	6,170	6,830
Income from insurance compensations	4,788	4,895
Revenue from surplus assets	4,904	1,499
Gain from sale of property, plant and equipment	1,607	1,008
Other revenue	53,017	49,942
	1,012,557	1,383,160

Revenue from the Security of the Electricity System Fund

With the amendments to the Energy Act (EA), SG, No.56 of 2015, the Security of the Electricity System Fund (SESF) was established as a legal entity based in Sofia. The provisions regulating the activity of the Fund are set out in Art. 36b to Art. 36k of the Energy Act.

One of the objectives of the fund is to manage the funds to cover the costs incurred by the public supplier, arising from its obligations to purchase electricity from producers connected to the electricity grid, under long-term agreements for purchase of availability and electricity, as well as electricity generated from renewable sources, from highly efficient combined production of electricity and heat and the amount of electricity from producers using local primary energy sources (fuel), up to 15 percent of all primary energy necessary to produce electricity. The other costs of the public supplier that can be covered by the fund are those determined by a decision of the commission, including for past regulatory periods. Payment to the public supplier to cover the costs with funds from the fund is made on monthly basis.

For the regulatory period 01.07.2025 - 30.06.2026, decision No.Ts-25/01.07.2025 of the EWRC is in effect. Pursuant to the provisions established therein, the EWRC provides for compensation to the Group through its subsidiary NEK EAD from the FSES, in its capacity as an electricity trader, for the purchase of energy from AES - 3C Maritza East 1 EOOD in the amount of BGN 432,736 thousand, including BGN 372,348 thousand for the purchase of energy and availability, BGN 48,797 thousand for the due contribution under Article 36e of the Energy Act in accordance with the PPA, and BGN 11,591 thousand for grid access costs. In its decision, EWRC does not provide for reimbursement of expenses incurred by the subsidiary NEK EAD for past regulatory periods in the role of Public Supplier.

By Decision of the EWRC No.KNR-1/11.03.2026, the commission has approved non-recoverable costs and expenses arising from imposed obligations to society for the period 01.07.2024 - 30.06.2025 in the amount of BGN 41,876 thousand, which should be compensated to the subsidiary NEK EAD by the SESF.

As of December 31, 2025, an estimate of the amounts to be recovered from the SESF has been made. As a result of the compensation mechanism reflected in EWRC Decision Ts-25/01.07.2025, it is projected that by the end of the regulatory period, unrecovered costs of the subsidiary NEK EAD for purchased energy and availability from AES - 3C Maritza East 1 EOOD will amount to BGN 39,877 thousand, which are allocated on the basis of actual and forecast costs in the amount of BGN 23,795 thousand for 2025 and BGN 16,083 thousand for 2026.

In essence, the funds provided by the SESF are government grants that fall within the scope of IAS 20, Accounting for Government Grants and Disclosure of State Aid.

The funds provided by the SESF are recognized in profit or loss on a systematic basis (monthly) during the periods in which the Group recognizes as an expense the related costs, intended to be compensated by the grant until the fund's budget is exhausted. In the process of filing claims for compensation, if the costs exceed those specified in the EWRC price decision for the regulatory period, even if they meet the condition for reimbursement, the excess should be recognized as income from financing after receipt of funds. This is due to the fact that the moment of their recovery cannot be determined due to the exhaustion of the budget for compensations of the Fund.

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For the period from January 1, 2025 to December 31, 2025, the Group has been recognized for compensation of expenses incurred in its role as a public provider until June 30, 2025 and after July 1, 2025 through the trading license in the amount of BGN 793,300 thousand. (2024: BGN 1,119,411 thousand).

Revenue under Regulation (EU) 2019/943 of the European Parliament and of the Council of the European Union

Holding the electricity transmission license and the assets of the electricity system, the Group is obliged to apply the requirements of Regulation (EU) 2019/943 (formerly No 714/2009) of the European Parliament and of the Council of 5 June 2019. Pursuant to Article 19 of the Regulation, all revenues resulting from the allocation of interconnection capacity shall be used for the following long-term objectives:

- a) to ensure the actual availability of allocated capacity, including guarantee compensation, or
- (b) to maintain or increase the interconnection capacity by optimizing the use of the existing interconnectors through coordinated corrective action, where applicable; or to cover costs arising from network investments related to the reduction of congestion in interconnectors.

If the revenue cannot be used effectively for the purposes of points (a) and/or (b) of the first subparagraph, it may be used subject to the approval of the regulatory authorities of the Member States concerned up to a maximum amount to be determined by those regulatory authorities as revenue to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs and/or fixing network tariffs.

In 2025, the Group, through the subsidiary Elektroenergien Sistemen Operator EAD, reported a total of BGN 17,964 thousand in revenue under the Regulation (2024: BGN 28,197 thousand).

Revenue in connection with compensations for electricity

In 2025, the Group reported revenues related to compensations for electricity in the amount of BGN 17,070 thousand. (for 2024: BGN 32,525 thousand).

8. Costs of natural gas, electricity and other current assets sold

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Electricity	(2,046,249)	(1,851,703)
Natural gas	(1,231,720)	(1,246,546)
Costs for unused capacity at:	(299,420)	(295,219)
Entry point Strandzhal/Malkochlar	(250,458)	(266,943)
Entry point Kulata/Sidirokastro and Agia Triada	(11,978)	(11,304)
Entry point Stara Zagora	(35,049)	(16,972)
Starting point Negru Voda 1	(1,935)	-
Other current assets	(12,829)	(12,048)
	(3,590,218)	(3,405,516)

The costs for unused capacity in 2025 are related to the obligations of the Group through the subsidiary Bulgargaz EAD to ensure a continuous and secure supply of natural gas. This commitment requires access to and provision of secure routes for its delivery.

With the signing of the Agreement for access to Botash's terminals and the ensured flexibility of supplies from 01.04.2023, the Group, through the subsidiary Bulgargaz EAD, assumed the obligation to pay a daily fee for the provided services of regasification, storage, capacity, transmission and flexibility. The quantities are provided upon request at entry point Malcochlar/Strandja 1.

Due to a breakdown at the terminal in Alexandroupolis and its suspension of operations for six months, unused capacity was also realized at the Stara Zagora entry point and the Kulata/Sidirakastro entry point.

The costs for unused capacity, above the amount of the actual consumption, are the result of the change in the business model and the need to provide alternative routes for the supply of liquefied natural gas, in the presence of a limited number of terminals in the region. In case of non-payment by the customers and the corresponding reduction in the

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realized amount of sales, the sum of the cost of the non-use of the provided capacity is accounted for at the expense of operating costs.

9. Costs for acquisition of property, plant and equipment by economic category

During the current period, expenses in the amount of BGN 80,880 thousand (2024: BGN 71,495 thousand) were capitalized for self-constructed or created assets of property, plant and equipment by the companies in the Group. These expenses include expenses for materials, including fuels and lubricants, external services, personnel expenses and other expenses.

10. Expenses for materials

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Fuel	(224,445)	(191,177)
Spare parts	(87,363)	(57,081)
Electricity	(52,577)	(45,911)
Reagents, limestone and other main materials	(35,600)	(31,192)
Materials for repair and maintenance	(36,827)	(46,039)
Other materials and raw materials	(27,051)	(25,115)
	(463,863)	(396,515)

11. Hired services expenses

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Repairs	(178,070)	(171,204)
Insurance services	(61,680)	(59,890)
Security	(103,731)	(87,678)
Concession fees and licenses	(16,426)	(16,301)
Other fees	(3,936)	(4,001)
Transport services	(34,838)	(18,451)
Consultancy service	(24,733)	(24,430)
Communication services	(5,632)	(5,324)
Rent	(1,225)	(775)
Natural gas storage costs	-	(1,560)
Other	(53,196)	(50,344)
	(483,467)	(439,958)

Audit services

These consolidated financial statements have been audited by DZZD AUDIT BEH with participants in the Grant Thornton OOD and Zaharinova Nexia EOOD associations, on the basis of a contract concluded between Bulgarian Energy Holding EAD and DZZD AUDIT BEH.

The remuneration of the registered auditors amounts to BGN 1,537 thousand, excluding VAT, and includes the independent financial audit of the annual and interim separate financial statements of BEH EAD, NEK EAD, NPP Kozloduy EAD, TPP Maritsa East 2 EAD, Mini Maritsa-iztok EAD, Bulgargaz EAD, NPP Kozloduy - New Builds EAD, HPP Kozloduy EAD, National Energy Operator EAD, and Minproekt EAD, as well as the annual and interim consolidated financial statements of BEH EAD and NPP Kozloduy EAD.

During 2025 and up to the date of approval of these consolidated financial statements, the participants in Consortium (DZZD) Audit BEH received remuneration from BEH EAD and its subsidiaries for permitted services, namely Grant

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Thornton OOD in the amount of BGN 216 thousand and Zaharinova Nexia EOOD in the amount of BGN 147 thousand, under engagements for agreed-upon procedures and the issuance of a comfort letter in connection with a new bond issue of BEH EAD.

12. Reversal of/(losses from) impairment of financial and other non-financial assets, net

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Reversal of /(expenses for) impairment of trade receivables, net	35,708	(24,214)
Reversal of /(expenses for) impairment on trade receivables from related parties, net	2,026	(1,320)
Reversal of /(expenses for) impairment of other receivables	(716)	(897)
Reversal impairment of court and adjudicated receivables, net	(387)	1,373
Reversal of /(expenses for) impairment on cash in bank accounts, net	2,168	6,114
Expenses for impairment of short-term assets, net	(6,700)	(91,760)
Total (expenses for)/reversal of impairment on financial and non-financial assets, net	32,099	(110,704)
Reversal of impairment on investments accounted for using the equity method	272	372
	31,827	(110,332)

13. Personnel expenses

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Remuneration	(902,277)	(859,240)
Social security contributions	(226,980)	(210,849)
Social costs	(255,259)	(242,293)
Accrued expenses for long-term retirement benefits (note 30)	(47,990)	(81,121)
Unused annual leave and social security expenses thereto	(4,174)	5,940
	(1,436,680)	(1,387,563)

14. Other operating expenses

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Contributions to the Security of the Electricity System Fund under Regulation 2022/1854	(597,141)	(432,713)
Contributions to the Security of the Electricity System Fund under Art. 36e of the Energy Act	(258,485)	(246,842)
Contributions to the of Decommissioning of Nuclear Facilities Fund and the Radioactive Waste Fund	(231,921)	(213,560)
Technological cost of natural gas	(39,178)	(24,863)
Food and work clothes	(28,234)	(16,487)
Expenses for local taxes and fees	(19,199)	(11,366)
Disposal of inventories and property, plant and equipment	(2,266)	(11,883)
Training and qualification	(3,056)	(2,170)
Business trips	(6,611)	(6,704)
Costs for expense tax	(2,648)	(2,704)
Fines and penalties	(4,591)	(29,880)
Costs for VAT, excise and other taxes	(23,013)	(5,298)
Other	(44,136)	(32,715)
	(1,260,479)	(1,037,185)

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Contributions to the Security of the Electricity System Fund under Regulation 2022/1854

Electricity producers with electricity generation facilities with an installed capacity above 1 MW, whose market revenues are derived from the sale of electricity produced from the sources under Article 7, Paragraph 1 of Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices (OB, LI 261/1 of 7 October 2022), hereinafter referred to as 'Regulation (EU) 2022/1854', and for energy produced from coal and hydropower plants pursuant to Article 8, Paragraph 1, Items (c) and (e) of Regulation (EU) 2022/1854, shall remit targeted contributions to the Security of the Electricity System Fund, representing the positive difference between the market revenues, excluding value added tax, and the determined revenue cap calculated by applying the values for the respective type of producer, with the exception of balancing energy transactions required for the balancing needs of the electricity system by ESO EAD. The amount of the target contribution is calculated for each transaction.

By Council of Ministers Decision No.121 of March 5, 2025, effective from January 1, 2025, to June 30, 2025, the values in BGN per MWh were determined, which serve to calculate the revenue cap for the respective type of electricity producer, as follows:

- for an electricity producer from a nuclear power plant – BGN 150 per one MWh;
- for a producer of electricity from a coal-fired condensing power plant, including from lignite coal – BGN 300, increased with the multiplied by 1.32 average monthly price per ton CO₂ emission allowances for one MWh;
- for a producer of electricity from coal with added biomass fuel (solid or gaseous biomass fuels) and/or waste, and/or oil products, and/or a combination thereof – BGN 300 increased with the multiplied by 0.9 average monthly price per ton CO₂ emission allowances for one MWh;
- for an electricity producer from renewable sources without a premium compensation contract – BGN 300 per one MWh.

By Council of Ministers Decision No.340 of May 28, 2025, effective from July 1, 2025, to December 31, 2025, the values in BGN per MWh were determined, which serve to calculate the revenue cap for the respective type of electricity producer, as follows:

- for an electricity producer from a nuclear power plant – BGN 120 per one MWh;
- for electricity from hydropower plants owned by National Electric Company EAD – BGN 140 for one MWh.
- for a producer of electricity from a coal-fired condensing power plant, including from lignite coal – BGN 400, increased with the multiplied by 1.32 average monthly price per ton CO₂ emission allowances for one MWh;
- for a producer of electricity from coal with added biomass fuel (solid or gaseous biomass fuels) and/or waste, and/or oil products, and/or a combination thereof – BGN 400 increased with the multiplied by 0.9 average monthly price per ton CO₂ emission allowances for one MWh;
- for a producer of electricity from renewable sources without a premium compensation contract – BGN 300 for one MWh.

By Council of Ministers Decision No.167 of March 14, 2024, effective from January 1, 2024, to June 30, 2024, the values in BGN per MWh were determined, which serve to calculate the revenue cap for the respective type of electricity producer, as follows:

- for an electricity producer from a nuclear power plant – BGN 150 per one MWh;
- for a producer of electricity from a coal-fired condensing power plant, including from lignite coal – BGN 300, increased with the multiplied by 1.32 average monthly price per ton CO₂ emission allowances for one MWh;
- for an electricity producer from coal with added biomass fuel (solid or gaseous biomass fuels) and/or waste, and/or petroleum products, and/or a combination thereof – BGN 300, increased by the average monthly price per ton of CO₂ emission allowances multiplied by 0.9 per one MWh;
- for a producer of electricity from renewable sources without a premium compensation contract – BGN 300 for one MWh.
- for electric energy from hydroelectric plants owned by National Electric Company EAD – BGN 200 for one MWh.

By Council of Ministers Decision No.537 of July 25, 2024, effective from July 1, 2024, to December 31, 2024, the values in BGN per MWh were determined, which serve to calculate the revenue cap for the respective type of electricity producer, as follows:

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- for an electricity producer from a nuclear power plant – BGN 150 per one MWh;
- for a producer of electricity from a coal-fired condensing power plant, including from lignite coal – BGN 300, increased with the multiplied by 1.32 average monthly price per ton CO2 emission allowances for one MWh;
- for an electricity producer from coal with added biomass fuel (solid or gaseous biomass fuels) and/or waste, and/or petroleum products, and/or a combination thereof – BGN 300, increased by the average monthly price per ton of CO2 emission allowances multiplied by 0.9, per one MWh;
- for a producer of electricity from renewable sources without a premium compensation contract – BGN 300 for one MWh.

The Group's expenses for compensating non-household consumers under Regulation 2022/1854 for 2025 amount to BGN 597,141 thousand. (2024: BGN 432,713 thousand).

Contributions to the Security of the Electricity System Fund under Art. 36e of the Energy Act

According to the provisions of Art. 36e of the Energy Act, contributions to the Security of the Electricity System Fund should be deducted and paid by the electricity producers from the revenue from the sold electricity without VAT; the operators of the electricity and gas transmission networks from the revenue for access and transmission of electricity and natural gas without VAT. Pursuant to this requirement, the Group through the companies Natsionalna Elektricheska Kompania EAD, TPP Maritsa Iztok 2 EAD, NPP Kozloduy EAD, Bulgartransgaz EAD and Electricity System Operator EAD accrue and pay their 5% contributions to the Security of Electrical System Fund.

The Group has recognized expenses for 2025 in the amount of BGN 258,485 thousand (2024: BGN 246,842 thousand).

Contributions to the Decommissioning of Nuclear Facilities Fund and the Radioactive Waste Fund

Pursuant to ordinances adopted by the Council of Ministers for establishing, collecting, spending and controlling funds and the amount of contributions due to the Decommissioning of Nuclear Facilities Fund and the Radioactive Waste Fund, the Group through the subsidiary NPP Kozloduy EAD makes contributions to the budget accounts of funds. The due contributions are determined according to the rules established in the ordinances. The contributions are reported as current expenses and participate as a pricing element in determining the price of electricity produced by the Group through the subsidiary NPP Kozloduy EAD. For 2025, the expenses amount to BGN 231,921 thousand. (2024: BGN 213,560 thousand).

15. Finance income

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Interest income on receivables from Toplofikatsia Sofia EAD	23,884	12,261
Interest income on bank current account	44,992	43,000
Other interest income on financial instruments carried at amortized cost	48,045	1,774
<i>Total interest income on financial instruments not carried at fair value through profit or loss</i>	<i>116,921</i>	<i>57,035</i>
Dividend income and liquidation share	40	13
Foreign exchange profits, net	-	12,478
Other	-	9
	116,961	69,535

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16. Finance costs

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expenses on loans reported at amortized cost	(198,988)	(150,596)
Interest expenses on leasing contracts	(83)	(58)
<i>Total interest expenses on financial instruments not carried at fair value through profit or loss</i>	<i>(199,071)</i>	<i>(150,654)</i>
Interest expenses on staff retirement benefits (note 31)	(15,555)	(15,493)
Bank fees	(9,427)	(7,139)
Foreign exchange losses, net	(8,370)	-
	(232,423)	(173,286)

17. Income tax expenses

The expected income tax expense based on the applicable tax rate for Bulgaria of 10% (2024: 10%) and the actual recognized tax expense in profit or loss can be equated as follows:

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Accounting profit	289,320	356,293
Intragroup eliminations	4,766	1,205
Accounting profit before tax	294,086	357,498
Tax rate	10%	10%
Expected income tax expenses	(29,409)	(35,750)
Tax effect of:		
Increases in the financial result for tax purposes:	(261,141)	(187,341)
Reductions in the financial result for tax purposes:	119,437	114,709
Tax loss carried forward	(39,674)	(35,379)
Current income tax expenses	(210,787)	(143,761)
Current tax expense under Article 260z25 of the Corporate Income Tax Act	(23,248)	(19,378)
Origin and reversal of temporary differences related to deferred taxes	53,375	53,023
Income tax expenses	(180,660)	(110,116)
Deferred tax revenues/(expense) recognized in other comprehensive income	7,632	(182,330)

Note 23 provides information on the values of deferred tax assets and liabilities recognized in profit or loss and recognized directly in other comprehensive income.

18. Earnings per share and dividends**18.1. Earnings per share**

The earning per share is calculated using as the numerator the net profit attributable to the shareholder of the parent company. The weighted average number of shares used to calculate earnings per share, as well as the net profit to be distributed to the parent company's shareholder, are presented as follows:

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	<u>2025</u>	<u>2024</u>
Profit for the Group subject to distribution (BGN thousand)	108,660	246,177
Weighted average number of shares	3,862,689,400	3,463,941,744
Earnings per share (BGN per share)	<u>0.0281</u>	<u>0.0711</u>

18.2. Dividends

The distribution of profit is made pursuant to a decision of the sole shareholder of the capital, in compliance with the following order:

- at least 10% of the profit is allocated to the Reserve Fund;
- a dividend determined on the basis of a decision of the Council of Ministers in compliance with the State Budget Act;
- at a proposal of the Board of Directors it is possible to set aside a part of the profit, subject to distribution in certain funds of the Company;

By the Order No.1 dated 2 May 2025, the Council of Ministers has determined that state-owned enterprises and commercial companies with state participation in the capital, with the exception of hospitals, mental health centers and companies in the Water Supply and Sewerage sector, shall distribute a dividend for the financial year 2024, in compliance with the requirements of Art. 247a of the Commerce Act, after deducting the deductions for the Reserve fund, when this fund is not replenished, in accordance with Art. 101 of the State Budget Act of the Republic of Bulgaria for 2025 – 100%.

By a protocol decision of the Minister of Energy dated 22 May 2025, the obligation of Bulgarian Energy Holding EAD to pay a dividend to the Bulgarian state in the amount of BGN 669,450,889.95 from the profit for 2024 was determined. In the event that the company is unable to pay the amount by 27 May 2025, the same to be paid as follows:

- BGN 569,589,793.65, representing part of the profit due under the company's annual separate financial statement for 2024 by 23 May 2025;
- The remainder of the dividend due in the amount of BGN 99,861,096.30, in accordance with the deadline provided for in Art. 247A (5) of the Commerce Act.

The Company paid the dividend due, as follows:

- on 23 May 2025, an amount of BGN 569,589,793.65;
- on 31 July 2025, an amount of BGN 99,861,096.30.

Pursuant to the Order dated 2 May 2025, Bulgarian Energy Holding EAD also distributes and pays a 6-month (interim) dividend based on the adopted 6-month financial statements as at 30 June 2025 in the amount of 100% of the reported profit, subject to the application of Article 247a of the Bulgarian Commerce Act. During 2025, the Company paid an advance dividend to the State Budget in the amount of BGN 900,138,903.70.

The total amount of dividends paid for the benefit of the Bulgarian State in 2025 is BGN 1,569,589,793.65. (2024: BGN 280,529,000).

19. Property, plant and equipment

As of 31 December 2025	Land and buildings	Plant and equipment	Vehicles	Equipment and other assets	Acquisition expenses	Right of use assets	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Gross carrying amount:							
Balance as of 1 January 2025	1,541,634	16,414,639	155,061	116,668	3,632,767	6,972	21,867,741
Newly acquired assets	1,102	7,889	2,462	1,462	1,654,579	81	1,667,575
Derecognized assets	(732)	(67,523)	(1,103)	(1,028)	(122,591)	(86)	(193,063)
Revaluation	27,263	-	-	-	-	-	27,263
Revaluation on account of accumulated depreciation	-	(6,592)	(59)	(134)	-	-	(6,785)
Impairment on account of revaluation reserve	-	(87,367)	-	-	(699)	-	(88,066)
Impairment on account of profit	-	-	-	-	(23,814)	-	(23,814)
Reclassification to intangible assets	-	-	-	-	(2,620)	-	(2,620)
Transfer of assets under construction	20,895	847,370	16,647	3,411	(887,968)	(355)	-
Transfers to investment properties	(1,460)	-	-	-	-	-	(1,460)
Balance as of 31 December 2025	1,588,702	17,108,416	173,008	120,379	4,249,654	6,612	23,246,771
Depreciation:							
Balance as of 1 January 2025	(26,140)	(589,718)	(66,858)	(99,016)	-	(2,470)	(784,202)
Depreciation	(34,325)	(893,497)	(12,210)	(3,304)	-	(1,252)	(944,588)
Derecognized assets	290	53,229	778	1,024	-	86	55,407
Elimination of depreciation upon revaluation	-	6,592	59	134	-	-	6,785
Reclassification to intangible assets	(90)	3	(356)	-	-	355	(88)
Balance as of 31 December 2025	(60,265)	(1,423,391)	(78,587)	(101,162)	-	(3,281)	(1,666,686)
Carrying amount as at 31.12.2025	1,528,437	15,685,025	94,421	19,217	4,249,654	3,331	21,580,085

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As of 31 December 2024	Land and buildings	Plant and equipment	Vehicles	Equipment and other assets	Acquisition expenses	Right of use assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Gross carrying amount:							
Balance as at 1 January 2024	1,307,961	16,373,628	130,369	112,320	3,188,208	6,430	21,118,916
Newly acquired assets	143	12,891	3,637	1,605	1,249,952	2,705	1,270,933
Derecognized assets	(2,246)	(64,925)	(1,242)	(915)	(140,550)	(2,163)	(212,041)
Revaluation on account of accumulated depreciation	(90,356)	(2,005,626)	(13,863)	(271)	-	-	(2,110,116)
Revaluation	316,837	1,588,799	10,557	-	-	-	1,916,193
Reversal of impairment loss through profit or loss	1,534	1,699	141	-	-	-	3,374
Impairment on account of revaluation reserve	(115)	(92,734)	(4)	-	-	-	(92,853)
Impairment on account of expenses	(164)	(20,191)	-	-	-	-	(20,355)
Reclassification to intangible assets	-	-	-	-	(6,309)	-	(6,309)
Transfer of assets under construction	8,040	621,105	25,466	3,929	(658,540)	-	-
From recalculation of foreign operations	-	(7)	-	-	6	-	(1)
Balance as at 31 December 2024	1,541,634	16,414,639	155,061	116,668	3,632,767	6,972	21,867,741
Depreciation:							
Balance as at 1 January 2024	(86,557)	(1,780,138)	(69,005)	(95,596)	-	(3,186)	(2,034,482)
Depreciation expense for the year	(30,562)	(851,303)	(12,824)	(4,595)	-	(1,188)	(900,472)
Revaluation on account of the accumulated depreciation	90,356	2,005,626	13,863	271	-	-	2,110,116
Transfer to intangible assets	291	-	-	-	-	-	291
Derecognized assets	332	36,097	1,108	904	-	1,904	40,345
Balance as of 31 December 2024	(26,140)	(589,718)	(66,858)	(99,016)	-	(2,470)	(784,202)
Carrying amount as at 31 December 2024	1,515,494	15,824,921	88,203	17,652	3,632,767	4,502	21,083,539

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Right-of-use assets are included in the net carrying amount of property, plant and equipment as follows:

	Optical cable lines	Plant and equipment	Buildings	Total right-of- use assets
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Gross carrying amount				
Balance as of 1 January 2025	1,655	3,575	1,742	6,972
Newly acquired assets	-	37	44	81
Transfers	-	(355)	-	(355)
Derecognized assets	(41)	(45)	-	(86)
Balance as of 31 December 2025	1,614	3,212	1,786	6,612
Depreciation and impairment				
Balance as at 1 January 2025	(400)	(692)	(1,378)	(2,470)
Depreciation	(122)	(850)	(280)	(1,252)
Transfers	-	355	-	355
Derecognized assets	41	45	-	86
Balance as of 31 December 2025	(481)	(1,142)	(1,658)	(3,281)
Book value as of 31 December 2025	1,133	2,070	128	3,331

	Optical cable lines	Plant and equipment	Buildings	Total right-of- use assets
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Gross carrying amount				
Balance as of 1 January 2024	1,641	2,604	2,185	6,430
Newly acquired assets	959	1,736	11	2,706
Derecognized assets	(945)	(765)	(454)	(2,164)
Balance as at 31 December 2024	1,655	3,575	1,742	6,972
Depreciation and impairment				
Balance as at 1 January 2024	(1,199)	(1,069)	(918)	(3,186)
Depreciation	(146)	(363)	(679)	(1,188)
Derecognized assets	945	740	219	1,904
Balance as of 31 December 2024	(400)	(692)	(1,378)	(2,470)
Book value as of 31 December 2024	1,255	2,883	364	4,502

The properties, machines and facilities include nuclear power plant NPP Kozloduy EAD, thermal power plant TPP Maritsa Iztok 2 EAD, Mini Maritsa Iztok EAD Coal Mining Facilities, main and transit pipelines, and Chiren Underground Gas Storage, as well as the electricity transmission network in ESO, HPP and Pumped Storage Hydro Power Plants, owned by NEK EAD, etc.

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Asset acquisition costs

The expenses incurred for acquisition of property, plant and equipment by 31 December 2025 were mainly related to:

Subsidiaries	Project	31 December 2025	31 December 2024
		BGN'000	BGN'000
TPP Maritsa East 2 EAD	Major overhaul of unit 1	19,377	-
TPP Maritsa East 2 EAD	Rubber conveyor belt (RCB) replacement	4,314	4,923
TPP Maritsa East 2 EAD	Full engineering of gas ignition installation for KA-1 to 10	4,370	3,780
TPP Maritsa East 2 EAD	Expansion of the existing centralized monitoring system with the construction of new video surveillance systems and physical protection systems at TPP Maritsa East 2 EAD	-	3,563
Natsionalna Elektricheska Kompania (NEK) EAD	NPP Belene project	2,493,481	2,497,991
Natsionalna Elektricheska Kompania (NEK) EAD	Yadenitsa Project	45,527	45,203
Natsionalna Elektricheska Kompania (NEK) EAD	Gorna Arda Cascade	24,513	24,513
NPP Kozloduy EAD	Expenses for preparing a feasibility study for a new nuclear power plant construction at the site of NPP Kozloduy;	649,299	80,120
NPP Kozloduy EAD	System modernization measures related to extending the operational life of Units 5 and 6	51,959	66,714
NPP Kozloduy EAD	Activities related to the Modernization of the control and operation systems of the 5th and 6th Power Units	38,906	25,342
NPP Kozloduy EAD	Delivery of pneumatic cylinders and localizing pneumatic fittings for units 5 and 6	35,639	50,994
NPP Kozloduy EAD	Modernization measures for the AZ/PZ, ARM and AROM of Units 5 and 6	25,582	23,901
NPP Kozloduy EAD	Justification of safety and changes in the SCC when switching to a new type of NG, including bringing ATOB into compliance when switching to a new type of NG	16,043	12,507
NPP Kozloduy EAD	Delivery and installation of safety and check valves in EP-2	7,543	6,557
Mini Maritsa-Iztok EAD	The costs of acquiring fixed assets, including advances provided, for unfinished investment projects	13,500	11,032
Bulgartransgaz EAD	Construction and commissioning of Chiren UGS - above-ground part, Construction and commissioning of a site: "Expansion of the capacity of the Chiren UGS - drilling fund"; Expansion of the gas transmission infrastructure of Bulgartransgaz EAD in order to increase the capacities at the interconnection points; Kardam Compressor Station - reversal and expansion of the capacity of its control system"; Repair of the DN1000 Transit Gas Pipeline for the Republic of Bulgaria, Bulgaria and the Republic of North Macedonia in the section between the Yavorovo and Gorno Belevo gas pipelines - commissioned in 2025.	419,458	521,335
	Other projects	400,143	254,292
		4,249,654	3,632,767

Belene NPP Project

The construction of NPP Belene Project was started in 1981. In 1991 the funding for the project was suspended.

In May 2004 the Government of the Republic of Bulgaria decided to continue the activities of construction of a second nuclear power plant Belene, and on 7 April 2005, in compliance with the requirements of Article 45 of the Safe Use of Nuclear Energy Act, a final decision to build NPP Belene was made.

On October 30, 2006, NEK EAD officially announced ZAO Atomstroyexport as the contractor, selecting option A92 for the construction of two 1,000 MW light-water reactor units at the Belene site.

On 29 November 2006 in Sofia, ZAO Atomstroyexport and Natsionalna Elektricheska Kompania EAD signed an agreement for the construction of NPP Belene.

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On 29 March 2012, the Government of the Republic of Bulgaria decided to terminate the construction of the Nuclear Power Plant at the Belene site. By a decision dated 27 February 2013, the 41st National Assembly supported the Government's decision to suspend the project for construction of a new nuclear power plant at the Belene site and insisted on its final termination.

On 14 June 2016, the Arbitration Tribunal of the International Chamber of Commerce in Paris issued a judgment condemning Natsionalna Elektricheska Kompania EAD to pay Atomstroyexport (ASE) the amount of BGN 1,176,661 thousand. (EUR 601.167 thousand).

On 7 June 2018, a decision was made by the National Assembly to resume actions to look for opportunities to build NPP Belene jointly with a strategic investor, on a market basis and without providing a state guarantee, by separating the assets and liabilities for the project NPP Belene in a separate project company.

Pursuant to decisions of the National Assembly of June 7, 2018 and the Council of Ministers of June 29, 2018, Natsionalna Elektricheska Kompania EAD has issued an invitation to select a strategic investor for the construction of NPP Belene. The invitation also provides an opportunity to express interest in acquiring a minority stake in the future project company, as well as / or to purchase electricity from the future power plant. The purpose of the invitation is to provide certain information to the parties wishing to apply for participation in the procedure. Thirteen applicants submitted applications within the announced deadline.

The information memorandum for the Belene NPP project was sent to all potential candidates - China National Nuclear Corporation (CNNC), Atomenergoprom AD - Rosatom, Korea Hydro-Nuclear Corporation, Framatom SAS - France and General Electric, USA.

The memorandum contains basic information about the project, the legal framework in the country, as well as an analysis of the market situation in the region. It was sent to the candidates after they signed the project confidentiality agreement in April. It is binding on them as well as on all their consultants, bankers, agents and others.

By a decision of the National Assembly of the Republic of Bulgaria dated July 6, 2023, the Minister of Energy was assigned to conduct negotiations with the Minister of Energy of Ukraine for the purpose of selling equipment with a long production cycle (LPC) intended for the NPP Belene Project for price not lower than EUR 601,617 thousand (or BGN 1,176,661 thousand). Equipment with a long production cycle is a key asset of the construction of Belene NPP Project. The carrying amount of the rest of the assets under construction consists mainly of capitalized costs in the amount of BGN 1,313,344 thousand, as well as other fixed assets in the amount of BGN 72,466 thousand related to this project. Meetings of the working group were held with representatives of the Ukrainian Ministry of Energy and the State Ukrainian Company to discuss and specify the type, kind and quantity of technical equipment with a long production cycle intended for Belene NPP Project, which the Ukrainian side is interested in purchasing. For the purposes of the negotiations with the Ukrainian representatives, an evaluation by an external licensed appraiser was also prepared.

By the decision of the National Assembly was also repealed the decision of the National Assembly of the Republic of Bulgaria as of June 7, 2018 regarding quest for the opportunities to build the NPP Belene together with a strategic investor, by separating the assets and liabilities for the NPP Belene project into an individual project company, as well as the subsequent decision of the National Assembly and the Council of Ministers as of June 27, 2018 to invite NEK EAD to select a strategic investor for the construction of the project.

By a decision of the National Assembly of the Republic of Bulgaria dated 6 July 2023 (published in the State Gazette, issue 59 of 11 July 2023), the Minister of Energy was assigned to conduct negotiations with the Minister of Energy of Ukraine for the purpose of selling equipment with a long production cycle (LPC) intended for the NPP Belene Project for price not lower than EUR 601,617 thousand (or BGN 1,176,661 thousand). Equipment with a long production cycle is a key asset of the construction of Belene NPP Project. The carrying amount of the rest of the assets under construction consists mainly of capitalized costs in the amount of BGN 1,313,344 thousand, as well as other fixed assets in the amount of BGN 72,466 thousand related to this project. Meetings of the working group were held with representatives of the Ukrainian Ministry of Energy and the State Ukrainian Company to discuss and specify the type, kind and quantity of technical equipment with a long production cycle intended for Belene NPP Project, which the Ukrainian side is interested in purchasing. For the purposes of the negotiations with the Ukrainian representatives, an evaluation by an external licensed appraiser was also prepared.

An on-site inspection was conducted to verify the condition of the equipment, confirming that it meets the manufacturers' requirements for storage and reconditioning. The final scope of the potential transaction has been specified. A request for a commercial offer has been made by the National Nuclear Energy Generating Company

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Energoatom (ENERGOATOM) to the Group, and commercial negotiations between the two parties have begun. White and Case LLP, an international legal advisor with experience in such transactions, has been engaged as a consultant in these negotiations. With its assistance, draft preliminary agreements (Term sheets) were prepared, representing an initial version of the main financial and legal parameters on which the negotiations for the conclusion of the agreement for the sale and purchase of the equipment are based.

As of the beginning of April 2025, a significant portion of the clauses under the preliminary arrangements had been clarified between the two parties.” However, some of the most important issues remain unclear, such as price, payment method, and transfer of ownership. As of the date of issue of the report, the Group does not possess definitive information regarding the progress of the negotiations and whether they have been concluded.

As of December 31, 2025, the value of the costs relating to the Belene NPP project, included in the balance of assets under construction, amounts to BGN 2,493,841 thousand (31 December 2024: BGN 2,497,991 thousand). The Belene NPP project also includes property, plant and equipment with a carrying amount of BGN 69,652 thousand (as at 31 December 2024: BGN 71,826 thousand).

In 2025, the change in capitalized expenses for the project amounted to BGN 433 thousand, representing storage costs, capitalized interest, equipment sold, and others.

As of 31 December 2025, the Group is unable to make a reliable estimate of the recoverable amount of the project costs included in the value of property, plant and equipment under construction due to the specific nature and lack of clarity about the future implementation of the project, which is not entirely under the control of Group’s management.

Based on the above facts, the management of the Group believes that as of 31 December 2025 there is significant uncertainty about the future implementation of the project, the recoverable amount of assets related to the project for the construction of Belene NPP.

Chaira PSHPP

The Group has a decisive role in guaranteeing the electricity security of the country. Large hydropower plants play an essential role in the management and balancing of the electricity system. They are the main regulating capacities in Bulgaria and they balance the operation of baseload capacities such as nuclear power plants and thermal power plants, as well as variable generation from solar and wind power plants. In this capacity, the Group owns a pumped-storage hydropower plant (PSHPP) Chaira, with 4 pump-generator hydro units. The carrying value of Chaira Pumped Storage Hydro Power Plant, as of Wednesday, December 31, 2025 amounted to BGN 561,593 thousand. (31 December 2024: BGN 554,525 thousand).

After an accident during a load test following the rehabilitation of one of the turbines in March 2022, the plant ceased operation. An analysis and inspection of the activities during the operation and rehabilitation of the facilities of one of the four hydro units and examination of metal samples were carried out in order to establish the causes of the accident with the involvement of an external consultant. A root cause was made in the prepared report and it was established that high stress loads are created in the metal, which lead to the appearance of cracks that grow during the operation process. The damaged hydro unit cannot be restored and its turbine part needs to be replaced, which will take a long time.

As of the reporting date, the rehabilitation of Hydro Unit (HU)2 is fully completed and a use permit was issued on May 29, 2025. In 2025, the main rehabilitation of HU3 was finalized, and as of the date of submission of the report, the same turbine modification solution has already been applied, analogously to HU2. As of early April 2026, HU3 has successfully passed all pre-launch tests, including successful 72-hour tests. On June 10, 2026, Act 16 was signed, and on June 16, 2026, a permit for use was received.

In parallel, an assessment of the condition of HU1 is being performed by Toshiba, and as of the end of 2025, a final opinion was received, confirming that the repair is feasible. In early 2026, the Group accepted the repair solution proposed by Toshiba, and in April 2026, actual activities began at the site to carry out the repair, which is expected to continue in its current scope until early 2027. In order to find a long-term sustainable solution, a public procurement has been announced for the complete replacement of HU1 and HU4. The financing of the repair works will be provided with own and borrowed funds.

In order to find a long-term sustainable solution, a public tender has been announced for the complete replacement of HU 1 and HU 4. Information about the procedure, participants, and budget is published at the following link in the CAIS: <https://app.eop.bg/today/442556>. It was terminated in early 2026 due to a lack of bids submitted. A new procedure is currently being prepared that will divide the scope into stages, initially starting with a project to

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investigate the possibilities for dismantling the existing equipment with a risk assessment, then the actual removal of the old facilities will be carried out, and as a third and final stage, the design, manufacture and installation of the new equipment will be commissioned.

As at 31 December 2025, the Group performed an impairment assessment of the Chaira PSHP, using a financial model to determine its value in use under the discounted cash flow method. The financial model was prepared using a number of inputs and parameters involving significant judgements, assumptions and uncertainty regarding future events. No indications of impairment were identified.

Yadenitsa Project

Yadenitsa Project has secured funding for the preparatory works (procedures until a Construction Permit is obtained) from the Connecting Europe Facility fund of the European Commission.

On April 24, 2015, a Grant Agreement entered into force, signed between the Group, through its subsidiary NEK EAD, and the Innovation and Networks Executive Agency (INEA) of the European Commission. Under this agreement, the funds allocated to the Group amount to up to EUR 3,213 thousand. These funds covered 50% of the costs for updating the EIA (Environmental Impact Assessment), updating the design, and developing the Detailed Development Plan (DDP), as well as for obtaining a construction permit for the Yadenitsa Dam. The remaining 50% consists of the Group's own funds.

All necessary preliminary activities required to obtain a construction permit are assigned with the agreement. The Group has an effective EIA decision, an effective detailed development plan, approved investment projects and an effective construction permit No.PC-3/20.01.2023 issued by the Minister of Regional Development and Public Works for "Increasing the volume of the lower equalizer of the Chaira Hydroelectric Power Plant with the construction of the Yadenitsa dam and a reversible pressure tunnel for connection to the Chaira dam", which was published in the State Gazette on January 27, 2023 and entered into force on February 11, 2023.

On 1 December 2025, the European Commission published the Second Union list of projects of common interest and projects of mutual interest under Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure, which includes the "Yadenica" project. The list has successfully passed the envisaged period for examination by the European Parliament and the Council and Commission Delegated Regulation (EU) 2026/764 of 1 December 2025 amending Regulation (EU) 2022/869 of the European Parliament and of the Council as regards the Union list of projects of common interest and projects of mutual interest OJ L, 2026/764, and was officially published on 9 April 2026.

On April 30, 2026, the Connecting Europe Facility application procedure was opened, under which the Yadenitsa project was admitted to apply for grants for the implementation of construction and installation activities in the amount of between 30-50% of the total project costs. The deadline for applications is September 30, 2026. A project proposal must be prepared and an application submitted within the specified deadline. The evaluation process is expected to be completed by the end of the first quarter of 2027, and the grant agreements to be concluded by mid-2027.

Construction of a new nuclear power capacity at the Kozloduy NPP site

The Group has recorded assets under construction at capitalized costs with a total carrying amount of BGN 649,299 thousand as of December 31, 2025, relating to the first stage "pre-design studies" of the project for the construction of a new nuclear capacity at the Kozloduy NPP site. The costs are related to contracts concluded by the subsidiary Kozloduy NPP - New Builds EAD, as follows:

(1) Contract with Westinghouse Energy Systems LLC Bulgarian Branch for the provision of initial engineering and design services. Under the contract, Westinghouse Energy Systems Ltd. - Bulgaria Branch has provided the Group with a package of services for initial engineering activities and design according to an approved schedule, which will support the implementation of a new nuclear power project based on AP1000 technology. The results of the services provided are used to prepare for the upcoming permitting stages of design and construction of a future nuclear facility. The contract was concluded by the end of 2025.

(2) Pursuant to a Resolution adopted by the 49th National Assembly on February 23, 2024, negotiations were conducted between the Group and Hyundai Engineering & Construction Co. Ltd., which is included in the shortlist of potential construction companies for the engineering, procurement, construction, and commissioning of a nuclear power plant at the approved site in Kozloduy, utilizing AP1000 technology. According to the above-cited decision, the maximum fixed price for carrying out the engineering activities up to the stage of concluding the equipment supply

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and construction contract (EPC contract) with the construction company should be 200 million euros excluding VAT, with a completion period of up to a maximum of 12 months, which corresponds to the high-level preliminary schedule adopted by the National Assembly for the construction of Unit 7 of the Kozloduy NPP with AP1000 technology. At the end of 2024, a contract for engineering services was concluded with the consortium "WESTINGHOUSE - HDC" LLC formed between Westinghouse Energy Systems OOD (Bulgaria branch) and Hyundai Engineering&Construction Co. Ltd (Bulgaria branch) with a one-year implementation period. The contract is for engineering phase 1, which lays the foundation for the contract for the supply of equipment and construction (EPC contract). The main objective of the contract is to lay the foundations for the engineering, procurement and construction contract, as well as a technical design of the expanded nuclear island, a conceptual design of the turbine island, the general plant facilities and the accompanying infrastructure.

During the implementation of the contract, a review of the structure, scope and objectives of the investment project for the construction of new nuclear capacities was carried out and it was established that the initially planned scope of the service was not fulfilled within the agreed deadline. An agreement has been reached between the parties that the entire investment project, including the expanded nuclear island, will be prepared and submitted to the "conceptual design" phase, with a view to ensuring its administrative admissibility and possibility of approval under Article 142 of the Spatial Planning Act (SPA).

A supplementary agreement has been prepared for the agreed change, but the corporate approval process for its signing has not been completed. With a protocol dated May 28, 2026, signed between the parties, the process of obtaining the technical documentation of the conceptual design for the construction of units 7 and 8 has been completed, and a completion certificate for the project has not yet been signed. On June 01, 2026, the first interest payment was made.

Negotiations have been initiated to conclude an amendment to the Engineering Contract, Phase 1, to expand the scope of activities. The additional scope stems from the deepening of the project developments, the engineering analyses performed and the results of the contract implementation, as well as the need to ensure full project readiness for making a final investment decision, securing external financing and compliance with the requirements for state aid from the European Union. The additional assignment is conditioned by the need for:

- Increasing the accuracy and reliability of financial and economic assessments (FID support);
- Development of an integrated and resource-secured schedule;
- Supply chain development and localization;
- Progress in safety, permitting and licensing activities;
- Further development of technical solutions and design developments:
- further development of the 3D model for nuclear island (ANI), turbine island (TI) and plant-wide facilities (BOP) with a view to coordination and collision avoidance;
- development of key technical packages (e.g. ground improvement, infrastructure, housing complexes) that are critical for starting construction;
- ensuring technical compatibility and readiness for transition to the equipment supply and construction contract.

As of the date of approval of these consolidated financial statements, no decision has been made to assign additional activities to the consortium.

(3) Contract with "TRANSCONSULT - 22" EOOD for the development of a conceptual design for a transport scheme for the safe transportation of heavy loads between the approved Site No.2 for the construction of a nuclear power plant and the infrastructure of Kozloduy NPP.

(4) Legal services agreement with Pillsbury Winthrop Shaw Pittman LLP with a term of performance until 2026.

5) By a Resolution of January 12, 2023, the National Assembly mandated the Council of Ministers of the Republic of Bulgaria to take all necessary actions to launch the licensing procedure pursuant to the ASUNE (Act on the Safe Use of Nuclear Energy) and the EIA procedure for the construction of a second identical unit at the site approved by the NRA (Unit 8 of Kozloduy NPP) - Site No.2. After a procedure, a contractor was selected to be assigned the environmental impact assessment activities in accordance with the Environmental Protection Act, by notifying the competent environmental authority of the existence of an investment proposal for the construction of a new nuclear power plant - Unit 8. In October 2024, a contract was signed with the Deacon - Abmerit consortium with a completion period of 2 years.

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(6) At the end of 2024, the Group entered into a strategic advisory services agreement with Southern Nuclear Services, including consultations, assessments, guidance, advice, sharing of experience and lessons learned during the implementation of the Vogtle 3&4 project, as well as other AP1000 projects in Europe, with the aim of making informed decisions in the field of nuclear construction and project management for the construction of new nuclear capacity. As of the date of approval of these financial statements, the contract has been completed and the last payment was made on February 4, 2026.

(7) On February 24, 2025, a contract was concluded with GBS - Infrastructure Construction AD with the subject matter 'Preparation of Site No.2 for the construction of a new nuclear power capacity'. A protocol dated 15 April 2025 established and accepted the performance of the agreed activities, covering the processing of a land area of 135 decares, including dismantling works, transportation and disposal of construction waste, mulching and leveling of the terrain;

(8) On August 12, 2025, a contract was concluded with Ernst & Young Bulgaria EOOD in its capacity as a financial consultant for the financial structuring and modeling process, including during interactions and negotiations with project lenders and other key stakeholders. The technical, financial and commercial aspects of its implementation have been taken into account, with the aim of achieving a commercially viable and financially stable project, developed according to the best corporate and commercial principles, while ensuring its compatibility with national and international standards for project development in the nuclear field, maximizing the benefits for the Bulgarian stakeholder.

(9) On September 2, 2025, in connection with the development and implementation of the design, construction and commissioning of an AP1000 nuclear power plant, a contract was concluded with LEP-BWXT-CNPSA CONSORTIUM as the owner's engineer with the subject "Engineering and consulting services for the development of the project for a new nuclear capacity at the Kozloduy NPP site. Before the final investment decision, the consortium supports all project activities, participates in contract negotiations with contractors, prepares licensing documentation, assesses the site, analyzes risk, optimizes the project and assists in the implementation of an integrated management system. Part of the activities and remuneration are agreed under conditions depending on making a final investment decision and concluding the contract for the supply of equipment and construction (EPC contract).

(10) On November 20, 2025, a contract was concluded with RSM BG OOD regarding the socio-economic analysis in connection with the implementation of Article 45, Paragraph 2, Item 2 of the ASUNE.

(11) On January 12, 2025, a contract was signed with ESO EAD in connection with the Design and Construction for the relocation of high-voltage power lines, 110 kV Tsibar and 110 kV Asparuhov Val.

As of December 31, 2025, the Group has concluded commercial contracts, payments under which depend on the volume of services performed and/or assets delivered. According to the prepared Business Program, the planned amount for 2026 is BGN 866 million.

In connection with a decision of the 49th National Assembly of December 18, 2023, the next steps and necessary conditions for the implementation of the project to build a new nuclear power plant at the Kozloduy NPP site are as follows:

- making a final investment decision and concluding an Engineering, Procurement and Construction contract;
- making a decision on the merits under Article 45 of the Law on the Safe Use of Nuclear Energy for the construction of Unit 7 and Unit 8 on Site No.2 of Kozloduy NPP with AP1000 technology;
- activities related to licensing procedures for the construction of a nuclear facility – power plant in accordance with the Nuclear Regulatory Agency Act on Site No.2 approved by the Nuclear Regulatory Agency until the issuance of a construction permit under Article 148 of the Nuclear Regulatory Act for Units 7 and 8;
- environmental impact assessment for the construction of a second identical unit at the site approved by the Nuclear Regulatory Agency (unit 8 of Kozloduy NPP);
- approval of a preliminary investment project within the meaning of Article 142 of the Spatial Planning Act (SPA) as a basis for issuing a building permit;
- financial structuring and secured financing of the project – external financing, capital participation and state guarantee;

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- notification to the European Commission under Articles 41–44 of the Euratom Treaty, including the necessary technical and economic information, including the implementation of nuclear safeguards measures related to control of nuclear materials, ensuring nuclear safety and radiation protection in accordance with European standards, as well as compliance with the rules for the management of radioactive waste and spent fuel.

In the process of preparing the project for the construction of new nuclear capacities at the Kozloduy NPP site, a mandatory stage is the notification of the European Commission, with the main addressee of the notification being the Directorate-General for Competition (DG COMP). This stems from the fact that the implementation of such a large-scale energy project implies the provision of various forms of state support, the implementation of which requires prior approval under the European Union's state aid rules. On the basis of Art. 108, §3 of the Treaty on the Functioning of the EU and Council Regulation (EU) 2015/1589, which lays down the detailed rules for the application of Art. 108 TFEU and includes the obligation to notify and the so-called "standstill" (prohibition of implementation prior to a Commission decision), a team of the Group and the competent Bulgarian authorities prepare the notification in the Commission's electronic system.

In parallel with the role of the Directorate-General for Competition (DG COMP), the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) is also involved in the process. This directorate has no power to approve state aid, but plays an important role in assessing the industrial, technological and market aspects of the project, considering it in the context of European industrial policy and strategic technological priorities. DG GROW's involvement is typical for large-scale infrastructure projects, including in nuclear energy, where industrial standards, supply chains and compliance with EU sectoral policies are essential, while the State aid notification remains within the scope of the procedures under Article 108, §3 TFEU and the regulatory framework of Regulation (EU) 2015/1589. The combined process of interaction with DG COMP and DG GROW follows the logic of the EU institutional framework: DG COMP carries out the legal and economic assessment of the State aid measure, while DG GROW supports the process with an expert assessment of the industrial elements and the strategic implications of the project for the European energy and technology sector.

In view of the above, the preparation of the notification represents a key stage in the progress of the project, with its successful completion being a condition for subsequent investment decisions and the actual start of construction activities. The pre-notification was submitted in 2025, and the notification procedure continues in 2026.

In order to successfully implement the procedures for spatial planning, investment design and construction on the territory of Site No.2, it is necessary for the Group, through the subsidiary "Kozloduy NPP - New Power Plants" EAD, to acquire the right of ownership and/or construction on the land properties. Those falling within the scope of the approved site are 545,722 sq. m., with a total affected area of 608,015 sq. m. According to their purpose, the land properties can be divided into two categories:

- Land properties with permanent purpose on the territory – agricultural land, owned by individuals and legal entities, municipal-public, with a total area within the scope of the site of 274.405 decares, with an affected area of 336,698 decares;
- Land located within the production site of Kozloduy NPP, with a specific purpose "For expansion of electricity production and related activities", owned by Kozloduy NPP EAD and other legal entities, with a total and affected area of 271,317 decares.

On January 8, 2026, in connection with Order No.RD-02-15-96/22.12.2025 of the Minister of Regional Development and Public Works, a draft detailed development plan – amendment to the regulation and construction plan (Detailed Development Plan – Amendment to the Regulation and Construction Plan /DDP-ARCP) was approved for the construction of the following facility Construction of the 7th and 8th units at site No.2 of the NPP Kozloduy EAD with the AP1000 technology. For the implementation of the above-mentioned project, the Group must acquire real rights (right of ownership or right of construction) over the entire or affected parts of 19 real estate properties - private property. The Energy Act (EA) regulates a special procedure for settling the property rights over the land necessary for the implementation of energy facilities by the persons who will build and operate them, in implementation of the state policy in the field of energy. In this specific case, the Group is unable to voluntarily acquire from the owners the necessary rights for the construction of the energy facility. Therefore, it is necessary to carry out expropriation proceedings under Chapter Three of the State Property Act for the forced expropriation of properties - private property, for state needs. Valuation reports were prepared by an independent appraiser to determine the market price under the State Property Act, establishing equivalent cash compensation for the owners of the affected properties. The property

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owners were sent written proposals under Art. 62, para. 6 of the Energy Act to purchase the properties at a price determined on the basis of the appraisals prepared by a licensed appraiser, with the majority of the owners expressing categorical disagreement with concluding transactions, while another part did not respond to the proposal made to them within the period under Art. 62, para. 6 of the Energy Act. On June 5, 2026, a request was submitted to the Ministry of Energy to initiate a procedure for the expropriation of the specified properties pursuant to Article 34a of the Energy Act.

Revaluation of property, plant and equipment

According to the accounting policy property, plant and equipment are revalued in a 3-year period or in shorter periods. The last date as at which a revaluation was performed in accordance with IAS 16 and IFRS 13 is 31 December 2024. The revaluation was based on fair values determined by independent licensed valuers.

In accordance with 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 by using the asset to maximize its value or by selling it to another market participant who will use it in such a way. The assets of the Group included in the revaluation review are specific, strictly related to the activities of the Group and the alternative use of most of them is impossible or difficult, i.e. other use by market participants is unlikely to maximize the value of the assets, therefore it is accepted that their current use in the activities maximizes value.

In preparing the valuation, the management of the Group performed a review of the carrying amounts, recoverable amounts, and useful lives of the non-current assets. The management estimations are based on the review of an independent appraiser at the date of the financial statements.

The review applied the approach and valuation methods for measuring the fair value of individual categories of property, plant and equipment, using a combination of the three basic approaches based on economic principles of equilibrium prices, expected benefits or substitutions:

- Market approach - derives an indicative value by comparing valuation assets with identical or similar assets for which price information is available.
- Income approach - derives an indicative value by bringing future cash flows to a single current equity value, that is, it looks at the revenue that an asset will generate over its useful life and derives an indicative value through a capitalization process.
- Cost approach - derives an indicative value using the economic principle that a buyer would not pay for an asset more than the cost of acquiring an asset of equivalent value through purchase or construction.

Within each approach, as well as in the possible combinations between them, one or more assessment techniques (methods) are used:

- The market comparison method is an analysis of the value of the rights to the asset based on a comparison of prices on an active market in current transactions with identical rights to assets having similar characteristics.
- The discounted cash flow method derives a value based on a series of cash flows for future periods, which are converted to a present value by applying an appropriate discount rate.
- The amortized replacement cost method is an analysis of the value of the rights to the asset based on the costs of its creation or replacement with a similar one at the time of valuation, reduced by the value of physical, moral and economic depreciation.

The fair value measurement as of 31 December 2024 is based on observable and unobservable data adjusted for specific factors such as area, location and current use. Directly or indirectly observable inputs used in the valuation are subject to adjustments. For this reason, the hypotheses used are categorized from level 3.

Impairment review

As of 31 December 2025, the Group has performed a review for indications of impairment.

Upon preparing the asset impairment test, the following sequence was followed:

- Identification of Cash-Generating Units (CGUs);
- Calculation of the recoverable amount of the CGU;
- Comparison of the carrying amount of the CGU with the recoverable amount of the CGU;
- Allocation of the impairment loss (if any).

No indicators were identified that the carrying amount of the assets exceeds their recoverable amount.

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As of 31 December 2025, a revaluation of the buffer gas at Chiren UGS was carried out by the Group through the subsidiary Bulgartransgaz EAD. An impairment review was performed, whereby it was established that as of the valuation date, a significant deviation existed, and an impairment loss on cushion gas was recognized for 2025 in the amount of BGN 87,367 thousand against the revaluation surplus (2024: BGN 79.765 thousand).

Public state property assets

As of 31.12.2025, assets with a carrying amount of BGN 842,837 thousand were included in properties, plant and equipment (31 December 2024: BGN 850,703 thousand), which were declared as public state property under the Water Act. The Group, through its subsidiary NEK EAD, carries out all activities related to the maintenance and management of dam walls, their appurtenant facilities, and the collection derivations of a portion of the complex and significant dams – public state property, pursuant to Article 13, Paragraph 1, Item 1 of the Water Act. According to the requirements of the same law, the functions of management and maintenance of the dam and their facilities should be performed by a “dam operator”, which function as of the date of preparation of these financial statements has not yet been assigned to the Group by the competent authorities. Until now, there is no change in the regulations regarding the ownership and operation of the specified assets. Pending clarification of future changes regarding the above-mentioned water management facilities, they are managed by the Group via the subsidiary NEK EAD, against which the company generates revenues.

Assets with unidentified property

NEK EAD

As of 31.12.2025, with respect to land and buildings with a carrying amount of BGN 16,723 thousand (31 December 2024: BGN 18,360 thousand), a procedure for issuing title deeds for state properties is underway.

ESO EAD

As of 31 December 2025, real estate without ownership documents have carrying amount of BGN 3,421 thousand (31 December 2024: BGN 3,550 thousand).

Loans security

As of December 31, 2025, no properties, machinery and equipment provided to secure the Group's liabilities were provided (December 31, 2024: BGN 20,410 thousand).

Other disclosures

Due to the specifics of the accounting records of property, plant and equipment and changes in them in previous periods, disclosure of the carrying amount of assets, if they would be measured after recognition at cost, requires significant resources and time that outweigh the benefits to consumers of the consolidated financial statements. Therefore, the Group's management has decided not to make these announcements.

The specifics of Group's assets and the dynamic economic environment in the energy sector in which it operates could lead to variations in the assumptions and judgments used in determining the fair values of these properties, plants and equipment.

All depreciation and impairment expenses are included in the consolidated statement of profit or loss in the line „Depreciation, amortisation and impairment expenses“.

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20. Intangible assets

The carrying amounts of intangible assets for the reported periods may be analyzed as follows:

As of 31 December 2025	Software products	Patents and licenses	Other intangible assets	Development costs	Rights of use	Acquisition costs	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Carrying amount							
Balance as at 1 January 2025	84,338	40,712	85,774	77,639	6,170	94	294,727
Newly acquired assets	4,101	35	5,823	-	-	9,483	19,442
Derecognized assets	(2,799)	(1,042)	(253)	(2,315)	-	-	(6,409)
Reclassification of property, plant and equipment	638	436	782	184	266	-	2,306
Transfers	1,679	7,898	-	-	-	(9,577)	-
Balance as of 31 December 2025	87,957	48,039	92,126	75,508	6,436	-	310,066
Amortization							
Balance as at 1 January 2025	(71,394)	(27,861)	(83,920)	(61,014)	(3,135)	-	(247,324)
Amortization for the year	(9,489)	(2,772)	(415)	(3,011)	(525)	-	(16,212)
Derecognized assets	2,868	1,042	247	2,315	-	-	6,472
Reclassifications from property, plant and equipment	-	-	-	-	88	-	88
Balance as of 31 December 2025	(78,015)	(29,591)	(84,088)	(61,710)	(3,572)	-	(256,976)
Carrying amount as at 31.12.2025	9,942	18,448	8,038	13,798	2,864	-	53,090

As of 31 December 2024	Software products	Patents and licenses	Other intangible assets	Development costs	Rights of use	Acquisition costs	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Carrying amount							
Balance as at 1 January 2024	81,954	30,809	85,790	77,576	3,039	-	279,168
Newly acquired assets	1,077	32	-	-	-	10,503	11,612
Derecognized assets	(1,657)	(648)	(53)	-	(4)	-	(2,362)
Reclassification of property, plant and equipment	791	2,319	1	63	3,135	-	6,309
Transfers	2,173	8,200	36	-	-	(10,409)	-
Balance as at 31 December 2024	84,338	40,712	85,774	77,639	6,170	94	294,727
Amortization							
Balance as at 1 January 2024	(66,917)	(24,084)	(83,585)	(57,180)	(2,574)	-	(234,340)
Amortization for the year	(6,131)	(4,425)	(388)	(3,834)	(274)	-	(15,052)
Derecognized assets	1,654	648	53	-	4	-	2,359
Reclassifications from property, plant and equipment	-	-	-	-	(291)	-	(291)
Balance as at 31 December 2024	(71,394)	(27,861)	(83,920)	(61,014)	(3,135)	-	(247,324)
Carrying amount as at 31 December 2024	12,944	12,851	1,854	16,625	3,035	94	47,403

Impairment of intangible assets

The Group performed an impairment review of intangible assets as of 31 December 2025. No indications that the carrying amount of the assets exceeds their recoverable amount and as a result no impairment loss has been recognized in the consolidated financial statements were established.

The Group has not pledged intangible assets as collateral for its liabilities.

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All amortization and impairment expenses are included in the consolidated statement of profit or loss in the line "Depreciation, amortisation and impairment expenses".

21. Investment properties

As of 31 December 2025, the Group's investment properties are as follows:

Type of property	Location	Purpose	31 December 2025 <i>BGN'000</i>	31 December 2024 <i>BGN'000</i>
Office building and land	city of Athens, Greece	Undetermined	14,303	-
Flat	city of Sofia, Bulgaria	Undetermined	271	-
office building	Town of Kozloduy, Kozloduy NPP EAD site	Administrative building	1,189	-
			15,763	-

Movement of investment properties

	2025 <i>BGN'000</i>	2024 <i>BGN'000</i>
Balance as at 1 January	-	-
Additions through non-cash asset contribution	14,303	-
Transfers from property, plant and equipment	1,460	-
Balance as of 31 December	15,763	-

In 2025, the Group received through a non-cash asset contribution a real estate property located in the Republic of Greece, Athens, 12 Akadimias Street, consisting of a land plot with a total area of 196.87 sq. m. and a seven-story building constructed thereon with a total gross built-up area of 1,424 sq. m. and a total floor area, valued at BGN 14,298 thousand. The Group determined the fair value of the property as at 29 December 2025, the date of registration of the non-cash contribution in the Commercial Register and the Register of Non-Profit Legal Entities, at BGN 14,303 thousand through an independent external valuer..

The fair value of the investment properties was determined as at 31 December 2025 by an independent external appraiser who possesses professional qualifications and recent experience in valuing similar real estate properties in the respective geographic areas.

The valuations were performed using:

- the market approach;
- the income approach (discounted cash flows and income capitalization), depending on the nature and purpose of the respective property.

The Company classifies the investment property valuations within Level 3 of the fair value hierarchy under IFRS 13, as the inputs used contain unobservable parameters.

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22. Investments accounted by the equity method

			31 December 2025	31 December 2024
			<i>BGN'000</i>	<i>BGN'000</i>
	Country of incorporation	Share	Amount of investments	Amount of investments
Joint ventures				
ICGB AD	Bulgaria	50.00%	72,772	76,392
South Stream Bulgaria AD	Bulgaria	50.00%	9,859	10,134
Impairment			(3)	(3)
South Stream Bulgaria AD, net			9,856	10,131
SEleNe CC	Greece	33.33%	4,881	4,571
Gastrade S.A.	Greece	20.00%	40,831	33,503
Operator Zagore AD	Bulgaria	50%	50	-
			128,390	124,597
Associates				
ContourGlobal Maritsa Iztok 3 AD	Bulgaria	27.00%	48,283	52,490
Contour Global Operations Bulgaria AD	Bulgaria	27.00%	2,967	2,756
ZAD Energy	Bulgaria	48.08%	12,229	13,185
Allianz Bulgaria Pension Company AD	Bulgaria	34.00%	37,462	32,873
Hydro Power Company Gorna Arda AD	Bulgaria	24.00%	-	-
			100,941	101,304
Total investments accounted for using the equity method			229,331	225,901

The change in the carrying amount of the investments for the presented reporting periods can be analyzed as follows:

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Carrying amount of the investment on 1 January	225,901	241,492
Share of profits /losses	27,711	3,716
Share from other comprehensive income	(83)	280
Dividends received	(24,706)	(22,063)
Other changes	458	(458)
Acquisitions	50	2,934
Carrying amount of the investments on 31 December	229,331	225,901

ICGB AD Joint Venture

BEH EAD is a shareholder in ICGB AD – a company with an equal interest of BEH EAD and IGI Poseidon (a company with an equal interest of DEPA S.A. and Edison SpA), registered in 2011 in the Republic of Bulgaria, intended to build and become an owner and operator of a gas interconnection network IGB.

In 2022, ICGB AD built the gas interconnector Greece-Bulgaria with a technical capacity of up to 3 billion m³/year from Komotini to Stara Zagora town with a length of 182 km.

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ICGB AD is licensed and certified as a transmission network operator under the Independent Transmission Operator model, with a two-tier management system – with a Management and Supervisory Board, and since 1 October 2022, it carries out natural gas transmission operations through the gas interconnector, through which all volumes of the contractual Azeri gas for Bulgaria are transferred, and it receives the revenues from the provision of transmission services from transmission, which at the moment, based on concluded long-term transmission contracts, is approx. 1.5 billion m³/year. The gas pipeline has been in commercial operation since 2023.

In 2025, a dividend of BGN 13,119 thousand was received (2024: BGN 9,829 thousand)

Joint Venture South Stream Bulgaria AD

The South Stream project, the implementation of which was terminated, provided for the construction of a new gas pipeline system for transporting natural gas from Russia to the European market, through Bulgaria, with a technical capacity of 63 billion m³/year on the 900-kilometer Black Sea section. Shareholders with equal interest in the joint venture on the Bulgarian territory (which is no longer operating) are Bulgarian Energy Holding EAD and Gazprom Krasnodar.

A decision on the liquidation of the project company is to be considered, and in the liquidation process, if such a decision is taken, the remaining assets and properties - should be sold.

As of 31 December 2025, the impairment of the investment amounts to BGN 3 thousand (31 December 2024: BGN 3 thousand).

Joint company SEleNe CC, Greece

In May 2020, through the subsidiary Electricity System Operator EAD, the Group, together with the transmission operators of Greece, Romania and Italy established the Southeast Electricity Network Coordination Center SEleNe CC (Southeast Electricity Network Coordination Center) based in Thessaloniki, Greece, which will facilitate the efficient management of regional energy systems and ensure security of electricity supply in the context of market mergers and the integration of the Western Balkans. The cost of acquisition of the investment in the capital of SEleNe CC is in the amount of BGN 98 thousand, which represents 25% of the total capital of the company.

Regulation (EU) 2019/943 on the internal electricity market ("Regulation 2019/943") provides for the establishment of Regional Coordination Centers, which will replace the Regional Security Centers as of 1 July 2022. Each Regional Coordination Center operates within of a specific area of operation of the system (AOS). In accordance with Article 36 of Regulation 2019/943, ACER, with its decision No.10/2022 of 6 April 2020, defined a area of operation of the system South-East Europe (AOS SEE), which includes the operators of the electricity transmission networks of Bulgaria and Greece. Following the ACER decision of 2020, the transmission network operators prepared a proposal for the establishment of a regional coordination center, which was approved by the regulatory authorities of Bulgaria and Greece in March 2021. ACER Decision 5/2022 of 7 April 2022 repeals Decision No.10/2020 and sets a new configuration of the AOS SEE, which includes the transmission network operators of Bulgaria, Greece, and Italy. According to Art. 4, para. 5 of Annex I of Decision No.5/2022, the transmission network operator of Romania will use the services of the center on the basis of a contract.

In accordance with the above and on the basis of Art. 26, para. 1 and para. 2 of the Articles of Association of SEleNe CC, the operator of the transmission network of Romania, for regulatory purposes, decided to terminate its shareholding in SEleNe CC with notification No.20054/10.05.2022 to the company and each of the shareholders. In accordance with Art. 26, para. 3 of the Statute of SEleNe CC the leaving shareholder shall be obliged to transfer its shares either to the rest of shareholders equally or to the company, or in a combination of both methods. For the purposes of selling the shares, SEleNe CC proposed to the shareholders a draft contract according to which each of the remaining shareholders shall buy from Transelectrica an equal number of shares (16,666 shares), and SEleNe CC shall buy 2 shares, which will be nullified. According to Art. 27, para. 2 of the Articles of Association of SEleNe CC, the price of the shares is equal to their carrying amount based on the company's equity position indicated in the company's annual financial statements for 2021 and it is equal to EUR 1.07.

For the purpose of selling the shares, a share purchase agreement was signed, according to which ESO EAD shall pay the value of 16,666 shares on 23 January 2023.

Pursuant to Item 2 of Minutes No.5 of the General Meeting of Shareholders of SEleNe CC held on February 21, 2023, the shareholders of the company approved an increase in the company's share capital by a total of six million ten

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thousand and two (6,010,002) euro, which corresponds to two million three thousand three hundred thirty-four euros per shareholder, in accordance with Article 6. 2. of the Statute and Art. 25 of Act 4518/2018.

As of December 31, 2025, the percentage of ESO EAD's investment in SEleNe Cc is 33.33%.

The Group did not receive any dividends during the reporting period and has no contingent liabilities or other commitments related to the investment in the joint venture.

Associated company Gastrade S.A., Greece

Pursuant to a decision of the Council of Ministers from 8 January 2020, the Group through the subsidiary company Bulgartransgaz EAD acquired a shareholding in Gastrade S.A. amounting to 20% of its capital.

On 27 January 2022 at the General Meeting of Shareholders of Gastrade S.A. in Athens, a final investment decision for construction of the liquefied natural gas terminal in Alexandroupolis, Greece, was approved unanimously, thus starting the implementation of project.

According to the signed Shareholders' Commitment Agreement between Gaztrade SA, National Bank of Greece and the shareholders, the latter undertake commitments for additional financing in the form of an increase in the capital of Gastrade S.A or loan funds during the construction phase and until completion of the Project that meet the conditions of standard project financing with limited shareholder participation. The shareholding is provided in the form of "initial" and "additional". With a view to finalizing the negotiations for financing of part of the project, shareholders provided as proof of availability of its "initial" shareholding a security according to the requirements of the National Bank of Greece (bank guarantee or deposit) immediately after the vote on a final investment decision.

The LNG terminal is put into commercial operation on October 1, 2024.

As of December 31, 2025, the Group, through its subsidiary Bulgartransgaz EAD, holds 1,262,200 registered shares with a nominal value of EUR 5 each, and has provided a subordinated bond loan amounting to EUR 14,230 thousand.

The Group was not received any dividends during the reporting period and has no contingent liabilities or other commitments related to the investment in the joint venture.

ContourGlobal Maritsa Iztok 3 AD

The Group, through its subsidiary NEK EAD, owns 27% of the capital of the thermal power plant ContourGlobal Maritsa Iztok 3 AD, whose main activity includes production, distribution and sale of electricity and heat.

No dividend was received in 2025.

ContourGlobal Operations Bulgaria AD

The Group through the subsidiary NEK EAD owns 27% of the capital of ContourGlobal Operations Bulgaria AD, whose main activity includes operation and maintenance of TPP ContourGlobal Maritsa Iztok 3 AD.

No dividend was received in 2025.

Since the beginning of 2026, ContourGlobal Maritsa East 3 AD has already been operating one of the largest standalone battery energy storage systems (BESS) in the country. The system is already operating on the territory of the Mapitsa East 3 TPP, using the existing power infrastructure. The project "ContourGlobal Maritsa BESS" has a power of 202 MW and a capacity of 500 MWh. The energy storage system is located on an area of 25,000 sq. m., and has 110 battery platforms and 28 combined energy conversion systems and transformers for grid integration.

In order to transition to lower-emission production, a study is also being conducted on the possibilities of changing the fuel base from coal to gas. Such a hypothesis will provide flexible capacities for managing the electricity system, which, with the gradual elimination of condensing capacities in the country, are extremely necessary for the electricity system operator. At present, this study is still in its early stages and needs to be investigated in more detail.

ZAD Energy

The Group owns 48.08% of the capital of ZAD Energy, which carries out insurance activities.

In 2025, a dividend of BGN 3,656 thousand was received (for 2024: BGN 4,176 thousand).

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Allianz Bulgaria Pension Company AD

The Group, through its subsidiary NEK EAD, owns 34% of the capital of Allianz Bulgaria Pension Company AD, which carries out pension insurance activities.

In 2025, a dividend of BGN 7,931 thousand was received (for 2024: BGN 8,058 thousand).

Operator Zagore AD

On June 16, 2025, the Group acquired 500 shares, representing 50% of the capital of Operator Zagore AD, with a nominal value of BGN 100 each, for a total value of BGN 50,000. The company did not conduct any business in 2025.

Hydro Power Company Gorna Arda AD

The Group, through its subsidiary NEK EAD, owns 24% (31 December 2024: 24%) of the capital of Hydro Power Company Gorna Arda AD, which is registered to evaluate, structure and plan the construction of the Gorna Arda cascade, including construction of hydropower plants with a total capacity of approximately 160 megawatts, providing financing and construction of the Gorna Arda cascade and exercising the rights to operate the facility (after obtaining the relevant licenses and permits). Hydro Power Company Gorna Arda does not operate, does not generate revenue, has no budgets and forecasts for future development, the investment in these consolidated financial statements has zero carrying amount.

Bulgarian Energy Holding EAD
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Summary financial information for joint ventures and associates

The table presents summarized financial information based on the financial statements of the joint ventures and associates of the Group as of 31 December of the respective year:

Joint ventures and associates	ICGB AD	South Stream Bulgaria AD	Contour Global Maritsa East 3 AD	Contour Global Operations Bulgaria AD	ZAD Energy	Allianz Bulgaria Pension Company AD	Hydro Power Company Gorna Arda AD	SEleNe CC	Operator Zagore AD	Gastrade S.A.	Total
31 December 2025	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Non-current assets	444,887	18,371	213,600	981	29,068	113,039	-	3,215	-	947,645	1,770, 806
Current assets (a)	160,343	1,382	127,853	12,688	2,930	12,330	-	18,424	100	116,437	452,487
Total assets	605,230	19,753	341,453	13,669	31,998	125,369	-	21,639	100	1,064, 082	2,223, 293
Non-current liabilities (b)	389,821	-	22,568	947	4,777	984	-	16	-	896,962	1,316, 075
Current liabilities (c)	69,866	34	140,062	1,734	1,786	14,197	-	6,951	-	90,193	324,823
Total liabilities	459,687	34	162,630	2,681	6,563	15,181	-	6,967	-	987,155	1,640, 898
Non-controlling interest	-	-	-	-	-	-	-	25	-	-	25
(a) including cash and cash equivalents	137,324	1,221	33,306	268	2,909	4,416	-	14,705	100	70,807	265,056
(b) including non-current loans	205,223	-	-	-	-	-	-	-	-	425,867	631,090
(c) including current loans	7,587	-	23,470	-	-	-	-	-	-	34,315	65,372
Revenues	59,541	-	134,883	15,088	7,297	67,713	-	14,689	-	156,802	456,013
Depreciation and amortization costs	(10,262)	-	(3,326)	-	-	-	-	(905)	-	-	(14,493)
Income tax expense	(2,635)	-	-	-	(937)	(3,320)	-	(297)	-	(1,703)	(8,892)
Profit/(loss) for the year	18,998	(549)	(15,523)	782	5,308	37,256	-	928	-	34,346	81,546
Other comprehensive income for the year	-	-	9	-	433	217	-	-	-	-	659
Total comprehensive income/(loss) for the year	18,998	(549)	(15,514)	782	5,741	37,473	-	928	-	34,346	82,205
Share of the profit/(loss) for the year due to the Group	9,499	(275)	(4,191)	211	2,622	12,667	-	309	-	6,869	27,711
Share of other comprehensive income of associates	-	-	(16)	-	78	(147)	-	1	-	1	(83)
Total net assets	145,543	19,719	178,823	10,988	25,435	110,188	-	14,647	100	76,927	582,370
Share participation of the Group	50%	50%	27%	27%	48,08%	34%	24%	33%	50%	20%	-
Impairment	-	(3)	-	-	-	-	-	-	-	-	(3)
Carrying amount of the investment	72,772	9,856	48,283	2,967	12,229	37,462	-	4,881	50	40,831	229,331

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Bulgarian Energy Holding EAD
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Joint ventures and associates	ICGB AD	South Stream Bulgaria AD (non- audited data)	Contour Global Maritsa East 3 AD	Contour Global Operation s Bulgaria AD	ZAD Energy	Allianz Bulgaria Pension Company AD	Hydro Power Compa ny Gorna Arda AD	SEleNe CC* (unaudited data)	Gastrade S.A. * (unaudited data)	Total
31 December 2024	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Non-current assets	450,590	18,371	59,937	593	31,302	94,468		2,717	981,000	1,638, 978
Current assets (a)	150,583	1,935	270,224	12,438	2,638	14,145	-	16,723	110,648	579,334
Total assets	601,173	20,306	330,161	13,031	33,940	108,613	-	19,440	1,091, 648	2,218, 312
Non-current liabilities (b)	365,122	-	21,198	574	4,955	687		24	862,975	1,255, 535
Current liabilities (c)	83,267	38	114,557	2,251	1,562	11,240	-	5,685	186,101	404,701
Total liabilities	448,389	38	135,755	2,825	6,517	11,927	-	5,709	1,049, 076	1,660, 236
Non-controlling interest								16		16
(a) including cash and cash equivalents	135,336	1,791	17,333	151	2,515	4,804	-	13,467	68,562	243,959
(b) including non-current loans	212,274	-	0						429,420	641,694
(c) including current loans	360	-	0						60,797	61,157
Revenues	68,954	6	191,553	27,787	9,824	57,908		12,076	-	368,108
Depreciation and amortization costs	(9,580)	-	(94,268)	-	(1,345)	-		(713)	-	(105,906)
Income tax expense	(3,772)	-	18,189	(212)	(1,267)	(3,101)		-	(5,774)	4,063
Profit/(loss) for the year	32,393	(261)	(83,812)	1,902	7,469	34,105	-	910	(28,565)	(35,859)
Other comprehensive income for the year			9		433	217	-	-	(17)	642
Total comprehensive income/(loss) for the year	32,393	(261)	(83,803)	1,902	7,902	34,322	-	910	(28,582)	(35,217)
Share of the profit/(loss) for the year due to the Group	16,096	(131)	(22,628)	514	3,672	11,612		303	(5,722)	3,716
Share of other comprehensive income of associates	-	-	2	-	208	74	-	-	(4)	280
Total net assets	152,784	20,268	194,406	10,206	27,423	96,686	-	13,715	42,572	558,060
Share participation of the Group	50%	50%	27%	27%	48,08%	34%	24%	33%	20%	
Impairment		(3)					-			(3)
Carrying amount of the investment	76,392	10,131	52,490	2,756	13,185	32,873	-	4,571	33,503	225,901

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The investments in associates and joint ventures are accounted for using the equity method. The date of the financial statements of the associates and joint ventures is 31 December. All cash transfers to the Group, such as dividend payments, are made after the approval of at least 51% of all shareholders in the associates.

23. Trade and other receivables

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Trade receivables, gross	172,770	719,752
Accumulated impairment of trade receivables	(172,386)	(719,554)
Trade receivables, net amount	384	198
Financial assets	384	198
Advanced payments made to suppliers	41,121	40,938
Prepaid services	245	285
Non-financial assets	41,366	41,223
Trade and other receivables – non-current	41,750	41,421
Trade receivables, gross	2,669,984	1,769,908
Accumulated impairment of trade receivables	(873,053)	(357,202)
Trade receivables, net amount	1,796,931	1,412,706
Court and adjudicated receivables, gross amount	337,023	319,755
Accumulated impairment of court and adjudicated receivables	(278,188)	(279,049)
Court and adjudicated receivables, net amount	58,835	40,706
Receivables from the Security of the Electricity System Fund	212,297	83,669
Bank deposits with maturity over three months, gross amount	574,238	375,000
Accumulated impairment of bank deposits	(139)	(140)
Bank deposits with maturity over three months, net amount	574,099	374,860
Interest receivables on bank deposits	3,421	7,202
Other receivables, gross amount	88,583	128,816
Accumulated impairment of other receivables	(42,714)	(87,609)
Other receivables, net amount	45,869	41,207
Finance assets	2,691,452	1,960,350
Advanced payments made to suppliers	667,901	637,616
Accumulated impairment of advances made to suppliers	(37)	(14,442)
Advance payment made to suppliers, net amount	667,864	623,174
Prepaid services	15,685	20,162
Recoverable taxes	21,052	48,849
Non-financial assets	704,601	692,185
Current trade and other receivables	3,396,053	2,652,535
Trade and other receivables	3,437,803	2,693,956

Trade receivables are not interest-bearing and usually have a payment period of 1 to 30 days.

The net book value of trade and other receivables is assumed to be a reasonable approximation of their fair value.

Bank deposits with a maturity of over three months of the subsidiary "NPP Kozloduy – New Builds" EAD

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Group has cash available for bank deposits for a period longer than 3 months, detailed in the following table:

Banks	Date of conclusion	Due date	Deposit term	Currency	Exchange rate	Principal in original currency	Principal
						<i>thousand currency units</i>	<i>BGN'000</i>
Bank 1	4.8.2025	4.2.2026	8 months	EUR	1.95583	157,830	308,688
Bank 2	14.8.2025	16.2.2026	6 months	EUR	1.95583	52,384	102,454
Bank 3	18.8.2025	18.2.2026	6 months	BGN	1	80,460	80,460
Bank 3	13.8.2025	13.2.2026	6 months	BGN	1	20,596	20,596
Bank 4	5.8.2024	5.2.2026	6 months	BGN	1	62,040	62,040
						373,310	574,238

Advances provided for the supply of fresh nuclear fuel by subsidiary NPP Kozloduy EAD

As of December 31, 2025, the significant portion of the advances granted amounts to BGN 264,619 thousand (31 December 2024: BGN 179,468 thousand), are related to the supply of fresh nuclear fuel.

The Group, through its subsidiary NPP Kozloduy EAD, carried out the necessary activities and arrangements for two deliveries from AO TVEL in 2025. In accordance with the terms and conditions of Amendment 52 to the contract with AO TVEL, two deliveries of fresh nuclear fuel were completed. On 25 March 2025, the first delivery of 42 pcs. of TVSA-12 fuel assemblies and 12 pcs. of PP ESDs was made, and on 23 April 2025, the second delivery of 42 pcs. of TVSA-12 fuel assemblies was made. On 10 April 2025, 42 pcs. of RWFA nuclear fuel assemblies manufactured by Westinghouse Electric Sweden AB were delivered; This ensures supplies of fresh nuclear fuel for continuous operation.

Out of the non-current advances granted amounting to BGN 41,093 thousand (31 December 2024: BGN 40,907 thousand) are for the supply of nuclear fuel for unit 6 and a contract concluded for a period of 10 years starting from 2025 with the French company Framatome. The amount will be deducted from the last delivery of nuclear fuel in 2035.

Advances provided for the supply of natural gas by a subsidiary Bulgargaz EAD

Advances granted for the supply of natural gas in the amount of BGN 405,409 thousand. (31 December 2024: BGN 456,017 thousand) represent prepaid amounts for natural gas supplies under valid, active agreements under which the subsidiary Bulgargaz EAD is the purchasing party. Some of them relate to deliveries that were planned for the first half of 2026. Based on market needs, management has assessed that there is no need to absorb the quantities of these prepaid deliveries. They have been renegotiated with a schedule for the following months of the year.

Another significant part of the advances as of December 31, 2025 are from BOTAŞ BORU HATLARI İLE PETROL TAŞIMA A.Ş. for the supply of quantities of liquefied natural gas, which were purchased from Cheniere Marketing International LLP in April 2023, as a result of a publicly announced tender procedure in October 2022. This supply was made in the conditions of a highly stressed natural gas market after the start of the military conflict in the territory of Ukraine, in order to ensure the continuity of natural gas supplies to the country. Due to the specific circumstances and limited options for making other decisions, management assessed that this delivery guaranteed the state's security and stability of gas supply to customers in the country at that time.

In 2025, the Group, through its subsidiary Bulgargaz EAD, also concluded ongoing contracts for the supply of natural gas, under which the prepaid quantities of natural gas were delivered in 2025 to a terminal in Turkey and stored at BOTAŞ. As of December 31, 2025, the value of these prepaid supplies is at prices below market levels. The management of the subsidiary has taken into account the possibility of joint realization of the quantities.

The unpredictability of market conditions and price volatility is determined by the geopolitical situation. The Group, through its subsidiary Bulgargaz EAD, negotiates terms and conditions with customers that allow for flexibility in supply management and the execution of the annual programme, as well as the transfer of volumes from summer to winter months. Consequently, a significant portion of the Company's prepaid advances as of the end of the reporting period remains unutilized.

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In the impairment assessment, the forecasts of the subsidiary Bulgargaz EAD regarding the realization period and the inclusion of these volumes in the price mix are taken into consideration, alongside other relevant information expected to be of significance to the realization of the stored natural gas.

	31 December 2025	31 December 2024
	BGN'000	BGN'000
Prepaid advances for natural gas from Bulgargaz EAD	405,446	470,459
Accumulated impairment loss	(37)	(14,442)
Prepaid advances for natural gas, net	405,409	456,017

Trade receivables of the subsidiary Bulgargaz EAD

A portion of the financial receivables, with a gross amount of BGN 48,816 thousand and a carrying amount after impairment of BGN 19,318 thousand as of December 31, 2025, represents a receivable from a natural gas supplier, which arose in connection with an invoiced amount by LLC Gazprom Export that has not been recognized by the Group through its subsidiary Bulgargaz EAD for natural gas deliveries during the first quarter of 2022. The amount relates to a commercial dispute regarding volumes of natural gas that were invoiced but not delivered during this period. In 2024, an expected credit loss of BGN 33,383 thousand was recognized, and in 2025, a currency revaluation of receivables and payables was made and an impairment loss of BGN 3,884 thousand was reversed, which means that the net exposure to the counterparty is considered to be zero.

In May 2024, the subsidiary Bulgargaz EAD sent an invitation to OOO Gazprom Export for a voluntary settlement of the Bulgarian company's claim, in accordance with the contract between the two companies.

In July 2024, after the Russian side failed to take any action to resolve the issue out of court, the subsidiary Bulgargaz EAD initiated arbitration proceedings against OOO Gazprom Export by filing a request for arbitration with the Court of Arbitration of the International Chamber of Commerce in Paris - one of the most authoritative institutions in the world that administers the resolution of international trade disputes.

The subject of the dispute is the damages suffered by the subsidiary Bulgargaz EAD, which are a result of the unilateral suspension of all natural gas supplies by Gazprom, effective from April 27, 2022, representing a breach of the long-term Natural Gas Supply Agreement of 2012. The claims of the subsidiary Bulgargaz EAD amount to approximately EUR 400 million.

The arbitration panel was constituted at the end of 2024. The case is expected to develop in 2026. During this period, the parties will present their claims and objections in detail, present evidence, and may engage witnesses and experts. To refine the company's claim, an analysis of the damages suffered is currently being carried out by international experts. After the written exchange of papers is completed, a hearing on the case will be scheduled.

Impairment

As of 31 December 2025, the Group has reviewed and accrued impairment for expected credit losses, in accordance with the adopted accounting policy and the requirements of IFRS 9 *Financial Instruments*.

For all short-term trade receivables, a simplified approach has been applied to determine the expected credit losses at the end of the period. Long-term receivables are impaired on an individual basis.

The movement of the impairment for expected credit losses on trade and other receivables is as follows:

Impairment of trade and other receivables	31 December 2025	31 December 2024
	BGN'000	BGN'000
On 1 January	1,457,996	1,409,387
Accrued during the year	53,170	46,123
Recovered	(87,775)	(22,385)
Corrective	23,840	24,871
Derecognized	(80,714)	-
Total impairment of trade and other receivables	1,366,517	1,457,996

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For the year ending 31 December 2025

22.1. Receivables from Toplofikatsia Sofia EAD

Trade and other receivables include the following receivables for natural gas supplies and loan agreements from one customer, Toplofikatsia Sofia EAD:

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Non-current receivables from Toplofikatsia Sofia EAD, gross amount	430,919	523,053
Impairment	(430,919)	(523,053)
Non-current receivables from Toplofikatsia Sofia EAD, net amount	-	-
Current receivables from Toplofikatsia Sofia EAD, gross amount	1,647,541	1,281,366
Impairment	(396,940)	(346,974)
Current receivables from Toplofikatsia Sofia EAD, net amount	1,250,601	934,392
	1,250,601	934,392

By Decision No.594 of the Council of Ministers of 11.08.2022, the Ministry of Energy approved the granting of a loan to Bulgargaz EAD, the collateral of which is current and future receivables of Toplofikatsiya Sofia EAD. The pledge is entered in the Central Register of Special Pledges in accordance with the relevant procedure.

The companies in the Group that have receivables from „Toplofikatsiya Sofia“ EAD as of December 31, 2025 are „Bulgarian Energy Holding“ EAD with a book value of BGN 141,952 thousand and the subsidiary "Bulgargaz" EAD with a book value of BGN 1,108,649 thousand.

Bulgargaz EAD

As of December 31, 2025, the current trade receivables of the subsidiary Bulgargaz EAD from Toplofikatsiya Sofia EAD for delivered natural gas amount to BGN 1,198,132 thousand (as at 31 December 2024: BGN 924,398 thousand). The receivables are fully overdue. The accrued impairment amounts to BGN 89,483 thousand. (as at 31 December 2024: BGN 61,127 thousand).

Bulgarian Energy Holding EAD

The Company has receivables from Toplofikatsia Sofia EAD under contracts as follows:

Agreement as at 11 December 2015

On 11 December 2015 an agreement was concluded between Bulgarian Energy Holding EAD and Toplofikatsia Sofia EAD according to which the debts of the district heating plant to Bulgarian Energy Holding EAD are merged and novated. The debtor fully and unconditionally recognizes liabilities in the amount of BGN 500,465 thousand, as they are repaid over a period of twenty years, with a five-year grace period, and interest on the principal in the amount of 3.25%. The agreement stipulates that upon conclusion of a concession contract between Sofia Municipality and a third party, the latter undertakes to pay BEH EAD an initial installment of not less than BGN 200,000 thousand within 120 days from the date of entry into force of the concession agreement, and the balance will be paid in a manner agreed between the parties.

Liabilities amounting to BGN 52,311 thousand were challenged by the debtor in 2015 by the submission of six claims. In 2019 court proceedings were closed, and receivables in the amount of BGN 3,339 thousand were recognized. The due amounts were paid by Toplofikatsia Sofia EAD in accordance with the agreement of 2020. For the unrecognized liabilities amounting to BGN 48,972 thousand, The Company has recognized impairment in full.

As of 31 December 2025, the total gross amount of the receivable under the agreement dated 11 December 2015 is BGN 385,850 thousand, including due principal amounts with a matured status in the amount of BGN 50,046 thousand, overdue interest in the amount of BGN 911 thousand, and default interest in the amount of BGN 647 thousand. The recognized credit losses and other adjusting items amount to BGN 347,542 thousand.

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Agreement as at 1 April 2019

A contract was concluded with Bulgargaz EAD on 28 August 2018 for the transfer of receivables from Toplofikatsia Sofia EAD for consumed natural gas in the total amount on the date of contract conclusion, of BGN 99,193 thousand, including a principal amounting to BGN 94,967 thousand and an interest amounting to BGN 4,226 thousand. The receivables are fully overdue. An agreement was concluded with Toplofikatsia Sofia EAD on 1 April 2019, whereby the debtor agreed that the debt would be paid by the debtor by 31 August 2025, and it would not pay principal installments until 31 August 2019. The stipulated interest on the principal is at the rate of 4.66%, as at 28 August 2018. At a failure to pay any installment, an interest is due from the debtor for every day of default to the extent of the base interest rate, fixed by the Bulgarian National Bank, plus a 10-point margin.

As of 31 December 2025, the total gross amount of the receivable under the agreement dated 1 April 2019 is BGN 91,736 thousand, including due principal amounts with a matured status in the amount of BGN 19,447 thousand and default interest in the amount of BGN 289 thousand. The recognized credit losses and other adjusting items amount to BGN 5,576 thousand.

Agreement as at 15 September 2022

On 15 September 2022, was signed an agreement with Toplofikatsia Sofia EAD, by means of which the obligations under cession agreements of December 23, 2020, October 28, 2021 and November 18, 2021 in a total amount of BGN 333,596,905.98 were consolidated. The agreement became effective after approval by the Sofia Municipal Council obtained on 16 December 2022. The parties agreed that the due amount would be paid by the creditors until 31 March 2029 in monthly installments with a grace period for the principal amount until 31 March 2023. The agreed interest on the principal amounts to 3.525%. To secure the implementation of the obligations, the debtor has established a special pledge in favor of the creditor covering all present, future, and conditional receivables of the debtor in bank accounts opened at commercial banks on the territory of the Republic of Bulgaria and under contracts for the sale of energy to Independent Bulgarian Energy Exchange EAD.

As of December 31, 2025, the total gross amount of the receivable under the agreement of September 15, 2022, stands at BGN 385,259 thousand, including overdue principal amounts of BGN 139,250 thousand, overdue interest of BGN 23,726 thousand, and default interest of BGN 32,872 thousand. The recognized credit losses and other adjusting items amount to BGN 385,259 thousand.

A monthly offsetting is performed between the default interest due under the agreement and the obligations of Bulgarian Energy Holding EAD and NEK EAD for heat energy consumed. The offset amounts for 2025 amount to BGN 38 thousand.

Tripartite Agreement of 2023 and Annex of 2024 and 2025

On 19 July 2023 an agreement was signed between Bulgarian Energy Holding EAD, Toplofikatsia Sofia EAD and the Electricity System Security Fund, whereby the parties agree that 20% of the monthly premiums due from the Fund to Toplofikatsia Sofia EAD within the current tariff period from 01.07.2023 to 30.06.2024 will be credited to the account of Bulgarian Energy Holding EAD. The proceeds will be used to repay obligations under the Agreements of 2015 and 2019 between Bulgarian Energy Holding EAD and Toplofikatsia Sofia EAD. On 28 June 2024, an annex to the agreement was signed to extend its validity for the tariff period from 1 July 2024 to 30 June 2025. Subsequently, on 9 July 2025, Annex No.2 to the agreement was signed, extending its validity for the tariff period from 1 July 2025 to 30 June 2026.

In 2025, funds in the total amount of BGN 26,768 thousand were received from the Electricity System Security Fund for the settlement of obligations of Toplofikatsia Sofia EAD:

- (1) for the settlement of obligations under the Agreement dated 11 December 2015, an amount of BGN 22,405 thousand
- (2) for the settlement of obligations under the Agreement dated 1 April 2019, an amount of BGN 4,363 thousand

The funds received in 2024 amounted to BGN 64,791 thousand.

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22.2. Receivables from the Fund for Security of the Electricity System

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Receivables on 1 January	83,669	130,544
Public provider costs claimed for compensation	793,300	1,067,188
Cash received	(664,672)	(1,114,063)
Receivables on 31 December	212,297	83,669

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in Note 36 Financial risk management objectives and policies.

24. Deferred tax assets and liabilities

Deferred tax assets/(liabilities)	Balance as of 1 January 2025	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December 2025
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Property, plant and equipment and intangible assets	(1,113,434)	17,636	6,081	(1,089,717)
Other temporary differences related to PPE (e.g. depreciation)	47,356	8,779	-	56,135
Financing	32,247	4,402	-	36,649
Unused paid leave	6,121	946	-	7,067
Provisions	53,014	(888)	-	52,126
Other provisions (litigation, etc.)	48	-	-	48
Liabilities related to employee' retirement income	29,951	969	1,696	32,616
Provisions for environmental protection	3,405	1,446	-	4,851
Provision for spent nuclear fuel	3,313	3,223	-	6,536
Provision for reclamation	6,670	305	-	6,975
Provisions for emission allowances	12,456	23,837	-	36,293
Unpaid income to the staff	3,200	1,483	-	4,683
Financial assets at fair value through profit or loss	(1)	-	(6)	(7)
Financial assets at fair value in other comprehensive income	(16)	-	(154)	(170)
Impairment of cash	510	(235)	-	275
Impairment of investments	123	(91)	6	38
Impairment of inventories	15,954	(839)	-	15,115
Impairment of trade and other receivables	110,483	(7,597)	-	102,886
Thin capitalization	37	(1)	-	36
	(788,563)	53,375	7,623	(727,565)
Recognized as:				
Deferred tax assets	324,888			362,329
Deferred tax liabilities	(1,113,451)			(1,089,894)

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Deferred tax assets/(liabilities)	Balance as of 1 January 2024	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Property, plant and equipment and intangible assets	(922,198)	(8,940)	(182,296)	(1,113,434)
Other temporary differences related to PPE (e.g. depreciation)	36,821	10,535	-	47,356
Financing	28,776	3,471	-	32,247
Unused paid leave	7,094	(973)	-	6,121
Provisions	55,237	(2,223)	-	53,014
Other provisions (litigation, etc.)	5,223	(5,175)	-	48
Liabilities related to employee' retirement income	26,384	3,553	14	29,951
Provisions for environmental protection	(30)	3,435	-	3,405
Provision for spent nuclear fuel	138	3,175	-	3,313
Provision for reclamation	(327)	6,997	-	6,670
Provisions for emission allowances	(30,375)	42,831	-	12,456
Unpaid income to the staff	2,860	340	-	3,200
Financial assets at fair value through profit or loss	(1)	-	-	(1)
Financial assets at fair value in other comprehensive income	1	-	(17)	(16)
Impairment of cash	1,081	(571)	-	510
Impairment of investments	69	54	-	123
Impairment of inventories	21,807	(5,853)	-	15,954
Impairment of trade and other receivables	108,124	2,359	-	110,483
Thin capitalization	29	8	-	37
	(659,287)	53,023	(182,299)	(788,563)
Recognized as:				
Deferred tax assets	293,644			324,888
Deferred tax liabilities	(952,931)			(1,113,451)

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25. Inventories

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Natural gas	445,354	496,008
Fuel	591,890	356,115
Spare parts	352,331	323,082
Other materials and consumables	92,641	113,422
Goods	30,106	693
Work in progress, including:		
- loaded unspent fresh nuclear fuel	100,757	87,163
- Coal	166,988	159,395
- others	3,383	15
<i>Inventories, gross amount</i>	<i>1,783,450</i>	<i>1,535,893</i>
Impairment to net realizable value	(131,488)	(140,892)
Inventories, net of impairment	<u>1,651,962</u>	<u>1,395,001</u>

The natural gas available at the reporting date mainly includes natural gas stored in the Chiren UGS. The fuels include mainly uncharged fresh nuclear fuel, diesel and fuel oil.

The Group has no inventories provided as collateral for liabilities.

Natural gas of the subsidiary Bulgargaz EAD

In 2025, the cost of natural gas sold amounting to BGN 1,291,799 thousand was recognized as an expense in profit or loss (December 31, 2024: BGN 1,316,578 thousand).

As of 1 January 2023, when determining the net realizable value of natural gas at the end of the reporting period, the reference TTFfm price for January of the following calendar year. This management judgment is based on the subsidiary company's operating cycle, the seasonality of natural gas production and injection, as well as the commitments made under the Contingency Action Plan to maintain certain quantities of available natural gas at the Chiren UGS.

For the purposes of the annual impairment test, the available quantities of natural gas are divided into the following categories:

- Available natural gas stored in the Chiren UGS, intended for production according to the Emergency Action Plan, including quantities held as non-renewable stock according to the requirements of the applicable legal framework and the Emergency Action Plan, with a specific production schedule only during the period November-April;
- Available natural gas intended for subsequent sale (commercial quantities).

When performing the annual inventory impairment test, the management of the subsidiary Bulgargaz EAD reached the following conclusions:

- For the available quantities of natural gas in the Chiren UGS as of December 31, 2025 in the amount of 110,632 MWh, which are expected to be extracted (i.e. to be realized through sale) during the period from January to May 2026, according to the Emergency Action Plan in 2025, an impairment loss on inventories in the amount of BGN 8,424 thousand was recognized. Reference TTFfm price for January 2026 of EUR 40.68/MWh, published quotes on January 30, 2026 in the Argus Media newsletter (argusmedia.com) is applied.
- For the available quantities stored as "non-renewable stock" in the Chiren UGS in accordance with the requirements of the applicable legal framework and the Emergency Action Plan in the amount of 1,469,999.809 MWh, management has concluded that there is no need to recognize impairment losses, as their carrying amount is lower than their net realizable value, calculated based on the reference stock exchange TTFfm.

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- For the available quantities intended for trading and stored as „trading quantities“ in the Chiren UGS, management has concluded that there is no need to recognize impairment losses, as their carrying amount is lower than their net realizable value, calculated based on the reference stock exchange TTFm.

When preparing the annual impairment test of available natural gas, the management of the subsidiary Bulgargaz EAD took into account the commitments for natural gas production according to the Emergency Action Plan, the market dynamics and in particular the TTF levels, which show a significant increase as a result of the geopolitical situation, mainly influenced by the military conflict in the Middle East, the uncertainty of liquefied natural gas supplies and the increased demand for filling gas storage facilities in Europe. The reversal of write-downs of inventories is recognized as a reduction in the cost of gas sold during the period (previously written down). In 2025, an impairment loss of BGN 27,552 thousand was recovered for quantities of natural gas extracted in 2025.

Natural gas of the subsidiary Bulgartransgaz EAD

As of December 23, 2020, a new Action Plan for emergency situations to guarantee the security of natural gas supplies to the Republic of Bulgaria is in force, according to which Bulgartransgaz EAD stores quantities of natural gas at the 'Chiren Underground Gas Storage' with a maximum volume of up to 70 million cubic meters in compliance with an order of the Minister of Energy, issued pursuant to Art. 70 of the Energy Act on imposing of additional obligations to society. The quantities specified in the order represent a reserve necessary to ensure continuously supply according to Annex VIII of the Regulation 2017/1938.

In 2022, the Minister of Energy, in connection with the military conflict in Ukraine, with an order imposed on subsidiary Bulgartransgaz EAD additional obligations to serve the public, in order to ensure the security and continuity of natural gas supplies on the territory of the Republic of Bulgaria, according to which the company purchased and stored 205,300 MWh of natural gas.

In 2025, a total of BGN 164,082 thousand of inventories were reported as an expense in the profit or loss (2024: BGN 164,160 thousand), incl. revenue from reversal of impairment of inventories in the amount of BGN 7,747 thousand (2024: BGN 1,486 thousand).

TPP Maritsa Iztok 2 EAD

In 2025, a total of BGN 224,031 thousand of inventories were reported as an expense in the profit or loss (2024: BGN 227,333 thousand). This amount includes depreciation of inventories in the amount of BGN 182 thousand from changes in stock prices during the year. (2024: BGN 1,320 thousand, including BGN 1,306 thousand reported impairment based on a report by a licensed appraiser and BGN 14 thousand impairment based on changes in stock prices during the year).

As of December 31, 2025, the subsidiary has performed an appraisal of the main part of the inventories through an independent licensed appraiser. During the review of inventories, it was found that the carrying amount of a large portion of inventories does not differ significantly from their net realizable value. In 2025, during the review of inventories, it was found that the net realizable value was lower than the carrying amount of inventories and an impairment loss of BGN 1,306 thousand was charged on inventories and an impairment loss of BGN 118 thousand was reversed.

In 2025, the subsidiary recorded expenses for depreciation of ferrous and non-ferrous metal waste (scrap), which are part of inventories, in the amount of BGN 182 thousand. (2024: BGN 14 thousand in impairment costs and restored impairment in the amount of BGN 3 thousand), based on a change in stock exchange prices, according to new stock exchange contracts concluded in 2025 for the purchase and sale of goods through the mediation of members of the Sofia Commodity Exchange.

NPP Kozloduy EAD

The continuous operation of NPP Kozloduy at maximum capacity is extremely important for Bulgaria's energy and national security. This is why regular supplies of fresh nuclear fuel will guarantee the smooth operation of units 5 and 6. Given the military situation between the Russian Federation and Ukraine and the current dependence of the plant on AO TVEL – Russian Federation, which is the main supplier of NG for VVER-1000 reactors, the subsidiary NPP Kozloduy EAD, with the support of the state through the Ministry of Energy, has taken measures to diversify the supply of fresh nuclear fuel. Reducing dependence on single suppliers of nuclear materials and services in the nuclear fuel cycle (NFC) is in line with the policy of the EURATOM Supply Agency to ensure the continuous and safe operation of nuclear power plants and the security and reliability of electricity production for the population and industry of the EU Member States. The European Energy Security Strategy, adopted on 28 May 2014, requires a

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comprehensive diversified portfolio of nuclear materials and services supplies in NPPs for all nuclear power plant operators in the European Union.

Despite the temporary suspension of the supply of fresh nuclear fuel (FNF) from the Russian company AO TVEL in 2024, the necessary activities have been carried out and by December 31, 2025, all contracted quantities of FNF for Unit 6 have been delivered.

A contract was concluded between NPP Kozloduy and the Westinghouse company for the supply of fresh nuclear fuel assemblies (compatible with those currently in use) for Unit 5 for a 10-year period starting from 2024, when the first delivery, valued at BGN 116,296 thousand, was accepted. The newly delivered fresh nuclear fuel (FNF) cartridges have been fully loaded during the 31st campaign of Unit 5. A contract for the supply of nuclear fuel for Unit 6 has been signed for a period of 10 years starting in 2025 with the French company Framatome. In fulfillment of the concluded contracts, the subsidiary NPP Kozloduy EAD has made advance payments related to the production and delivery of FNF in the amount of BGN 264,619 thousand. (as at 31 December 2024: BGN 179,468 thousand).

Concurrently, in order to guarantee the security of energy supplies, in March 2022, the Council of Ministers approved a derogation from the European Union sanctions related to the war in Ukraine, which prohibit the import of certain parts, materials, and services from Russian suppliers, to enable NPP Kozloduy to purchase the necessary materials and spare parts so as to ensure the planned annual outages and the operation of the nuclear power plant.

The spare parts of the company are specific spare equipment for the operation of the power units and all facilities related to the production of electrical energy, including ensuring and guaranteeing a continuous mode of operation.

As of 31 December 2025, on the basis of assessments performed by an independent licensed appraiser, an expense for impairment of material stocks with a total value of BGN 3,421 thousand was reported (2024: BGN 54 thousand). For 2025, a reversal of impairment from prior periods in the amount of BGN 1,786 thousand was recognized (2024: BGN zero).

26. Financial assets at fair value through other comprehensive income*Investment in the auction office JAO S.A.*

In 2019, the Group, through its subsidiary ESO EAD, is a shareholder in the auction office JAO SA, which acts as a Single Platform for Allocation of Transmission Capabilities (EPR) under Regulation 2016/1719 establishing guidelines for pre-allocation of transmission capacity. JAO S.A distributes long-term transmission capacity (annual and monthly) at all borders between EU member states. The value of the investment in the capital of JAO SA amounts to BGN 507 thousand (31 December 2024: BGN 507 thousand).

Investment in shares of Transgaz S.A., Romania

On 17 December 2007, the Group through the parent company Bulgarian Energy Holding EAD participated in the initial public offering of securities of TRANSGAZ S.A., Romania of an increase in the company's capital, acquiring 6,041 shares. In 2023, the number of shares was increased to 96,656 in connection with an increase in capital from internal sources. The fair value of this investment as of 31 December 2025 is BGN 2,422 thousand (31 December 2024: BGN 883 thousand) and is determined on the basis of the published quotations of prices on an active market as of 30 December 2025. All effects of revaluation of the investment for 2025 are reported in the reserve for revaluation of financial assets at fair value through other comprehensive income.

In 2025, a dividend of BGN 40 thousand was received (2024: BGN 13 thousand).

Investment in shares of Balkangaz 2000 AD, Botevgrad

The group through the parent company Bulgarian Energy Holding EAD owns 10,000 registered shares of Balkangaz 2000 AD, Botevgrad, with a nominal value of BGN 1 (one) per share. The Company has a registered and paid-in capital of BGN 903 thousand. The Group has been a shareholder since the establishment of the company in 2000. The investment of Balkangaz 2000 AD is impaired and derecognised from the financial statements prepared before 2007 due to deteriorating financial condition of the company. The fair value of this investment as of 31 December 2025 is BGN 2 thousand (31 December 2024: BGN 2 thousand) and is determined in accordance with IFRS 13 using level 3 of the fair value hierarchy. No dividend was received in 2025 and 2024.

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	Level 1	Level 3	Level 1	Level 3
	31 December 2025		31 December 2024	
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Financial assets at fair value in other comprehensive income				
Stock traded shares	2,422	-	883	-
Unlisted shares	-	509	-	509

27. Cash and short-term deposits

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Cash in bank accounts	1,580,063	1,619,880
Cash	410	609
Deposits	211,027	1,106,488
Blocked cash with special purpose	678,856	803,617
Cash provided as collateral	115,028	175,409
Gross amount of cash and cash equivalents	2,585,384	3,706,003
Effect from expected credit losses	(4,019)	(6,119)
Cash and short-term deposits in the Consolidated Financial Statement	2,581,365	3,699,884
Cash provided as collateral	(115,070)	(175,520)
Effect from expected credit losses	42	111
Cash in the Consolidated Statement of Cash Flows	2,466,337	3,524,475

Cash in bank accounts bears interest at floating interest rates based on agreed interest rates on bank deposits.

Blocked cash with special purpose

The amount of special purpose funds that was tied up for the Group as of December 31, 2025 is BGN 678,856 thousand (31 December 2024: BGN 803,617 thousand) and are due on the following grounds:

- BGN 550,868 thousand allocated to a special account in accordance with Regulation (EU) 2019/943 on the internal market for electricity (31 December 2024: BGN 707,367 thousand).
- BGN 112,838 thousand in a special account at TB Eurobank Bulgaria AD, opened under conditions approved by the Ministry of Energy. The funds set aside from the available cash resources are tied up and are unavailable for making other payments beyond their intended purpose. They are purposefully spent only for covering expenses for SNF management, including operations for their transportation, technological storage and reprocessing of SNF that has not been carried out in previous years (31 December 2024: BGN 81,100 thousand).
- BGN 15,000 thousand financial collateral for an overdraft agreement between DSK Bank AD and its subsidiary Mini Maritsa Iztok EAD (31 December 2024: BGN 15,000 thousand)
- BGN 150 thousand in a special purpose current account, and are to be used as collateral as per Art. 19, para. 2 of the Terms and Conditions of Access to the Electricity Transmission and Distribution Networks (31 December 2024: BGN 150 thousand).

Financial assets provided as collateral

The amount of funds provided as security, as of December 31, 2025 amounted to BGN 115,028 thousand (31 December 2024: BGN 175,409 thousand) and are blocked on the following grounds:

- USD 64,845 thousand and EUR 2,973 thousand represent security in the form of deposits on loans received for operational and investment costs, which are compounded with an annual interest rate (December 31, 2024: USD 84,353 thousand and EUR 4,868 thousand);

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- USD 831 thousand financial collateral for an agreement concluded between the subsidiary Bulgartransgaz EAD and Gastrade S.A. for the operation and maintenance of the pipeline and ground facilities of Gastrade S.A. (31 December 2024: 800 thousand US dollars) at an annual interest rate of 3.50%;
- restricted cash as of December 31, 2025, in the amount of EUR 2,910 thousand in an escrow account, in connection with additional funding in the form of a capital increase of Gastrade S.A. or debt funds during the construction phase and until project completion.

28. Share capital and reserves**28.1 Share capital**

By Order No.168/27.08.2025 of the Council of Ministers, amendments to the 2025 budget of the Ministry of Energy were approved in the amount of BGN 1,500,000 thousand for an increase in the share capital of Bulgarian Energy Holding EAD. The funds are to be used to finance strategically important projects in the Energy sector. On 19 September 2025, funds in the amount of BGN 1,500,000 thousand were transferred to the account of Bulgarian Energy Holding EAD. The share capital increase was registered in the Commercial Register and the Register of Non-Profit Legal Entities on 26 September 2025.

Pursuant to Protocol of the Minister of Energy dated 15 December 2025, the share capital of the Company was increased through a non-cash asset contribution in the amount of BGN 14,298 thousand, representing the ownership right to a real estate property – private state property, located in the Republic of Greece, city of Athens, 12 Akadimias Street, consisting of a land plot with a total area of 196.87 sq. m. and a seven-story building constructed thereon with a total gross built-up area of 1,424 sq. m. and a total floor area. The increase was entered in the Commercial Register and the Register of Non-Profit Legal Entities on 29 December 2025.

As at 31 December 2025, the registered share capital of the Company consists of 4,978,239,873 ordinary shares with a nominal value of BGN 1 each. The Company shares are ordinary, registered, non-privileged, with voting rights. All ordinary shares are fully paid. Each share gives the right to one vote, a right to dividend and to a liquidation quota in the Company's property.

The shares issued and authorized for the reporting periods may be presented as follows:

	2025	2024
	Number of shares	Number of shares
Number of issued and fully paid shares:		
At the beginning of the year	3,463,941,744	3,463,941,744
Capital increase during the year	1,514,298,129	-
Total number of shares authorized at the end of the year	4,978,239,873	3,463,941,744

28.2 Other reserves

The other reserves are formed from the distribution of the profit according to the Commerce Act and the Articles of Association of the companies of the Group or from other sources by decision of the sole shareholder. These include legal reserves and other general provisions. Legal reserves are set aside until they reach one tenth or more of the capital. Sources for the formation of legal reserves are at least one tenth of the net profit, premiums from issues of shares and funds provided in the Articles of Association or by decision of the sole shareholder. Statutory reserves can only be used to cover losses from the current and previous reporting periods. General reserves are formed on the proposal of the board of directors and can be used to cover losses from previous years and for other purposes.

28.3 Revaluation reserves to fair value

Revaluations to fair value of revaluation of financial assets at other comprehensive income are reported in revaluation reserves.

28.4 Revaluation reserve of non-financial assets

The revaluation reserve is used to reflect increases in the fair value of property, plant and equipment and decreases to the extent that those decreases relate to an increase in the same asset previously recognized in other comprehensive income.

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28.5 Reserve from recalculation of foreign activity

The Group has a subsidiary in the Republic of Northern Macedonia whose functional currency is the Macedonian Denar. The recalculation reserve was formed as a result of exchange rate differences as of 31 December 2025.

28.6 Reserve from revaluation of defined benefit plans

Reserve for defined benefit plans includes actuarial gains and losses resulting from the revaluation of defined benefit plans.

29. Loans and lease liabilities

The loans include the following financial liabilities measured at amortized cost:

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Non-current		
Issued bonds	2,724,680	1,171,640
Bank loans	585,343	570,652
Lease contracts liabilities	1,121	2,137
	3,311,144	1,744,429
Current		
Bank loans	822,475	487,188
Issued bonds	48,287	1,206,731
Lease contracts liabilities	1,066	1,079
	871,828	1,694,998
	4,182,972	3,439,427

The information on the major terms and conditions of utilized loans and borrowings under lease agreements is presented as follows:

Creditor	Borrower/Issuer	Interest rate	Maturity date/ year	31 December 2025	31 December 2024
				<i>BGN'000</i>	<i>BGN'000</i>
(1) Bond issue 2018	BEH EAD	3.5%	2025	-	1,193,971
(2) Bond issue 2021	BEH EAD	2.45%	2028	1,184,908	1,184,400
(3) Bond issue 2025	BEH EAD	4.25%	2030	1,588,059	-
(4) Investment loan in EUR from the European Investment Bank	BEH EAD	from 0.26% to 2.89%	2047	213,947	215,380
(5) Operating and investment loans	Bulgartransgaz EAD	EURIBOR premium from 0.05% to 2.00%	2027	709,083	623,001
Interest:	Bulgartransgaz EAD			180	328
(6) Overdraft from International Asset Bank AD	Kozloduy NPP EAD	BIR + 1.89%	2026	50,127	-
(7) Working capital loan from Bank DSK AD with a limit of up to BGN 50,000 thousand	Mini Maritsa Iztok EAD	BIR + 1.90%	2025	42,723	19,981
(8) Overdrafts	Bulgargaz EAD	BIR + a margin ranging from - 0.06% to 2.26% and EURIBOR + 1.2%	2026	391,758	199,150
(9) Liabilities under leasing contracts in BGN	-	-	-	2,187	3,216
				4,182,972	3,439,427

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Terms and conditions of the borrowings

(1) Bond issue 2018

On 28 June 2018, in the context of highly volatile financial markets as a result of a number of negative news from the international political scene, Bulgarian Energy Holding EAD successfully sold its third issue of Eurobonds for EUR 400 million on the Irish Stock Exchange Market. The parameters of the Eurobond are the following:

- amount of the bond issue of EUR 400 million;
- Maturity 28 June 2025;
- fixed interest rate of 3.5% per annum;
- the interest is payable once a year on 28 June, with a first payment due on 28 June 2019;
- ISIN code XS1839682116 of the bond issue quoted on the Irish Stock Exchange (Euronext Dublin);
- BEH EAD should observe certain financial indicators, as follows:
 - So long as any obligations are outstanding, the Issuer will not, and will not permit any of the larger subsidiaries to, directly or indirectly, incur any financial indebtedness, except that, if the Issuer and any of the larger subsidiaries may incur a financial indebtedness, if, after the incurrence of such financial indebtedness and the receipt and application of the proceeds thereof: (1) no Event of Default has occurred or would occur, and is continuing or would continue; (2) the EBITDA Coverage ratio is not less than 4.0 to 1.0; and (3) the Consolidated Leverage ratio (Debt Coverage) is not more than 4.5 to 1.0.
 - As long as there are obligations under issued bonds, in case NEK EAD is declared by a Bulgarian court as over-indebted within the meaning of the Bulgarian Commerce Act, the Issuer will not and will not allow (as permitted by law) its larger subsidiaries, directly or indirectly, to assume financial obligations.

On 31 July 2018, Bulgarian Energy Holding EAD successfully increased its third Eurobond issue, listed on the Irish Stock Exchange (Euronext Dublin), from EUR 400 million to EUR 550 million. On 12 October 2018, Bulgarian Energy Holding EAD recorded a second increase of its third Eurobond issue, listed on the Irish Stock Exchange (Euronext Dublin), from EUR 550 million to EUR 600 million. The proceeds from the issue are intended for general corporate purposes and refinancing of Eurobonds issued by the Company in 2013, with its maturity date in November 2018.

On 27 June 2019 – the first interest payment, on 24 June 2020 – the second interest payment, on 25 June 2021 – the third interest payment, on 28 June 2022 – the fourth interest payment, on 27 June 2023 – the fifth interest payment, on 25 June 2024 – the sixth interest payment. The annual interest amounts to BGN 41,072 thousand (EUR 21,000 thousand). On 26 June 2025, a payment of the principal in the amount of EUR 600,000 thousand and interest in the amount of EUR 21,000 thousand was made, thereby discharging the obligation under the bond.

(2) Bond issue 2021

On 15 July 2021, Bulgarian Energy Holding EAD successfully sold its fourth bond issue in the amount of EUR 600 million at an annual interest rate of 2.45%. Given the extremely strong interest from investors, the bond was re-subscribed 2.3 times, and the interest rate respectively is the lowest achieved by Bulgarian Energy Holding EAD since the Company participates in the international financial markets. The parameters of the Eurobond are the following:

- amount of the bond issue of EUR 600 million;
- maturity date on 22 July 2028;
- fixed interest rate of 2.45% per annum;
- the interest is payable once a year on 22 July, with the first payment due on 22 July 2022;
- ISIN code XS2367164576 of the bond issue quoted on the Irish Stock Exchange (Euronext Dublin);
- BEH EAD should comply with certain covenants as follows:
 - For as long as any Bond remains outstanding, the Issuer shall not, and shall not permit any of its Material Subsidiaries to, directly or indirectly incur any Financial Indebtedness, provided, however, that the Issuer and any Material Subsidiary may incur Financial Indebtedness, if, after giving effect to the incurrence of such Financial Indebtedness and the receipt and application of the proceeds therefrom: (1) no Event of Default has occurred or would occur, and is continuing or would continue; (2) the EBITDA Coverage ratio is not less than 4.0 to 1.0; and (3) the Consolidated Leverage ratio (Debt Coverage) is not more than 4.5 to 1.0.

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- As long as there are obligations under issued bonds, in case NEK EAD is declared by a Bulgarian court as over-indebted within the meaning of the Bulgarian Commerce Act, the Issuer will not and will not allow (as permitted by law) its larger subsidiaries, directly or indirectly, to assume financial obligations.

The proceeds from the newly issued bonds are used to refinance the Company second bond issue with a face value of EUR 550 million, placed in 2016, at an annual interest rate of 4.875%, with a maturity date 2 August 2021, as well as for general corporate purposes, except of coal-related activities.

On 22 July 2022, the first interest payment was made; on 21 July 2023, the second interest payment was made; on 19 July 2024, the third interest payment was made; and on 17 July 2025, the fourth interest payment was made. The annual interest payable amounts to BGN 28,751 thousand (EUR 14,700 thousand).

(3) Bond issue 2025

On 12 June 2025, Bulgarian Energy Holding EAD successfully sold its fifth bond issue in the amount of EUR 800 million at an annual interest rate of 4.25%. Given the extremely strong interest from investors, the bond was oversubscribed 3.5 times. The indicative investor demand exceeded by more than 5.5 times the initially announced amount of EUR 600 million by BEH EAD. The parameters of the Eurobond are the following:

- amount of the bond issue of EUR 800 million;
- issue price 99.449%
- maturity 19 June 2030;
- fixed interest rate of 4.25% per annum;
- achieved yield of 4.375%;
- the interest is payable once a year on 19 June, with a first payment due on 19 June 2026;
- ISIN code XS3090933485 of the bond issue quoted on the Irish Stock Exchange (Euronext Dublin);
- BEH EAD should comply with certain covenants as follows:
 - For as long as any Bond remains outstanding, the Issuer shall not, and shall not permit any of its Material Subsidiaries to, directly or indirectly incur any Financial Indebtedness, provided, however, that the Issuer and any Material Subsidiary may incur Financial Indebtedness, if, after giving effect to the incurrence of such Financial Indebtedness and the receipt and application of the proceeds therefrom: (1) no Event of Default has occurred or would occur, and is continuing or would continue; (2) the EBITDA Coverage ratio is not less than 4.0 to 1.0; and (3) the Consolidated Leverage ratio (Debt Coverage) is not more than 4.5 to 1.0. For the purposes of calculating the consolidated gearing ratio, any financial indebtedness incurred by the issuer or any of its subsidiaries relating to the construction, development or operation of the new nuclear units at the NPP Kozloduy site shall not be taken into account in the calculation of financial indebtedness, provided that such financial indebtedness is: (i) directly provided by the Bulgarian state to the issuer or its subsidiaries; or (ii) provided by third parties, but secured by a state guarantee or other similar form of credit support from the Bulgarian state
 - As long as there are obligations under issued bonds, in case NEK EAD is declared by a Bulgarian court as over-indebted within the meaning of the Bulgarian Commerce Act, the Issuer will not and will not allow (as permitted by law) its larger subsidiaries, directly or indirectly, to assume financial obligations.

The proceeds from the newly issued bonds are used to refinance the Company third bond issue with a face value of EUR 600 million, placed in 2018, as well as for general corporate purposes, except of coal-related activities.

The values of the covenants that BEH EAD is obliged to observe on a consolidated basis according to the terms of the bond issues placed are as follows:

Covenants	as of 31 December 2025	as at 31 December 2024
EBITDA Coverage ratio > 4.0	6.48	8.44
Debt Coverage ratio < 4.5	1.06	(0.18)

(4) Investment loan in EUR from the European Investment Bank

In October 2019, Bulgarian Energy Holding EAD and the European Investment Bank signed a Financing Agreement for the construction of an IGB gas pipeline worth EUR 109.9 million, secured by a state financial guarantee from the Republic of Bulgaria, the Guarantee Agreement for which has been ratified by the National Assembly. The loan is provided to Bulgarian Energy Holding EAD as a shareholder in ICGB AD (project company). On its part, BEH EAD

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transfers the loan financing to the project company through a Shareholder Loan Contract in the same amount, under the same financial conditions set in the agreement with the European Investment Bank and without additional margin for Bulgarian Energy Holding EAD. The repayment of the loan granted by the European Investment Bank will be carried out using a grace period for repayment of the principal of the utilized tranches, which, according to the Contract concluded with the bank, may last up to 7 years from the date of utilization of a tranche.

The first tranche amounting to EUR 30 million was utilized on 17 August 2020 under the following terms: payment of interest twice a year in the amount of 0.259%, five-year grace period for principal payments, payment of principal twice a year, the last installment being due on 17 August 2045.

The second tranche amounting to EUR 30 million was utilized on 18 January 2021 under the following terms: payment of interest twice a year in the amount of 0.237%, five-year grace period for principal payments, payment of principal twice a year. The deadline for the last installment is 18 January 2046.

On 1 December 2021, the third tranche of EUR 30 million was utilized under the following conditions: payment of interest twice a year in the amount of 0.612%, five-year grace period for principal payments, payment of principal twice a year. The deadline for the last due installment is 1 December 2046.

The fourth tranche amounting to EUR 19.9 million was utilized on 29 September 2022 under the following terms: payment of interest twice a year in the amount of 2.888%, five-year grace period for principal payments, payment of principal twice a year. The deadline for returning the last installment due is by 29 September 2047.

As of 31 December 2025, the debt to the European Investment Bank amounted to BGN 213,947 thousand, including BGN 213,515 thousand principal and BGN 432 thousand interest (31 December 2024: BGN 215,380 thousand). The debt shall be serviced in a timely manner.

(5) Loans received from the subsidiary Bulgartransgaz EAD

The subsidiary Bulgartransgaz EAD has received loans to finance operating and investment costs from various financial institutions. The loans are secured by cash in the form of deposits of up to 20% of the utilized and outstanding part of the loan. All loans received are long-term. The funds are intended to cover investment costs in connection with the implementation of large-scale investment projects. As of December 31, 2025, the utilized and outstanding principal amounts on the loans amounted to EUR 362,548 thousand, including EUR 98,643 thousand guaranteed by the Republic of Bulgaria with a state guarantee, at interest rates one-month Euribor plus a premium of 0.05% to 2.00% depending on the terms of the respective contract.

(6) Overdraft from International Asset Bank AD

In 2025, a contract was concluded by the subsidiary NPP Kozloduy EAD for a bank loan-overdraft with International Asset Bank AD. The loan amount is BGN 50,000 thousand, with a term of 1 year and an agreed annual interest rate of 2.95%, and in case of delay the same is in the amount of the BIR at the time of payment of the due repayment installment plus a 10% surcharge. The loan is secured by establishing a pledge under the Financial Indemnity Contracts Act. As of December 31, 2025, the loan was fully disbursed in three tranches - in August BGN 10,000 thousand, again in August BGN 30,000 thousand and in November BGN 10,000 thousand. During the reporting period, no principal repayment was made, and the liability as of December 31, 2025 is BGN 50,000 thousand and BGN 127 thousand interest. The accrued interest on the loan in 2025 amounted to BGN 468 thousand.

(7) Working capital loan from Bank DSK AD with a limit of up to BGN 50,000 thousand.

An overdraft-type working capital loan designed to cover temporary cash flow shortages in servicing payments related to and/or accompanying the borrower's ordinary course of business, including expenses in connection with the payment of tax liabilities, payments to suppliers, settlement of obligations to staff, and other operational needs. The maximum contractual amount of the loan is BGN 50,000 thousand. The term of the agreement is 12 months from its conclusion, with a final repayment date for all amounts due of 30 June 2027 following additional agreements signed. The borrower may draw amounts under the agreement repeatedly. Repayments of the loan shall be made automatically, with each receipt of funds in the account of the borrower, with the received funds reducing the amount of the borrowed amounts on the loan. The agreed interest rate is BIR + 1.90%. The one-off management and processing fee is 1% of the agreed amount of the credit, payable upon signing of the contract. A sanction is also provided for, according to which the creditor charges penalty interest in the amount of the interest rate agreed in the contract and a penalty surcharge of 3% per annum on the amount of the unpaid principal amount of the loan from the date of early repayment of the loan or from the date of repayment of the final maturity until the date of its final

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repayment. The loan is financially secured, in accordance with the Financial Collateral Contracts Act, by the transfer of cash in the amount of BGN 15,000 thousand by the co-debtor to the creditor's account. In case of default in due payment on the relevant maturity date or in case of an early repayment, the creditor has the right, at their discretion, to transfer the funds provided to them as collateral to repay the obligation. As of 31 December 2025, the loan liability is BGN 42,723 thousand (31.12.2024: BGN 19,981 thousand).

(8) Bank overdrafts received by the subsidiary Bulgargaz EAD

Two overdraft-type bank loans with a total limit of BGN 234,700 thousand which are in BGN and EUR, with a repayment term of December 29, 2026. The loans are secured by a state guarantee of up to 90% of the value of the overdrafts on the basis of two Guarantees agreements from 29 December 2023 and term is until 29 December 2026.

Five bank loans, overdraft type, secured by a guarantee of BEH EAD with a limit of BGN 219,900 thousand and a market interest rate. As of December 31, 2025, the utilized amount under the overdrafts stands at BGN 156,836 thousand.

State guaranteed loans

The loan granted to the Group by the European Investment Bank (4) in the amount of EUR 109.9 million is secured by a state financial guarantee from the Republic of Bulgaria.

The provided overdraft type bank loans (8) with a total limit of BGN 234,700 thousand are secured by a state guarantee of up to 90% of the value of the overdrafts on the basis of two guarantee agreements dated 29 December 2023.

Of the loans received from the subsidiary Bulgartransgaz EAD, EUR 98,643 thousand are guaranteed by Republic of Bulgaria with a state guarantee.

For the loans received as of December 31, 2025, and as of December 31, 2024, which are secured by a state guarantee, the Group is not in a position to determine the effect of the provided state guarantee on the contracted interest rate and whether this guarantee would have a material impact on their fair value as of that date.

Unutilized loan facilities

As of December 31, 2025, the total amount of undrawn amounts by the Group under overdraft agreements is BGN 63,064 thousand. (31 December 2024: BGN 65,699 thousand).

30. Deferred financing

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Non-current	738,403	687,667
Current	21,277	24,952
	759,680	712,619
	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
On 1 January	712,619	694,440
Received during the year	102,549	85,347
Recognized in profit or loss	(55,423)	(71,578)
Deducted advances	-	(11)
Reimbursed funding	-	(172)
Transfer from liabilities for distribution to owners	(65)	4,593
On 31 December	759,680	712,619

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As of 31 December 2025, no unfulfilled conditions and violations have been identified in connection with the received financing. Financing is recognized as income systematically over the useful life of the non-current assets for which they are received.

Funding is mainly related to the following significant projects:

Projects of TPP Maritsa Iztok 2 EAD

- ISPA funding for the construction of desulphurization plants for Unit 5 and Unit 6. The assets have been built and put into operation. The balance of financing as of 31 December 2025 includes the carrying amount of assets in the amount of BGN 4,762 thousand (31 December 2024: BGN 5,306 thousand).
- Funding from the Kozloduy International Fund for the construction of an installation for dewatering of gypsum and CPS. The assets have been built and put into operation. The balance of financing as of 31 December 2025 includes the carrying amount of assets in the amount of BGN 5,036 thousand (31 December 2024: BGN 6,903 thousand).
- Funding from the Energy Resources Fund for the construction of a ash dump. The assets have been built and put into operation. The balance of financing as of 31 December 2025 includes the carrying amount of assets in the amount of BGN 1,144 thousand (31 December 2024: BGN 1,337 thousand).

Projects of Mini Maritsa Iztok EAD:

- Financing for fixed assets related to the Kozloduy International Fund, as the administrator of the fund is the European Bank for Reconstruction and Development, and the management of their absorption by the Bulgarian side is carried out by the Ministry of Energy. Funding is related to energy efficiency through rehabilitation of heavy industrial mining equipment and replacement of rotary multi- bucket excavators of the company and other activities. The financing amounts to a total of EUR 30,150 thousand;
- Funding under the Project „Pilot Research and Innovation in Maritsa – East“ (PRIMI). Funded by the European Research Fund for Coal and Steel, the project aims to develop new construction materials with improved performance characteristics by using waste clays, thermal power plant ashes and glass waste. A Grant Agreement (GA) has been concluded with the European Research Executive Agency (REA) to provide 50% of the project funds - effective from June 24, 2025. The total cost of the Project is EUR 6,516,660.60.
- Funding under the Connecting Europe Facility (CEF) - Telecommunications sector for the project Data Center for Cyber Security in Mini Maritsa-Iztok EAD. A grant agreement was concluded on 23 July 2020 between the company and the European Commission in the person of the Innovation and Networks Executive Agency (INEA), Department C - Connecting Europe Facility. The project is worth EUR 278,619. Funding is provided by 75% of the European Commission and 25% of the company. The grant for the project amounts to a maximum amount of EUR 208,964. Following the entry into force of the Agreement, the Innovation and Networks Executive Agency made an advance payment of EUR 125,378. The starting date of the Project is October 1, 2020, and the final date for the implementation of the Project (after the signed Amendment No.1 to extend the implementation period) is February 1, 2024. The goal of the Project is to increase the capabilities of Mini Maritsa-iztok EAD in terms of cybersecurity by implementing a system for monitoring and automated analysis of traffic and events in the server and communication infrastructure, which will ensure timely reporting of incidents related to potential security threats. The implementation of the project consists of the implementation of 3 main activities: (1) Design of the company's Cybersecurity Data Center; (2) Preparation of the Data Center premises; (3) Delivery, installation, and commissioning – including delivery and assembly of the computer hardware and installation of SIEM software, staff training, SIEM software testing, and integration into the Sectoral ISAC at European level During the course of the project, delays have accumulated, due to which Activity 1 and Activity 2 have been implemented, and the implementation of Activity 3 has fallen outside the time frame of the Agreement. This reflected in the recognition of eligible costs only under Activities 1 and 2 and led to the need to return part of the amount transferred due to non-absorption within the specified deadline. The contract was completed as of 31 December 2024.

NPP Kozloduy EAD and its subsidiaries

Funding under programmes and funds for the construction of property, plant and equipment with environmental purposes, the more significant of which amount to BGN 77,583 thousand, received under projects funded by the EBRD, relating to the construction and equipment of the ISFSF (Interim Spent Fuel Storage Facility) and monitoring systems (December 31, 2024: BGN 79,730 thousand).

Projects of NEK EAD

Funding programs of the Energy Resources Fund, the Swiss Government, the European Connectivity Mechanism and under a preventive program by ZAD Energia for the rehabilitation of hydroelectric plants and other assets in previous periods in the amount of BGN 56,878 thousand. (31 December 2024: BGN 58,040 thousand).

This document is a translation of the original Bulgarian text in case of divergence the Bulgarian text shall prevail

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Projects of Bulgartransgaz EAD and its subsidiaries

On 22 June 2022, a grant agreement was signed with the European Executive Agency for Climate, Infrastructure and Environment (CINEA) for the co-financing of the expansion of the Chiren UGS with the following identification number and name: Project 101069718 — 6.20.2-BG-WM-21-Extension of the Chiren UGS. The total value of the costs, according to the decision of the EC to approve the financing, is in the amount of EUR 155,820 thousand. The amount of the non-repayable financial assistance is 50% of the value under the grant agreement – up to EUR 77,910 thousand. As of the date of preparation of the financial statements, EUR 38,955 thousand advance payment or 50% of the funding have been received. In June 2024, an interim payment of EUR 271 thousand was received under the agreement. In March 2025, Amendment No.1 to the grant agreement was signed, according to which the project implementation period was extended until December 7, 2027.

Projects of the Electricity System Operator EAD

As of December 31, 2025, the value of the financing received by ESO EAD totaled BGN 337,536 thousand (31 December 2024: BGN 297,802 thousand). The company reported revenues from financing in the amount of BGN 33,482 thousand, of which BGN 11,240 thousand were revenues from financing of fixed assets and BGN 22,242 thousand were revenues from financing of current activities. Revenues from financing of fixed assets include revenues in the amount of BGN 4,623 thousand under the National Recovery and Resilience Plan. Revenues from financing current activities include revenues in the amount of BGN 10,856 thousand under the National Recovery and Resilience Plan and BGN 11,386 thousand revenues under the Program for Compensation of the Costs of the Operators of the Electricity Transmission and Distribution Networks for the Purchase of Electricity for the Period from 01.01.2025 to 31.12.2025, approved by Decision No.546/2024 and amended by Decision No.235/17.04.2025 and by Decision No.691 of 06.10.2025 of the Council of Ministers.

31. Liabilities related to employee' retirement income

According to the Bulgarian labour legislation and the collective labour agreements of the companies of the Group, the Group is obliged to pay to its employees upon retirement a certain number of gross monthly salaries depending on the length of service in the companies of the Group. The defined benefit plan for staff on retirement is not funded.

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Current	61,029	50,256
Non-current	336,816	319,060
Current value of the retirement benefit payable:	397,845	369,316

The changes in the provisions for retirement benefits according to Bulgarian Labour Code during the year are presented as follows:

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Retirement employee benefit obligation at the beginning of the year	369,316	336,122
Expenses for current and past work experience	47,849	80,793
Interest expenses	15,555	15,493
Payments made for the period	(53,935)	(61,129)
Actuarial losses /(gains)	19,060	(1,963)
Retirement benefit payables at the end of the year	397,845	369,316

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The main assumptions used in determining the retirement income of employees are set out below:

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Discount rate	3.75%-4.5%	3.95%-4%
Future salary increase	1.1%-19.9%	0%-8%
Staff turnover: 18-30 years	4% - 36%	4% - 36%
31-40 years	3% - 26%	3% - 26%
41-50 years	2% - 15%	2% - 15%
51-60 years	1% - 6%	1% - 6%
Over 60 years old	0% - 1%	0% - 1%

The Group's management has made these assumptions with the help of independent actuaries. These assumptions have been used in determining the amount of employee benefit obligations in retirement for the reporting periods and are considered to be management's best judgment.

The total amount of expenses under defined benefit plans of the Group recognized in profit or loss can be presented as follows:

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Expenses for current and past work experience	(47,849)	(80,793)
Interest expenses	(15,555)	(15,493)
Actuarial losses recognized in profit or loss	(141)	(328)
Total expenses recognized in the profit or loss	(63,545)	(96,614)

The total amount of expenses under defined benefit plans of the Group recognized in other comprehensive income can be presented as follows:

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Revaluation of liabilities under defined benefit plans - actuarial loss, including:		
- (Losses) / gains arising from changes in demographic assumptions	(3,218)	(720)
- Losses as a result of changes in the financial assumptions	(12,115)	(5,644)
- Gains / (Losses) based on actual experience	(3,585)	8,658
Total revenue/(expenses) recognised in other comprehensive income	(18,918)	2,294

Significant actuarial assumptions in determining liabilities under defined benefit plans are related to the discount rate and the expected percentage increase in salaries. The following table presents a sensitivity analysis and summarizes the effects of changes in these actuarial assumptions on defined benefit plan obligations as of 31 December 2025.

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	2025	
	1% increase	1% decrease
	<i>BGN'000</i>	<i>BGN'000</i>
Change in the interest rate	(6,415)	29,000
Salary growth	32,166	(10,614)

Sensitivity analysis is based on a change in only two of the assumptions. It may differ from the actual change in defined benefit obligations because changes in assumptions are often interrelated.

The plan exposes the Group to actuarial risks such as interest rate risk, life expectancy risk and inflation risk:

- Interest rate risk - the present value of liabilities under defined benefit plans is calculated at a discount rate determined on the basis of the yield on government securities issues. A decline in the market yield of government securities will lead to an increase in liabilities under defined benefit plans of the Group;
- Risk of change in life expectancy - an increase in the life expectancy of employees would lead to an increase in liabilities under defined benefit plans;
- Inflation risk - an increase in inflation would lead to an increase in liabilities under defined benefit plans.

32. Provisions

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Non-current		
Provision for reclamation	172,563	169,945
Other provisions	-	161,145
	172,563	331,090
Current		
Provision for exceeding greenhouse gas emission quotas	746,352	493,518
Provision for environmental protection	1,100	2,242
Provision for reclamation	5,549	5,120
Provision for spent nuclear fuel	145,082	112,838
Other provisions	163,252	9,862
	1,061,335	623,580
	1,233,898	954,670

	Provision for environmental protection	Provision for reclamation	Provision for greenhouse gas emissions	Provision for spent nuclear fuel	Provisions for lawsuits and other provisions	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Balance as at 1 January 2024	28,469	105,100	30,856	81,100	166,542	412,067
Accrued	2,242	70,072	462,662	31,738	4,500	571,214
Used	(28,469)	(107)	-	-	(35)	(28,611)
Balance as at 31 December 2024	2,242	175,065	493,518	112,838	171,007	954,670
Accrued	-	3,047	287,185	32,244	500	322,976
Used	(1,142)	-	(34,351)	-	(8,255)	(43,748)
Carrying amount as at 31.12.2025	1,100	178,112	746,352	145,082	163,252	1,233,898

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Costs for provisions

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Expenditure on purchases of greenhouse gas emissions	(479,337)	(228,155)
Recognized provisions	(320,079)	(571,214)
Costs for greenhouse gas emissions and other provisions	(799,416)	(799,369)

Provision for transport, processing and storage of spent nuclear fuel

In accordance with the currently effective Strategy for the management of spent nuclear fuel and radioactive waste until 2030, adopted by a decision of the Council of Ministers on 02 September 2015, The Group through NPP Kozloduy EAD has the obligation to transport at least 50 tons of heavy metal spent nuclear fuel (SNF) yearly for processing and storage in Russia, in the presence of favorable financial and economic conditions.

In 2018, NPP Kozloduy EAD and FSUE PO MAYAK, Russia, in coordination with the Euratom Supply Agency, Luxembourg, signed Framework Addendum to the Agreement on Transport, Temporary Technological Storage and Processing in Russia. In view of the lengthy nature of the preparatory activities for the transport of SNF, including organizational and technical measures, preparation of the necessary documentation, and obtaining certificates and permits, a new transport scheme for the transport of SNF from WWER-1000 has been developed. The first shipment under this scheme was carried out in December 2020. The costs of its implementation were financed from the funds allocated in 2018 for the management of SNF, including for activities related to the transport, technological storage and processing of SNF, which had not been carried out in previous years.

In order to fulfill the obligations under the Strategy for the management of RW and SNF until 2030 for the transport of a minimum of 50 tons of heavy metal per year SNF and ensuring the necessary financing, the the parent company has set aside an additional provision for SNF management as of 31.12.2024 in the amount BGN 112,838 thousand. After calculating the best approximate estimate of the costs of one shipment of spent nuclear fuel from WWER-1000 (96 cartridges) as of 31 December 2025, BGN 32,244 thousand has been provisioned to cover the current obligation for 2025.

As of the end of the reporting period ending December 31, 2025, the total amount of the recognized provision required to cover the present obligation for SNF management stands at BGN 145,082 thousand, which includes the value of the unfulfilled shipments of SNF from VVER-1000 for technological storage and reprocessing for the period from 2021 to the end of 2025. Under the assumption of a long-term inability to transport SNF, the capacity of the storage facilities for SNF from VVER-1000 is expected to be saturated in 2032. Kozloduy NPP has taken the necessary actions for the selection of dry storage casks for SNF from VVER-1000 and for the licensing of the ISFSF (interim spent fuel storage facility) expansion, with a capacity of 38 casks for the storage of 722 SNF assemblies from VVER-1000. The expansion (Phase Ia) of the ISFSF will provide additional storage capacity for SNF until 2040.

Provision for environmental protection

As of the reporting date, a provision for environmental protection costs has been recognized, relating to costs expected to be incurred in connection with disposal of fluorescent and other mercury-containing lamps, disposal and recycling of batteries, construction waste management. As of 31 December 2025 the carrying amount of the recognized provision is BGN 1.100 thousand (31 December 2024: BGN 2.242 thousand).

Provision for reclamation of disturbed terrains from the coal mining activity

The basis for determining the average estimated costs for reclamation of one ton of production is the current environmental legislation, the lands that are about to be seized, the seized non-reclaimed lands, the value of reclamation of 1 decare of land, as well as the expected quantities of coal reserves until 2043. The amount of accrued provisions in 2025 and 2024 was calculated based on the following data:

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	<u>2025</u>	<u>2024</u>
Coal mines (th tonnes)	15,549	13,745
Reclamation cost (BGN / ton of production)	0.20	0.20
Reclaimed land during the period (decares)	-	51

As there is significant uncertainty about the timing of future land reclamation activities to be carried out by the Group, management is unable to determine the present value of the reclamation costs, so the provision is presented at its undiscounted value.

In the future, the assessment of the reclamation provision could vary to varying degrees depending on changes in environmental legislation and the aforementioned factors for its calculation.

Provision for reclamation of disturbed terrains - gypsum dump (depot) for disposal of gypsum from desulfurization plants

Pursuant to Ordinance 26 on reclamation of disturbed terrains, improvement of unproductive lands, removal and utilization of the humus layer, the Group has an obligation to carry out technological and biological reclamation of the landfill after its filling with gypsum from desulfurization plants. According to the capacity of the landfill and the amount of deposited gypsum, the landfill is expected to be filled in 5 years. The value of the technological and biological reclamation under the project amounts to BGN 5,488 thousand. The present discounted value of the provision is capitalized to the value of the facility (Gypsum dump) and will be recognized each year as a depreciation expense.

As of 31 December 2025 the best estimate of the required provision for landfill reclamation is BGN 5,488 thousand (31 December 2024: BGN 5.488 thousand).

Provision for greenhouse gas emissions

As of 31 December 2025, the Group has recorded provisions for a shortage of quotas for greenhouse gas emissions in the amount of 5,225,502 t/CO₂ worth BGN 697,540 thousand (31 December 2024: 3,512,990 t/CO₂ worth BGN 459,167 thousand) for the subsidiary TPP Maritsa East 2 EAD. The shortfall amount represents the difference between the actually emitted and verified 5,226,318 t/CO₂ and the 816 t/CO₂ available for 2025 in the account in the National Register as of December 31, 2025. To determine the value of the provision for the purchase of emissions emitted in 2025, the Group used the actual purchase price of the allowances that were actually purchased, and for the remaining amount, the average price for the period from 01.03.2026 to 23.03.2026 was used according to data from ICE/Investing.com. Since the end of January 2026, there has been a trend towards a decline in greenhouse gas allowance prices from 85-90 EUR/tCO₂ to 62-70 EUR/tCO₂. In March 2026, this trend was more strongly outlined against the backdrop of the European Council meeting on 19-20 March 2026 on the need to temporarily suspend the implementation of the European Union Emissions Trading System (EU ETS) until the completion of its ongoing review at the European Union level and the development of a derogation mechanism. By a decision of the National Assembly of the Republic of Bulgaria, a mandate was given to the Council of Ministers to:

a) stated the position of the Republic of Bulgaria within the framework of the European Council meeting on 19-20 March 2026 on the need to:

- temporary suspension of the implementation of the Emissions Trading System (EU ETS) until the completion of its ongoing review at the European Union level and the development of a derogation mechanism, including by releasing the Market Stability Reserve;
- taking urgent measures to limit the price volatility of carbon quotas and their impact on electricity prices.

b) to insist at the European level for the adoption of coordinated measures aimed at reducing the pressure on coal energy, business and industry, including through:

- operational autonomy of the Member States in the implementation of the European Union Emissions Trading System in emergency situations threatening the energy security of the Member States;
- introduction of mechanisms to limit extreme price levels of carbon quotas, including through the release of the Market Stability Reserve, price corridor or stabilization instruments;

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- limiting the direct pass-through of the price of carbon emissions to the price of electricity, in order to protect industry and end users;
- a flexible approach to the implementation of the European Union Emissions Trading System in crisis conditions, including possibilities for temporary adaptation of quota purchase obligations for certain sectors.

In connection with the above, the Group believes that the use of the price levels of greenhouse gas emission allowances from March 2026 provides the best estimate of the costs as of the reporting date that would arise to settle the purchase obligation resulting from the 2025 activity.

The Group has recognized a provision for a shortage of emission allowances in the amount of BGN 48,812 thousand for the subsidiary Bulgartransgaz EAD, as there is a difference between the actually emitted and verified CO₂ and the CO₂ available for the current year in the account in the National Register at the end of the year. The value of the provisions is calculated in accordance with the average selling price of the spot segment announced by the European Energy Exchange (EEX) after the end of the financial year until the date of the verification report issued by an independent accredited verification body.

Provision for claims made by AES-3C Maritsa East 1 EOOD

As of December 31, 2025, a reversal of provision in the amount of BGN 3,997 thousand was recognized in connection with a claim filed by AES-3C Maritsa East 1 EOOD against the Group through its subsidiary NEK EAD for unpurchased minimum quantities of electricity for 2023 under the Power Purchase Agreement of 2001 (December 31, 2024: BGN 3,997 thousand).

The total amount of the above-mentioned claim from AES-3C Maritsa East 1 EOOD for 2024 is BGN 26,806 thousand. By Decision No.C-17 of 30.06.2024, EWRC approved an expense for unpurchased quantities of coal from the subsidiary Mini Maritsa-iztok EAD, related to the failure of the subsidiary NEK EAD to purchase minimum quantities of electricity under the PPAs for the first half of 2024, in the amount of BGN 22,809 thousand. This expense approved by the regulator partially covers the reported amount of the claim of AES-3C Maritsa East 1 EOOD for 2024. For the amount of BGN 3,997 thousand, which is the balance to the full amount of the claim, the subsidiary NEK EAD has notified KEWR with a request for recognition and compensation of expenses. The same amount was requested for reimbursement by the subsidiary NEK EAD by submitting an application for prices on 31.03.2025, but was not approved by Decision No.II-25 of 01.07.2025.

By Decision KHP-1 of 11.03.2026, EWRC approves compensation for this expense, which should be reimbursed to the subsidiary NEK EAD from the Security of Electricity System Fund in the amount of BGN 3,997 thousand.

Provisions on proceedings by the European Commission against the Group of Bulgarian Energy Holding EAD - Case COMP/B1/AT.39849 – BEH gas

The case concerns a possible violation of Article 102 TFEU in relation to alleged actions by BEH EAD and its subsidiaries Bulgargaz EAD and Bulgartransgaz EAD aimed at:

- preventing their competitors from gaining access to key gas infrastructure (gas transmission network and the natural gas storage facility) in Bulgaria, such as explicitly or tacitly denying access to third parties or delaying it;
- preventing competitors from receiving access to a main gas import transmission network by reserving a capacity, which remains unused.

The proceedings were instituted in 2013 with a view to adopting a decision under Chapter 3 (Articles 7 to 10) of Regulation 1/2003.

On 25 October 2023, the court of first instance rendered a Decision in favor of Bulgarian Energy Holding EAD, Bulgartransgaz EAD and Bulgargaz EAD, with which it completely annulled the fine imposed by the European Commission on the three BEH Group companies in the amount of EUR 77,068,000.

On 11 January 2024, the European Commission filed an appeal against the decision of the court of first instance, requesting the annulment of the Decision of the General Court in its entirety.

Based on the appeal, case C-14/24 R was brought before the Court of Justice of the European Union - European Commission against Bulgarian Energy Holding EAD and others.

On 29 March 2024, BEH Group filed a reply to the European Commission's complaint with the Court of Justice of the European Union.

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On 22 July 2024, the European Commission submitted a counter-answer to the Court of Justice of the European Union. On 30 September, BEH Group provided a response.

On 30 September 2024, Bulgarian Energy Holding EAD, Bulgartransgaz EAD and Bulgargaz EAD, and the State, filed replies to the European Commission's complaint in Case C-14/24 before the Court of Justice of the European Union.

On 5 November 2024, the Court of Justice of the EU notified the parties that the written procedure was closed.

On December 10, 2025, an oral hearing of the parties in Case C-14/24 P was held before the Court of Justice of the European Union in Luxembourg.

On April 23, 2026, the Advocate General presented their opinion on the case. A final judgment of the CJEU is expected to be rendered by the end of 2026, and therefore the provision has been reclassified as a current liability.

The Group recognized a provision in connection with case COMP/B1/AT.39849 – BEH gas in the amount of BGN 161,145 thousand. (31 December 2024: BGN 161,145 thousand).

Other provisions

The Group has provisions for recognized liabilities in court cases.

33. Deferred income

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Deferred income - long-term Regulation 943/2019	821,622	727,161
Deferred income - long-term, others	2,951	3,383
Deferred income - non-current	824,573	730,544
Deferred income - short-term Regulation 943/2019	19,121	16,141
Deferred income - short-term, others	13,184	18,147
Deferred income - current	32,305	34,288
	856,878	764,832

Deferred income under Regulation (EC) 2019/943

Possessing the license for transmission of electricity and assets from the electricity system, the Group through the subsidiary ESO EAD is obliged to apply the requirements of Regulation (EC) 2019/943 of the European Parliament and of the Council. As required by Art. 19 of the Regulation, regarding the allocation and use of all revenue resulting from the allocation of inter -zone capacity, ESO EAD, as an independent transmission operator, aims to achieve the following long-term objectives:

- secure guarantee of the actual availability of the allocated capacity;
- maintaining or increasing inter -zone capacity by optimizing the use of existing interconnectors through coordinated corrective actions or covering costs arising from network investments related to reducing congestion in interconnectors .

Deferred revenue from sales of liquefied natural gas

The revenues for future periods as of 31 December 2025 include BGN 12,324 thousand, relating to the subsidiary Bulgargaz EAD (31 December 2024: BGN 17,149 thousand), connected with the procurement and subsequent sale of liquefied natural gas (LNG) to a natural gas supplier, for the purpose of regasification and transmission to an entry point of the country's gas transmission system. The amount of deferred revenue is calculated as the difference between the purchase and delivery value of natural gas and will be recognized as current revenue and an adjustment to the cost of natural gas (LNG) in the period of its delivery in a subsequent reporting period.

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34. Related party disclosures

The related parties of the Group include the sole shareholder in the person of the Ministry of Energy, associates and joint ventures, key management personnel, as well as all public sector enterprises that are under the general control of the ministries of the Council of Ministers in Bulgaria. Information on the name, country of incorporation, shareholding and voting rights of each subsidiary included in the consolidation is provided in note 1. Information on the name, country of incorporation, shareholding and voting rights of each associate and joint venture, is provided in note 21.

The total amount of related party transactions and estimated for the current and previous reporting periods are presented as follows:

		Sales to related parties, including dividends	Purchases from related parties, including dividends	Trade receivables from related parties	Trade payables to related parties
		<u>BGN'000</u>	<u>BGN'000</u>	<u>BGN'000</u>	<u>BGN'000</u>
<i>Sole owner</i>					
Ministry of Energy	2025	11,271	1,645,382	800,027	852,758
Ministry of Energy	2024	26,652	302,045	7,191	804,602
<i>Jointly controlled companies</i>					
Gastrade S.A.	2025	8,475	-	31,058	-
Expected credit losses		-		(276)	-
Gastrade S.A.	2024	7,063	-	23,942	-
		-	-	(1,709)	-
South Stream AD	2025	1	-	-	-
South Stream AD	2024	1	-	-	-
<i>Associated companies</i>					
ContourGlobal Maritsa Iztok 3 AD	2025	23,705	2,265	541	-
Expected credit losses		-	-	(100)	-
ContourGlobal Maritsa Iztok 3 AD	2024	25,749	199,897	1,819	1,910
Expected credit losses		-	-	(60)	-
Contour Global Operations Bulgaria AD	2025	-	-	-	-
Contour Global Operations Bulgaria AD	2024	11	-	-	-
Allianz Bulgaria Pension Company AD	2025	7,932	917	-	78
Allianz Bulgaria Pension Company AD	2024	8,058	932	-	76
ZAD Energy	2025	3,657	10,275	-	-
ZAD Energy	2024	4,220	16,385	-	10,508
ICGB AD	2025	15,158	45,676	224,593	4,783
ICGB AD	2024	13,889	46,592	227,982	4,862
<i>Other related parties under joint control</i>					
Public sector entities under joint control of the Council of Ministers in the Republic of Bulgaria	2025	1,466,113	482,306	202,171	6,962
Expected credit losses		-	-	(2)	-
Public sector entities under joint control of the Council of Ministers in the Republic of Bulgaria	2024	1,200,752	464,032	354,447	5,256
Expected credit losses		-	-	(3)	-
Trade receivables/liabilities from/to related parties	2025			1,258,012	864,581
Trade receivables/liabilities from/to related parties	2024			613,609	827,214

This document is a translation of the original Bulgarian text in case of divergence the Bulgarian text shall prevail

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Terms of transactions with related parties

Sales and purchases by related parties are made under conditions regulated by the sole owner. Outstanding balances at the end of the year are interest-free and are settled in cash. No guarantees or collateral have been provided or received for receivables from or debt to related parties. An impairment review is performed each financial year based on an analysis of the related party's financial position and the market in which it operates.

Liability to the Ministry of Energy under a loan for purchase of natural gas

In 2022, a loan was received from the Ministry of Energy in the amount of BGN 800,000 thousand, in connection with Decision No.245 of the Council of Ministers dated 11.08.2022, which approved additional payments from the budget of the Ministry of Energy in the amount of BGN 800 million for the purchase of natural gas and provision of working capital. The loan is secured by a special pledge of current and future receivables from Toplofikatsia Sofia EAD. The loan has an annual interest rate of 2% and an initial maturity date of 12.08.2025. The principal and interest are paid according to a repayment plan. Interest becomes due from February 2024. On August 15, 2025, the Council of Ministers adopted Decree No.161, which changed the loan term from 36 months to 72 months, i.e. there is a new maturity date of August 12, 2028. According to par. 2 of the Council of Ministers No.161, the extension of the loan term shall enter into force after receiving approval from the European Commission that the amendment is a compatible state aid measure.

As of December 31, 2025 and the date of preparation of the financial statements, no approval has been received from the European Commission. The total amount of the debt on received loan as of 31.12.2025 amounts to BGN 849,692 thousand. (31 December 2024: BGN 800,889 thousand).

Receivable from the Ministry of Energy

By virtue of Council of Ministers Decision No.576 dated August 27, 2025, in connection with Council of Ministers Decree No.168 dated August 25, 2025, the capital of Bulgarian Energy Holding EAD was increased by BGN 1,500,000 thousand. The funds are intended to finance structurally defining projects in the Energy sector, such as the Chaira Pumped-Storage Hydro Power Plant (PSHPP), Batak and Dospat plants, Units 7 and 8 of Kozloduy NPP, hydroe power plants, upgrading of the gas transmission network, reconstruction of the electricity transmission network, etc.

On 19 September 2025, funds in the amount of BGN 1,500,000 thousand were transferred to the account of Bulgarian Energy Holding EAD. The share capital increase was registered in the Commercial Register and the Register of Non-Profit Legal Entities on 26 September 2025.

Following the registration, an amount of BGN 1,050,000 thousand was transferred by Bulgarian Energy Holding EAD to a third-party funds account of the Ministry of Energy, where they are held and accounted for as third-party funds pursuant to §1, item 42 of the Additional Provisions of the Public Finance Act. The difference between the capital increase and the funds returned to the Ministry of Energy, amounting to BGN 450,000 thousand, is designated for projects of: Bulgarian Energy Holding EAD – BGN 250,000 thousand, Bulgartransgaz EAD – BGN 95,000 thousand, and Electricity System Operator EAD – BGN 105,000 thousand.

In accordance with the provisions of the decree, the remaining portion of the held funds is periodically transferred to Bulgarian Energy Holding EAD based on a reasoned request submitted to the Ministry of Energy for the financing of payments arising from the company's operations.

When the funds are utilized for structurally defining projects operated by the subsidiaries, following the capital increase of the respective subsidiary, the latter shall return the funds from the capital increase back to the third-party funds account of the Ministry of Energy, and shall receive and expend them upon the submission of a reasoned request on its part.

Receivable from Gastrade S.A. under a subordinated bond loan

In 2023, a new subordinated bond loan was granted to Gastrade S.A. at an interest rate of 5% per annum by the Group. The issuer repays the principal no later than December 31, 2032.

In 2025, a new subordinated bond loan was granted to Gastrade S.A. at an interest rate of 5.85% per annum. Each subscriber from among the shareholders under the subordinated bond loan received a certificate for 2,910,000 bonds with a nominal value of EUR 1 per bond. Each Subscriber under the SBL has transferred a proportional amount for the subscribed bonds in the amount of EUR 2,910 thousand to the specified project account of the Issuer - Gastrade S.A., in the National Bank of Greece.

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As of December 31, 2025, the Group recognizes receivables under bond loans granted to Gastrade S.A. amounting to BGN 30,623 thousand, including principal of BGN 27,832 thousand, accrued interest of BGN 2,574 thousand at an interest rate of 5% per annum for the loan granted in 2023, and BGN 493 thousand at an interest rate of 5.85% per annum for the loan granted in 2025, and recognized expected credit losses amounting to BGN 276 thousand.

As of December 31, 2025, the Group reported a receivable under a bond loan of BGN 22,078 thousand, including principal of BGN 22,140 thousand, accrued interest of BGN 1,647 thousand and accrued expected credit losses of BGN 1,709 thousand.

Remuneration of key management personnel

	2025	2024
	<i>BGN'000</i>	<i>BGN'000</i>
Remuneration	(5,840)	(5,664)
Social security contributions	(520)	(363)
Social costs	(364)	(892)
	(6,724)	(6,919)

35. Trade and other payables

	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Non-current		
Trade liabilities	1,849	377,358
Guarantees retained	1,157	1,318
Financial liabilities	3,006	378,676
Current		
Trade liabilities	1,079,185	743,095
Deposits received	76,370	53,322
Guarantees retained	149,627	115,724
Insurance liabilities	11,706	4,249
Other liabilities	53,055	55,836
Financial liabilities	1,369,943	972,226
Payables on advance payments	16,234	122,377
Payables to the Security of the Electricity System Fund	15,505	20,313
Liabilities under compensatory mechanism	-	-
Payables to the personnel	165,236	151,148
Social security payables	33,145	30,936
Payables to the budget	91,454	127,538
Payables for contributions to the Decommissioning of Nuclear Facilities (DNF) Fund and Radioactive Waste (RAW) Fund	96,834	107,428
Other liabilities	8,481	27,224
Non-financial liabilities	426,889	586,964
	1,796,832	1,559,190
	1,799,838	1,937,866

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The terms of the above commercial and other obligations are as follows:

- Trade obligations are not interest-bearing and are usually settled within ten to thirty days;
- The tax liabilities are not interest-bearing and are settled within the legally established terms;
- Other liabilities are not interest-bearing and are usually settled within 14 days;
- According to contracts with subcontractors in connection with investment projects, the Group retains certain amounts as a guarantee for quality execution of construction and installation works. Retained amounts are determined as a percentage of the value of invoiced construction works. The amounts withheld are interest-free. The amounts withheld should be paid in accordance with the contractual relationship with the subcontractors.

As of the end of 2025, the Group has paid off trade payables to the Consortium Arkad Association (December 31, 2024: BGN 469,771 thousand) related to the performed activities under the project 'Expansion of the gas transmission infrastructure of Bulgartransgaz EAD parallel to the northern (main) gas pipeline to the Bulgarian-Serbian border', 'Linear part' phase with a length of 474 km. Under the terms of the contract, the liabilities were repaid on the basis of a repayment schedule until the end of 2031.

36. Categories of financial assets and liabilities

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

Financial assets		31 December 2025	31 December 2024
		<i>BGN'000</i>	<i>BGN'000</i>
Non-current financial assets			
Debt instruments at amortised cost, including:		234,793	235,790
Trade and other receivables		384	198
Receivables from related parties		234,409	235,592
Financial assets at fair value through other comprehensive income, including:		507	507
Capital instruments		507	507
		235,300	236,297
Current financial assets			
Debt instruments at amortized cost		6,296,420	6,038,251
Trade and other receivables		2,691,452	1,960,350
Receivables from related parties		1,023,603	378,017
Cash and cash equivalents		2,581,365	3,699,884
Financial assets at fair value in other comprehensive income		2,424	885
Capital instruments		2,424	885
		6,298,844	6,039,136
		6,534,144	6,275,433
Financial liabilities	Note	31 December 2025	31 December 2024
		<i>BGN'000</i>	<i>BGN'000</i>
Non-current financial liabilities at amortized cost			
Loans and lease liabilities	29	3,311,144	1,744,429
Trade and other liabilities	35	3,006	378,676
		3,314,150	2,123,105
Current financial liabilities at amortized cost			
Loans and lease liabilities	29	871,828	1,694,998
Trade and other liabilities	35	1,369,943	972,226
Liabilities to related parties	34	864,581	827,214
		3,106,352	3,494,438
		6,420,502	5,617,543

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37. Financial Risk Management Objectives and Policy

The Group has financial assets consisting of trade receivables, cash and short-term deposits that arise directly from operations.

The Group's financial liabilities include bond issues, loans and trade payables. The main purpose of the loans is to provide financing for Group's activities.

As of 31 December 2025 and 31 December 2024, the Group does not own or trade in derivative financial instruments.

The main risks arising from Group's financial instruments are liquidity, currency, credit and regulatory risk. Ongoing risks are identified, measured and monitored through various control mechanisms introduced to determine adequate prices for the services offered by the Group, as well as to adequately assess the market circumstances of investments and forms of maintaining free liquidity, without allowing undue concentration of a risk and others. The risk management in the Group is carried out on an ongoing basis by the management and the respective structural units, depending on the type and specifics of the different types of risk to which the Group is exposed in its activities. The policy applied by Group's management to manage these risks is summarized below.

37.1. Liquidity risk

Liquidity risk arises if the Group fails to meet its obligations when they become due. The Group applies an approach that provides the necessary liquidity resources to meet the incurred liabilities under normal or stressful conditions without incurring unacceptable losses.

One of the goals of the parent company is to provide, if necessary, financial resources of the subsidiaries to maintain the operational activity, as well as for the implementation of strategic projects.

The parent company finances the operational activities of the companies in the Group in two ways:

- Internal financing, within the economic group, by redistribution of the free cash resource. Bulgarian Energy Holding EAD acts as an intermediary between the companies, coordinating the conditions between them and monitoring the execution of transactions at market levels.
- Interest rates on cash loans and deposits are based on market levels. The interest rates on cash loans and foreign currency deposits are linked to a rate that is the market rate for such transactions during the transaction period (floating or fixed).
- External financing – in case of shortage of funds in the economic group, Bulgarian Energy Holding EAD may take actions for external financing. This is a preferred way to raise funds for investment projects.

As of 31 December, the maturity structure of Group's financial liabilities, based on agreed undiscounted payments, including trade liabilities, retained guarantees, liabilities to the Decommissioning of Nuclear Facilities Fund and the Radioactive Waste Fund and other liabilities are presented below:

As of 31 December 2025	Carrying amount	Agreed cash flows	6 months or less	6 - 12 months	1 - 5 years	Over 5 years	On demand (no maturity)
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Issued bonds	(2,772,967)	(3,252,154)	(95,249)	(95,249)	(3,061,656)	-	-
loans	(1,410,005)	(1,468,272)	(417,898)	(437,736)	(408,898)	(203,740)	-
Trade and other liabilities	(1,372,949)	(1,372,745)	(1,245,461)	(83,129)	(2,373)	(701)	(41,081)
Liabilities to related parties	(864,581)	(864,581)	(864,003)	-	-	-	(578)
	(6,420,502)	(6,957,752)	(2,622,611)	(616,114)	(3,472,927)	(204,441)	(41,659)

As of 31 December 2024	Carrying amount	Agreed cash flows	6 months or less	6 - 12 months	1 - 5 years	Over 5 years	On demand (no maturity)
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Issued bonds	(2,378,371)	(2,503,072)	(1,214,570)	(28,751)	(1,259,751)	-	-
loans	(1,061,056)	(1,115,832)	(168,126)	(343,070)	(414,978)	(189,658)	-
Trade and other liabilities	(1,350,902)	(1,394,340)	(855,579)	(114,036)	(310,849)	(97,696)	(16,180)
Liabilities to related parties	(827,214)	(827,214)	(559,928)	(266,667)	-	-	(619)
	(5,617,543)	(5,840,458)	(2,798,203)	(752,524)	(1,985,578)	(287,354)	(16,799)

This document is a translation of the original Bulgarian text in case of divergence the Bulgarian text shall prevail

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37.2. Interest rate risk

The Group is exposed to the risk of changes in market interest rates mainly with respect to financial assets and liabilities with variable (floating) interest rates.

In the structure of Group's assets, interest-bearing assets are represented by cash, bank deposits and loans, most of which have a fixed interest rate. The Group also has loans granted with a combined structure of the borrowing rates, which contains two components – fixed and variable. The borrowings of the Group are in the form of long-term and short-term loans and predominantly have a fixed interest rate. This minimizes the likelihood of a change in the unfavorable direction of cash flows.

The table below shows the sensitivity of the annual net financial result after taxes and equity to a likely change in interest rates on loans with a floating interest rate based on BIR of +/- 0.01% (for 2024: +/- 0.01%). These changes are determined to be likely based on observations of current market conditions.

The calculations are based on the change in the average market interest rate and on the financial instruments held by the Group at the end of the reporting period, which are sensitive to changes in the interest rate. All other parameters are assumed to be constant. There is no effect on the other items of Group's equity.

As of 31 December 2025	Increase / decrease of the interest rate %	Effect on net financial result BGN'000	Effect on equity BGN'000
Receivables from Toplofikatsia Sofia EAD, bound by the BIR	+0.1%	24	24
Receivables from Toplofikatsia Sofia EAD, bound by the BIR	-0.1%	(24)	(24)
		-	-
Loans in EUR (EURIBOR)	+0.3%	(1,938)	(1,938)
Loans in EUR (EURIBOR)	-0.3%	1,938	1,938
		-	-
Loans in BGN (BIR)	+0.1%	(115)	(115)
Loans in BGN (BIR)	-0.1%	115	115

As of 31 December 2024	Increase / decrease of the interest rate %	Effect on net financial result BGN'000	Effect on equity BGN'000
Receivables from Toplofikatsia Sofia EAD, bound by the BIR	+0.1%	13	13
Receivables from Toplofikatsia Sofia EAD, bound by the BIR	-0.1%	(13)	(13)
		-	-
		-	-
Loans in EUR (EURIBOR)	+0.1%	-	-
Loans in EUR (EURIBOR)	-0.1%	-	-
		-	-
Loans in BGN (BIR)	+0.1%	(2)	(2)
Loans in BGN (BIR)	-0.1%	2	2

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37.3. Currency risk

The Group buys, sells, lends and receives loans in foreign currencies - Euro, US Dollars, British Pounds, Swiss Francs and Macedonian Denars. The main part of these operations is carried out in EUR and USD. The Group makes payments for construction works and deliveries of assets under construction and goods in US dollars. In this regard, there is a risk of changes in exchange rates. Therefore, the Group's exposure is exposed to the risk of changes in the US dollar exchange rate. In the event of significant fluctuations in future exchange rates, the Group may hedge its exposure through derivative instruments such as currency swaps.

On January 1, 2026 the Republic of Bulgaria introduces the euro as the country's official currency at a fixed exchange rate of the Bulgarian lev to the euro; therefore, as of December 31, 2025, currency risk arising from the transactions described above does not exist.

	Increase in the exchange rate of the Bulgarian lev		Decrease in the exchange rate of the Bulgarian lev	
	Net financial result	Equity	Net financial result	Equity
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
As of 31 December 2025				
USD (+/- 7.7%)	(34,153)	(34,153)	34,153	34,153
As of 31 December 2024				
USD (+/- 2.6%)	(2,209)	(2,209)	2,209	2,209

37.4. Credit risk

In carrying out its activities, the Group is exposed to credit risk, which is associated with the risk that some of the counterparties will not be able to fulfil and within the usual time their obligations. The credit quality of customers is assessed by taking into account financial condition, past experience and other factors.

The Group's receivables are presented in the consolidated statement of financial position in net amount in net amount, after deducting the accrued impairment for the expected credit loss.

In relation to the credit risk of uncollectability of receivables from counterparties, the Group takes the following precautionary measures:

- for trade and other receivables that are overdue and were not secured upon their origination, deferred payment arrangements are concluded and a collateral of not less than the initially recognized amount of the claim is negotiated;
- under the other contracts, which are not secured in advance, the following usual actions are taken in cases of overdue payment by the debtor company - offsetting liabilities to the Group against overdue receivables, and if the amount of liabilities is not large enough to cover the receivable, then other out-of-court settlement options are sought.

The Group currently monitors and analyses the servicing of receivables, the reasons for arrears and changes in the financial capabilities of debtor companies and monitors the condition and quality of collateral received.

The Group has a significant concentration of credit risk with respect to receivables from Toplofikatsia Sofia EAD, which accounts for 46% of the total net non-current and current receivables. As of 31 December 2025, the carrying amount of the receivables from Toplofikatsia Sofia EAD amounts to BGN 1,250,601 thousand (2024: BGN 934,392 thousand). (note 22.1).

Credit risk arising from Group's other financial assets, such as cash and other financial assets, is Group's credit exposure arising from the ability of its counterparties to default.

The maximum credit exposure of the Group in respect of recognized financial assets amounts to their respective carrying amount in the consolidated statement of financial position as of 31 December:

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	31 December 2025	31 December 2024
	<i>BGN'000</i>	<i>BGN'000</i>
Debt instruments at amortised cost, including:		
Receivables from customers	1,797,315	1,412,904
Receivables from related parties	1,258,012	613,609
Judicial and award receivables	58,835	40,706
Deposits with a maturity of over 3 months	574,099	374,860
Interest receivables on bank deposits	3,421	7,202
Other receivables	45,869	41,207
Receivables from the Security of the Electricity System Fund	212,297	83,669
Cash and cash equivalents	2,581,365	3,699,884
Capital instruments	2,931	1,392
	6,534,144	6,275,433

Receivables from customers

The following table provides information on the age analysis and credit risk exposure of receivables from third parties of the Group, using the matrix of provisions for expected credit losses as of 31 December:

31 December 2025	Expected credit loss rate	Gross value of the trade receivables	Expected credit loss	Net value of trade receivables
	%	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Not matured	52%	899,664	(471,763)	427,901
From 0-30 days	0%	115,111	(15)	115,096
From 31-60 days	0%	30,630	(4)	30,626
From 61 - 90 days	0%	212,340	(922)	211,418
From 91 - 180 days	60%	107,864	(64,472)	43,392
From 181 - 360 days	24%	515,020	(121,932)	393,088
Over 360 days	40%	962,125	(386,331)	575,794
	37%	2,842,754	(1,045,439)	1,797,315

31 December 2024	Expected credit loss rate	Gross value of the trade receivables	Expected credit loss	Net value of trade receivables
	%	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Not matured	61%	1,069,206	(658,769)	410,437
From 0-30 days	0%	44,927	(3)	44,924
From 31-60 days	74%	85	(63)	22
From 61 - 90 days	0%	271,232	(974)	270,258
From 91 - 180 days	55%	132,925	(72,526)	60,399
From 181 - 360 days	17%	351,585	(60,208)	291,377
Over 360 days	46%	619,700	(284,213)	335,487
	43%	2,489,660	(1,076,756)	1,412,904

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Receivables from related parties

The following table provides information on the age analysis and credit risk exposure of receivables from related parties of the Group, using the matrix of provisions for expected credit losses as of 31 December:

31 December 2025	Expected credit loss rate	Gross value of the trade receivables	Expected credit loss	Net value of trade receivables
	%	BGN'000	BGN'000	BGN'000
Not matured	2%	125,142	(3,013)	122,129
		125,142	(3,013)	122,129

31 December 2024	Expected credit loss rate	Gross value of the trade receivables	Expected credit loss	Net value of trade receivables
	%	BGN'000	BGN'000	BGN'000
Not matured	0.3%	615,381	(1,772)	613,609
		615,381	(1,772)	613,609

37.5. Market risk

Market risk is related to the fact that changes in market prices, such as foreign currency, interest rates or equity instruments, will affect Group's income from financial instruments. The purpose of market risk management is to exercise control over market exposure at acceptable parameters while optimizing returns.

The Group undertakes periodic analyses of the macroeconomic environment in the country and in-depth analysis of specific macro-indicators, including information on interest rates, which are submitted to the Board of Directors. The Board is responsible for assessing the future risks faced by the Group. In the event of deteriorating market conditions, hedging instruments may be used.

37.6. Regulatory risk

Regulatory risk is determined by the specifics of the business activity. According to Art. 21, para. 1, item 8a, item 8b, item 8c, Art. 30, para. 1 and Art. 33a of the Energy Act, the following prices are subject to regulation by EWRC:

- at which the producers, within the limits of the availability set by the Commission under Art. 21, para. 1, item 21 sell electricity to the public supplier;
- at which the producers sell thermal energy to the heat transmission company and to directly connected customers;
- at which the heat transmission company sells thermal energy to customers;
- at which the public supplier sells to the end suppliers the electricity purchased on the grounds of Art. 21, para. 1, item 21;
- (amended – SG, No.79/2019, effective 01.01.2020) under which the public supplier sells natural gas to the final suppliers of natural gas and to a person to whom a license for production and transmission of thermal energy;
- at which end suppliers sell natural gas to customers connected to the respective gas distribution networks;
- (amended - SG, No.57/20, in force from 01.10.2020) under which the final suppliers sell electricity to household end customers for sites connected to the electricity distribution network, at low voltage level;
- for access and/or transmission through the transmission grid;
- to connection to the grids;
- for access and transmission of natural gas through transmission and/or distribution networks, except in the cases where the Commission at its discretion approves a methodology for setting a price for access and transmission through the transmission grid;
- for access and/or transmission through the electricity distribution grids;

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- for access and storage of natural gas in a storage facility;
- for distribution of traction electricity on the distribution grids of the railway transport;
- for the provision of services to customers, as determined by the Commission, related to the licensing activity;
- including the price or the price component through which all end customers connected to the electricity system, including the electricity transmission network operator and the electricity distribution network operators, shall participate in compensation of the costs under Art. 34 and Art. 35.
- determines for each price period a limit value of the costs of the electricity transmission network operator for purchasing availability for additional services by the order of art. 105, para. 2;
- determines annually by June 30 premiums for electricity from renewable sources and from high-efficiency combined production of electricity and heat produced by power plants with a total installed electrical capacity of 500 kW and over 500 kW
- for the purposes of pricing, determine annually by June 30 an estimated market price of electricity to cover the technological costs of the transmission system operator and the distribution system operators

Price regulation has a significant impact on revenues, expenses, and hence on the overall economic and financial condition of the Group.

37.7. Cash flow risk

Cash flow risk depends on fluctuations in the amount of future cash flows associated with a financial instrument. The Group plans its cash flows and floating rate financial instruments are of a short-term nature of less than 1 year.

37.8. Credit rating

Credit rating of Bulgarian Energy Holding EAD

- *Moody's Rating Agency*

On June 10, 2025, Moody's assigned a „Ba2“ credit rating to an unsecured and unsubordinated 5-year bond issue of Bulgarian Energy Holding EAD, placed on June 12, 2025.

On 30 June 2025, in its credit opinion, Moody's maintained its long-term credit rating at „Ba1“ for BEH EAD with a stable outlook. BEH EAD's rating reflects both its own creditworthiness (Baseline Credit Assessment – ba3) and the high probability of support from the sole owner of the company's capital – the Government of Bulgaria (rating „Baa1“, with a stable outlook) in the event of financial difficulties.

- *Fitch Ratings*

On 17 March 2025, Fitch Ratings revised the outlook on Bulgarian Energy Holding EAD's long-term rating (BB+) to stable from positive and affirmed the rating on its unsubordinated and unsecured debt at „BB+“. The outlook revision reflects the expected increase in leverage and high capital expenditure associated with the construction of the new nuclear units.

On June 10, 2025, Fitch Ratings assigned a „BB“ rating to the unsecured and senior 5-year bond issue of BEH EAD, successfully placed on June 12, 2025.

Credit rating of Natsionalna Elektricheska Kompania EAD

On 7 August 2025, Standard & Poor's rating agency confirmed the rating of the subsidiary NEK EAD at „BB“ and revised the outlook from positive to stable due to the expected higher indebtedness of the Group as a result of financing the project for new nuclear capacity. Standard & Poor's considers the subsidiary NEK EAD as an important strategic subsidiary, given its key role in the country's energy system.

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38. Fair value measurement

The Group's management groups assets and liabilities at fair value into three levels based on the significance of the inputs used in determining the fair value of financial assets and liabilities. The fair value hierarchy includes the following levels:

- Level 1: market prices (unadjusted) on active markets for identical assets or liabilities;
- Level 2: input other than market prices included in Level 1 that can be monitored in respect of an asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: input for an asset or liability that is not based on observable market data.

An asset or liability is classified to the lowest level of significant input used to determine its fair value.

31 December 2025	Carrying amount	Level 1	Level 3	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Financial assets that are measured at fair value				
Financial assets at fair value through other comprehensive income, including:				
Capital instruments	2,931	2,422	509	2,931
Financial assets that are not measured at fair value				
Debt instruments at amortized cost				
Non-current trade and other receivables	384	-	384	384
Current trade and other receivables	2,691,452	-	2,691,452	2,691,452
Receivables from related parties	1,258,012	-	1,258,012	1,258,012
Cash and cash equivalents	2,581,365	-	2,581,365	2,581,365
Financial assets	6,534,144	2,422	6,531,722	6,534,144
Financial liabilities that are not measured at fair value				
Loans and financial lease liabilities	(4,182,972)	-	(4,182,972)	(4,182,972)
Trade and other liabilities	(1,372,949)	-	(1,372,949)	(1,372,949)
Liabilities to related parties	(864,581)	-	(864,581)	(864,581)
Financial liabilities	(6,420,502)	-	(6,420,502)	(6,420,502)

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31 December 2024	Carrying amount	Level 1	Level 3	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Financial assets that are measured at fair value				
Financial assets at fair value through other comprehensive income, including:				
Capital instruments	1,392	883	509	1,392
Financial assets that are not measured at fair value				
Debt instruments at amortized cost				
Non-current trade and other receivables	198	-	198	198
Current trade and other receivables	1,960,350	-	1,960,350	1,960,350
Receivables from related parties	613,609	-	613,609	613,609
Cash and cash equivalents	3,699,844	-	3,699,844	3,699,844
Financial assets	6,275,393	883	6,274,510	6,275,393
	-			
Financial liabilities that are not measured at fair value				
Loans and financial lease liabilities	(3,439,427)	-	(3,439,427)	(3,439,427)
Trade and other liabilities	(1,350,902)	-	(1,350,902)	(1,350,902)
Liabilities to related parties	(827,214)	-	(827,214)	(827,214)
Financial liabilities	(5,617,543)	-	(5,617,543)	(5,617,543)

38.1 Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the following categories according to the fair value hierarchy. For more information on exchange-traded shares, see note 25.

38.2 Fair value measurement of non-financial instruments

The following table presents the levels in the hierarchy of non-financial assets as of 31 December, measured periodically at fair value:

	Level 3 2025 <i>BGN'000</i>	Level 3 2024 <i>BGN'000</i>
Property, plant and equipment	17,294,910	16,506,819
Investment properties	15,763	-
	17,310,673	16,506,819

The fair value of the majority of Group's property, plant and equipment is determined on the basis of reports from independent licensed appraisers (note 19). The table presents the carrying amount of the assets for which the model for subsequent measurement at fair value has been selected.

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39. Capital management policies and procedures

The policy of the Board of Directors is to maintain a strong capital base so as to maintain the trust of customers, creditors and the market as a whole and to be able to provide conditions for business development in the future. The aim of the management is to maintain a balance between the higher returns that may be possible with the levels of indebtedness and the benefits and security of a strong capital position. The Group's objective is to achieve a return on equity of over 5%. As of December 31, 2025, the return on equity is 0.55% (December 31, 2024: 1.23%). There were no changes in the Group's capital management during the year.

40. Contingent assets, contingent liabilities, and commitments
40.1 Commitments undertaken under an agreement to provide regasification and natural gas transmission capacity

On the basis of an agreement signed on December 30, 2022 Pursuant of an agreement signed on 30 December 2022 with BOTAŞ BORU HATLARI İLE PETROL TAŞIMA A.Ş., the Group, through its subsidiary Bulgargaz EAD, secures access to the regasification terminals of liquefied natural gas in Turkey and its subsequent transfer to the territory of the Republic Bulgaria, with ensured flexibility of supplies The period of the Agreement between the subsidiary Bulgargaz EAD and BOTAŞ is 01.04.2023 - 31.12.2035, and with Decision No.26 as of 12.01.2023 the Council of Ministers of the Republic of Bulgaria approves the signed Agreement. The Agreement provides capacity for regasification and transmission of natural gas to the interconnection point on the border of the Republic of Turkey and the Republic of Bulgaria - Malkochlar/Strandzha 1 in the volume of up to 19,000,000 MWh annually.

The difference in the quantities between the possibility of delivery of liquefied natural gas and its subsequent transmission is intended to provide flexibility in obtaining the quantities of delivered liquefied natural gas. With the delivery of 14 cargoes and a transmission right of 14,000,000 MWh, this would imply a lack of opportunity for any element of flexibility for the Group, through its subsidiary Bulgargaz EAD, given that in order to accept all delivered volumes, it is necessary for the exact same volume to be received every single day throughout the respective year. By agreeing on a larger transmission capacity than the delivery capacity, significant annual flexibility (estimated at 28% of the total volume) is achieved in the acceptance of the quantities delivered. It is management's judgment that during the summer, when demand is lower, the quantities may not be taken in full, with the greater transfer capacity allowing these not taken quantities to be taken up during the winter period, when demand is significantly higher. At the same time, this also ensures significant flexibility in daily requests (during the repair works on 26-27 September 2024 as a result of a two-day capacity interruption, the Group, through its subsidiary Bulgargaz EAD, incurred losses of over BGN 10,000 thousand). In addition to this, the flexibility enjoyed by the Group when requesting and receiving quantities saves significant financial losses from selling natural gas quantities below cost on the exchange and/or as a positive imbalance to the operator of the gas transmission network, not only in the event of interruption as a result of repair activities, but also in case of non-payment by the Group's customers. According to internal calculations for the period January 2024 - March 2024, when supplies to customers are provided within the framework of the Agreement, a minimum of BGN 30,000 thousand in losses from sales below cost on the stock market and/or as a positive imbalance have been saved. In January 2025, through the agreement with BOTAŞ, the necessary amount of gas was ensured during the winter month, after two consecutive accidents: first at the Shah Deniz platform, and then at the Alexandroupolis terminal.

In addition, the existence of such an agreement with terms that provide flexibility in supply management allows, with accurate forecasting of natural gas prices, profits to be realized, such as the quantities of liquefied natural gas delivered during the summer when prices are lower can be sold on the market during the winter when prices are higher.

Also, the agreed price for the service provided under the Agreement is fixed for the entire contract period (with annual inflation indexation starting from 01.01.2025), which eliminates the risk for the Group of paying higher prices in case of high demand for booking storage and regasification slots.

The conclusion of the Agreement provided a third source of supply for the company, which in turn, in addition to the above-mentioned advantages, brings security and independence in supplies to Bulgarian consumers, since in this way the Group has diversified the routes and sources of supplies, providing three interchangeable sources of supply.

The market goals of the Group are related to maintaining market positions in the country and entering other regional gas markets. To achieve this goal, the Group strives to offer flexible and competitive trading conditions on the market. The natural gas market in Bulgaria is relatively small, and at present it can be assumed that the trade in natural gas is

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fully liberalized. Since mid-2025, the operation of the trading platform Gas Hub Balkan EAD has been supported by the clearing house KELLER CCP, which guarantees the execution of transactions, performs settlement between the parties and risk management.

The Group's financial objectives are related to ensuring financial stability. The management has prepared a business plan and development forecast, which are based on the estimated requests of customers, the current regulations regulating the pricing of natural gas, the obligations under existing contracts with natural gas suppliers and forecasts prepared by leading agencies. The pricing of natural gas applied by the Group depends on the market in which it is sold:

- on a regulated market - pricing is carried out in compliance with the requirements of Regulation No.2 of 19.03.2013;
- on a free market – pricing is market-determined under contracts with customers directly connected to the gas transmission system;
- organized stock market in the country and in the countries in which the company has a trading license, pricing follows the market conditions of Gas Hub Balkan EAD and the gas exchanges in the respective countries;
- outside an organized stock market (on the domestic and international markets) - pricing follows the market conditions at the relevant time. A basic approach for sales outside an organized exchange market is the application of the “TTFfm price mark-up” formula, where TTFfm is the main reference virtual market for gas trading in Europe, headquartered in Amsterdam, the Netherlands. It is the most liquid and most actively traded gas hub in Europe, making it a key price benchmark for global energy markets and utility bills in Europe. This virtual platform brings together natural gas producers and suppliers who purchase and resell it to end users – citizens and businesses – in the countries in which they operate.

The group anticipates growth in sales on the exchange/regional market in 2026 due to the European Union's ban on the conclusion of new and short-term contracts. This is expected to lead to an increase in demand for liquefied natural gas in Central and Eastern Europe and increased interest in supplies along the Greece/Turkey route to Europe.

The main challenges facing the Group are related, on the one hand, to its role as a public supplier and trader of natural gas in a liberalized market, and, on the other, to its role in the transition to a carbon-neutral economy (Green Deal). Under these conditions, the Group should develop its activities as a natural gas trader, at free prices and with each of its competitors striving for a leading role in the Bulgarian market and an expanded presence in the markets in the region. The security of supply that the Group offers, the financial stability and the good reputation of a reliable partner must be used as advantages in the conditions of free competition.

The management has made an analysis based on the available internal and external information and has come to the conclusion that the agreement between Bulgargaz and BOTAŞ BORU HATLARI İLE PETROL TAŞIMA A.Ş should not be treated as an onerous contract and a provision shall be provided due to the following reasons:

- This Agreement is related to the diversification of supply sources and routes with a view to achieving security of supply that is minimally dependent on geopolitical processes;
- It guarantees continuity of supplies for Bulgarian consumers and has a much greater social significance than a commercial one;
- The Agreement is for the provision of services, and not for the supply of gas, and the price of the service under it should be considered to include services such as flexibility in receiving, storing and transferring quantities for the following year.

The results of the comparative analysis with similar agreements show that the latter do not include such services. In similar agreements, such services are additionally negotiated with other users and merchants, which leads to additional costs for fees, as well as the assumption and coverage of price risks for the Company from the transfer of quantities from one period to another, which is also reflected in the fee when concluding such transactions.

Also, the volatility of natural gas prices in Europe and the world, which is due to the geopolitical uncertainties at the moment, should also be taken into account. Proof of this is that when this Agreement was concluded, the fee for the service was a low percentage of the price of natural gas and equal to similar services in the region without the additional benefits that the Agreement provides.

In addition, the transit agreement between Russia and Ukraine expired at the end of 2024, leading to a potential shortage and correspondingly increased demand for natural gas in Central European countries, Ukraine and Moldova. Taking this fact into account, in the last quarter of 2024, the Group finalized the procedures for obtaining the right to participate in the natural gas markets in Romania, as well as a license for natural gas trading in Hungary. The group

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is registered on the natural gas trading platform CEEGEX, based in Hungary. In 2025, the Group took active steps to expand its presence in the regional natural gas markets, using the prerequisites created in the previous year.

The Group is a registered user of the gas transmission networks in Greece, Serbia, Romania, Ukraine and Slovakia, and through its subsidiary Bulgargaz North, it is a user of the Moldovan gas transmission network. In turn, this is a potential opportunity for the realization of the capacities reserved under the Agreement with Botas.

Due to the above circumstances, the management's judgment is that the agreement will not be treated as onerous within the meaning of IAS 37 and there is no need to recognize a provision for liabilities.

40.2. Capital commitments

NPP Kozloduy EAD and its subsidiaries

As of 31.12.2025, the Group has capital commitments of BGN 194,847 thousand until the end of 2030, including BGN 114,650 thousand until the end of 2026 (31 December 2024: BGN 159,885 thousand) which are related to commitments for acquiring property, plant and equipment.

Pursuant to a decision of the National Assembly of the Republic of Bulgaria dated 09.11.2022 to speed up the process of securing an alternative supplier of fresh nuclear fuel and in implementation of the Kozloduy NPP diversification program agreed with the Supply Agency (ESA) at EUROATOM of the supply of FNF, in 2023, agreements for the supply of FNF were signed with Framatome and Westinghouse, according to which from 2024 Westinghouse delivered FNF for 5 unit.

With regard to these agreements, by 31.12.2025 the Group has made advance payments in the amount of BGN 264,619 thousand (31 December 2024: BGN 189,872 thousand) to two new suppliers, which are expected to be utilized by 2035.

Electricity System Operator EAD and its subsidiaries

In 2025, the Group concluded contracts under the Public Procurement Act, according to which contractual obligations for 2025 in the amount of BGN 905,947 thousand arise.

In 2024, the Group concluded contracts under the Public Procurement Act, according to which contractual obligations for 2024 in the amount of BGN 712,260 thousand arise.

Mini Maritsa-Iztok EAD

In connection with the implementation of its investment program as of 31.12.2025, the Company has undertaken commitments under contracts for construction, supply and installation of machinery and equipment ensuring its implementation.

To implement its intentions regarding the investment and renovation program, it uses its own funds, as well as funds from European funding programs.

NEK EAD

NPP Belene project

The Company has agreed to report all amounts (paid and accrued) directly related to the terminated Belene NPP project in accordance with the criteria for recognition of IAS 16 Property, Plant, and Equipment in compliance with a consistent policy, such as property, plant and equipment assets. under construction, until a final decision on the future of the project. Currently, there is uncertainty regarding the possible options for implementation of the project, respectively, the equipment, and considerable amount of time is needed to agree, negotiate and approve possible options, which is not entirely within the control of the Group's management and it is not in a position to make estimations on the possible reclassification of the amounts reported under IFRS, and regarding their assessment.

Investment projects of NEK EAD

The investment activity plan of NEK EAD is focused mainly on rehabilitation, reconstruction and new construction of hydropower facilities and includes the following significant areas and capital projects.

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1. Yadenitsa Project

By decision No.707 dated 30 August 2012 of the Council of Ministers of the Republic of Bulgaria, Yadenitsa Dam, which is the main facility of Yadenitsa Project, was declared a “national site” pursuant to the State Property Act, as well as “a site of national significance” pursuant to the Spatial Development Act.

Yadenitsa Project has secured funding for the preparatory works (procedures until a Construction Permit is obtained) from the Connecting Europe Facility fund of the European Commission.

On 24 April 2015, the Grant Agreement signed by and between subsidiary NEK EAD and the Innovation and Networks Executive Agency at the European Commission entered into force. According to this agreement, the funds allocated amounted to EUR 3,213 thousand. They will cover 50% of the expenses of the renewal of the EIA, the design update and preparing of the Detailed Site Development Plan, as well as obtaining a construction permit for Yadenitsa Dam. The remaining 50% are own funds.

All necessary preliminary activities required to obtain a construction permit are assigned with the agreement. As of the date of preparation of this financial report, there is an effective EIA decision, an effective detailed development plan, approved investment designs, and an effective construction permit No.PC-3/20.01.2023 issued by the Minister of Regional Development and Public Works.

2. Repair of CHAIRA PSHPP

Contract No.GA049A-2A/ 25.04.2019 Rehabilitation of Chaira Pumped Storage Hydro Power Plant, with contractor: Consortium ABB AG & VOITH HYDRO GmbH & Co. KG. A building permit has been issued for the site, effective as of 25.02.2020. Three of the four stages of the project are being implemented. The installation works on the first two stages have been completed. On hydro unit (HU) 4 (stage 1), activities have been suspended due to an event that occurred during water sampling on 22 March 2022, when cracks appeared on part of the static parts of the turbine. In 2023, a report was prepared by an internationally recognized organization on the root cause of the HU4 incident of 22 March 2024. The scope of the contract, after renegotiation, provided for a modification of the stators of XU2 and a 72-hour test run of the machine by December 31, 2024, which occurred on December 23, 2024, and a permit for use was obtained in May 2025. The implementation of the additional agreement concluded on January 8, 2025, which includes the rehabilitation of XU3, similar to XU2, is underway, and in early April 2026 XU3 successfully passed all pre-launch tests, including successful 72-hour tests. On June 10, 2026, Act 16 certificate was signed, and a permit for use was received by the end of June.

3. Project for increasing the volume of the lower equalizer of the Chaira PWPP

On December 1, 2025, the European Commission published the Second Union list of Projects of Common Interest and Projects of Mutual Interest under Regulation (EU) 2022/869, which also included the Yadenica project. As of December 31, 2025, the procedure for final approval of the list is expected to be completed in the first half of 2026. In parallel, the Group continues its actions to maintain project readiness and prepare for securing project financing.

4. Project for the construction of new PSHPPs

The Group, through its subsidiary, is developing a portfolio of projects for new and expanded pumped-storage hydropower capacities aimed at increasing the flexibility of the power system, integrating a growing share of energy from renewable sources, limiting forced production constraints, as well as strengthening security of supply and regional balancing. These projects are part of the long-term vision for the development of hydropower and storage infrastructure of strategic importance for Bulgaria and the region.

During the reporting period, the Group, through its subsidiary, continued work on the preparation and development of projects included in the Ten-Year Network Development Plan of ENTSO-E. They encompass both the expansion and more efficient use of existing hydropower infrastructure, as well as the development of new pumped storage capacities with the potential to provide daily, weekly and seasonal flexibility to the electricity system.

Along with the Yadenitsa project, the projects for the construction of the Batak and Dospat PHPPs are included in the Second Union List of Projects of Common Interest and Projects of Mutual Interest published on 1 December 2025 under Regulation (EU) 2022/869. For some of the projects, pre-project and preparatory activities are being implemented or prepared, including with technical support from the European Investment Bank, in order to specify

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the technical solutions, environmental aspects, regulatory requirements and subsequent investment readiness. The group views these projects as a key element of the future development of the national energy system and as a tool for enhancing its ability to meet the growing demands for flexibility, balancing and a sustainable transition to a low-carbon economy.

40.3. Contingent liabilities***Significant lawsuits and claims******TPP Maritsa Iztok 2 EAD***

The Association For the Earth - Access to Justice has filed an appeal under the Environmental Protection Act against Decision No.50-HO-IIO-A5/21.12.2018 for updating Integrated Permit No.50/2005 of TPP Maritsa Iztok 2 EAD for the operation of a fuel plant for electricity generation, a hydrogen production plant, and a depot for inert, construction, hazardous and non-hazardous waste. From 2019 to the present, there have been ongoing court proceedings that have not been concluded with a final court ruling.

By Decision No.50-H0-IIO-A5/2018 for the update of Integrated Pollution Prevention and Control (IPPC) Permit No.50/2005 of TPP Maritsa East 2 EAD (the Decision), a derogation was granted from the emission limit values established by the BAT Conclusions.

The issued Decision was appealed by the association For the Earth - Access to Justice, registered in the register of legal entities under company file No.195/2016 according to the inventory of Sofia City Court, with seat in Sofia. An administrative case was initiated under No.751/2019 according to the inventory of Sofia City Administrative Court.

Based on an objection to jurisdiction by the company and Executive Environment Agency (ExEA), Adm. case No.751/2019 according to the inventory of Sofia City Administrative Court was terminated and sent under the jurisdiction of Stara Zagora Administrative Court, where Adm. case No.225/2019 according to the inventory of the same court was initiated.

At the request of TPP Maritsa East 2 EAD, with Decision No.252/17 June 2019 under Adm. case No.225/2019 of Stara Zagora Administrative Court, preliminary implementation was allowed of Decision No.50-H0-IIO-A5/2018 of 21 December 2018 for updating complex permit No.50/2005 of TPP Maritsa East 2 EAD in Kovachevo village.

By Decision No.358/28.08.2020, issued under Adm. case No.225/2019 according to the inventory of Stara Zagora Administrative Court, the appeal of the association For the Earth - Access to Justice was rejected as ungrounded and Decision No.50-H0-IIO-A5/21.12.2018 for updating Integrated Permit No.50/2005 of subsidiary TPP Maritsa East 2 EAD was kept in force.

Decision No.358/28.08.2020 of Stara Zagora Administrative Court has been appealed by the association "For the Earth - Access to Justice" before the Supreme Administrative Court, and administrative case No.239/2021 was initiated.

The Supreme Administrative Court returned the case to be reviewed by Stara Zagora Administrative Court with Decision No.8230/31.07.2023. The case has lasted more than 2 calendar years.

After the case was referred to another chamber, a second first-instance administrative case No.20237240700478/2023 was initiated before Stara Zagora Administrative Court. The court ruled with Decision No.918 of 15.03.2024, which annuls Decision No.50-H0-IIO-A5/21.12.2018 of the Executive Agency's Directorate. The decision is appealed Decision No.918 of 15.03.2024, of the Stara Zagora Administrative Court, IV Panel, in administrative case No.20237240700478/2023 before the Supreme Administrative Court.

On 2 April 2024, through Stara Zagora Administrative Court, a cassation appeal was filed by TPP Maritsa East 2 EAD with the Supreme Administrative Court under the rules of the Administrative Procedure Code against Decision No.918 of 15 March 2024, issued under administrative case No.20237240700478/2023 of Stara Zagora Administrative Court. Administrative case No.6479/2024 has been initiated. A private appeal has been lodged by THE GREEN TANK NON-PROFIT CIVIL ASSOCIATION and Georgios Anastasios Paschalidis against the above-mentioned court decision.

The subsidiary submitted a written response ref. No.15982/10.05.2024 through Stara Zagora Administrative Court to the Supreme Administrative Court against the private appeal.

On 22 October 2024 the Supreme Administrative Court issued a protocol decision on administrative case No.6479/2024, which terminated the proceedings before it and returning the case to Stara Zagora Administrative

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Court, for correction of obvious factual errors made by the court that issued the court decision appealed before the Supreme Administrative Court. The case is referred by the SAC to the panel of Stara Zagora Administrative Court, which issued Decision No.918 of 15.03.2024 in administrative case No.478/2023 on the court's docket for proceedings under Article 175 of the Administrative Procedure Code, in accordance with the grounds for the ruling.

By Decision No.3405/07.11.2024 in administrative case No.20237240700478/2023 of Stara Zagora Administrative Court, a correction was allowed of an obvious factual error in the grounds of Decision No.918/15.03.2024, issued in administrative case No.478/2023.

Decision No.3405/07.11.2024 of the Administrative Court - Stara Zagora is subject to appeal before the Supreme Administrative Court within 14 days of its service on the parties. The decision was delivered to the subsidiary TPP Maritsa Iztok 2 EAD by notice ref. No.39389/11.11.2024.

The case was returned by the Stara Zagora Administrative Court to the Supreme Administrative Court, where it was registered under a new number, administrative case No.46/2025, and by a notice dated 19 March 2025 the company, through its legal representative, was summoned to appear on 15 May 2025, as an appellant in the case with the Association "For the Earth - Access to Justice". The case has been submitted for judgment.

By a ruling dated 19.08.2025, the Supreme Administrative Court removed Judge Lyubomir Gaidov from the consideration of administrative case No.46/2025 on the list of the Supreme Administrative Court.

The Supreme Administrative Court annuls the ruling of 15.05.2025 in administrative case 46/2025 of the Supreme Administrative Court, which gave rise to the case on the merits. The case should be reported to the President of the Sixth Section for the appointment of another Judge-Rapporteur. The case is scheduled for January 26, 2026 and has been announced for resolution. At the time of adoption of this report, the court's decision is still pending.

In view of the above, the Group could not commit to a definitive opinion regarding the outcome of the dispute, as this issue is within the exclusive competence of the judicial authority, as well as regarding the time for resolving the dispute, due to the fact that the deadlines for the court's ruling are instructive, not preclusive.

The Group has reasonable grounds to believe that the administrative act – Decision No.50-H0-IO-A5/21.12.2018 of the Executive Director of the ExEA, revoked by Court Judgment No.918 of 15.03.2024 of the Administrative Court – Stara Zagora, IV Panel, under Administrative Case No.20237240700478/2023, does not suffer from the alleged defects of substantive law and should remain in force.

Pursuant to ruling No.252/17.06.2019, issued under Adm. case No.225/2019 of Stara Zagora Administrative Court, which allowed preliminary implementation of Decision No.50-H0-IO-A5/2018 of 21.12.2018 for updating complex permit No.50/2005 of the subsidiary TPP Maritsa East 2 EAD in Kovachevo village, it may continue to operate until the dispute is finally resolved with an effective court decision.

Natsionalna Elektricheska Kompania EAD**ContourGlobal Maritsa East 3 AD**

On November 27, 2025, a Notice of Arbitration was received for the initiation of arbitration proceedings by ContourGlobal Maritsa East 3 AD in accordance with Article 21.5 of the Power Purchase Agreement of June 13, 2001 and the Arbitration Rules of the United Nations Commission on International Trade Law adopted in 2021 (UNCITRAL Arbitration Rules).

Notice subject: The claim is for payment of expenses incurred for: 1) The modernization of ContourGlobal Maritsa Iztok 3 AD in the period 2012-2016 according to regulatory requirements for reducing emissions of nitrogen oxides and sulfur dioxide (Modernization in relation to SO₂ and NO_x emissions) and rate of return and 2) for Modernization of Best Available Techniques (BAT) in 2021 in order to meet increased regulatory requirements for desulfurization of large combustion plants and rate of return.

The total claimed amount is EUR 62,546,284 and in addition, ContourGlobal Maritsa East 3 AD requests the condemnation of the subsidiary NEK EAD for VAT or other tax due, interest for the period before and after the arbitration award at an interest rate and periods that will be further specified, all expenses related to the arbitration.

„Mechel Carbon“ AG (currently renamed „Tayvaz A Group“ AG)

Mechel Carbon AG has filed two lawsuits at the Sofia City Court with a total principal amount of BGN 21.4 thousand and interest for delay. The claims are for payment of principals for electricity supplied by Toplofikatsia Ruse EAD, paid by NEK EAD to Toplofikatsia Ruse EAD as a pledgor instead of the one determined by Mechel Carbon AG as a pledged depositary creditor after receiving a notice of commencement of execution from Mechel Carbon AG by the

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order of the PPA together with interest and expenses. The Sofia City Court upheld the claims, and NEK EAD filed an appeal against the conviction before the Sofia Court of Appeal.

By a decision of the Sofia Court of Appeal, the first-instance decision of the Sofia City Court was overturned and the claims were dismissed. The case is pending before the Supreme Court of Cassation.

Ritam-4-TB OOD and Vidachim AD

Ritam-4-TB OOD and Vidachim AD have filed a case before the Sofia City Court against the subsidiary NEK EAD for compensation for non-performance of a contractual obligation by NEK EAD and a tort claim for compensation for damages suffered on a non-contractual basis under Art. 49, in connection with Art. 45 of the Obligations and Contracts Act (OCA) under contingency conditions. The claims were filed as partial for the amount of BGN 1,000 thousand of the total amounts claimed as due by NEK EAD in the amount of BGN 48,000 thousand for unredeemed amount of electricity. The proceedings in the case have been divided and two cases have been opened before the Sofia City Court - for breach of contract and for tortious liability. In the first case for breach of contract, the claim was rejected and the ruling has entered into force. In the second case - for non-contractual liability for tort with a total claim amount of BGN 33,331 thousand, a decision was issued by the Sofia City Court to dismiss it. The first instance decision was appealed by the plaintiffs before the Sofia Court of Appeal, which confirmed the first instance decision. A cassation appeal has been filed by Rhythm - 4 - TB OOD with the Supreme Court of Cassation and the case is pending.

As of 31 December 2025, other claims have been filed on various legal grounds: for delivered electricity, for unredeemed electricity, lost profits, unjust enrichment and delayed payments, and others. The proceedings on these claims have not ended with final court decisions. Due to this circumstance, the management has decided not to charge additional provisions on lawsuits.

NPP Kozloduy EAD and its subsidiaries

Legal claims in the amount of BGN 933 thousand have been filed against the Group (31 December 2024: BGN 3,741 thousand). None of the above claims are set out in detail here so as not to seriously affect Group's position in resolving disputes.

Bulgargaz EAD

There are legal claims filed against the subsidiary Bulgargaz EAD, but they are not of significant material interest.

On the basis of a preliminary agreement for reserving capacity, in 2019 an agreement for the transportation of natural gas was concluded with ICGB AD.

In connection with this agreement, a corporate guarantee in the amount of EUR 16,102 thousand was issued in favor of ICGB AD by Bulgarian Energy Holding EAD by 22.12.2028.

40.4. Contingent assets***Bulgargaz EAD***

In connection with a commercial dispute from prior periods, Bulgargaz EAD has filed a lawsuit against the Romanian company Transgaz S.A. for the return of natural gas used for linepack in the Transit 1 pipeline. An arbitration case No.78/2019 has been initiated before the International Commercial Arbitration Court of the Romanian Chamber of Commerce and Industry. By a decision of December 9, 2021, Transgaz was ordered to refund the amount of gas or its monetary equivalent of USD 923 thousand, together with interest and costs. Transgaz's request to suspend execution was rejected, and the amount was paid to Bulgargaz EAD on March 9, 2022.

The Bucharest Court of Appeal rejected the appeal to annul the arbitration award, but Transgaz appealed to the Supreme Court, which overturned the decision of the Court of Appeal and remanded the case for retrial.

It was impaired in 2021 due to the limited access to natural gas — the subject of the dispute in the Transit 1 gas pipeline. The compensation received under the judgments ruled so far has been recognized as other liabilities until the final settlement of the commercial dispute between the parties.

As of 31 December 2025, in favour of Bulgargaz EAD, there are established bank guarantees from commercial customers in the amount of BGN 28 million (31 December 2024: BGN 43 million). The bank guarantees are in accordance with the terms of the commercial contracts for the supply and sale of natural gas with the customers.

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Bulgartransgaz EAD

The Group reports as a contingent asset or contingent liability an operational balancing account (OBA). This is a joint account in which the daily balance position of two Transmission System Operators at the point of interconnection is recorded. The operator responsible for calculating the daily balance sheet item and the total balance sheet item, respectively, shall update the OBA on a daily basis and send it to the other operator. The operational balancing account is reported off-balance sheet.

Mini Maritsa-Iztok EAD

By a decision of the National Assembly of 25 April 2024, the Council of Ministers, through the Minister of Finance and the Minister of Energy, is obliged to take all necessary actions in compliance with the applicable Bulgarian and Community legislation for provision of funds from the state budget to Mini Maritsa East EAD, in the amount of BGN 250,000 thousand per year for a period of four years (2024 - 2028), with the aim of ensuring technical reclamation activities of the disturbed areas of the Maritsa Iztok Coal Basin deposit. The funds will be provided exclusively on the condition that the reclamation activities will be carried out only by Mini Maritsa-Iztok EAD, and it is not allowed to assign or subcontract the activities to private companies and/or companies with state or municipal participation. As of the date of preparation of the financial statements, no funds have been received under the adopted resolution.

40.5. Other***Natsionalna Elektrieska Kompania EAD******Long-term electricity purchase agreements***

On 13 June 2001, NEK EAD signed a long-term - 15-year contract with Consolidated Continental Commerce Limited, currently AES - 3C Maritsa Iztok 1 EOOD (AES) for the purchase of electricity. The contract has become effective in stages as from the commissioning date of the new facility on 2 June 2011 and upon the achievement of the full net capacity of 600 MW by TPP AES Galabovo as of 28 December 2011. On 14.08.2015 an agreement was concluded for the reduction of the availability price by 14%, which is effective as of 26.04.2016, after the payment of the obligations to the power plant. Accordingly, NEK EAD has committed itself not to fall into arrears to the power plant in the future. If this condition is not met by the company, the agreed reduction will not be applied until the overdue amounts are repaid by NEK EAD to the power plant.

Pursuant to a special pledge agreement dated November 30, 2005 and an agreement amending the special pledge agreement dated April 26, 2016, NEK EAD has pledged its receivables for electricity sold from EVN Bulgaria Elektrosnabdyavane EAD and Energo-Pro Sales AD as a guarantee against future electricity purchase obligations. The amount of pledged receivables is equal to the expected maximum total payment for purchased electricity for any month of the calendar year.

In accordance with the concluded long-term power purchase agreement, NEK EAD is required to purchase a minimum of 3,156,500 MWh electricity per calendar year (or on a pro rata basis in the event of an incomplete year) and the availability agreed according to a trading plan.

In May 2026, the long-term power purchase agreement with "AES - 3C Maritsa Iztok I" EOOD expired.

On 13 June 2001 NEK EAD concluded a long-term fifteen-year contract for electricity and availability purchases with Energiyna Kompania Maritsa Iztok 3 AD, currently ContourGlobal Maritsa Iztok 3 AD. The contract entered into force in February 2009 upon completion of the agreed rehabilitation activities for the modernization of the existing TPP Maritsa Iztok 3, after which the installed capacity is 808 MW.

Pursuant to a special pledge agreement dated 1 February 2002 and the latest agreement to amend the special pledge agreement dated 26 April 2016, NEK EAD has pledged its receivables for electricity sold from Electrohold Sales EAD, Energo-Pro Sales AD, as a guarantee against future obligations to purchase electricity. The sum of the pledged receivables is 1.25 times as much as the expected maximum total payment for electricity purchased for any month of the calendar year.

In February 2024, the long-term power purchase agreement with ContourGlobal Maritsa Iztok 3 AD expired.

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The table below shows the obligations of NEK EAD regarding the minimum due payments for purchased electricity and availability for the remaining term of the concluded long-term contracts for purchase of energy from the power plants.

	Total Minimum Amount Due
	BGN'000
Minimum payments due for purchased availability *	107,120
Minimum payments due for purchased electricity **	295,130
Total	402,250

* The indicated amount is the minimum due according to the concluded long-term contracts for energy purchase and is formed on the basis of set fixed pricing elements and elements with fixed escalation.

The minimum payments for purchased availability under each of the long-term contracts for the purchase of electricity from power plants are as follows:

	Up to 1 years	From 1 to 5 years	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Minimum payments for purchased availability	107,120	-	107,120

A total of 2,618 GWh of net electricity was purchased from AES Maritza East 1 AD, which is significantly below the mandatory minimum quantity of electricity to be purchased under the PPA of 3,156 GWh.

As required under the Renewable Energy Source Act, NEK EAD in its capacity of public supplier, was required until 24 July 2015 to purchase the entire quantity of electricity produced from renewable or alternative energy sources, with the exception of electricity produced from hydro power plants with an installed capacity of over 10 MW. With the amendment of Art. 31(5) of the same act, the Public Supplier and the end suppliers, respectively, shall purchase the electricity output from renewable sources at a preferential price for the volume of electricity up to the amount of the net specific generation of electricity which is taken into account when calculating the preferential prices in the relevant decisions of EWRC. The amounts of electricity in excess of the net specific generation are purchased at a price of surplus on the balancing market or as stipulated in Art. 31, para. 12 may be sold on the free market. The obligatory purchase of electricity is carried out under purchase contracts. According to the Renewable Energy Act, amended on 3 May 2011, the duration of the contracts shall be 20 years for electricity produced from geothermal and solar energy plants and for electricity produced from biomass, 12 years for electricity produced from wind energy and 15 years for electricity produced from hydro power plants with an installed capacity of up to 10 MW, as well as for electricity produced from other types of renewable energy sources. The time limits for mandatory purchase shall commence on the date of commissioning of the power facility and for power facilities commissioned after 31 December 2015 – the time limits shall be reduced by the time between that date and the date of commissioning of the respective power facility.

From 1 July 2021, in accordance with the last two price decisions of EWRC for the regulatory periods 2023-2024 and 2024-2025, NEK EAD purchases electricity from RES only with an installed capacity of less than 500 kW.

As of 31 December 2025, NEK EAD has not concluded long-term contracts with RES plants for the purchase of electricity.

Estimates with respect to Irrigation Systems EAD (Napoitelni Sistemi EAD)

NEK EAD and Irrigation Systems EAD (Napoitelni Sistemi EAD) carry out operations related to the maintenance and operation of water reservoirs, dam walls, hydro engineering, and hydro-meliorative facilities in compliance with their obligations to supply water as determined by the Ministry of Environment and Water. NEK EAD, through the Dams and Cascades company, has provided the water supply service to Irrigation Systems EAD (Napoitelni Sistemi EAD), which is similar to the service that was provided by Irrigation Systems EAD (Napoitelni Sistemi EAD) to NEK EAD.

No agreement has been reached between the Company and Irrigation Systems EAD, as no protocols have been signed for delivered quantities of water for the period from May 2003 to the date of issuance of these financial statements,

This document is a translation of the original Bulgarian text in case of divergence the Bulgarian text shall prevail

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therefore additional liabilities to Irrigation Systems may arise. "EAD, which at the moment cannot be reliably determined.

In this regard, an agreement was concluded between NEK EAD and Irrigation Systems EAD, whereby both parties have declared that each of them provides the water supply service to the other party. The agreement provides for the signing of contracts to regulate the rights and obligations of each party related to the provision of the water supply service. Meetings were held and correspondence was lead.

Currently, no signed contract between both companies are available.

Mini Maritsa-Iztok EAD

Concession contract commitments

Pursuant to a concession agreement for the development and extraction of coal, Mini Maritsa Iztok EAD undertakes to set aside funds in favor of the Ministry of Energy, which can be used only for the purpose for which they are intended (types of work for the final departure of the concession area) and after explicit permission of the Ministry of Energy. The company should annually deposit into trust accounts in the amount of BGN 4,385 thousand, approved by the Ministry of Energy, with an annex concluded in October 2019.

With letters from March and June 2022 to the Minister of Energy, Mini Maritsa Iztok EAD proposes a change in the contracts for opening trust bank accounts, namely to increase the annual contribution to BGN 9,246 thousand. The proposed contribution includes:

- the current contribution in the amount of BGN 4,385 thousand;
- the unpaid amounts until 2021, deferred until 2036, in the amount of BGN 4,861 thousand.

According to a letter from the Ministry of Energy with Ref. No.E-26-M-163/25.05.2022, the liability of Mini Maritsa Iztok EAD under the Leaving Fund is rescheduled until 2036 according to the proposed debt repayment scheme.

To accumulate funds under the Coal mine Exit Fund, a trust bank account Coal mine Exit Fund has been opened at Investbank AD.

According to Art. 31 of the concluded concession contract, the Concessionaire shall submit to the Grantor a bank guarantee for the current year in the amount of 30% of the calculated concession fee. For 2025, the amount of the guarantee should be BGN 1,383 thousand.

In the first half of 2025, a procedure was launched to issue a bank guarantee securing the mining under the concession contract for 2024 with Ref. №09/2025. Due to the lack of submitted bids, pursuant to Art. 189a, para. 3 of the Public Procurement Act, the deadline for submitting bids has been extended. Due to the lack of submitted offers, the procedure was subsequently terminated on the grounds of Art. 193 and in connection with Art. 110, paragraph 1 of the Public Procurement Act.

No funds in a trust guarantee account have been set aside by the subsidiary neither it issued a bank guarantee in favor of the Grantor to secure the activities by virtue of the contract.

40.6. Insurances

NPP Kozloduy EAD and its subsidiaries

The Safe Use of Nuclear Energy Act sets a limit on the liability of the operator for damages caused by nuclear accidents. The Act limits the operator's liability up to BGN 96,000 thousand for each accident. According to Vienna Convention on Civil Liability for Nuclear Damage, the operator is required to maintain insurance or other financial guarantee for nuclear damage during the operation period of the nuclear facility. The Parent Company has entered into an insurance policy covering the limits regulated by law with the Bulgarian National Nuclear Insurance Pool, with a one-year coverage period from August 1, 2024, to July 31, 2025. The total sum insured amounts to BGN 943 thousand, consisting of an insurance premium of BGN 925 thousand and a premium tax of BGN 18 thousand.

On 31 July 2025 a new contract was concluded with the Bulgarian National Nuclear Insurance Pool with a one-year coverage period from 01.08.2025 to 31.07.2026. The insurance amount is BGN 972 thousand, of which BGN 953 thousand is the sum of the insurance premium and BGN 19 thousand is the tax amount on the premium.

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The parent company has concluded an industrial fire property insurance policy with OZK-Insurance AD with a coverage period from 1 January 2025 to 31 December 2025, and the sum insured is BGN 14,766 thousand (2024: BGN 13,880 thousand).

40.7. Guarantees***NPP Kozloduy EAD and its subsidiaries***

Bank guarantees and cash collateral in the amount of BGN 39,198 thousand were opened in favor of the Group as of December 31, 2025 (December 31, 2024: BGN 28,314 thousand).

The Group has provided cash guarantees and impairments in the total amount of BGN 27,750 thousand.

Bulgartransgaz EAD and its subsidiaries

Bank guarantees and insurance policies have been issued in favor of the Group by third parties in the amount of BGN 389,606 thousand (2024: BGN 510,944 thousand).

On 1 July 2019, a corporate guarantee was issued in favor of the Group under a Capacity Reservation Agreement in the amount of BGN 1,085,313 thousand by a foreign legal entity.

Bulgargaz EAD

Pursuant to a contract concluded in 2020 with a banking institution, the subsidiary was granted a credit product in the form of an issued bank guarantee in favor of a supplier of natural gas. The term is renewed periodically, every six months, the last renewal being until 11.12.2025, with the amount of the credit being USD 128 million.

Pursuant to a contract concluded in 2022 with a banking institution, the subsidiary was granted a credit product in the form of a bank guarantee issued in favor of a natural gas supplier, with a limit of up to EUR 59,350 thousand and a term until November 30, 2026.

41. Balance of debt arising from financing activities with the amounts disclosed in the consolidated statement of cash flows

Liabilities arising from financial activities	Carrying amount as at 01.01.2025 BGN'000	Cash flows from financial activities			Non-monetary changes - uncategorized Increases / (decreases) BGN'000	Carrying amount as at 31 December 2025 BGN'000
		Proceeds BGN'000	Principal payments BGN'000	Interest payments BGN'000		
Bond loans	2,378,371	1,556,043	(1,173,498)	(69,823)	81,874	2,772,967
Bank loans	1,057,840	1,555,275	(1,205,733)	(79,592)	80,028	1,407,818
Leasing	3,216	-	(1,237)	-	208	2,187
Total loans and leasing (note 29)	3,439,427	3,111,318	(2,380,468)	(149,415)	162,110	4,182,972
Total loans received from the Ministry of Energy (note 34)	800,889	-	-	(16,222)	65,025	849,692
	800,889	-	-	(16,222)	65,025	849,692
Total liabilities from financing activities	4,240,316	3,111,318	(2,380,468)	(165,637)	227,135	5,032,664

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Liabilities arising from financial activities	Carrying amount as at 01.01.2024	Cash flows from financial activities			Non-monetary changes - uncertificated Increases / (decreases)	Carrying amount as at 31 December 2024
		Proceeds	Principal payments	Interest payments		
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Bond loans	2,376,953	-	-	(69,823)	71,241	2,378,371
Bank loans	1,149,308	758,073	(849,313)	(56,772)	56,544	1,057,840
Leasing	2,779	-	(1,136)	-	1,573	3,216
Total loans and leasing (note 29)	3,529,040	758,073	(850,449)	(126,595)	129,358	3,439,427
Total loans received from the Ministry of Energy (note 34)	822,942	-	-	(38,384)	16,331	800,889
	822,942	-	-	(38,384)	16,331	800,889
Total liabilities from financing activities	4,351,982	758,073	(850,449)	(164,979)	145,689	4,240,316

42. Events after the reporting period

No adjusting events or significant non-adjusting events have occurred since the date of the reporting period to the date of approval of the consolidated financial statements for publication, except for the following non-adjusting events:

Introduction of the euro in the Republic of Bulgaria

Following the official decision of the EU Council of July 8, 2025, on the admission of Bulgaria to the eurozone, our country has officially been admitted to the monetary union, effective January 1, 2026, with a fixed exchange rate of 1 EUR = 1.95583 BGN, approved without the possibility of change. In order to ensure a smooth and transparent process, the responsible institutions enacted the Act on the Introduction of the Euro in the Republic of Bulgaria. Reports with a reporting date after January 1, 2026 shall be prepared and presented in euro. In the annual financial statements for the transition year, the comparative information for the previous reporting period (which was in BGN) must also be restated and presented in EUR. The reason for the change in reporting currency must be disclosed in the notes to the annual financial statements.

The military conflict in the Middle East

The complicated international situation and escalation of tensions since the end of February 2026, related to military actions in Iran, contribute to increased geopolitical uncertainty in the region and at the global level. The potential consequences of these events include increased volatility in energy markets, further fluctuations in the macroeconomic environment, and increased uncertainty about future economic conditions. Management is monitoring the development of the situation and has taken into account the available information when preparing the accounting estimates and assumptions. At present, no need for adjustments to the financial statements has been identified, beyond the disclosures made.

Target contributions to the Security of the Electricity System Fund

In 2026, the mechanism for raising targeted contributions to the Security of the Electricity System Fund is extended. The targeted contribution represents the positive difference between the market revenues and the determined revenue cap for the respective type of producer, with a delivery period from January 1, 2026, to December 31, 2026. By Council of Ministers Decision No.165/12.02.2026, the values serving to calculate the revenue cap for the individual electricity producers concerning the BEH Group were determined for the period from January 1, 2026, to December 31, 2026, as follows:

- a) for a producer of electricity from a nuclear power plant – EUR 61.36/MWh;
- b) for electricity from hydro power plants owned by the Natsionalna Elektricheska Kompania EAD – EUR 71.58/MWh;

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c) for producers of electricity from coal-fired condensing power plants, including lignite-fired power plants – EUR 204.52, increased by the average monthly price per ton of CO₂ emission allowances for one MWh multiplied by 1.32;

Bulgarian Energy Holding EAD

Change in the Board of Directors of Bulgarian Energy Holding EAD

On May 21, 2026, an application for a change in the Board of Directors of Bulgarian Energy Holding EAD was submitted to the Commercial Register and the Register of Non-Profit Legal Entities. By decision of the Minister of Energy, Ivo Ivanov Todorov, Kalin Boyanov Filipov, Valentin Aleksiev Nikolov, Diyan Atanasov Ivanov, and Vasil Georgiev Stoynov were released, and Ivo Ivanov Todorov, Andrey Stefanov Zhivkov, and Petar Valeriev Angelov were appointed as state representatives, with Vasil Vasilev Vasilev and Ilza Mitkova Chinkova appointed as independent members. Andrey Stefanov Zhivkov was elected as Executive Member. The change was entered in the register on May 28, 2026.

„Block 1-21 Han Asparuh“ Project

By virtue of Council of Ministers Decision No.15 dated January 14, 2026, Bulgarian Energy Holding EAD acquired a 10 per cent interest in the rights and obligations under the permit and the agreement for oil and natural gas exploration, from the project for oil and natural gas exploration in the „Block 1-21 Han Asparuh“ area, located in the exclusive economic zone of the Republic of Bulgaria.

Capital Increase via Non-Cash Contribution

On February 19, 2026, an increase in the capital of Bulgarian Energy Holding EAD was registered in the Commercial Register and the Register of Non-Profit Legal Entities through a non-cash contribution amounting to EUR 2,931,747.75, representing the ownership right to real estate – private state property, located in the city of Sofia, Oborishte region, 8 Veslets Street, and consisting of a building with a built-up area of 369 sq. m. The newly issued 5,748,525 shares for the registration of the contribution in kind were acquired by the State, through the Minister of Energy.

Corporate restructuring of Bulgarian Energy Holding EAD

In connection with the implementation of Reform C4.R11 Improving the corporate governance of state-owned enterprises in the energy sector with Decision No.443 of June 10, 2026, the Council of Ministers (CoM) of the Republic of Bulgaria approved the restructuring of Bulgarian Energy Holding EAD, for which purpose a new public enterprise (holding company) with the sole owner being the Bulgarian state should be established. The newly established company is planned to be the sole owner of coal-related enterprises that were previously owned by Bulgarian Energy Holding EAD.

Credit rating of Bulgarian Energy Holding EAD

On April 28, 2026, Fitch Ratings affirmed the long-term foreign- and local-currency issuer credit ratings of Bulgarian Energy Holding EAD at „BB+“ with a stable outlook. The rating reflects the holding company's stable financial position, as well as its position as a leading integrated operator in the electricity sector in Bulgaria and the region.

On June 10, 2026, Moody's presented an updated credit opinion, in which the credit rating of BEH EAD remains unchanged - at the „Ba1“ level, with a stable outlook. The credit opinion reflects the dominant position of BEH Group as the main supplier of electricity in Bulgaria and its extremely important role in the implementation of the country's energy policy. The rating agency notes that the company has a strong financial profile, which puts it in a good position to cope with rising capital expenditures.

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Extension of the Tripartite Agreement between Bulgarian Energy Holding EAD, Toplofikacia Sofia EAD, and the Security of the Electricity System Fund

On July 28, 2026, Amendment No.3 to Tripartite Agreement No.58-2023/19.07.2023 was signed between Bulgarian Energy Holding EAD, Toplofikacia Sofia EAD, and the Security of the Electricity System Fund, extending its validity for the regulatory price period from July 1, 2026, to June 30, 2027, whereby 20% of the monthly premiums due to Toplofikacia Sofia EAD from the Fund shall be transferred to the account of Bulgarian Energy Holding EAD within the current price period. The proceeds will be used to repay obligations under the Agreements of 2015 and 2019 between Bulgarian Energy Holding EAD and Toplofikatsia Sofia EAD.

Natsionalna Elektrieska Kompania EAD

Reduction of the capital of Contour Global Maritsa Iztok 3 EAD

By Decision under item I. 1 of Minutes No.16/21.04.2026 of the Board of Directors of NEK EAD, the Executive Director of NEK EAD was assigned to vote at an extraordinary general meeting of shareholders of Contour Global Maritsa Iztok 3 AD on a reduction in capital and changes to the articles of association. The reduction of the capital of Contour Global Maritsa East 3 AD was entered in the commercial register and was carried out on May 19, 2026.

Power Purchase Agreement between NEK EAD and AES-3C Maritsa Iztok 1 EOOD

On 09.05.2026, the term of the Purchase Power Agreement between NEK EAD and AES-3C Maritsa Iztok 1 EOOD expired, as a result of which the obligation of NEK EAD to purchase electricity from the power plant ceased.

Chaira PSHP

As of the beginning of April 2026, hydro unit 3 had successfully passed all pre-commissioning tests, including the successful completion of 72-hour trial runs. On June 10, 2026, hydro unit 3 of the Chaira Hydro Power Plant successfully passed the State Acceptance Commission, and a permit for use and introduction into regular operation was received.

Memorandum of Understanding with Toshiba

On April 8, 2026, NEK EAD and Toshiba International (Europe) signed a memorandum of understanding aimed at the long-term rehabilitation and sustainable operation of Chaira PSHP. Through the memorandum, the parties express their desire to explore and develop a common vision for future joint projects related to a long-term solution for all hydro units of the Chaira PSHP and a comprehensive approach to sustainable operation of the plant.

TPP Maritsa Iztok 2 EAD

European Union Emissions Trading System (EU ETS)

On March 18, 2026, the 51st National Assembly adopted and promulgated in the State Gazette, issue 28 of March 20, 2026, a Decision to mandate the Council of Ministers to state the position of the Republic of Bulgaria within the framework of the meeting of the European Council on March 19–20, 2026 on the need to temporarily suspend the implementation of the European Union Emissions Trading System (EU ETS) until the completion of its current review at the European Union level and the development of a derogation mechanism.

Court cases with the Association „For the Land - Access to Justice“

By Decision No.5324/18.05.2026, the Supreme Administrative Court leaves in force Decision No.918/15.03.2024 of the Administrative Court - Stara Zagora, which repealed Decision No.50-NO-IO-A5/2018. In compliance with the instructions of the ExEa (letter with ref. No.KP-2410/26.06.2026, registered in the registry of TPP Maritsa East 2 EAD under No.22912/26.06.2023) The company begins a procedure for reviewing KP No.50/2005, last updated with decision No.50 HO-IO-A6/26.03.2020.

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NPP Kozloduy EAD

Conclusion of a contract for consulting services under Art. 166 of the Spatial Planning Act (SPA)

On January 30, 2026, a contract was signed between NPP Kozloduy - New Builds EAD and NPP Control DZZD for consulting services under Art. 166 of the SDA for the preparation of an Assessment of the compliance of investment projects with the basic requirements for construction under Art. 142 of the SDA, exercise of construction supervision pursuant to Art. 166 and Art. 168 of the SDA, preparation of an energy certificate and technical passport of the construction pursuant to Art. 176a of the SDA for the site: construction of units 7 and 8 on Site No.2 of Kozloduy NPP EAD with AP1000 technology, as well as the sites of the Staff Housing Complex and the Workers Housing Complex in the village of Harlets and the Workers Complex - town of Kozloduy. The implementation of the services is divided into two main stages: before the Final Investment Decision for the Project and after the Final Investment Decision for the Project.

Extension of the term of the Electricity Trading License

By Decision No.И2-ЈІ-216 of 04.03.2026 of the EWRC, the term of the Electricity Trading License No.ЈІ-216-15/18.12.2006, issued to NPP Kozloduy EAD, was extended by 10 years.

Conclusion of additional agreement No.1 to a bank credit-overdraft agreement

The Board of Directors of BEH EAD, with a decision from Minutes No.39-2026/08.06.2026, grants permission to NPP Kozloduy EAD to conclude Supplementary Agreement No.1 to the bank credit-overdraft agreement dated 16.07.2025, concluded between NPP Kozloduy EAD and International Asset Bank with the subject: "Provision of a bank credit-overdraft in the amount of BGN 50 million to NPP Kozloduy EAD, to extend the term of the contract by 12 months and increase its maximum value to EUR 1,745,000, without changing the remaining clauses of the contract, according to an approved draft additional agreement, with a decision under item 7.2.1 of Minutes No.7/23.04.2026 of the Board of Directors of NPP Kozloduy EAD.

Preventive reduction of the power of the 5th power unit of Kozloduy NPP EAD

On August 21, 2026, the power of Unit 5 of the NPP Kozloduy was preventively reduced by about 120 MW. The decision is part of the measures to ensure the safe operation of the NPP Kozloduy, as a result of the ongoing unprecedented and critical lowering of the Danube River level.

Bulgargaz EAD

Conclusion of overdraft agreements with banking institutions

After an announced procedure for selecting a financial service provider to provide a loan to cover operating expenses, in the form of an overdraft, in January 2026, Bulgargaz EAD concluded contracts with four commercial banks, with a total limit of EUR 111 million.

Natural Gas Purchase and Sale Agreement with Bulgargaz North

Bulgargaz has concluded a contract with Bulgargaz North for the sale of quantities of natural gas, in which Bulgargaz is in the role of Seller, respectively Bulgargaz North SRL - Buyer. In January 2026, Bulgargaz EAD's subsidiary in Moldova - Bulgargaz North SRL started selling natural gas through the electronic platform Bursa Română de Mărfuri (BRM) in Moldova.

Tripartite agreement with Sofia District Heating EAD

On July 13, 2026, a tripartite agreement was signed between Bulgargaz EAD, Toplofikatsiya Sofia EAD and the Security of the Electricity System Fund to settle the financial relations between the companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

Protocol with Botas

On July 6, 2026, a protocol was signed between Bulgargaz EAD and the Turkish company Botas, by which the contract between the companies was frozen for 15 months, starting from July 2026. During this period, Bulgargaz will pay only for the capacity used on the Bulgarian side under improved conditions.

Obtained a trading license in the Republic of Serbia

On 09.07.2026, Bulgargaz was issued a license by the Energy Agency of the Republic of Serbia for trading on the territory of the Republic of Serbia.

Mini Maritsa-Iztok EAD

Signing of an agreement for cooperation in the exploration of critical raw materials and rare earth materials

An agreement for cooperation in the exploration of critical raw materials and rare earth metals was signed on January 15, 2026 between Mini Maritsa-Iztok EAD, the Geological Institute of the Bulgarian Academy of Sciences and Bulgarian Energy Holding EAD. The signed document marks the beginning of a targeted partnership to explore the possibilities for extracting critical raw materials, rare earth metals and their analysis from lignite coal on the territory of the Maritsa-Iztok complex.

Registration of a new subsidiary company

A new company with a sole owner Mini Maritsa-Iztok EAD has been established, with the name MMI - Restoration of Mining Areas EOOD, registered on 09.04.2026, with the address in the town of Radnevo, 13 Georgi Dimitrov str. The main subject of the company is socio-economic transformation of mining areas; design, construction and restoration of mining areas; commercial representation and brokerage; commission, forwarding and transportation transactions; warehouse transactions, license transactions; stock control; repair and service activities, leasing and all other activities permitted by the Law and unrelated to coal mining, as the activities for which a license (permit) is required will be carried out after obtaining a license - after obtaining the relevant permit and/or after completing the required registration.

Coal supply agreement with AES Maritza East 1 EOOD

In May 2026, the coal supply contract with one of the main customers of Mini Maritsa-Iztok EAD - AES Maritsa Iztok 1 EOOD ended.

Bulgartransgaz EAD

Approval of an investment project for hydrogen transmission

In January 2026, Bulgartransgaz EAD received an official notification from the European Climate, Infrastructure and Environment Executive Agency (CINEA) regarding the approval of the project proposal and the launch of the grant agreement preparation process, which includes activities under the „studies“ category related to the implementation of PCI 10.3.2 „Internal hydrogen infrastructure in Bulgaria towards the border with Greece“. The project envisages the construction of a bidirectional hydrogen transmission infrastructure between Bulgaria and Greece, including a linear section with a length of approximately 250 km and two new compressor stations with an indicative total compressor capacity of around 48 MW. The project aims to provide hydrogen transmission capacity of approximately 0.9 Mt/y (80 GWh/d). The approved project has the number 101287437 – 10.3.2-BG-S-M-25-PCI 10.3.2 – Studies, with the maximum amount of the grant amounting to EUR 4,561 thousand, representing 50% of the total eligible costs of EUR 9,123 thousand.

On June 8, 2026, the Grant Agreement (GA) was signed between Bulgartransgaz EAD and CINEA for a project with identification number 101287437 - 10.3.2-BG-S-M-25-PCI 10.3.2 - Studies - CEF-E-2025-PCI-PMI, which includes activities from the „studies“ category related to the implementation of PCI 10.3.2 „Internal hydrogen infrastructure in Bulgaria towards the border with Greece“. On June 18, 2026, an advance payment of EUR 2,281 thousand or 50% of the grant value was received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ending 31 December 2025

Financial collateral

In connection with an agreement concluded between Bulgartransgaz EAD and Gastrade S.A. for the regasification of liquefied natural gas at FSRU Alexandroupolis in June 2026, the Group provided financial collateral in the form of a pledge of cash in the amount of USD 29,513 thousand at ING Bank N.V., at a fixed interest rate of 3.20% securing an issued bank guarantee in favor of Gastrade S.A. in the amount of EUR 24,357 thousand.

On July 20, 2026, the Management Board of the Company adopted a decision to conclude Annex No.1 to Agreement No.7434/08.06.2026 for a guarantee loan and Annex No.1 to Agreement No.7435/08.06.2026 for a pledge of funds concluded with ING Bank N.V. – Sofia branch, which increases the amount of the bank guarantee from EUR 24,357 thousand to EUR 52,554 thousand. On July 30, 2026, the Supervisory Board approved the decision of the Management Board to conclude the aforementioned annexes. The annexes were signed on August 4, 2026.

Elektroenergien Sistemen Operator EAD

Sale of the shares of Operator Zagore AD

By decision under Minutes No.8/02.03.2026 of the Management Board, confirmed by decision under Minutes No.8/04.03.2026 of the Supervisory Board of ESO EAD, a decision was made to sell the shares of Operator ZagoreAD to „Industrial Zone Zagore“ AD at a price equal to the nominal value of the shares. The change was entered in the Commercial Register and the Register of Non-Profit Legal Entities on 21.07.2026.

EWRC pricing decision

By Decision No.Ts-13 of 01.07.2026, EWRC approved the following prices for Electricity System Operator EAD, effective from 01.07.2026:

- Price for access to the electricity transmission network for end customers in the amount of EUR 0.18/MWh;
- Price for access to the electricity transmission network for producers, with the exception of producers of electricity from renewable sources with dynamically changing generation – from solar and wind energy, connected to the electricity transmission and distribution networks, in the amount of EUR 2.19/MWh;
- Price for access to the electricity transmission network for producers of electricity from renewable sources with dynamically changing generation – from solar and wind energy, connected to the electricity transmission and distribution networks, for the entire amount of electricity produced, in the amount of EUR 2.72/MWh;
- Price for transmission of electricity through the electricity transmission network in the amount of EUR 8.01/MWh;

Termination of ESO Engineering EOOD

On July 25, 2026, a transformation through a merger by acquisition of ESO Engineering EOOD into the sole owner of its capital – Elektroenergien Sistemen Operator EAD (ESO EAD), was registered with the Commercial Register. As a result of the registration, the company was terminated without liquidation, and its entire assets, all rights and obligations were transferred to ESO EAD by virtue of universal succession.

43. Approval of the consolidated financial statements

These consolidated financial statements as of 31 December 2025 (including comparative information) were approved for issue by BEH EAD's Board of Directors on 28.08.2026.

INDEPENDENT AUDITORS' REPORT

To the sole shareholder of
Bulgarian Energy Holding EAD
Sofia, 16 Veslets Str.

Report on the Audit of the Consolidated Financial Statements

Qualified opinion

We have audited the consolidated financial statements of Bulgarian Energy Holding EAD and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, for the year then ended, and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, except for the possible effect of the matters described in the "Basis for Qualified Opinion" section of our report, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU and Bulgarian legislation.

Basis for Qualified Opinion

1. As disclosed in Note 19 "Property, plant and equipment" to the consolidated financial statements, the Group owns property, plant and equipment related to the Belene NPP project for the construction of a nuclear power plant by the subsidiary Natsionalna Elektricheska Kompania EAD (NEK EAD). As at 31 December 2025, their carrying amount includes assets under construction of BGN 2,493,841 thousand and other property, plant and equipment of BGN 69,652 thousand. In accordance with its accounting policy, the Group capitalises all costs directly related to the project in the value of the assets under construction. As at 31 December 2025, the Group is not able to make a reliable estimate of the value of the recognised assets related to the Belene NPP construction project and, accordingly, no impairment losses on assets in accordance with IAS 36 "Impairment of Assets" have been recognised in the consolidated financial statements, as well as no provisions for potential future obligations of the Group under IAS 37 "Provisions, Contingent Assets and Contingent Liabilities". As a result, we were unable to obtain sufficient appropriate audit evidence regarding the recoverable amount of the above-mentioned assets of the Group and the completeness of the recognised liabilities related to this project. Accordingly, we were unable to determine the amount of the necessary adjustments and their impact on the Group's consolidated financial statements as at 31 December 2025.

2. As disclosed in Note 19 "Property, plant and equipment" and Note 40 "Contingent assets, contingent liabilities and commitments" to the consolidated financial statements, the Group, through its subsidiary NEK EAD, owns the pumped storage hydroelectric power plant (PSHP) "Chaira" with a carrying amount of BGN 561,593 thousand as at 31 December 2025. Following an incident in March 2022 during a test load after the rehabilitation of one of the four turbines, this power plant stopped operating. As at the reporting date, the rehabilitation of only one of the four hydro units (HA2) has been fully completed and a permit for use has been issued on 29 May 2025. Hydro unit HA3 has also undergone rehabilitation and has a permit for use issued on 16 June 2026. As at 31 December 2025, the Group performed an impairment review of PSHP "Chaira" using a financial model to determine its value in use by applying the discounted cash flows method. The financial model is based on future economic benefits from the four hydro units of PSHP "Chaira", without taking into account the scope, timing and cost of the possible rehabilitation activities necessary for the full resumption of the operation of the facility. Due to these circumstances, we were unable to obtain sufficient appropriate audit evidence about the recoverable amount of PSHP "Chaira" as a cash-generating unit and, accordingly, whether and to what extent adjustments to its value would be necessary as at 31 December 2025 and, respectively, to the results of operations for 2025 in the Group's consolidated statement of profit or loss.

3. Note 19 "Property, plant and equipment" to the consolidated financial statements discloses that, as a result of the revaluation of property, plant and equipment as at 31 December 2024, the subsidiary Mini Maritsa - Iztok EAD recorded a net increase of BGN 140,004 thousand in the value of the property, plant and equipment carried at revalued amount and extended the useful life of the revalued assets. This subsidiary has no clarity as to the time horizon for the continuation of its lignite mining activities and the restoration of land damaged by mining operations. Due to these circumstances, we were unable to obtain sufficient appropriate audit evidence about the recoverable amount of these assets, as well as whether and to what extent adjustments to their carrying amount of BGN 730,855 thousand as at 31

December 2025 are necessary and, respectively, to the results of operations for 2025 in the Group's consolidated statement of profit or loss.

4. As disclosed in Note 23 "Trade and other receivables", as at 31 December 2025 a significant part of the Group's advances consists of advances of BGN 405,409 thousand, which were provided by the subsidiary Bulgargaz EAD to natural gas suppliers. The Group has not estimated the recoverable amount of all prepaid advances in accordance with the requirements of the applicable accounting standards. The results of our audit procedures indicate that if a consistent approach had been used to determine the recoverable amount of the advances for natural gas based on its expected selling price, the value of the advances would have been reduced by BGN 127,308 thousand as at 31 December 2025.

5. As disclosed in Note 25 "Inventories" to the consolidated financial statements, the carrying amount of the Group's natural gas as at 31 December 2025 is BGN 445,354 thousand. The natural gas owned by the subsidiary Bulgargaz EAD is BGN 281,466 thousand. In preparing the estimate related to the determination of the net realisable value of the natural gas owned by Bulgargaz EAD, an expected selling price of natural gas for January 2026 was used (the European TTF Front month index, used as a reference price quotation, published in an Argus Media bulletin on 30 January 2026), but this price was applied only to part of the available quantity, which is planned to be sold by the end of 2026 in accordance with the Emergency Action Plan. As a result, the total carrying amount of this natural gas as at 31 December 2025 consists of natural gas measured at the lower of cost and net realisable value of BGN 81,532 thousand and natural gas measured at cost of BGN 199,934 thousand. We were unable to obtain sufficient appropriate audit evidence that the method applied for determining the net realisable value and the corresponding calculation of the impairment loss on natural gas comply with the requirements of IAS 2 "Inventories". If the Group had applied a consistent approach for determining the net realisable value of the entire available quantity of natural gas as at 31 December 2025, the value of the natural gas would have been reduced by BGN 69,623 thousand as at 31 December 2025.

6. As at 31 December 2025, the inventories presented in Note 25 "Inventories" to the consolidated financial statements include spare parts and consumables, basic and other materials of the subsidiary Mini Maritsa - Iztok EAD with a carrying amount of BGN 108,088 thousand, of which more than 26% have not been used for a period of three years, as well as spare parts and specific spare equipment belonging to the subsidiary NPP Kozloduy EAD with a carrying amount of BGN 161,889 thousand. As at the end of the reporting period, an assessment of the net realisable value was performed only for part of the inventories of NPP Kozloduy EAD amounting to BGN 97,846 thousand with the assistance of an independent external expert, as a result of which a net impairment loss of BGN 1,635 thousand was recognised. Due to the specific nature of the inventories described above and the volume of the items, we were unable to obtain sufficient appropriate audit evidence that the carrying amount of these materials, consumables and spare parts does not exceed their net realisable value in accordance with the requirements of IAS 2 "Inventories". Accordingly, we were unable to determine whether adjustments to their carrying amount in the consolidated statement of financial position as at 31 December 2025 are necessary and, respectively, in the results of operations for the year then ended in the consolidated statement of profit or loss.

7. As disclosed in Note 40 "Contingent assets, contingent liabilities and commitments", at the end of 2022 the subsidiary Bulgargaz EAD entered into a long-term agreement with BOTAŞ BORU HATLARI İLE PETROL TAŞIMA A.Ş for access to the LNG regasification terminals in Turkey and its subsequent transmission to the territory of the Republic of Bulgaria for a period of 13 years. Note 8 "Carrying value of natural gas, electricity and other current assets sold" discloses that, as part of the performance of the contract, in 2025 the Group recorded costs for unused capacity at the Strandzha1/Malkochlar entry point of BGN 250,458 thousand (for 2024: BGN 266,943 thousand), which essentially represents an unused service that is nevertheless payable. Note 40.1 "Commitments under an agreement for the provision of capacity for regasification and transmission of natural gas" discloses information on the judgements and assumptions of the Group's management regarding the accounting treatment of the operation, performance and expected development and application of the agreement, as well as that, as of July 2024, the subsidiary Bulgargaz EAD has not been paying its obligations under the monthly capacity invoices issued under this contract. Based on its analysis, including on the basis of all internal and external information available to the Group's management, it has concluded that this agreement does not constitute an onerous contract within the meaning of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

According to IAS 37 "Provisions, Contingent Assets and Contingent Liabilities", this contract has the characteristics of an "onerous contract", because the costs that cannot be avoided in fulfilling the obligations under the contract exceed the economic benefits expected to be received under it. Accordingly, the present obligations under such a contract are required to be recognised and measured as a provision for an onerous contract. As a result of the audit procedures performed by us, we were unable to obtain sufficient appropriate audit evidence that the estimates and assumptions on which management's judgement regarding the treatment of the contract as onerous or not is based are reasonable and adequately reflect the complexity and the specific nature of its terms, including the effect of possible events that could arise beyond the control of management and affect the performance of the agreement. Due to the numerous assumptions and uncertainties regarding future events, we were unable to obtain sufficient certainty as to the extent to which this contract will be utilised by the end of its term. Accordingly, we were unable to determine the amount of the adjustments that would be necessary to the carrying amount of the provisions as at 31 December 2025 and the prior reporting period and to the expenses for provisions for onerous contracts for 2025 and the prior reporting year.

8. As disclosed in Note 4.26 “Provisions” to the consolidated financial statements as at 31 December 2025, the specific nature of the Group’s activities, as well as the requirements of the applicable regulatory framework, require the Group to prepare an estimate of the expected future costs for the decommissioning of the nuclear facilities belonging to the subsidiary NPP Kozloduy EAD. The Group’s management is not able to reliably estimate the obligation and therefore no provision for the decommissioning of nuclear facilities has been recognised. Accordingly, we were unable to determine whether and to what extent additional provisions would be necessary had an estimate been prepared in accordance with the requirements of the applicable legislation and IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and had it been taken into account in the preparation of the accompanying consolidated financial statements of the Group as at 31 December 2025.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), applicable to audits of financial statements of public interest entities, together with the ethical requirements applicable to audits of financial statements of public interest entities in Bulgaria. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 19 “Property, plant and equipment” to the consolidated financial statements, which presents information on the development of the project for the construction of a new nuclear capacity at the site of NPP Kozloduy EAD as at 31 December 2025 and information on the significant contracts concluded as at the same date. In implementation of a Decision adopted by the 49th National Assembly on 23 February 2024, negotiations were held between the subsidiary NPP Kozloduy – New Builds EAD and Hyundai Engineering & Construction Co. Ltd., included in the short list of potential construction companies for the engineering, procurement, construction and commissioning of a nuclear power plant at the approved site in Kozloduy, using AP1000 technology. According to that Decision, the maximum fixed price for the performance of the engineering activities by the construction company until the stage of concluding an equipment supply and construction contract (EPC contract) shall be EUR 200 million excluding VAT, with a performance period of up to 12 months, which corresponds to the high-level preliminary schedule adopted by the National Assembly for the construction of Unit 7 of NPP Kozloduy using AP1000 technology. The subsidiary NPP Kozloduy – New Builds EAD has an engineering contract with the consortium “WESTINGHOUSE – HDEC” DZZD concluded at the end of 2024, which lays the foundations of the equipment supply and construction contract (EPC contract). In the course of the performance of the contract, a review of the structure, scope and objectives of the investment project for the construction of new nuclear capacity was carried out. In the course of the performance of the services under the contract, it was established that the scope of the services initially envisaged could not be performed within the period agreed between the parties and that the investment project should be developed entirely at one level – the “conceptual design” phase – in order to ensure its administrative admissibility and the possibility of approval under Art. 142 of the Spatial Development Act. An agreement was reached between the parties that the entire investment project, including the extended nuclear island, be prepared and delivered at the “conceptual design” phase, and an annex to the contract was prepared for this change. By a protocol dated 28 May 2026, signed between the consortium “WESTINGHOUSE – HDEC” DZZD and NPP Kozloduy – New Builds EAD, the process of obtaining the technical documentation of the conceptual design for the construction of Units 7 and 8 in Kozloduy was completed, however a completion certificate has not yet been signed. NPP Kozloduy – New Builds EAD has also started negotiations with the consortium for an extension of the scope of activities under the engineering contract. The additional scope arises from the further development of the design work, the engineering analyses performed and the results of the performance of the contract, as well as from the need to ensure full design readiness for taking a final investment decision, to secure external financing and to comply with the European Union State aid requirements. There is no final decision of the management of Bulgarian Energy Holding EAD on the extension of the activities under the engineering contract, nor a subsequent decision of the National Assembly to increase the maximum fixed price for the performance of the engineering activities until the stage of concluding the EPC contract. Our opinion is not modified in respect of this matter.

We draw attention to Note 19 “Property, plant and equipment” to the consolidated financial statements, which discloses that, as at 31 December 2025, the Group, through its subsidiary NEK EAD, operates properties and facilities with a carrying amount of BGN 842,837 thousand, which are declared public state property under the Bulgarian Water Act. According to the requirements of this Act, the functions of management and maintenance of the dam walls and the facilities related to them should be performed by a dam wall operator, and this function has not been assigned to NEK EAD by the competent authorities. As at the date of the consolidated financial statements, there has been no change in the regulatory framework for the ownership and operation of the specified assets. Our opinion is not modified in respect of this matter.

We draw attention to Note 19 “Property, plant and equipment” to the Group’s consolidated financial statements, which discloses information about an asset under construction (the Gorna Arda cascade project) with a carrying amount of BGN 24,513 thousand as at 31 December 2025. The Gorna Arda project is suspended and without secured financing

for its completion. The project is included in the Strategic Vision for the Development of the Energy Sector 2023-2053 of the Ministry of Energy, published in January 2023. The Group has determined the recoverable amount of this asset under construction on the basis of the potential opportunities set out in the Strategic Vision for the Development of the Energy Sector 2023-2053 and the actions taken by the subsidiary NEK EAD, which involve significant judgements, assumptions and uncertain future events. Our opinion is not modified in respect of this matter.

We draw attention to Note 4.26 “Provisions” to the consolidated financial statements, which discloses information on the strategy for the management of spent nuclear fuel and radioactive waste, prepared in accordance with Directive 2011/70/Euratom and in implementation of Art. 74 of the Act on the Safe Use of Nuclear Energy and the secondary legislation. The strategy represents the national programme of the Republic of Bulgaria for the responsible and safe management of spent nuclear fuel and radioactive waste, which provides for procedures for the preparation and coordination of documents related to the determination of the quantity, characteristics and terms of the returned high-level waste. Due to the complex geopolitical situation resulting from the military conflict on the territory of Ukraine, the transportation of spent nuclear fuel has been suspended and the subsidiary NPP Kozloduy EAD is not able to take effective actions to implement the procedures related to the return of vitrified high-level waste to the country. As at 31 December 2025, the recognised provision for the management of spent nuclear fuel amounts to BGN 145,082 thousand. Our opinion is not modified in respect of this matter.

We draw attention to Note 40 “Contingent assets, contingent liabilities and commitments”, which describes the Group’s commitments under a concession agreement for the development and extraction of coal concluded by the subsidiary Mini Maritsa-Iztok EAD. The obligation to financially secure the costs of leaving the concession area is realised by setting aside funds in special guarantee accounts, which can be used solely for the purpose for which they are intended. As at 31 December 2025, Mini Maritsa-Iztok EAD has no funds set aside in a trust guarantee account and has not issued a bank guarantee in favour of the concession grantor, securing the activities under the contract. Our opinion is not modified in respect of this matter.

We draw attention to Note 40 “Contingent assets, contingent liabilities and commitments” to the consolidated financial statements, which discloses that on 27 November 2025 the subsidiary NEK EAD received a notice of commencement of arbitration proceedings by ContourGlobal Maritsa East 3 AD in accordance with Art. 21.5 of the Power Purchase Agreement of 13 June 2001 and the UNCITRAL Arbitration Rules. The claim is for the payment of costs incurred for the modernisation of the thermal power plant in accordance with regulatory requirements for the reduction of nitrogen oxide and sulphur dioxide emissions and for the upgrade to the best available techniques, as well as of a rate of return, in a total amount of EUR 62,546,284, together with the taxes, interest and arbitration costs due. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the “Basis for Qualified Opinion” section, we have determined that there are no other key audit matters to be communicated in our report.

Information Other than the Consolidated Financial Statements and Auditors’ Report Thereon

Management is responsible for the other information. The other information comprises the consolidated management report, including the consolidated corporate governance statement and the consolidated report on payments to governments, prepared by management in accordance with the Bulgarian Accountancy Act and the other applicable legal requirements, but does not include the consolidated financial statements and our auditors’ report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except to the extent explicitly stated in our report. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the “Basis for Qualified Opinion” section of this report, we were unable to obtain sufficient appropriate audit evidence about the matters described in that section. Consequently, we are unable to conclude whether the other information is materially misstated with regard to these matters.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards, as adopted by the EU and Bulgarian legislation, and for such internal

control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Joint Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

We are jointly liable for the performance of our joint audit and the issued joint auditors' opinion in accordance with the requirements of the Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act. Upon acceptance and performance of the joint audit engagement on which we report, we have also complied with the "Guidelines on performance of joint audit" issued on 13.06.2017 by the Bulgarian Institute of Certified Public Accountants and the Bulgarian Commission for Public Oversight of Statutory Auditors.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in the section “Information Other than the Consolidated Financial Statements and Auditors’ Report Thereon”, regarding the consolidated management report, including the consolidated corporate governance statement and the consolidated report on payments to governments, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria – the Institute of Certified Public Accountants (ICPA). These procedures relate to checks on the existence, as well as checks on the form and the content of this other information in order to assist us in forming our statements as to whether the other information includes the disclosures and the reporting provided for in Chapter Seven of the Bulgarian Accountancy Act and in the Bulgarian Public Offering of Securities Act (Article 100m, paragraph (10) in relation to Article 100m, paragraph (8), subparagraphs (3) and (4) of the Bulgarian Public Offering of Securities Act), applicable in Bulgaria.

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

Based on the procedures performed, our statement is that:

- (a) the information included in the consolidated management report for the financial year for which the consolidated financial statements have been prepared is consistent with the financial statements on which we have issued a qualified opinion in the “Report on the Audit of the Consolidated Financial Statements” above;
- (b) the consolidated management report is prepared in accordance with the applicable legal requirements;
- (c) as a result of the acquired knowledge and understanding of the activities of the Group and the environment in which it operates, we have found no cases of material misrepresentation in the consolidated management report, except for the possible effect of the matters described in the section “Information Other than the Consolidated Financial Statements and Auditors’ Report Thereon” of the “Report on the Audit of the Consolidated Financial Statements”;
- (d) the consolidated corporate governance statement for the financial year presents the information required by the relevant regulations, including the information under Article 100m, paragraph (8) of the Bulgarian Public Offering of Securities Act;
- (e) the consolidated report on payments to governments is made available and prepared in accordance with the requirements of the Bulgarian Accountancy Act.

Statement Pursuant to Article 100m, Paragraph (10) of the Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge and understanding of the activities of the Group and the environment in which it operates, in our opinion, there is no material misstatement in the description of the main characteristics of the internal control and risk management systems of the Group in connection with the financial reporting process and in the information pursuant to Article 10, paragraph 1, items “c”, “d”, “f”, “h” and “i” of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, which are included in the consolidated corporate governance statement of the Group.

Reporting on compliance of the electronic format of the consolidated financial statements included in the annual consolidated financial report on the activity under Art. 100n, paragraph 5 of the Bulgarian Public Offering of Securities Act with the requirements of the ESEF Regulation

We have undertaken a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Bulgarian Energy Holding EAD for the year ended 31 December 2025, included in the digital file “635400E1RWKJXPSBCV07-20251231-BG-CON.zip”, with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (“ESEF Regulation”). Our opinion is only regarding the electronic format of the consolidated financial statements and does not cover the other information contained in the annual consolidated financial report on the activity under Art. 100n, paragraph 5 of the Bulgarian Public Offering of Securities Act.

Description of Subject Matter Information and Applicable Criteria

Management has prepared the electronic format of the Group’s consolidated financial statements for the year ended 31 December 2025 in accordance with the ESEF Regulation in order to comply with the Bulgarian Public Offering of Securities Act. The rules for the preparation of consolidated financial statements in this electronic format are set out in the ESEF Regulation and, in our opinion, they have the characteristics of suitable criteria for forming a reasonable assurance opinion.

Responsibilities of Management and Those Charged with Governance

The Group's management is responsible for the application of the requirements of the ESEF Regulation in preparing the electronic XHTML format of the consolidated financial statements. These responsibilities include the selection and application of suitable iXBRL tags using the taxonomy of the ESEF Regulation, as well as the design and implementation of such internal control as management considers necessary for the preparation of the electronic format of the Group's annual consolidated financial statements that is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the process for the preparation of the Group's annual consolidated financial statements, including the application of the ESEF Regulation.

Joint Auditors' Responsibilities

Our responsibility is to express a reasonable assurance opinion on whether the electronic format of the consolidated financial statements complies with the requirements of the ESEF Regulation. For this purpose we applied the "Guidance on issuing an auditor's opinion in connection with the application of the single electronic reporting format (ESEF) for the financial statements of companies whose securities are admitted to trading on a regulated market in the European Union (EU)" of the Institute of Certified Public Accountants (ICPA) in Bulgaria and conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)). That standard requires that we comply with ethical requirements and plan and perform appropriate procedures to obtain reasonable assurance whether the electronic format of the Group's consolidated financial statements has been prepared, in all material respects, in accordance with the applicable criteria described above. The nature, timing and extent of the procedures selected depend on our professional judgement, including the assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with ISAE 3000 (Revised) will always detect a material non-compliance with the requirements when it exists.

Quality Management Requirements

We apply International Standard on Quality Management (ISQM) 1, which requires us to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements for registered auditors in Bulgaria.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), adopted by the ICPA through the Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act.

Summary of the Work Performed

The purpose of the procedures planned and performed by us was to obtain reasonable assurance that the electronic format of the consolidated financial statements has been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation. As part of assessing the compliance with the requirements of the ESEF Regulation in respect of the electronic (XHTML) reporting format of the Group's consolidated financial statements, we maintained professional skepticism and exercised professional judgement. We also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the Group's consolidated financial statements, including the preparation of the Group's consolidated financial statements in XHTML format and their tagging in a machine-readable language (iXBRL);
- checked that the XHTML format applied is valid;
- checked that the human-readable part of the electronic format of the consolidated financial statements corresponds to the audited consolidated financial statements;
- evaluated the completeness of the tagging of the Group's consolidated financial statements using a machine-readable language (iXBRL) in accordance with the requirements of the ESEF Regulation;
- evaluated the appropriateness of the iXBRL tags used, selected from the core taxonomy, as well as the creation of an extension taxonomy element in accordance with the ESEF Regulation where no suitable element exists in the core taxonomy;
- evaluated the appropriateness of the anchoring of the extension taxonomy elements in accordance with the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation

In our opinion, based on the procedures performed, the electronic format of the Group's consolidated financial statements for the year ended 31 December 2025, contained in the attached electronic file "635400E1RWKJXPSBCV07-20251231-BG-CON.zip", on which consolidated financial statements we are expressing a qualified audit opinion, has been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation.

Reporting Pursuant to Article 59 of the Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act in relation to Article 10 of Regulation (EU) No 537/2014

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

- Grant Thornton OOD and Zaharinova Nexia EOOD, as participants in the DZZD "AUDIT BEH" consortium, were appointed as statutory auditors of the consolidated financial statements of Bulgarian Energy Holding EAD for the year ended 31 December 2025 on 02.02.2024 for a period of three years (2024 – 2026).
- The audit of the consolidated financial statements of the Group for the year ended 31 December 2025 represents the fifth consecutive year of an uninterrupted statutory audit engagement of the Group performed by the joint auditors Grant Thornton OOD and Zaharinova Nexia EOOD.
- We confirm that our audit opinion is consistent with the additional report submitted to the audit committee of the Group in accordance with the requirements of Article 60 of the Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act.
- We confirm that we have not provided the prohibited non-audit services referred to in Article 64 of the Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act.
- We confirm that we remained independent in performing the audit.
- For the period to which our statutory audit relates, apart from the audit, we have not provided other services to Bulgarian Energy Holding EAD and its controlled subsidiaries, except for the engagements disclosed in the Group's consolidated financial statements.

28 August 2026

Grant Thornton OOD
Audit firm with reg. № 032

Signed with electronic signature
Silvia Dinova
Registered auditor, responsible for the audit

Signed with electronic signature
Mariy Apostolov, Managing partner

Bulgaria, Sofia, 1421
26 Cherni Vrah Blvd.

Zaharinova Nexia EOOD
Audit firm with reg. № 138

Signed with electronic signature
Stoycho Milev
Registered auditor, responsible for the audit

Signed with electronic signature
Dimitrina Zaharinova, Managing partner

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