

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO ANY JURISDICTION WHERE SUCH PUBLICATION, DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS GIVEN BY PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO" ("UKRENERGO") OR ITS, OR ANY OF THE OTHER PERSONS MENTIONED HEREIN, AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION OR OPINIONS CONTAINED IN THIS DOCUMENT.

**RISK FACTORS AND DESCRIPTION OF PRIVATE JOINT STOCK COMPANY
"NATIONAL POWER COMPANY "UKRENERGO"**

DATED 1 OCTOBER 2026

RISKS RELATED TO UKRENERGO.

There is a material uncertainty regarding Ukrenergo's ability to continue as a going concern.

The Group has prepared the 2026 Unaudited Interim Condensed Consolidated Financial Statements, 2025 Consolidated Financial Statements and the 2024 Consolidated Financial Statements on the basis that it will continue to operate as a going concern. However, the negative effect on the Group's operations and financial performance of the full scale military invasion of Ukraine by the Russian Federation and future developments in the conflict could undermine the Group's ability to continue as a going concern, in which case the Group may be unable to realize its assets and settle its liabilities (including liabilities in respect of the Ukrenergo Notes) in the ordinary course of its operating activities.

The Group's management recognises that Russia's campaign of military aggression is a major source of uncertainty for the Group, and that the Group's operations, financial position and profitability are currently being, and will likely continue to be, materially and adversely impacted by (i) the development of hostilities, their results, intensity, impact on the population and activities of enterprises in areas of hostilities, their intensification and transfer to other regions of Ukraine and (ii) the evolving political, geopolitical, macroeconomic and socioeconomic consequences of Russia's military aggression in Ukraine.

As a result, Ukrenergo's independent auditor has included a material uncertainty explanatory paragraph related to going concern in its audit reports on Ukrenergo's financial statements as of and for each of the three years ended 31 December 2023, 2024 and 2025, which, however, does not itself constitute a qualification or modification of the audit opinion. Ukrenergo's independent auditor has also included a material uncertainty related to going concern in their interim review report on Ukrenergo's financial statements as of and for the six-month period ended 30 June 2026. Future reports on Ukrenergo's financial statements may include an explanatory paragraph with respect to Ukrenergo's ability to continue as a going concern. The Consolidated Financial Statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Despite the significant uncertainty surrounding the military aggression in Ukraine, Ukrenergo's management continues to take steps to minimize its impact on the Group and therefore considers it is appropriate to apply the Group's going concern assumption to the Consolidated Financial Statements.

In addition, Ukrenergo's management believes that the Ukrainian state, as the owner of the Group, takes into account the Group's critical importance as the sole transmission system operator (the "TSO") in Ukraine to ensure security of electricity supply, and as such it will remain committed to supporting the Group's activities, if necessary, in the future.

Going concern uncertainty has been exacerbated by the occurrence of an event of default under Ukrenergo's Original Notes. The imposition of the Ukrenergo Guarantee Moratorium, effective as of 9 November 2024 (which led to the suspension by Ukrenergo of a U.S.\$28.4 million interest payment on the Original Notes on the same date), led to the reclassification of certain of Ukrenergo's long-term obligations to short-term due to the application of cross-default provisions in such obligations (as a result the ability of the holders of the Original Notes and certain bank lenders to accelerate Ukrenergo's debt). The increase in short-term debt will contribute to going concern issues for Ukrenergo. As of 1 September 2026, the total claim with respect to the Original Notes (including accrued interest since November 2024) is U.S.\$1,079.6 million.

On 28 April 2025, Ukrenergo announced that it had reached an agreement on a treatment of the Original Notes with an ad hoc group of bondholders representing approximately 40 per cent. of its outstanding Original Notes, and with additional holders such that the total support exceeded 45 per cent. of the Original Notes. On 23 April 2026, Ukrenergo announced it had reached agreement with the ad hoc group on revised terms of treatment of the Original Notes. While the Original Notes are capable of being accelerated, should the Invitation be successful, the Original Notes will be amended and restated to create the Ukrenergo Notes held by the Issuer and the existing payment default will thereby be cured.

For further details, see "*Management's Discussion and Analysis of Results of Operation and Financial Condition – Material Uncertainty Related to Going Concern*", as well as the 2025 Consolidated Financial Statements (including the audit report therein).

The auditors issued a qualified opinion with respect to the potential impact of the non-performance of a revaluation of the Group's property, plant and equipment in 2022 on the comparative figures for 2023 in the Group's 2024 Consolidated Financial Statements and identified the revaluation performed in 2025 as a key audit matter in the 2025 Consolidated Financial Statements.

The Group applies the revaluation model to account for all groups of property, plant and equipment, with the exception of construction in progress carried at historical cost. For details on the methodology and assumptions applied, refer to Note 3 of the 2025 Consolidated Financial Statements (*Material Accounting Policies—Property, Plant and Equipment*) and Note 4 of the 2024 Consolidated Financial Statements (*Material Accounting Policies—Property, Plant and Equipment*) and Note 5 of the 2025 Consolidated Financial Statements (*Critical Accounting Judgments And Key Sources Of Estimation Uncertainty—Revaluation of Property, Plant and Equipment*) and the 2024 Consolidated Financial Statements (*Critical Accounting Judgments and Key Sources of Estimation Uncertainty—Revaluation of Property, Plant and Equipment*). IFRS requires that revaluations should be carried out regularly to ensure that the carrying amount of property, plant and equipment does not differ materially from its fair value at the reporting date.

The Consolidated Financial Statements of the Group have been audited by BDO LLC, independent auditors, as stated in their reports appearing herein. BDO LLC is registered under number 2868 in the register of auditors and audit entities in Ukraine. BDO LLC's report with respect to the 2024 Consolidated Financial Statements contains a qualification that relates to the impact of not performing a revaluation of Ukrenergo's property, plant and equipment as of 31 December 2022, while BDO LLC's report with respect to both 2025 Consolidated Financial Statements and the 2024 Consolidated Financial Statements identified a material uncertainty related to going concern.

BDO LLC issued a qualified opinion on the 2023 Consolidated Financial Statements (which are not included herein) due to the non-performance of the aforementioned revaluation on the Group's property, plant and equipment at 31 December 2022. The revaluation of the fair value of the Group's property, plant and equipment as of 31 December 2022 could have resulted in changes in the Group's gains and losses from impairment and depreciation of property, plant and equipment, income tax benefit/expense recorded in the consolidated statement of profit or loss for 2023, together with changes in comparative data as of 31 December 2022, as reported in the Group's consolidated statement of financial position, compared to income and expenses and the corresponding comparative data currently reported.

The Group engaged independent appraisers to determine the fair value of property, plant and equipment as of 1 October 2025. The main assumptions used in revaluation are disclosed in Note 31 of the 2025 Consolidated Financial Statements (*Fair Value—Fair value of the Group's property, plant and equipment*). The previous appraisal of the fair value of the Group's property, plant and equipment was carried out as of 31 December 2023. Following the revaluation as of October 2025, the Group recognised an increase in the value of property, plant and equipment of UAH 7,890,900 thousand in other comprehensive income and an impairment loss of UAH 1,661,789 thousand in profit or loss.

The Russian invasion has significantly affected the Group's operations and financial condition and there can be no assurance that Ukrenergo will be able to meet its debt obligations.

On 24 February 2022 Russia initiated a full-scale military invasion of Ukraine, which is currently ongoing.

The Group's business and its ability to generate revenue depend on (i) the availability and operating performance of the equipment necessary to operate its electricity transmission network as well as on (ii) electricity demand and supply within Ukraine. Disruption or destruction of infrastructure critical to the operation of the transmission network or electricity generation facilities may have a material impact on the Group's operations.

Certain of the Group's fixed assets have been damaged or destroyed because of missile strikes and other Russian aggression. Although the Group continues to provide electricity transmission and dispatch (operational and technological) control services, the cost of repairing and/or replacing such assets is substantial. The Group does not have insurance coverage for its plant facilities, business interruption, or third-party liability for property or environmental damage arising from accidents and result of every action on the Group's property or relating to its operations.

Additionally, acquiring equipment required for substations and overhead power lines repairs poses a challenge. Most of Ukrenergo's substations rely on Soviet-made equipment, which is no longer produced and is difficult to obtain. Moreover, part of the Group's network of transmission lines and substations are located in the temporarily occupied territories and have been disconnected from the energy system. It is not possible to assess the status of these assets due to lack of access to them, and the Group cannot obtain economic benefit from them.

Since the start of the invasion, Russia has conducted sustained drone and missile attacks on Ukrainian generation facilities, leading to the destruction (full or partial) or occupation of about 27.4GW of generation facilities (about 49 per cent. of the pre-war capacities), including thermal energy facilities, nuclear energy facilities, RES and hydro energy facilities (as of June 2026).

In 2024, Russia intensified its attacks, targeting all of Ukraine's thermal power plants and key hydropower plants. According to official reports, the Ukrainian IPS lost about 9 GW of power generation between March and May 2024. Due to the lack of generation capacity and rising electricity demand during the spring and summer months, Ukrenergo imposed power restrictions on household and industrial consumers nationwide. Major shutdowns occurred from July to August 2024. In addition to destroyed generation, several nuclear power reactors – the key source of electricity in Ukraine – underwent annual maintenance and were temporarily disconnected from the grid. Moreover, extreme heat further increased electricity demand in Ukraine.

In 2025, Ukraine's power system remained under sustained Russian pressure, although the pattern of attacks was less concentrated than during the spring 2024 campaign. According to Office of the United Nations High Commissioner for Human Rights (the "OHCHR"), Russian forces carried out repeated large-scale coordinated strikes on energy infrastructure, including major attacks on 15 January and 7 March 2025. In November 2025 alone, the OHCHR recorded five additional large-scale coordinated attacks, alongside numerous region-specific strikes. The Ministry of Energy of Ukraine reported that energy facilities had been subjected to more than 3,000 strikes since March 2025.

During the 2025-2026 heating season, Russian strikes have targeted every segment of Ukraine's energy system across most regions. Their intensity has exceeded all previous mass attack campaigns combined, damaging generation, transmission, and distribution facilities nationwide. There is not a single high-voltage substation in Ukraine that Russia has not attacked at least once since the start of the full-scale invasion. Since the beginning of 2026 alone, Russia has launched more than 300 missiles and over 7,000 drones against Ukraine's energy infrastructure. During the heating season, more than 9 GW of generation capacity at thermal power plants, combined heat and power plants, and hydropower facilities was damaged.

From late 2025, repeated attacks and generation shortfalls resulted in the reintroduction of hourly outage schedules for households and electricity consumption limits for industry and businesses across many regions, with restrictions intensifying during the winter of 2025-2026. In Kyiv, for example, successive strikes left around one million people without electricity, with some districts of the capital being temporarily cut off from power altogether, and thousands of residential buildings also lost heating. In other affected regions, prolonged rolling outages meant that households were at times left without electricity for up to 20 hours per day.

Given the ongoing war, Ukrenergo cannot predict the timing, location, extent, or impact of future missile strikes on generation and transmission infrastructure. The unpredictability of such attacks poses significant operational and financial risks, as potential damage could lead to severe supply disruptions, increased repair costs, and prolonged blackouts, further straining the stability of the electricity system and Ukrenergo's financial position. For example, following continued drone and missile attacks on Ukrenergo's facilities during the 2025-2026 heating season, Ukrenergo depleted its stock of circuit breakers that had been accumulated to support rapid repairs. Although Ukrenergo is actively replenishing its stock, it remains vulnerable to further large-scale attacks, which could delay the restoration of damaged infrastructure and negatively affect system resilience.

Additionally, in early September, the Russian leadership announced that it had ordered strikes on Ukraine's energy system ahead of the 2026/2027 heating season, which poses a significant risk to Ukrenergo asset base and the overall stability of Ukrainian electricity system.

In the event of an electricity supply deficit, Ukrenergo's dispatching centre may be required to procure emergency electricity from neighbouring countries through the European electricity market. Also, considering the approximately 49 per cent. loss in generation capacity due to the war, further RES build-up is required to restore generation levels, which is facilitated by Ukrenergo via the PSO and grid modernisation.

For further details, see "*Description of Ukrenergo—War impact on the Ukrainian energy market*".

Following a competitive selection process, the Supervisory Board appointed Vitalii Zaichenko as the Chairman of the Management Board on 23 June 2025, with effect from 1 July 2025. Subsequently, in September 2025, the Supervisory Board proposed to terminate the powers of several members of the Management Board, including Mr. Zaichenko. On

1 October 2025, this decision was revoked as not implemented. In addition, the Ministry of Energy of Ukraine filed a claim with the court opposing the termination of Mr. Zaichenko. The court case has now been closed due to the absence of a subject matter of the dispute. As of the date hereof, Mr. Zaichenko continues to serve as the Chairman of the Management Board. For a further discussion of the Supervisory Board members and Chairman of the Board, see *"Description of Ukrenergo—Management."*

On 13 May 2026, the Cabinet of Ministers of Ukraine approved the candidates for the state representatives on the Supervisory Board of NPC "Ukrenergo". On 15-16 May 2026, the Ministry of Energy of Ukraine approved the new composition of the state representatives, which included Y.M. Boiko, M.A. Brusenko and Y.Y. Perelyhin. As a result, the Supervisory Board of NPC "Ukrenergo" is fully formed.

Russia's military aggression has also had an adverse effect on the Group's financial position, as it has led to the deterioration of the financial position or outright insolvency of many of the Group's customers. As a result, the level of settlements from market participants in the electricity market and balancing market in particular, has deteriorated. Importantly, the accrual and collection of fines between the participants of the electric energy market provided for by contracts has been suspended in accordance with the Law of Ukraine "On the Electric Energy Market" and NEURC Resolution No. 332 dated 25 February 2022 "On ensuring the stable functioning of the electricity market, including the financial condition of participants in the electricity market during the period of martial law in Ukraine," which further reduces incentives to pay.

At the same time, Ukrenergo has been working closely with the regulator to implement measures aimed at improving liquidity and cash collection across electricity market segments. On 24 March 2026, the NEURC adopted Resolution No. 416 amending Resolution No. 332 dated 25 February 2022. Effective from 1 April 2026, the amendments allow Ukrenergo to exclude forced electricity consumption reductions implemented under operational commands (including special automatic load shedding) when determining the system state. The amendments also require Ukrenergo and distribution system operators to provide consumers with forecasts of expected electricity consumption and capacity restrictions.

These changes are expected to improve the balance between revenues and costs in the balancing market and reduce the negative financial result generated by this market segment, thereby supporting Ukrenergo's liquidity.

There can be no assurances about the timing or conditions under which Russia's campaign of aggression in Ukraine will end, how long the recovery of Ukraine's economy will take after the conclusion of hostilities, how much the reconstruction efforts will cost, including the reconstruction of the country's power generation and distribution network, or how it will be funded. Accordingly, the continuing impact of Russia's war against Ukraine on the Group and its operations and assets is impossible to assess.

The above factors may have a material and adverse effect on the Group's operations, revenues, financial condition and results of operations, and consequently on Ukrenergo's ability to continue to perform its obligations under the Ukrenergo Notes.

The increasing installation of rooftop solar generation may reduce electricity transmitted through the Group's network and, consequently, its revenues.

Ukraine has experienced a rapid increase in the installation of distributed renewable generation, particularly rooftop photovoltaic systems installed by households and commercial consumers. As this trend continues, a growing share of electricity consumption may be met through self-generation, reducing the volume of electricity transmitted through the Group's transmission network and potentially lowering the Group's transmission revenues.

At the same time, distributed generation enhances the resilience and stability of Ukraine's electricity system by diversifying generation sources, reducing pressure on centralized infrastructure and increasing energy security, particularly during periods of military attacks on the energy system. Nevertheless, to the extent that the growth of rooftop solar generation reduces transmission volumes and the applicable tariff framework does not fully compensate the Group for such effects, the Group's revenues, results of operations, financial condition and cash flows could be adversely affected.

The Group is significantly exposed to foreign exchange risk.

Ukrenergo is significantly exposed to foreign exchange rate fluctuations, with 92 per cent. of its debt portfolio as of 30 June 2026 denominated in foreign currencies, primarily U.S. dollars and Euros, while its revenue is denominated in UAH. Moreover, 23 per cent. of Ukrenergo's costs of goods sold relates to the Green PSO mechanism ("**PSO RES**"), which requires purchasing electricity from RES producers at a 'green tariff' set in Euros. Ukrenergo was assigned this PSO to incentivize foreign investors operating in Ukraine's renewable energy market.

This currency mismatch increases Ukrenergo's vulnerability to exchange rate volatility, impacting on financial stability and operational performance.

For reference, during the first half of 2026, the Ukrainian hryvnia depreciated by approximately 6.4 per cent. against the U.S. dollar. In 2025, the Ukrainian hryvnia depreciated by approximately 0.8 per cent. against the U.S. dollar, following a decline of 10.7 per cent. in 2024, and 3.9 per cent. in 2023 and around 34.1 per cent. in 2022. Ukrenergo does not employ hedging strategies to mitigate foreign exchange risks.

Consequently, currency depreciations can increase the cost of servicing foreign-denominated debt and elevate expenses related to euro-linked PSO tariffs, adversely affecting Ukrenergo's financial performance, liquidity and ability to service its debt obligations.

Ukrenergo and Ukraine have not included certain information herein due to legal and security related concerns.

Due to the ongoing war with Russia, certain aspects of the description of Ukrenergo's business, and of Ukraine, has not been included in this description. Ukrenergo and Ukraine are constrained by certain Ukrainian legal restrictions on disclosing certain matters in light of the ongoing war, as well as more general security concerns given Russia's strategy of targeting infrastructure assets in Ukraine. The types of information with respect to Ukrenergo which has not been included are:

- Ukrenergo did not include disclosure regarding the Network Development Plan with respect to the ten-year plan through 2030. In addition, the section Infrastructure and Assets does not include narrative or tabular disclosure on the Ukrainian power system or an asset by asset description of operating data (installed capacity per plant), scope of repairs, ongoing works, technological losses, significant projects (ongoing capex), the substation automation program, improvements in the transmission framework and regional capex. Based on the Network Development Plan, capex projects financed by Ukrenergo are mainly focused on i) fixing bottlenecks in the Ukrainian intra-regional transmission system and ii) expanding interconnector capacities with neighbouring EU countries. For example, construction of the Novoodeska-Arzyz power line, with potential interconnector to Romania, would enable increased electricity imports and provide a more stable and flexible power supply to selected southern regions of Ukraine.
- In the context of the electricity industry, there is no disclosure relating to the subsection on electricity generation. In addition, the disclosure regarding integration of the Ukrainian power system into the EU system is limited.

The types of information with respect to Ukraine which have not been included are:

- Under Government Policies, there is no disclosure regarding economic policies, construction programs, public private partnerships, digital policies and cybersecurity resilience.
- There is no disclosure regarding the economy, foreign trade and investment. This includes the key sectors that historically have been drivers of the Ukrainian economy, such as agriculture, IT and telecoms, manufacturing, mining, construction, transport and logistics, tourism and leisure, energy and environmental, banking, fintech, pension funds, capital markets, balance of payments, foreign trade, free trade agreements and foreign direct investment.

Potential investors should assume that the war has materially adversely affected Ukrenergo and Ukraine and that the information that is excluded may reflect damage to energy infrastructure assets and the difficult economic environment that Ukraine is currently in. Potential investors should therefore carefully read the terms of the DFC PRI Policy included herein and "*Risks related to the PRI Policy*" in order to understand the credit structure of the Notes.

The Group is dependent on the approval by the regulator of the tariff for electricity transmission and electricity dispatch and may suffer financial losses if those tariffs do not recover costs.

Ukrenergo obtains almost all of its revenue from (i) electricity transmission and dispatch control services, (ii) electricity sales on the balancing market, (iii) granting access to the transmission capacity of interstate power networks, and (iv) cross-border flows of electricity. Electricity transmission and dispatch control services are regulated activities and are recovered through tariffs set by the NEURC. The level of tariffs set by NEURC therefore has a direct impact on the financial results of the Group, as these segments account for approximately 76 per cent. of total revenue of the Group.

Tariffs are set annually by NEURC within the parameters of the regulatory framework. Tariffs for each year are typically approved in December of the previous year. NEURC approves annual tariff increases for future fixed periods on the basis of applications filed by the Group, in which the Group identifies the average annual tariff expenses that it requires over the relevant period to meet its expected operational and business needs. Tariffs are set on a "cost plus" basis, meaning that the Group's expenses should be covered by the tariffs, and NEURC has an obligation to consider and include these costs when it sets the tariffs. Additional items of expenses, such as loan repayments, employee payroll and other payments to the state budget are also factored into the tariffs.

Since tariffs are set in advance and calculated based on forecasts, deviations between the actual values and the values forecasted (e.g., costs and differences in demand) may occur.

NEURC may take actions that have an adverse impact on the Group's profitability. There can be no assurance that NEURC will not materially modify the regulatory framework or set tariffs in a manner that could have a material adverse effect on the Group's business, financial condition and results of operations.

In particular, there can be no assurance that NEURC will approve the tariffs requested by the Group, and the tariffs set by NEURC may be significantly lower than the tariffs required to fully cover the Group's costs. If the Group is unable to increase the electricity tariff rates in order to cover increases in operating costs or capital investment requirements, including those caused by Russia's aggression in Ukraine, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations and the Group's ability to service the Ukrenergo Notes.

In addition, any significant increase in the electricity tariffs may reduce consumer demand as end-users may become unable to afford rising prices. The Group's revenues are affected by a combination of the volumes of electricity transmitted and the tariffs set for such transmission. Suppressed electricity demand could have a material adverse effect on the business, prospects, financial condition and results of operations of the Group. Moreover, in the event of significant increases in electricity tariffs, Ukrenergo faces the risk of revenue collection due to a potential impact on payment discipline and war-related regulatory restrictions, which hinder debt recovery from DSOs and large industrial consumers. At the same time, Ukrenergo anticipates a recovery in collection rates in the coming years. This anticipated recovery is driven by potential peace talks, a stabilizing economy, and improved market liquidity, which should enhance the ability of participants to meet their financial obligations. See *"The Group is vulnerable to unexpected changes in demand for electricity that may occur"*

Ukrenergo is responsible for the balancing of the electricity market which may result in liabilities and reduce the profits for the Group.

Since the launch of the new electricity market model on 1 July 2019, Ukrenergo started providing balancing services to market participants. In order to balance supply and demand and settle imbalances, Ukrenergo buys and sells balancing electricity (upward/downward) from manufacturers and sells and buys imbalances from market participants (balancing responsible parties, "BRP"). The difference between accruals for imbalances and balancing energy creates a deficit or surplus of funds on Ukrenergo's special bank account, used for this purpose, only. The special bank account of Ukrenergo has been opened in three state-owned authorised banks (Ukreximbank, Oschadbank, and Ukrgasbank) to service settlements within the balancing market pursuant to the Electricity Market Law (i.e., an account in which balancing service suppliers and BRPs pay for the balancing electricity and imbalances). A number of changes to the Market Rules, proposed by Ukrenergo and supported by NEURC, including changes regarding the imbalance price formation implemented on 15 February 2021, help to minimise the deficits on Ukrenergo's special bank account. Ukrenergo had a value of UAH 69 million and UAH 14 million in the special purpose bank accounts related to the balancing market as of the six-month period ended 30 June 2026 and as of the year ended 31 December 2025, respectively.

A deterioration in the level of payments made by counterparties on the balancing market to the Group can result in delay in the Group's payments to providers of balancing services, since all payments in this market segment go through

the special account of the Group and cannot be financed by cash inflows from other types of activities, unless it is provided for by other normative legal acts.

Ukrenergo may use ancillary services, such as (i) black start capability, which is the ability to restart the grid following a blackout, (ii) frequency response to maintain system frequency with quick and automatic responses; (iii) fast reserve, which can provide additional energy when needed; (iv) providing reactive power and various other services to ensure the energy system is balance. These services are procured on a competitive basis at ancillary services auctions. The energy power system in Ukraine may experience a deficit in the supply of these ancillary services to ensure the balancing of the energy system, as a result of, but not limited to:

- insufficient number of certified ancillary service providers;
- emergency situations at power units that could potentially provide ancillary services;
- insufficient amounts of coal or limited water resources at power plants;
- technical restrictions for hydro power plants under the Market Rules; and
- depreciation of fixed assets.

A lack of supply in the ancillary services market leads to a shortage of purchased and actually available reserves to maintain sustainable and reliable operation of the power system. In critical cases of disconnection of a certain amount of generation or consumption, this can lead to an imbalance in the energy system and lack of the appropriate load for balancing. Shortages are partially bought in the balancing market, which may lead to increased costs for Ukrenergo and may have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

In 2026, the situation on the balancing market remained unresolved and resulted in losses for the Group.

For the six months ended 30 June 2026, the financial result of the Group on the domestic balancing market (excluding costs related to the settlement of system constraints, which are compensated through the tariff for dispatch (operational and technological) control services, as well as cross-border balancing) amounted to a loss of UAH 5.2 billion, which is UAH 4.9 billion higher than the result for the corresponding period of 2025 (loss of UAH 0.3 billion).

In addition, costs related to the settlement of system constraints for the six months ended 30 June 2026 and 30 June 2025 amounted to UAH 3.4 billion and UAH 1.3 billion, respectively.

At the same time, revenue from activities on the internal balancing market for the six months ended 30 June 2026 amounted to UAH 16.0 billion, which was UAH 6.8 billion, or 73 per cent., higher than in the corresponding period of the previous year (UAH 9.2 billion), while expenses (excluding costs related to the settlement of system constraints and cross-border balancing) amounted to UAH 21.2 billion, which was UAH 11.6 billion, or 121 per cent., higher than in the corresponding period of the previous year (UAH 9.5 billion).

Such a significant deterioration in settlements on the balancing market is driven by the increasing number of attacks by the aggressor on energy infrastructure facilities, which in turn leads to large volumes of forced consumption restrictions and system constraints in the power system. Updated approaches to calculating the system state within the real-time unit and the settlement period, the increase in electricity market prices, as well as the formation of imbalance prices and balancing energy prices, which came into effect in 2025 following amendments to the market rules, do not operate effectively under non-market restrictions caused by the consequences of such attacks. As a result, there is a persistent trend towards an increasing gap between the Group's income and expenses on the balancing market, leading to a growing debt of the Group to market participants.

An additional negative effect on the widening of the gap between accrued revenues and expenses in the balancing market was caused by the increase in the maximum prices in the balancing market during the six months ended 30 June 2026, compared to the corresponding period of the previous year – from UAH 10,000/MWh to UAH 17,000/MWh.

By Resolution of the NEURC dated 24 March 2026, No. 416, amendments were introduced to Resolution of the NEURC No. 332 of 25 February 2022. These amendments allowed, starting from 1 April 2026, the TSO not to take into account the volume of forced reduction of electricity consumption carried out in response to an operational

command or instruction (including volumes disconnected by special automatic load shedding) when determining the system state. They also oblige the transmission system operator and distribution system operators to inform consumers about the forecast volumes of restrictions on electricity consumption and capacity. These changes allowed the revenues and expenses in the respective market segment to be partially balanced.

In order to further resolve the situation on the balancing market, the Group continues to work with the NEURC on improving the mechanisms for the functioning of the balancing market under martial law in order to eliminate the causes of the negative financial result in this segment. In particular, the Group submitted to the Regulator proposals for the necessary amendments to the market rules approved by Resolution of the NEURC dated 14 March 2018, No. 307, and Resolution of the NEURC dated 25 February 2022, No. 332, aimed at improving the approach to pricing in the balancing market, including eliminating the impact of the system state on the formation of imbalance prices and balancing electricity prices, improving the approaches to determining the non-compliance charge for BSPs and balancing service providers, and providing compensation to electricity suppliers for positive imbalances.

In accordance with applicable laws and regulations, the financing of the negative financial result (the residual value of imbalance charges for electricity accounted for in sub-account UA-1) is carried out through the tariff for dispatch (operational and technological) control services.

The Group is vulnerable to unexpected changes in demand for electricity that may occur.

The two major drivers of the Group's revenue performance are the tariff levels (see "*The Group is dependent on the approval by the regulator of the tariff for electricity transmission and electricity dispatching and may suffer financial losses if such tariffs are not approved*") and the volume of electricity transmission through the Group's transmission network. If the volume of electricity transmission falls below expected levels, the NEURC will not be able to timely adjust the tariffs and the Group may not be able to meet its revenue targets.

Despite frequent drone and missile attacks during the first half of 2026, the electricity transmission base load in Ukraine reached 64 per cent. of the pre-war level of the same period of 2021, supported by prompt repairs of damaged infrastructure by Ukrenergo.

As a result of numerous missile strikes that began in October 2022, Ukrenergo's energy infrastructure, such as high-voltage substations and power lines, has been damaged. At the same time, Ukrenergo manages prompt repairs, enhancing advanced physical protection against potential future missile attacks, which ensures stable operations of the energy grid system. Notwithstanding the ongoing war, about 34GW of power transmission capacity remains operational.

The ongoing Russian invasion substantially distorts electricity supply and demand balance in Ukraine. As of June 2026, Russia has destroyed (fully or partially) or occupied about 27.4GW of electricity generation facilities (about 49 per cent. of the pre-war capacities), including thermal energy facilities, nuclear energy facilities, RES and hydro energy facilities.

In 2024, Russia intensified its drone and missile attacks, targeting all of Ukraine's thermal power plants and key hydropower plants. According to official reports, the Ukrainian IPS lost about 9 GW of power generation between March and May 2024. A significant part of these facilities was repaired during the second half of 2024 and through 2025.

In 2025-2026, Russia resumed large-scale attacks on power infrastructure, causing outages and heat-supply disruptions nationwide. In Kyiv, for example, successive strikes left around one million people without electricity, with some districts of the capital being temporarily cut off from power altogether, and thousands of residential buildings also losing heating. In other affected regions, prolonged rolling outages meant that households were at times left without electricity for up to 20 hours per day.

Against this backdrop, Ukraine nevertheless managed to restore more than 4 GW of the 9 GW of generation capacity damaged during the 2025-2026 heating season.

The 2025-2026 heating season also saw a major expansion of decentralised and resilient energy sources: 643 MW of new distributed generation capacity was commissioned (a 5-fold increase compared with 2024-2025 levels), alongside 508 MW of new energy storage installations (a 254-fold increase compared with 2024-2025 levels).

The recovery effort relied heavily on electricity imports to compensate for destroyed generation and keep the economy afloat, with net imports reaching 1.2 TWh in 2025 and rising sharply to 4.0 TWh in the first half of 2026, reflecting the scale of the supply gap caused by continued Russian strikes on energy infrastructure.

In August and September 2026, Russia intensified air attacks on Ukraine's energy-intensive and export-oriented sectors. Additionally, in early September, the Russian leadership announced that it had ordered strikes on Ukraine's energy system ahead of the 2026/2027 heating season, including on electricity generation assets.

Lower output in energy-intensive industries, together with damage to electricity generation capacity and key substations, may reduce electricity consumption and transmission volumes, adversely affecting the Group's revenue.

At the same time, Ukraine has outlined plans to further expand generation capacity through the accelerated repair and reconstruction of damaged thermal and hydro assets, as well as the continued deployment of distributed and modular generation units that are less vulnerable to large-scale strikes.

For further details, see " *Description of Ukrenergo—War impact on the Ukrainian energy market*".

A key risk for the Group in meeting its budgeted level of revenue is therefore to achieve expected level of electricity volume transmission.

Any decline in the overall economic activity due to the ongoing war or otherwise, may lead to lower transmission and dispatching volumes, which could lead to lower sales and erosion of the Group's profit margins, resulting in a material adverse effect on the Group's business and prospects. In addition, significant increases in the electricity tariffs could reduce consumer demand.

Ukrenergo is in default on its payment obligations under the Original Notes and in breach of certain financial covenants in its policy-based loan facilities and related project agreements, which may allow the lenders to accelerate or take other remedial legal action in relation to the Original Notes or loans, as applicable.

On 9 November 2024, Ukrenergo suspended a U.S.\$28.4 million interest payment on the Original Notes as a result of the effectiveness of the Ukrenergo Guarantee Moratorium. The imposition of the Ukrenergo Guarantee Moratorium and subsequent suspension of payments gave rise to remedial rights (including acceleration rights) to the holders of the Original Notes and also triggered cross-default and cross-acceleration clauses in certain of Ukrenergo's other long-term indebtedness, in turn giving the ability to the respective lenders to accelerate their loans. On 28 April 2025, Ukrenergo announced that it had reached an agreement on the treatment of the Original Notes with the Ad Hoc Group, and with additional holders such that the total support exceeded 45 per cent. of the Notes. On 23 April 2026, Ukrenergo announced it reached a Revised AIP with the Ad Hoc Group. While the Original Notes are capable of being accelerated, should the Invitation be successful, the Original Notes will be amended and restated to create the Ukrenergo Notes held by the Issuer and the existing payment default will thereby be cured.

In addition, Ukraine is party to several loan agreements with international financial institutions ("IFIs"), including the EBRD, the EIB and the IBRD, among others, which provide policy-based financing for the implementation of projects in the electricity transmission sector. Ukrenergo, as the entity responsible for the implementation of such projects, is party to sub-loan agreements with Ukraine and to various project agreements with the relevant IFIs. Ukrenergo is also a direct borrower under a loan agreement with the EBRD relating to one such project. Under each of these facilities, Ukrenergo is required to comply with certain covenants, including financial covenants.

As of 31 December 2023, the Group did not comply with the Debt Service Coverage Ratio, Liquidity Ratio, and Debt to EBITDA Ratio in its agreements with the EBRD. The Group received waivers from the EBRD in the period before the reporting date due to non-compliance with the ratios as of 31 December 2023. Therefore, as of 31 December 2023, the Group classified these loans as non-current in the consolidated statement of financial position.

As of 31 December 2024, the Group did not comply with the Debt Service Coverage Ratio and Debt to EBITDA Ratio in its agreements with the EBRD. Given that the Group had not received waivers due to non-compliance with the ratios as of 31 December 2024, the EBRD loans were reclassified as current liabilities in the consolidated statement of financial position in the 2024 Consolidated Financial Statements. This reclassification resulted from non-compliance with financial covenants and the application of cross-default provisions following the suspension of interest payments due on the Original Notes.

As of 31 December 2024, the Group did not comply with the EBITDA to Debt Service Ratio in certain financial covenants in its agreement with the EIB. Given that the Group had not received waivers due to non-compliance with the ratios as of 31 December 2024, the EIB loans were reclassified as current liabilities in the consolidated statement of financial position in the 2024 Consolidated Financial Statements. This reclassification resulted from non-compliance with financial covenants and the application of cross-default provisions following the suspension of interest payments due on the Original Notes. The Group subsequently received a waiver letter from EIB on 4 July 2025 in respect of such non-compliance as of 31 December 2024 and acceleration of the Cargill Loans and, as a result, classified the EIB loan as non-current in the Group's consolidated statement of financial position in the 2025 Consolidated Financial Statements.

As of 31 December 2025, the Group complied with the financial covenants under its loan agreements with the IBRD and the EIB but did not comply with the Debt Service Coverage Ratio and Debt to EBITDA Ratio in its agreement with the EBRD. In accordance with the terms of these agreements, such non-compliance may entitle the EBRD to suspend further disbursements and/or require early repayment of outstanding amounts. As of 31 December 2025, no waivers had been obtained from the EBRD in respect of these breaches. In addition, despite compliance with the IBRD financial covenants, the IBRD loans were classified as current liabilities due to the application of cross-default provisions following the suspension of interest payments due on the Original Notes. The EBRD loans were also classified as current liabilities due to non-compliance with financial covenants and the application of cross-default provisions following the suspension of interest payments due on the Original Notes. The Group subsequently received a waiver letter from the EBRD on 2 July 2026 in respect of non-compliance with the Debt Service Coverage Ratio and Debt to EBITDA Ratio in its agreement with the EBRD as of 31 December 2025 and a no action letter in relation to acceleration of the Cargill Loans.

As of 30 June 2026 the Group did not comply with the Debt to EBITDA ratio in its agreements with the EBRD; however, the Group complied with the Debt Service Coverage Ratio. The Group subsequently received a waiver letter from the EBRD on 25 September 2026 in respect of non-compliance with the Debt Service Coverage Ratio in its agreements with the EBRD.

As at the date hereof, none of Ukrenergo's creditors have taken any steps to accelerate the relevant Ukrenergo indebtedness.

While the Group will take all reasonable steps to improve its financial condition and financial covenants, it is anticipated that some financial covenants may not be met in future periods as a result of the impact of Russia's military aggression on the Group's operations. A continuing failure by the Group to comply with the financial covenants in the relevant agreements may result in a suspension of funding under the terms of all or any of those agreements, and in some circumstances the lender may become entitled to accelerate the outstanding loan amounts. Any such acceleration could potentially trigger cross defaults under certain of Ukrenergo's other financing arrangements, including the Ukrenergo Notes. Any acceleration of Ukrenergo's debt obligations may have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The accumulation of bad debts as the result of delayed settlements in the electricity market and the Group's key counterparties may affect the Group's financial condition.

The Group continues to experience problems with slow-paying or defaulting customers, which have only been exacerbated as a result of the ongoing war.

Since the outset of the war and, during the period of martial law, the Group's ability to collect receivables from market participants has been significantly impaired. This has led to a deterioration in the level of settlements, and a corresponding increase of the Group's payables. As of 30 June 2026, Ukrenergo's trade accounts payable stood at UAH 56.1 billion (as compared to the pre-war level of UAH 27.7 billion in December 2021), while trade accounts receivable (net of expected credit losses) amounted to UAH 29.7 billion (as compared to pre-war level of UAH 16.4 billion in December 2021). As of 30 June 2026, Ukrenergo recognised UAH 43.0 billion of expected credit losses, reflecting aging receivables tied to last resort suppliers, DSOs, and service providers near the front line.

Any further material increase in doubtful receivables, increased delays in payment times or write-offs could have a significant effect on the Group's business, prospects, financial condition and results of operations. Also, Ukrenergo is engaging with the regulator on reforms to enhance receivables recoverability, including the disconnection of non-paying counterparties.

The lack of an adequate regulatory framework in Ukraine with respect to financial guarantees of electricity market participants resulted in a failure to provide comprehensive security against financial losses and may lead to further increases in Ukrenergo's indebtedness in the event market participants fail to fulfil their contractual obligations. Persisting low payment discipline concerning electricity market arrears may have a materially adverse impact on the Group's business prospects, financial condition, and operational results.

Increased expenses for financing "green" electricity under the Group's Public Service Obligation ("PSO") may adversely affect the Group's financial condition.

Effective from 1 July 2019, Ukrenergo was assigned with the PSO to increase the share of energy generation from renewable sources. NEURC approves the tariff for the year, which includes a forecasted number of payments in respect of the PSO (being the difference between the "green tariff" and forecasted sale price multiplied by a forecasted volume of electricity produced from RES). The "green tariff" is linked to the Euro (making it independent of the stability of the Ukrainian currency) and is typically higher than prices for the electricity produced by other electricity producers, to incentivise foreign investors operating in Ukraine's renewable energy market. The "green tariff" and its rates are adjusted every three months based on the official currency exchange rates. Given that "green tariff" is set in Euro, but is payable in hryvnia, Ukrenergo bears currency exchange risk associated with it.

The PSO is assigned to the Guaranteed Buyer, a state-owned enterprise (not part of the Group) that is obliged to purchase all electricity from producers of green electricity which are part of the balancing group. These RES producers have the right to receive payments under the "green tariff" for all produced electricity from the Guaranteed Buyer. The Guaranteed Buyer receives the funds equal to the difference between the established "green tariff" and the market price, to meet the Public Service Obligation, mostly from the payments from Ukrenergo, which are accounted for in the transmission tariff received by Ukrenergo.

Ukrenergo's obligation to compensate the Guaranteed Buyer for green electricity is not fixed or capped, and is not tied to the Group's received revenue from the tariff for electricity transmission. The difference between the forecasted expenses provided for in the tariff for electricity transmission and the actual expenses can result in a loss for the Group. Accordingly, any increase in expenses associated with the Public Service Obligation, including as a result of continued increase in RES production, may not be offset through the tariffs, which could adversely affect the Group's profitability, financial condition and working capital.

At the same time, the PSO is expected to be phased out by the end of 2029, after which Ukrenergo will no longer be required to compensate these expenditures.

Employees of NPC "Ukrenergo" have been and may in the future become the subject of criminal investigations relating to the alleged breach of anti-corruption laws which could have a material adverse effect on Ukrenergo's reputation.

Ukrenergo operates in Ukraine. In recent years, including after the start of the war, Ukraine has made substantial progress in implementing judicial and legal reforms and adopting policies to combat corruption. Over the last ten years its ranking under Transparency International's Corruption Perceptions Index (CPI) has improved from 144 out of 177 reporting countries to 104 out of 182 reporting countries. Nevertheless corruption, and the perception of corruption, remains a substantial problem in the country.

Employees of NPC "Ukrenergo", including members of senior management and/or board members, have been and may in the future be subject to procedural actions initiated by relevant Ukrainian law enforcement agencies (including the General Prosecutor's Office of Ukraine and the National Anti-Corruption Bureau) within the framework of investigations of criminal cases. The result of these investigations and/or proceedings (particularly as to whether relevant individuals would be found guilty in fraud actions) or probability of any future related investigations is uncertain. The relevant proceedings may potentially lead to criminal prosecution of such persons by the court and/or result in fines, damages, sanctions or other penalties against such persons if found guilty.

In September 2024, the Supervisory Board of Ukrenergo dismissed the CEO, Volodymyr Kudrytskyi. In October 2025, the State Bureau of Investigation detained Mr. Kudrytskyi and notified him of suspicion regarding alleged fraud and embezzlement related to procurement tenders conducted in 2018, during his tenure as a deputy director. Following a court hearing in October 2025, Mr. Kudrytskyi was released on bail in the amount of UAH 13.7 million. As of the date hereof, the pre-trial investigation is ongoing.

In April 2026, the General Prosecutor's Office notified five individuals, none of whom are employees of Ukrenergo, of suspicion regarding a scheme that allegedly caused over UAH 447 million in damages to Ukrenergo between 2022 and 2024. The investigation alleges that the participants manipulated electricity consumption forecasts through controlled private energy supply companies and misappropriated payments received from consumers instead of settling accounts with Ukrenergo. Law enforcement authorities are currently examining additional episodes for the period of 2025-2026. In June 2026 two employees of Ukrenergo were involved into the investigation of the case and have been notified of suspicion regarding potential abuse of power. Currently these two individuals have been suspended from their duties and Ukrenergo is conducting its own internal investigation.

In January 2024, the National Anti-Corruption Bureau and Specialized Anti-Corruption Prosecutor's Office notified several individuals of suspicion, including a former employee of Ukrenergo and the management of a private energy supplier (United Energy), in connection with an alleged scheme to misappropriate electricity in March 2022. The damages to Ukrenergo resulting from this scheme are estimated at approximately UAH 716 million.

The result of these investigations and/or proceedings, or the probability of any future related investigations, is uncertain. Relevant proceedings may lead to criminal prosecution, fines, damages, or other penalties against such persons, which could have a material adverse effect on Ukrenergo's reputation.

There can be no assurance that Ukrenergo's internal policies, controls and procedures for preventing and combating corruption will be sufficient to prevent, detect and timely implement corrective measures in relation to any future unlawful and inappropriate practices, fraud or violations of applicable laws or internal policies by its employees, officers, executives, partners, agents and service providers, nor that any such persons will not take actions in violation of its policies and procedures.

As of the date hereof, and to the best of Ukrenergo's knowledge, there have been no convictions or determinations made in connection with any of these ongoing investigations and/or proceedings against any of Ukrenergo's current or former employees, directors, officers, partners, agents or service providers.

Any violations, whether actual or perceived, by any of Ukrenergo or its subsidiaries' current or former employees, directors, officers, partners, agents and service providers of these laws or regulations or its internal policies or procedures could result in fines, damages, sanctions or other penalties against such persons and may materially and adversely affect Ukrenergo's reputation.

Due to Ukrenergo's status as a transmission system operator of Ukraine and a state-owned entity, there are restrictions on enforcement against certain assets of Ukrenergo imposed by Ukrainian law.

Given Ukrenergo's status of transmission system operator and an entity fully owned by the state, a number of enforcement restrictions established by Ukrainian laws apply to it and its assets. In particular, Ukrenergo, as a business entity with the state shareholding exceeding 25 per cent., is subject to a temporary moratorium on enforcement against real property and fixed assets introduced by the Law of Ukraine "On Introducing of Moratorium for Forced Sale of Property" (the "**Moratorium Law**"). The Moratorium Law provides that enforcement against real property and fixed assets of Ukrenergo is prohibited until the legal mechanism for the forced sale of property under the applicable laws of Ukraine is improved, i.e., without setting out any precise duration of such moratorium. Although the Moratorium Law is referred to as temporary in the law, it has no expiration date and will continue to be effective until cancelled.

In addition, applicable Ukrainian legislation prohibits the disposal of certain of Ukrenergo's assets without any stated duration for such prohibitions, including:

- The Law of Ukraine "On Electricity Market Law" prohibits privatisation or other disposal of (a) Ukrenergo's shares from the state ownership, and (b) the state property that is used by Ukrenergo in the course of its functions as the operator of the Ukrainian electricity transmission system;
- The Law of Ukraine "On Privatisation of State and Municipal Property" prohibits privatisation of property that ensures integrity of the IPS of Ukraine and dispatch control, trunk and interstate transmission lines;
- The Law of Ukraine "On Critical Infrastructure" dated 16 November 2021 provides that, for the duration of martial law and for two years after its termination or cancellation, state-owned critical infrastructure objects

(which may include state-owned property used by Ukrenergo, being a company operating critical infrastructure) may not be made subject to any attachment, prohibition or other restriction, nor may the state be deprived of its title thereto; and

- The Electricity Market Law, as well as the Law of Ukraine "On Enforcement" (the "**Enforcement Law**"), state that the funds on Ukrenergo's special accounts (in Ukrainian: *rakhunky zi spetsialnym rezhymom vykorystannia*, referred to in this risk factor as the "**Special Accounts**") may not be subject to enforcement. Under the Electricity Market Law, such Special Accounts are designated accounts, opened with authorised banks in order to service settlements pursuant to that law. As regards Ukrenergo, the Electricity Market Law requires that balancing service suppliers and parties responsible for balancing of the power system, which have outstanding obligations due to Ukrenergo, only pay for the power to Ukrenergo's Special Accounts.

Due to these restrictions, enforcement against certain property of Ukrenergo, as described above, arising in connection with, among others, court judgments, arbitration awards or bankruptcy proceedings is currently prohibited. Potential investors should therefore be aware that the Issuer's ability to recover amounts due under the Ukrenergo Notes against Ukrenergo may be significantly limited.

The Ukrainian government controls the Group and may adopt policies or take steps or fail to take steps that significantly affect the Group's business profile and corporate structure including the potential restructuring of the Group's business.

Ukrenergo is wholly owned by Ukraine, represented by the Ministry of Energy of Ukraine. The interests of the Ukrainian government may conflict with the Group's objectives as a commercial enterprise, and there can be no assurance that the government will not take any action to further its own objectives which may be in conflict with the interests of the Group or the holder of the Ukrenergo Notes.

DESCRIPTION OF UKRENERGO

Establishment and Legal Ownership

State Enterprise "National Power Company "Ukrenergo" was established in 1998 according to Order No. 54 of the Ministry of Energy of Ukraine, dated 15 April 1998, as a result of the merger of two state-owned enterprises: the "National Dispatcher Centre of Ukraine" and the electric company "Ukrelektroperedacha".

State Enterprise "National Power Company "Ukrenergo" is the energy company with the following functions: (i) with the operational and technological control functions of the Integrated Power System of Ukraine (the "IPS"), transmitting electricity via trunk power grids from generation to the regional power grids of energy supply companies - commonly known as "oblenergos" (ii) ensuring operation of the balancing market and ancillary services market to maintain operational security, and (iii) responsible for construction and operation of interconnectors to ensure export / import electricity flows between Ukraine and the EU.

Unbundling

The Government of Ukraine, as part of the country's commitments to liberalise the electricity market in compliance with the requirements of the EU Directive 2009/72/EC and Regulation (EC) No 714/2009, brought into force the Electricity Market Law in 2017. According to Article 31 of the Electricity Market Law, State Enterprise "National Power Company "Ukrenergo" had to be "corporatised", - *i.e.*, transformed into a joint stock company, all shares of which are owned by the State and are not subject to privatisation. Based on paragraph 16 of the Final and Transitional Provisions of the Electricity Market Law, as a part of unbundling, an integral property complex of Ukrenergo (a state-owned company at the time) was transferred from the Ministry of Energy and Coal Industry of Ukraine to the Ministry of Finance of Ukraine according to Resolution of the Cabinet of Ministers No. 1001-p, dated 14 November 2018. A respective acceptance certificate was approved by the Ministry of Finance of Ukraine on 4 February 2019.

Transition of Ukrenergo to the administration of the Ministry of Finance of Ukraine allowed Ukrenergo to comply with the requirements of the Electricity Market Law and the EU Directive 2009/72/EC and Regulation (EC) No 714/2009, create prerequisites for submitting a request for the TSO certification, ensure independence of the TSO, and to prevent discrimination, political pressure and interference of central executive authorities with the TSO's operation.

On 15 February 2019, the Ministry of Finance of Ukraine approved a new charter of Ukrenergo. On 1 March 2019, the Ministry of Finance of Ukraine, by its Order No. 95, approved an Action Plan on reorganisation (transformation) of Ukrenergo into a private joint stock company, with 100 per cent. of shares owned by the State. On 29 July 2019, the Ministry of Finance of Ukraine approved Order No. 321 on Ukrenergo's transformation from State Enterprise "National Power Company "Ukrenergo" into Private Joint Stock Company "National Power Company "Ukrenergo" ("**Ukrenergo**"). The order established that the State, represented by the Ministry of Finance of Ukraine, is the owner of 100 per cent. of Ukrenergo's shares and addressed other corporatisation-related matters. Ordinary registered shares with the par value of UAH 1,000 were issued (Certificate of the National Securities and Stock Market Commission No. 47/1/2019 dated 9 August 2019 on registration of the share issue).

On 28 July 2021, the Cabinet of Ministers of Ukraine adopted Resolution No. 833-p, providing for transfer of Ukrenergo from the Ministry of Finance of Ukraine to the Ministry of Energy of Ukraine. On 16 September 2021, the State, represented by the Ministry of Energy of Ukraine, became the owner of 100 per cent. of Ukrenergo's shares. On 21 September 2021, the Ministry of Energy of Ukraine approved Ukrenergo's restated charter.

Certification and integration into ENTSO-E

On 28 June 2017, Ukrenergo signed an agreement on Ukraine's accession to ENTSO-E. This agreement was a starting point for the integration of the IPS of Ukraine into the electricity system of continental Europe, resulting in the full synchronisation of the IPS of Ukraine with the electricity systems of European countries. Certification of Ukrenergo as an independent TSO was a mandatory condition for the Ukrainian power system to synchronise with ENTSO-E. Furthermore, Ukrenergo's certification was a mandatory condition to acquire an observer membership in ENTSO-E. The TSO is a business entity certified in accordance with the EU Directive 2009/72/EC and Regulation (EC)

No. 714/2009. The certification procedure is defined in the Electricity Market Law and the Procedure for certification of the operator of the electricity transmission system, approved by the NEURC.

In December 2021, the NEURC proposed to certify Ukrenergo as a European-style TSO in accordance with the ISO (Independent System Operator) model. The Energy Community Secretariat confirmed the certification in accordance with the EU's Third Energy Package.

As a result of Russia's full-scale military invasion of Ukraine, on 11 March 2022, ENTSO-E decided to fully synchronise the power systems of Ukraine and Moldova with the energy network of continental Europe ENTSO-E. The power systems were connected to the ENTSO-E network on 16 March 2022.

In April 2022, Ukrenergo became an "observer member" in ENTSO-E. Subsequently, in November 2023, ENTSO-E confirmed Ukrenergo's full implementation of the Catalogue of Activities – the complete synchronisation between the Ukrainian energy system and the European continental grid.

In December 2023, the General Assembly of ENTSO-E decided that from 1 January 2024, Ukrenergo became the 40th full member of ENTSO-E.

History and Current Group Structure

Ukrenergo was formed from eight regional power systems – Dniprovsk, Zakhidna, Pivdenna, Pivdenno-Zakhidna, Pivnichna, Tsentralna, Krymska and Donbaska, and several technical branches covering the territory of Ukraine.

In 2019-2020, Ukrenergo's Supervisory Board adopted resolutions to cease operations of (i) PE Scientific and Design Centre for Development of the IPS of Ukraine due to the reorganisation and integration of its functions in relevant divisions of Ukrenergo, and (ii) a regional power system – Donbaska, located in the temporarily occupied territories of the Donetsk and Luhansk regions of Ukraine, as it was unable to carry out economic activities and a significant number of its overhead power lines was destroyed as a result of hostilities.

In April 2021, to optimise Ukrenergo's organisational structure and increase the effectiveness of management, the Supervisory Board adopted a resolution to cease operation of the Dniprovsk, Zakhidna, Pivdenna, Pivdenno-Zakhidna, Pivnichna and Tsentralna power systems and to establish four territorial administrations: Northern, Southern, Eastern and Western. The changes in the organisational structure were merely administrative and did not involve any legal transfer of assets, new constructions or additional capital expenditures.

The functions of the regional territorial administrations are to:

- ensure the functioning of the trunk and interstate power grids of Ukrenergo on the territory of regional units as a component of the unified power system of Ukraine and ensure the transmission of electricity through the trunk and interstate power grids;
- ensure the operational and technological management of the equipment of the trunk and interstate power grids of regional units within their management;
- perform the power system operation planning together with Regional Dispatch Centre of the relevant region, the development of measures regarding power system capability to fulfil the total demand for electricity at any given time in compliance with the established indicators of electricity quality and reliability of electricity supply;
- draw up and coordinate equipment repair schedules together with the Regional Dispatch Centres of the relevant region, Relay Protection and Automation devices, and Automatic Protective devices of the trunk and interstate power grids of regional units;
- develop anti-accident measures together with the Regional Dispatch Centres of the relevant region to prevent accidents;

- liquidate technological disturbance in the operation of equipment of the objects of the trunk and interstate power grids of regional power units;
- participate in liquidation of technological disturbance in the operation of equipment of the objects of the trunk and interstate power grids of regional units which is in their operational management;
- implement technical measures to reduce energy losses in the trunk and interstate power grids;
- create conditions for effective functioning of the trunk and interstate power grids of regional units as a component of Ukraine's electricity market infrastructure in the provision of electricity transmission;
- reliably transmit electricity to electricity distribution companies and to consumers, via trunk power grids of 220 kV and above, as well as via interstate power grids; and
- implement repair programs of Ukrenergo in regional units.

Ukrenergo has two subsidiaries, Ukrenergo Digital Solutions LLC and EUkrenergo:

Ukrenergo Digital Solutions LLC

Ukrenergo's wholly owned subsidiary, Ukrenergo Digital Solutions LLC, is engaged in the development of special purpose software for the TSO.

Ukrenergo Digital Solutions LLC was established in October 2020 to develop and maintain innovative software products for the energy sector of Ukraine. The governing bodies of Ukrenergo Digital Solutions LLC are the general meeting of participants and the executive body. Ukrenergo Digital Solutions LLC is a wholly owned subsidiary of Ukrenergo.

As of the date hereof, Ukrenergo Digital Solutions LLC has undertaken the following projects:

- development of centralised information exchange platform with a single database of commercial accounting points and consumption history (the DataHub software platform);
- development of an electronic auctions platform for the implementation of joint auctions for the distribution of access to the capacity of interstate electricity networks of Ukraine and the power systems of neighbouring countries; and
- development of a system of verification of resource schedules, which will help control the balancing market and analyse the potential of market participants (the SVaRoG software).

EUkrenergo

EUkrenergo was established in 2022 in Belgium to provide mechanisms for regulating deviations of the actual balance of electricity flows from planned values (unintended deviations, so-called technological flows), arising in the process of synchronous operation of adjacent energy systems in accordance with FSKAR procedures. EUkrenergo is a wholly owned subsidiary of Ukrenergo.

Ukrenergo also has a specialised separate division called "Construction and Repair".

SD "Construction and Repair"

In December 2019, Ukrenergo established the separate division "Construction and Repair" ("**Construction and Repair**") on the basis of separate division Vinnytsiaelectrotechnology that performs repairs, prepares cost estimates and technical documentation for construction and assembly works. Separate division Vinnytsiaelectrotechnology, being part of this subdivision, manufactures power grid maintenance and repair equipment, means of protection, conducts live works and provides personnel training.

The main functions of Construction and Repair are to provide power equipment repairing and construction services according to the investment and repair programs of Ukrenergo, to implement projects provided under the investment programme of Ukrenergo, to organise production of special equipment and rubber products for repairing, and to introduce new technologies in the organization of works, including live works.

Construction and Repair consists of four construction and repairing centres (northern, southern, eastern and western), whose structural subdivisions are located in all regions of Ukraine.

The northern administration is responsible for centralised power supply in seven regions of northern Ukraine (Vinnytsia, Zhytomyr, Kirovohrad, Kyiv, Sumy, Cherkasy and Chernihiv). The administration includes three regional grid maintenance centres (RGMC) and maintains 25 substations (operating voltage range of 330-750 kV (114-210 units of equipment)).

The southern administration is responsible for centralised power supply in four regions of southern Ukraine (Odesa, Mykolaiv, Kherson and Zaporizhzhia). The administration includes three RGMC and maintains 27 substations (operating voltage range 110-750 kV (121,905 units of equipment)).

The eastern administration is responsible for centralised power supply in five regions of eastern Ukraine (Kharkiv, Dnipro, Poltava, Luhansk and Donetsk). The administration includes three RGMC and maintains 14 substations (operating voltage range 220-750 kV (115,911 units of equipment)).

The western administration is responsible for centralised power supply in eight regions of western Ukraine (Lviv, Volyn, Zakarpattia, Ivano-Frankivsk, Rivne, Ternopil, Khmelnytsky and Chernivtsi). The administration includes four RGMC and maintains 26 substations (operating voltage range 220-750 kV (102,684 units of equipment)).

Other production enterprises

As a result of Russia's full-scale military invasion of Ukraine, some of the Group's assets are in temporarily occupied territories of Ukraine.

Ukrenergo's assets located in temporarily occupied territories of Crimea, Donetsk, Luhansk, Kherson and Zaporizhzhia regions of Ukraine are fully impaired in accounting records and financial statements as of 31 December 2024. The Group lost control over these assets and cannot obtain economic benefits from them. There were no changes in accounting policy or treatments regarding such assets. At the end of each reporting period, Ukrenergo reviews the carrying amount of all its assets to determine whether there is any indication that those assets may be impaired. In 2020 an arbitral tribunal began to consider the case of the illegal seizure by the Russian Federation of the Group's infrastructure facilities on territory of Autonomous Republic of Crimea. See "*Description of Ukrenergo – Legal Proceedings – Claim against the Russian Federation regarding assets in Crimea*".

Transfer of corporate rights and assets to the Group's management

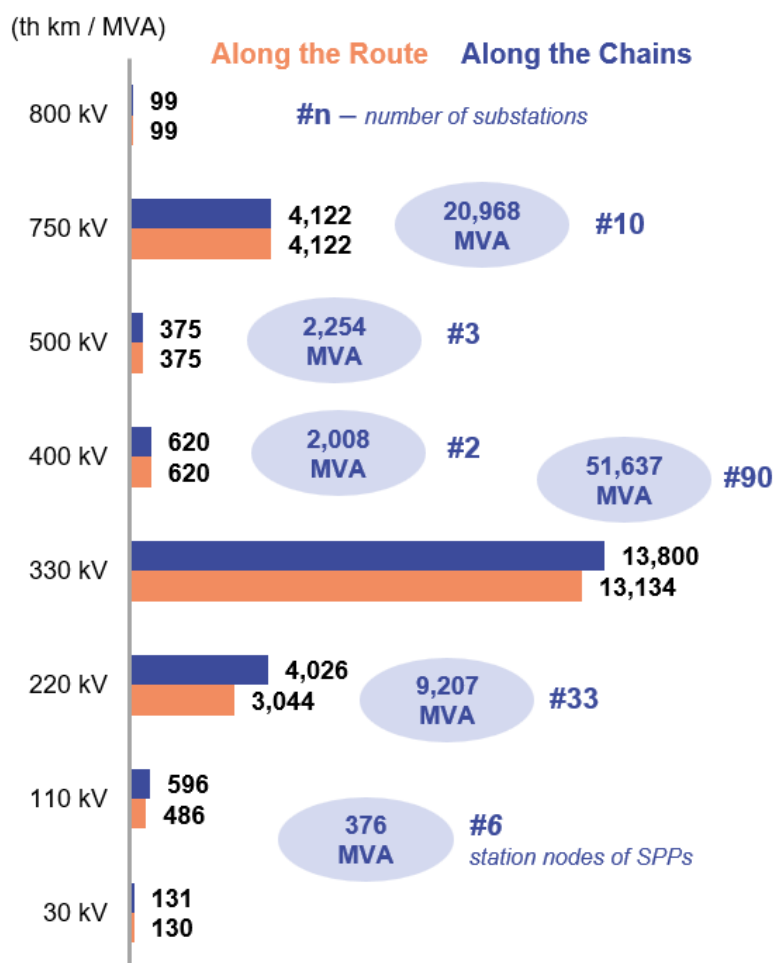
On 21 June 2024, the Cabinet of Ministers of Ukraine, by Resolution No. 618-r, adopted a decision to transfer 100 per cent. of the corporate rights of LLC "Lviv Insulator Company" (EDRPOU code 30823262) ("**LLC "LIC"**") to the management of NPC "Ukrenergo". Pursuant to Resolution No. 618-r, an Asset (Property) Management Agreement dated 8 January 2025 ("**the Agreement**") was concluded between the Asset Recovery and Management Agency ("**ARMA**") and Ukrenergo, under which ARMA transfers 100 per cent. of the charter capital of LLC "LIC" to the Company's management in order to prevent the risk of emergencies in the energy sector, for a term until 31 August 2029 (inclusive) or until early termination of the Agreement. The act of acceptance and transfer of LLC "LIC" to Ukrenergo's management was signed on 24 January 2025. LLC "LIC" was established in 2002 based on the Lviv Insulator Plant, which had been operating since 1965, and is the sole manufacturer of glass insulators in Ukraine, which are critical for the functioning of the energy infrastructure. In order to restore production, finance capital investments and cover operating expenses of LLC "LIC", in June 2025 the Group and LLC "LIC" entered into a revolving interest-free financial assistance agreement with a limit of up to UAH 525 million, to be provided in tranches. Repayment of the financial assistance is to be made in accordance with the agreed schedule of limit changes, but no later than 31 August 2029 or the date of early repayment or termination of the agreement. As of 30 June 2026, the outstanding amount of financial assistance provided by the Group to LLC "LIC" amounted to UAH 470,000 thousand, which was disbursed during 2025 and the first half of 2026. According to the terms of this Agreement, the

Group has limited ability to exercise its power over LLC "LIC" to influence its results, and the Agreement may be terminated early. Thus, as of the date of issuance of the 2026 Unaudited Interim Condensed Consolidated Financial Statements, the Group does not exercise control over LLC "LIC" within the meaning of IFRS 10 "Consolidated Financial Statements", acting instead as an agent under the corporate rights management agreement.

Business Overview

Ukrenergo performs functions of the TSO, manages and operates trunk electricity power networks, intermediates to help the balancing and ancillary services markets, acts as a commercial metering administrator and settlements administrator, and performs a number of other functions in accordance with its charter.

As of 30 June 2026, Ukrenergo owns 144 substations (including 34 substations and c.2,620km of transmission lines located in the territories of Crimea and Donbas, which were occupied by Russia before the full-scale invasion of 2022 and 18 substations and c.3,000km of transmission lines located in the territories of Donbas and Zaporizhzhia, Kherson, and Dnipro regions, which were occupied by Russia after the full-scale invasion of 2022), with an aggregate transformer capacity of 86,503 MVA and an asset base that includes over 23,000km of trunk and cross-border transmission lines with the voltage split presented below



Where: *Along the Route* – main transmission corridors (radial lines) connecting key generation and consumption points, *Along the Chains* – interconnected grid segments (meshed structures) that provide system redundancy and flexibility.

The end customers of Ukrenergo's electricity transmission services and dispatching services are industrial customers, distribution system operators, electricity suppliers, electricity producers, and electricity traders, as further described below.

Since 1 July 2019, Ukrenergo's key objectives are:

- centralised dispatch (operational and technological) control of the IPS of Ukraine to ensure the balance between electricity generation and consumption, in compliance with operational security requirements;
- electricity transmission via trunk and interstate power grids in accordance with the quality criteria for electricity;
- maintenance and development of the transmission network, ensuring the connection of the power generation and consumption facilities to the transmission network;
- ensuring operation of the balancing market and ancillary services market to maintain operational security;
- providing commercial metering of electricity;
- fulfilling the PSO assigned to the TSO to promote the public interest in the functioning of the electricity market; and
- ensuring parallel operation with adjacent power systems and integration of the IPS of Ukraine into ENTSO-E.

Commercial metering administrator ("CMA")

Commercial metering involves recording data related to the amount of electricity generated, delivered, transmitted, distributed, consumed, imported and exported at a specified time, which can be used during settlements between market participants. Commercial metering is carried out on the Market Management System ("MMS") platform, where providers of commercial metering data (metering operators) input the data on a daily basis.

Balancing and ancillary services markets administrator

Ukrenergo keeps a registry of market participants and balances responsible parties and service providers. In addition, it administers databases of contracted sale and purchase volumes and actual volumes of electricity delivered/offtaken or exported/imported by market participants, calculates prices and volumes of electricity imbalances, payments for electricity purchased in the balancing market and payments for ancillary services or non-compliance charges.

Market Segments

The Electricity Market Law envisages mechanisms for free, competitive pricing, where the electricity price depends on the demand/supply ratio, consumer solvency and other factors. At the same time, market participants determine the generation/load schedule in the energy system based on the agreed electricity purchase/sale contracts. Since 1 July 2019, the electricity market model has six market segments:

- Bilateral contracts market;
- Day-ahead market;
- Intraday market;
- Balancing market;
- Ancillary services market; and
- Retail electricity market.

Electricity is purchased and sold between market participants in the first three market segments, as well as in the retail electricity market segment. The day-ahead market is effectively a pricing segment, in which the weighted average price is being formed. The intraday market is the smallest in terms of purchases and sales.

Balancing / Ancillary services market

The balancing market is one of the primary market segments of the electricity market that is crucial for the stable and resilient power system. The balancing market is the last stage of electricity trading. Balancing market's objective is to match production and consumption levels to avoid shortage/surplus within the power system operation cycle.

Electricity is purchased and sold in balancing market to ensure real-time balance between the production volume, imports, exports and consumption. Only Ukrenergo and Balance Responsible Parties ("BRPs"), i.e., electricity producers remunerated for balancing services provided to the TSO, can buy and sell electricity for system balancing.

Key players on the balancing market are:

- State and privately owned generation companies (Ukrhydroenergo, DTEK, Energoatom);
- State and privately owned distribution system operators (DSOs);
- Other consumers (utilities and industrial companies, both private and state-owned).

Model of the Balancing Market



BRPs submit proposals to the TSO to increase/decrease its load at a specified time by a specified amount. Meanwhile, the TSO will order the proposals by prices and accept the required volumes and types of power to ensure balance in the energy system. Following the results of the balancing market for 24 hours, payments are calculated between the TSO and market participants for the balancing energy purchased/ sold, and the prices and volumes of electricity imbalances are calculated as well. All settlements on the balancing market, according to Article 75 of the Electricity Market Law, flow exclusively through the TSO's special account.

An important aspect of balancing is the approach to procuring ancillary services on the ancillary services market. "Ancillary services" refers to a range of functions, which the TSOs contract in order to guarantee system security. These include:

- black start capability (the ability to restart the grid following a blackout);
- frequency response (to maintain system frequency with automatic and very fast responses);
- fast reserve (which can provide additional energy when needed);
- the provision of reactive power; and
- various other services.

Ancillary Services are purchased on a competitive basis at specialised auctions. The services purchased by the TSO are priced upon results of an auction and cannot be higher than the marginal price. There are exceptions where the

participant's market share exceeds the one set by the NEURC and when the number of offers following an annual auction is lower than required by the TSO. In this case, the price will be calculated under the method established by the NEURC.

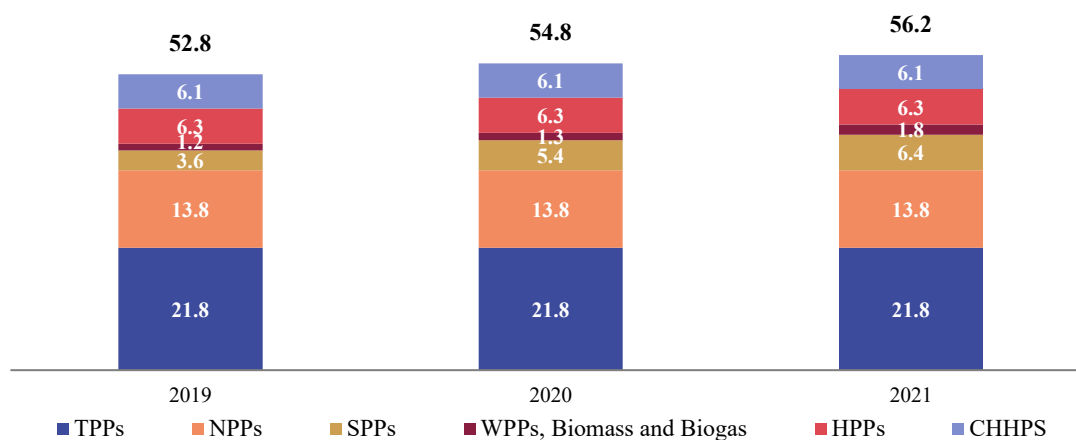
War impact on the Ukrainian energy market

As of June 2026, the Russian invasion has led to the destruction (full or partial) or occupation of about 27.4 GW of generation facilities (about 49 per cent. of the pre-war capacities), including thermal energy facilities, nuclear energy facilities, RES and hydro energy facilities. These include:

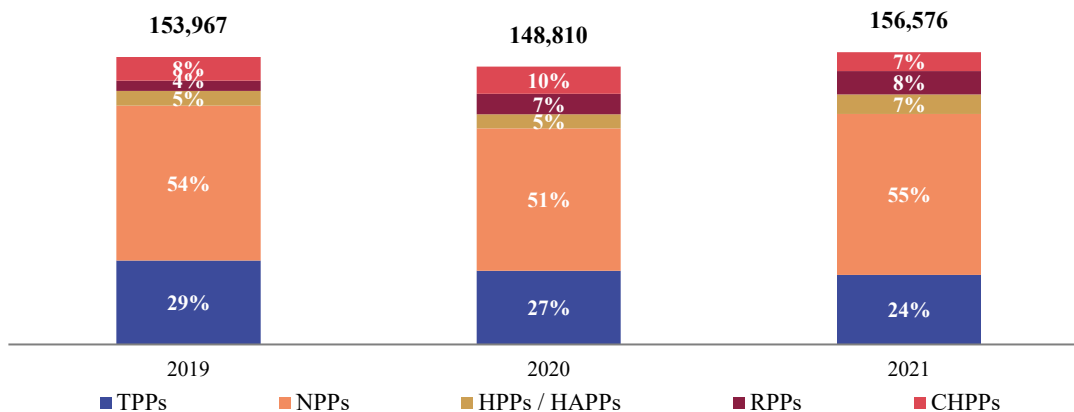
- Thermal energy: 17.3 GW (Ladyzhyn TPP in Vinnytsia region, Trypilska TPP in Kyiv region, Kharkivska CHHP and Zmiivska TPP's in Kharkiv region, several TPPs in Donetsk and Luhansk regions)
- Nuclear energy: 6.0 GW (Zaporizhzhia NPP)
- RES and Hydro: 4.2 GW (mainly solar and wind power plants in Kherson and Zaporizhzhia regions, destroyed Kakhovska HPP in June 2023 as well severely damaged HPPs on the Dniester and Dnipro rivers)

For reference, pre-war installed capacity and production split is presented below.

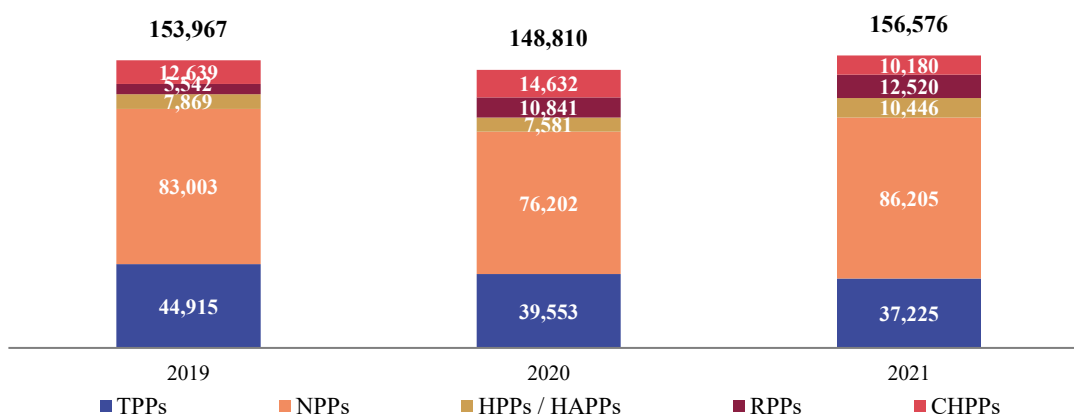
Pre-war installed capacity split, GW



Pre-war installed capacity split, %

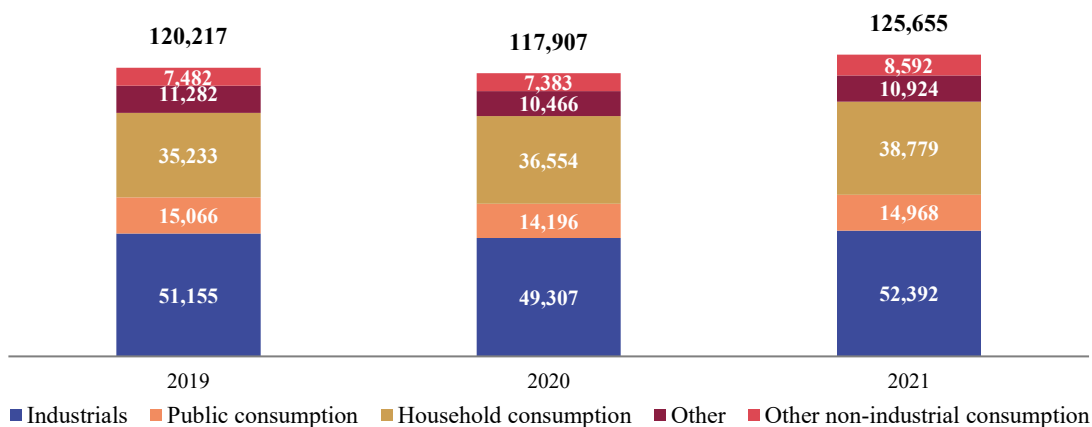


Pre-war production split, GWh

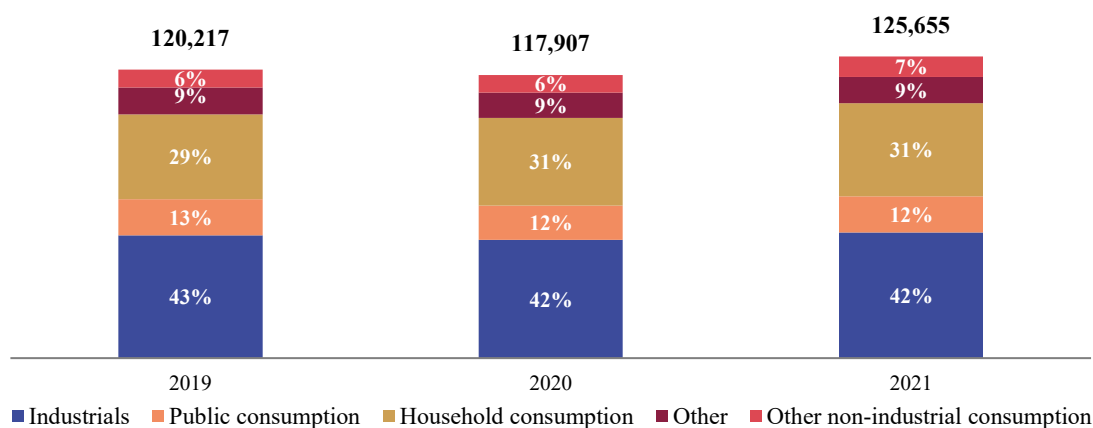


Pre-war production split, %

Pre-war consumption split, GWh



Pre-war consumption split, %



Currently, power demand is approximately 36 per cent. lower compared to pre-war levels, with only a third of this reduction being attributed to lower household power demand, while the majority of the reduction is caused by lower business activity and limited supply.

Despite frequent drone and missile attacks during the first half of 2026, the electricity transmission base load in Ukraine reached 64 per cent. of the pre-war level of the same period of 2021, supported by prompt repairs of damaged infrastructure by Ukrenergo.¹

As a result of numerous missile strikes beginning in October 2022, part of Ukrenergo's energy infrastructure, including high-voltage substations and power lines, was damaged. During the 2025–2026 campaign, Russian forces continued to target not only regional substations but also critical backbone infrastructure, including key high-voltage substations such as Kyivska, which plays a strategic role in transmitting electricity from the Rivne Nuclear Power Plant to the capital, further constraining system stability and transmission capacity.

Additionally, part of Ukrenergo's assets are located in temporarily occupied territory. These include, among several others:

- Substation 750/330 kV Kakhovska (Kherson region)
- Substation 750/330 kV Pivdenno-Donbaska (Donetsk region)
- Substation 500 kV Kreminska (Luhansk region)
- Substation 330/110 kV Melitopolska (Zaporizhzhia region)
- Overhead power line Zaporizhzhia NPP – Kakhovska HPP (Zaporizhzhia and Kherson regions)

Generally, Ukrenergo's network has sufficient capacity to support electricity transmission at pre-war level (over 140 TWh per year). The expected growth in transmission volumes in the coming years would depend on both supply and

¹ In 1H 2026, transmission volumes stood at 44.9 TWh, compared to 70.4 TWh in 1H 2021. For reference, full year transmission volumes were 92.6 TWh in 2025, 95.4 TWh in 2024, 95.8 TWh in 2023, 100.8 TWh in 2022, and 140.2 TWh in 2021.

demand. Demand is expected to be driven by Ukraine's gradual economic recovery, which is likely to lead to increased power consumption. On the supply side, Ukrenergo has limited impact on power generation capacity in Ukraine, and overall operating capacity of electricity producers will only become clear once the energy infrastructure is no longer subject to ongoing shelling.

To date, installed capacity has been repeatedly restored following such attacks. At the same time, Ukrenergo manages prompt repairs of substations and overhead power lines and is enhancing physical protection measures against potential future missile attacks, which ensures stable operations of the energy grid system. Notwithstanding the ongoing war, about 24 GW of power transmission capacity remains operational. Moreover, given its more direct influence on export-import capacities to support electricity transmission volumes, Ukrenergo is focused on expanding interconnector capacities with neighbouring EU countries.

From March to May 2024, the Russian Federation intensified its drone and missile attacks on the Ukrainian energy infrastructure, targeting all of Ukraine's thermal power plants and key hydropower plants. In Kharkiv (the second biggest city before the full-scale war) all power generation facilities were destroyed, as was most of the transmission infrastructure connecting the city with the rest of the Ukrainian power system. According to official reports, the Ukrainian IPS lost about 9 GW of power generation between March and May 2024. Due to the lack of generation capacity and rising electricity demand during warmer weather, Ukrenergo may impose power restrictions on the household and industrial consumers nationwide. Lower available generation capacities and overall economic contraction may lead to reduced transmission volumes, adversely affecting Ukrenergo's financial condition and operational activities.

On 26 August 2024, Russia launched one of its largest missile and drone strikes against Ukraine since the full-scale invasion began, targeting facilities in 15 regions, primarily focusing on the energy sector. The Kyiv HPP in Vyshhorod was hit, along with another energy facility in Kyiv. The Dnipro HPP dam in Zaporizhzhia was also targeted.

Power substations in Kharkiv, Odesa, Vinnytsia, Zhytomyr, Rivne, Lviv, and Ivano-Frankivsk were struck, causing emergency power outages. Other targets included railroads, oil storage facilities, and a large gas storage site near Stryi, used by European companies.

In autumn 2024, Russia launched two large-scale missile and drone attacks targeting Ukraine's electricity generation, transmission infrastructure, and oil and gas storage facilities. These attacks occurred on 17 November and 28 November, with the latter prompting Ukrenergo to implement country-wide emergency power outages.

On 13 December 2024, Russia conducted another assault on energy facilities in Odesa, Lviv, Ternopil, and Ivano-Frankivsk regions, leaving 50 per cent. of consumers in Ternopil without power. On 25 December 2024, a coordinated attack hit 7 regions, including the Burshtyn TPP in the Ivano-Frankivsk region, as well as energy facilities in Dnipro and Poltava regions (details undisclosed).

In 2025, Ukraine's power system remained under sustained Russian pressure, although the pattern of attacks was less concentrated than during the spring 2024 campaign. According to the OHCHR, Russian forces carried out repeated large-scale coordinated strikes on energy infrastructure, including major attacks on 15 January and 7 March 2025, while in November 2025 alone the OHCHR recorded five additional large-scale coordinated attacks, alongside numerous region-specific strikes. The Ministry of Energy of Ukraine reported that energy facilities had been subjected to more than 3,000 strikes since March 2025.

During the 2025-2026 heating season, Russian strikes have targeted every segment of Ukraine's energy system across most regions. Their intensity has exceeded all previous mass attack campaigns combined, damaging generation, transmission, and distribution facilities nationwide. There is not a single high-voltage substation in Ukraine that Russia has not attacked at least once since the start of the full-scale invasion. Since the beginning of 2026 alone, Russia has launched more than 300 missiles and over 7,000 drones against Ukraine's energy infrastructure. During the heating season, more than 9 GW of generation capacity at thermal power plants, combined heat and power plants, and hydropower facilities was damaged.

In January 2026 alone, successive nationwide strikes on power facilities left around one million people in Kyiv without electricity at one point, disrupted heating supply to thousands of buildings, and forced rolling outages lasting up to 18–20 hours per day in some areas, while major regional outages were reported across the country. At the same time,

Russia continued to strike regional generation, transmission and distribution facilities, including in frontline and near-frontline regions, further undermining system stability and prolonging emergency supply restrictions for households and businesses.

Against this backdrop, Ukraine continued an extensive programme to restore more than 4 GW and reinforce electricity generation infrastructure during the first half of 2026. According to public statements by the Ministry of Energy, more than 9 GW of thermal, combined heat and power and hydropower generation capacity was damaged during the 2025-2026 heating season, of which more than 4 GW had been restored by early April 2026.

By June 2026, approximately 4 GW of generating capacity remained under repair, and the Government stated its intention to restore 6.2 GW of damaged generation capacity before the start of the 2026-2027 heating season.

At the same time, following continued drone and missile attacks on Ukrenergo's facilities during the 2025-2026 heating season, Ukrenergo depleted its stock of circuit breakers that had been accumulated to support rapid repairs. Although Ukrenergo is actively replenishing its stock, it remains vulnerable to further large-scale attacks, which could delay the restoration of damaged infrastructure and negatively affect system resilience.

The 2025-2026 heating season also saw a major expansion of decentralised and resilient energy sources: 643 MW of new distributed generation capacity was commissioned (a 5-fold increase compared with 2024-2025 levels), alongside 508 MW of new energy storage installations (a 254-fold increase compared with 2024-2025 levels). Also, considering the approximately 49 per cent. loss in generation capacity due to the war, further RES build-up is required to restore generation levels, which is facilitated by Ukrenergo via the PSO and grid modernisation.

In 2026, the second stage of the Competition for the construction of new generation capacity was launched, aimed at overcoming or reducing the electricity deficit in the regions where energy infrastructure was most affected by Russian attacks (Kyiv, Cherkasy, Sumy, Kharkiv, Poltava, Dnipropetrovsk and Odesa regions).

On 22 May 2026, the Cabinet of Ministers of Ukraine determined the initial volume of new generation capacity for the second stage of the Competition at 1.3 GW, and on 16 June 2026, increased it to 1.5 GW. The incentive for investors to participate in the Competition will be a state-guaranteed compensation of the potential difference in the electricity price during peak hours – in the morning and evening. It is expected that by the end of 2026, the final results of the Competition will be approved and contracts with the winners will be signed, and a significant part of the new generation capacity will be added to Ukraine's energy system by the end of 2027.

The recovery effort relied heavily on electricity imports to compensate for destroyed generation and keep the economy afloat, with net imports reaching 1.2 TWh in 2025 and rising sharply to 4.0 TWh in the first half of 2026, reflecting the scale of the supply gap caused by continued Russian strikes on energy infrastructure.

In early September 2026, the Russian leadership announced that it had ordered strikes on Ukraine's energy system ahead of the 2026/2027 heating season, which poses a significant risk to Ukrenergo asset base and the overall stability of Ukrainian electricity system.

According to the World Bank Rapid Damage and Needs Assessment Report, damage to the power sector is estimated to U.S.\$17.1 billion as of December 2025. Within the power sector, the largest impact was to the generation segment (U.S.\$14.2 billion) followed by the transmission segment (U.S.\$2.3 billion). Damage to the power distribution sector is estimated at U.S.\$0.7 billion (without including assets in territories temporarily not under Ukrainian government control). These costs could be substantially higher as a result of the most recent missile attacks.

Export and Import of Electricity

Electricity imports, transit and exports are regulated by the Electricity Market Law, which aims to implement Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity. Also, as Ukraine has ratified the Energy Charter, networks for electricity transit are provided on a non-discriminatory basis with due regard to technical limitations.

According to part 2 of the article No. 42 of the Law of Ukraine "On the electricity market", the joint coordinated mechanism of limitation management and procedure of allocation of transmission capacity should be applied to interstate connections with the states, which are the parties of Energy Community.

TSO carries out the joint coordinated allocation of transmission capacity and may delegate responsibility to the TSO of a neighbouring state or other legal entity, subject to the approval by TSO and the TSO of the neighbouring state.

According to the "Methodology of allocation of overload revenue according to the article No. 73 of Commission Regulation (EU) 2015/1222 from 2015, which establishes the Guideline on capacity allocation and congestion management", and was approved by the Agency for the Cooperation of Energy Regulators (ACER), funds from the allocation of access to interstate crossings should be distributed among the TSOs of neighbouring states in a 50/50 ratio unless another ratio is justified.

Integration of Ukraine's IPS into the EU power system

Upon integration of Ukraine's IPS with ENTSO-E in March 2022 the work towards increasing export / import electricity capacity intensified. Subsequently, at the end of June 2022, export-import operations between Ukraine and ENTSO-E were launched.

On 17 June 2022, a multilateral meeting was held with the participation of TSOs of Ukraine, Slovakia, Hungary and Romania. Within the framework of this meeting, the TSOs of Ukraine, Slovakia and Hungary agreed to implement a joint coordinated allocation of interstate network capacity at the Ukrainian borders on the basis of the Joint Allocation Office (the "JAO") electronic auction platform. Subsequently, the TSO of Poland agreed to this arrangement.

Within the framework of this meeting, the TSOs of Ukraine and Romania agreed to introduce a joint coordinated distribution of the capacity of interstate networks on the Ukrainian-Romanian border on the basis of the electronic auction platform of Ukrenergo. Subsequently, the TSO of Moldova agreed to this arrangement.

Given that Ukrenergo has a more direct influence on export-import capacities to support electricity transmission volumes, it is focused on expanding interconnector capacities with neighbouring EU countries. The current import capacity of interconnectors stands at 1.7 GW, down from 2.5 GW during winter period driven by the lower need and ongoing recovery of domestic generation capacity, and export capacity at 1.2 GW.

Ukrenergo is currently implementing several new projects that would allow to secure up to approximately 1.4 GW of additional import interconnector capacity, by expanding the existing interconnectors with Slovakia (0.5 GW) and Romania (0.9 GW). The completion of these projects is expected by the end of 2030. For further details, see "*Export and Import Electricity*".

Ukrenergo is also assessing the possibility of an additional 0.5 GW increase in import capacity through the installation of a power flow control device on the 400 kV Khmelnytskyi NPP – Rzeszów transmission line. The project is expected to be implemented in 2026.

Public Sector Obligations of Ukrenergo

According to Article 62 of the Electricity Market Law, special obligations, known as public service obligations ("PSO"), were imposed on certain market participants to ensure public interests in the functioning of the electricity market. The PSO is aimed to ensure the general economic interest in the electricity sector of Ukraine, necessary to meet the interests of citizens, society, and the state, and to ensure the sustainable long-term development of the electricity sector and competitiveness of Ukraine's national economy.

According to the Electricity Market Law, Ukrenergo performs the PSO to increase the share of electricity production from alternative energy sources for the duration of the "green" tariff to support producers of electricity from alternative energy sources. This PSO is also imposed on the State Enterprise "Guaranteed Buyer" (the "**Guaranteed Buyer**") and universal service providers ("USP"). According to this PSO, Ukrenergo compensates the difference between "green" tariff awarded to certain electricity producers from alternative energy sources and the market prices of electricity to the Guaranteed Buyer (who purchases "green" electricity from producers at "green" tariff and sells this electricity in the market or through auctions).

Additionally, on 16 March 2022, the Cabinet of Ministers resolved to amend CMU No.483, which requires the Group, as a TSO, to purchase a service to ensure the operation of the "last resort" supplier. Under a prior order of the Cabinet of Ministers, the "last resort" supplier from 2019 through 2026 is SE "Ukrinterenergo".

The cost of the service to ensure the operation of the "last resort" supplier is 1/12 of the annual costs of SE "Ukrinterenergo" to be the supplier of "last resort", estimated by the NEURC and formed in accordance with the financial plan for financial year.

Overview of Ukrenergo's end customers

The end customers of the transmission and dispatching services provided by Ukrenergo are customers, distribution system operators (DSOs), electricity suppliers, electricity producers and traders:

- "customer" means a wholesale or final customer of electricity;
- "distribution system operator" means a legal person responsible for operating, ensuring the maintenance of and, if necessary, developing the distribution system in a given area and, where applicable, its interconnections with other systems and for ensuring the long-term ability of the system to meet reasonable demands for the distribution of electricity;
- "energy supplier" supplies electricity to or takes electricity from a party connected to the grid at an accounting point;
- "electricity producer" means a natural or legal person generating electricity; and
- "trader" is an economic entity that purchases electricity exclusively for the purpose of its resale, except for sale under a contract for the supply of electricity to the consumer.

For more information on each of the described end customers, see "Overview of the Ukrainian Electricity Industry – Key Subjects of the Electricity Market".

The end customers of the services provided by Ukrenergo in the balancing market are:

- the balance responsible party, responsible for the market's imbalances, meaning the difference between the energy volume physically injected to or withdrawn from the system and the final nominated energy volume, including any imbalance adjustment within a given imbalance settlement period; and
- the balancing service provider, meaning a market participant with reserve-providing units or reserve-providing groups able to provide balancing services to TSOs

Strategy and Development Plans

Ukrenergo's strategy identifies the priority areas of its development and the necessary steps to achieve its strategic goals. The Supervisory Board approved Ukrenergo's current strategy for the period from 2024 through 2033.

Strategic Goals

The 2030 Economic Strategy of Ukraine prepared by the Cabinet of Ministers of Ukraine provides for the target of 25 per cent. of RES in the energy balance of Ukraine by 2030. In January 2020, the Ministry of Energy of Ukraine published a draft of Ukraine's 2050 Green Energy Transition Concept (Ukraine Green Deal). Overall, it focuses on reducing GHG emissions through improving energy efficiency and boosting the deployment of renewable energy. The main objectives of Ukraine's 2050 Green Energy Transition Concept are: (i) RES in the energy balance up to 70 per cent. by 2050; (ii) to phase-out coal by 2050; (iii) to reduce nuclear power generation to 20-25 per cent.; and (iv) to reduce energy demand by at least 50 per cent., by increasing energy efficiency.

In April 2023 Ukraine's government approved Ukraine's Energy Strategy 2050. The development of Ukraine's power system is aimed at having carbon-neutral clean generation capacities, which will provide the cheapest and most sustainable energy mix for the consumer. According to Ukraine's 2050 Energy Strategy's Net Zero Base Case, the

country plans to increase the share of renewables in the installed capacity mix to approximately 75 per cent. (including Hydro). Additionally, other than increasing renewables and nuclear capacity, Ukraine will replace outdated TPPs with new generation facilities operating by burning agricultural leftovers, discarded wood, livestock waste, and domestic solid waste. Accordingly,

- overall flexible generation is expected to account for 5 per cent. of the power mix by 2050; and
- new biomass power plants may become a driver for Ukraine's transition to a circular economy, which is a model of production and consumption that involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible.

In addition, additional investments are envisaged to update old thermal capacities to be more efficient and environmentally friendly.

Ukrenergo's strategic goals for the 2025-2034 period are:

- ensure protection of Ukrenergo's facilities and a reliable, stable, balanced and economically efficient model of operation of the IPS of Ukraine;
- create conditions for increasing the volume of electricity exchange with European countries by integrating markets and expanding the capacity of interconnectors;
- contribute to the transformation of the power system; and
- minimize the cost of Ukrenergo's services for consumers.

To achieve the goals of the long-term development and the efficient use of resources, Ukrenergo has identified eight strategy elements which are listed below.

Operation of the power grid

The element is responsible for the electricity transmission and enabling of parallel operation of the IPS of Ukraine with neighbouring power systems. Key vector of the power grid development is compliance with ENTSO-E requirements for reliability of operation, quality of services, transparent and unbiased relations with market participants, and reaching the efficient level of operation expenses along with upgrading and reconstruction of overhead lines and substations.

The long-term aims include:

- increasing power grid availability;
- improving the efficiency of the technology of live work;
- harmonization of technical standards with EU regulatory framework;
- develop the function of operation and repair of equipment and transmission network; and
- create a new concept for protecting substations.

Despite the ongoing war and destruction of infrastructure, Ukrenergo continues to maintain stable operations of the energy grid system, and 24 GW of power transmission capacity remains operational (which is above the projected level of power demand at 19 GW). Ukrenergo conducts prompt repairs and enhances advanced physical protection against potential future missile attacks.

Restoration and development of the power grid

The element is responsible for effective capital investments in the development and modernization of the power transmission grid and increasing the reliability of its operation. Priority is given to restoration due to military actions,

ensuring physical protection of equipment and restoration of the substations automation complex programme, improving safety and reliability of the power system operation, expansion of cross-border capacity with ENTSO-E, elimination of "bottlenecks" in the electricity transmission system of Ukraine. The key direction of development in the medium term is the post-war restoration and reconstruction of networks for successful operation in the synchronous zone of Continental Europe.

According to Ukrenergo's strategy, it expects to allow for market participants to put into operation 0.8 GW energy storages and 44 GW of "green" (incl. solar, wind, hydro and new power plants operating on agricultural residuals) facilities by 2033. Green facilities are expected to account for 71 per cent. of total generation mix in 2033.

The long-term aims include:

- replacement of damaged and destroyed equipment;
- organization of substation equipment management in remote mode;
- expansion of electricity exchange capacity with ENTSO-E countries;
- bottlenecks elimination in the IPS of Ukraine; and
- construction of second-level protective structures to protect the priority elements of the SS.

Dispatching

The element is responsible for ensuring the balance of electricity generation and demand, the reliability and security of electricity supply. The aim is to ensure a balance of electricity generation and demand, the reliability and security of the transmission system along with the continued cooperation with neighbouring TSOs to ensure full compliance of contractual framework with the conditions established by ENTSO-E.

The long-term aims include:

- building a new protected (drawing on the experience gained during martial law) dispatch centre of Ukrenergo's central office;
- implementation of remote control of equipment at Ukrenergo's substations furnished with APCS at the RDC level using advanced SCADA system, enabling RDC dispatchers perform the functions of the national dispatch centre, Conduct emergency response training of operational personnel on a full-scale Dispatch Training Simulator (DTS). Training centre for operational dispatch personnel;
- providing the possibility of reserving the functions of the national dispatch centre by the dispatchers of the RDC;
- enabling real-time settlements with involvement of RDCs, DSOs, and generating companies;
- performing power system assessment;
- creating the capacity calculation region; and
- ensuring that the TSO has information about generation/offtake capacity in real time for generating units and energy park units.

Electricity market

The element is responsible for ensuring the operation of the balancing market and the ancillary services market, and the functions of settlements administrator and commercial metering administrator. The priorities include the further development of the balancing market and the ancillary services market, in particular, implementing demand management tools and measures for integration with markets of neighbouring countries – ENTSO-E members.

To maintain the security and resilience of the Ukrainian energy system, Ukrenergo aims to encourage investment in the decentralization of generation capacities to create a system which is more resilient and secure from the Russian missile attacks.

This strategy also contemplates a different generation mix. In addition to solar and wind power plants, which heavily rely on weather conditions, Ukraine requires balancing facilities such as highly manoeuvrable gas power plants, battery energy storage systems, and modern thermal generation using biogas and other renewable fuels.

Since the beginning of 2022, there has been a significant interest from potential investors in the balancing market as evidenced by the requests for the construction of power storage capacities in Ukraine. 14 private and state-owned companies with a project portfolio of 1.13GW have applied to Ukrenergo to obtain permits for the construction of battery energy storages.

The long-term aims include:

- market coupling;
- development of balancing and ancillary services market;
- demand management tools implementation; and
- reduction of arrears in the electricity market.

Information technology

The element is responsible for the current operation and development of process automation systems, communication systems, automation of business processes, cyber security, and other systems. New transport network, dispatch control system, and other projects based on IT solutions meet high requirements of reliability and security and will enable further quality-assured transformation of business processes as part of Ukrenergo's strategic goals.

Long-term aims include:

- reliable IT solutions for dispatching of IPS of Ukraine;
- improve cybersecurity;
- reliable IT infrastructure and transfer of technological information;
- automation of operational control processes – ERP and special business applications;
- automation of assets management, repair and maintenance processes – EAMS;
- improve data management; and
- improve performance and efficiency.

After the full-scale invasion in 2022, Russia intensified its cybersecurity attacks five times compared to 2021. Despite this fact, all Russian cyberattacks have been prevented. Additionally, while the constant drone and missile attacks on the Ukrainian generation and transmission facilities have caused significant power outages, these disruptions have not impacted cybersecurity.

To sustain reliable IT operations during wartime, Ukrenergo has relocated its major data centres to secure classified locations in 2022.

Currently, Ukrenergo's information technology, including cybersecurity, largely complies with ENTSO-E requirements.

Finance

During the wartime, the primary task of the financial function of Ukrenergo is to ensure the necessary level of liquidity to cover urgent operational needs and maintain the energy infrastructure under constant attacks by the aggressor. In addition, the financial department plays an important role in financing the protection of energy infrastructure facilities and emergency restoration works.

Long-term aims include:

- optimizing the cost of Ukrenergo's services for consumers in the long term while maintaining quality;
- transitioning to incentive tariff formation (RAB-tariff for electricity transmission services);
- ensuring sufficient liquidity to cover debt obligations; and
- restoring the financial condition of Ukrenergo and its sustainable capital structure.

Staff

The element is responsible for ensuring the proper level of competence, productivity and involvement of Ukrenergo's employees.

Long-term aims include:

- improve staff engagement;
- improve personnel experience through the development of effective and advanced HR processes;
- ensure sustainable development of Ukrenergo by establishing a system of continuous learning, development, and career management;
- strengthen Ukrenergo's brand as an employer; and
- build an open and fair corporate culture based on values, principles of equal opportunities, and inclusion.

Risks, threats and security

The element is responsible for the implementation of measures to minimize the likelihood of the occurrence of threats or the negative consequences of them occurring.

Long-term aims include:

- improvement of risk management system;
- development of a fair and open harassment-free corporate culture;
- boosting the resilience of critical infrastructure; and
- development of the Health, Safety & Environmental (HSE) management system.

Integration into ENTSO-E

Starting from 1 January 2024, Ukrenergo became the 40th full member of ENTSO-E after ENTSO-E's General Assembly, the supreme governing body of the Association, adopted the relevant decision on 14 December 2023. The membership in ENTSO-E opened a new phase of cooperation between Ukrainian and European power system operators as equal members in the European energy space. In November 2023, ENTSO-E announced the completion of synchronization project with Ukraine after the successful compliance by Ukrainian TSO with the key technical

requirements necessary to enable a permanent interconnection between the power systems of Continental Europe and Ukraine.

Becoming a full ENTSO-E member has allowed Ukrenergo to conduct the following actions:

Voting during ENTSO-E General Assembly meetings

Ukrenergo participates in the adoption of the ENTSO-E annual work programme, which sets the Association's priorities in such key areas as the electricity market, the development of the pan-European energy infrastructure, and risk management in the energy sector. The Assembly also adopts such important documents as the 10-Year European Network Development Plan and strategies for events that have a significant impact on the technical, security, market or financial conditions of operation of the European TSOs.

Participation in ENTSO-E Board with the right to vote

Ukrenergo participates in the preparation of proposals for the ENTSO-E annual work programme and the development of proposals and recommendations for the Assembly on strategic priorities of cooperation between system operators and key decisions.

Participation in ENTSO-E committees and associated working groups

Ukrenergo participates in the Market Committee, System Development Committee, Research, Development and Innovation Committee, and Information and Communication Technologies Committee. Ukrenergo can also participate in the development of Network Codes – the set of rules that facilitate the integration and efficiency of the electricity market, in the development and approval of regional investment plans, and work in Legal and Regulatory Group.

ENTSO-E confirmed that Ukrenergo joined the ITC (Inter-Transmission System Operator Compensation) mechanism from 1 July 2024. This will allow Ukrenergo to receive compensation for the costs of transiting electricity through Ukrainian trunk networks from European system operators and exempt electricity exporters/importers from paying transit costs.

Participation in the ITC mechanism will also improve the financial stability of Ukrenergo, contribute to the development of cross-border trade, and couple Ukrainian and European energy markets. Ukrenergo will channel the received funds towards the development of cross-border networks.

Corporate culture

Ukrenergo applies the OECD Guidelines on Corporate Governance in State-Owned Enterprises to ensure the efficient, transparent and responsible operation of Ukrenergo. The main principles of Ukrenergo's corporate governance are:

- determination and achieving of clear strategic goals of Ukrenergo to create long-term shareholder value of Ukrenergo;
- maintaining a balance of interests of the shareholder, supervisory board, management board, creditors and all stakeholders;
- professional management and clear delineation of functions;
- observance of transparency and non-discrimination in production activities;
- compliance with the legislation of Ukraine, the Charter of Ukrenergo and internal programs and documents of Ukrenergo;
- Compliance & Risk Management;
- effective control over financial and economic activities;
- transparency and timeliness of information disclosure;

- effective human resource management; and
- Sustainability and Corporate Social Responsibility Indicators include no compliance risks with a high level of impact on Ukrenergo's goals, improving Ukrenergo's ethical culture, zero corruption tolerance, increasing the number of partner educational institutions, compliance with the environmental management standard (ISO 14001: 2015), zeroing fatal accidents and accidents with ramifications, an effective occupational safety risk management system, and compliance with international labour protection standards (ISO 45001: 2018).

Annual Financial Plan

The financial plan is developed based on the structure of the tariff for electricity transmission services and the structure of the tariff for dispatch (operational and technological) control services of Ukrenergo, as approved by the NEURC for the respective year. It contains performance indicators such as profit/loss, EBITDA, profitability ratio, financial stability and liquidity ratios.

The financial plan of Ukrenergo for 2026 was prepared in December 2025 and reflects the expected financial performance in the planned year, the sources of funds and the areas of their use in order to ensure efficient financial and economic activities and the development of Ukrenergo, as well as the fulfilment of its obligations.

The financial plan of Ukrenergo for 2026 includes the following key indicators:

- total income (comprising revenue and other income elements) of UAH 131,507 million, which is UAH 11,672 million or 10 per cent. more than actual figures from the 2025 Consolidated Financial Statements as a result of:
 - a 9 per cent. increase in transmission revenue to UAH 69,354 million, reflecting an approximate 7 per cent. transmission tariff increase in 2026 as compared to 2025;
 - a 17 per cent. increase in dispatching services revenue to UAH 21,170 million, due to an 11 per cent. tariff increase in 2026 as compared to 2025; and
 - an 8 per cent. increase in balancing market revenue to UAH 22,056 million, due to expected prices in this market segment being 11 per cent. higher.
- total expenditures (comprising COGS and other cost elements) of UAH 130,902 million, which is UAH 400 million or 0.3 per cent. more than actual figures from the 2025 Consolidated Financial Statements as a result of:
 - an increase in cost of sales by UAH 2,894 million or 3 per cent., primarily due to the growth of expenses for the performance of public service obligations (PSO);
 - an increase in administrative expenses by UAH 489 million or 30 per cent., primarily due to the growth of consulting services and salaries;
 - an increase in other operating expenses by UAH 2,059 million or 31 per cent., primarily driven by an increase in expenses for allocations to the doubtful debt reserve; and
 - an increase in financial expenses by UAH 623 million or 5 per cent., primarily driven by an increase in foreign exchange loss.
- net profit of UAH 605 million, which is UAH 11,272 million higher than actual figures from the 2025 Consolidated Financial Statements; and
- expected EBITDA of UAH 11,896 million, which is UAH 12,016 million higher than actual for 2025.

These short-term financial projections relating to Ukrenergo's 2026 financial plan are forward-looking statements that are inherently subject to significant uncertainties and contingencies, many of which are beyond Ukrenergo's control, including those described in "*Risk Factors*" and "*Forward-Looking Statements*". As a result, there can be no assurance

that these short-term projected results would have been realised or that actual results will not be significantly higher or lower than projected. These short-term financial projections are subjective in many respects and thus are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. Furthermore, these short-term financial projections do not take into account any circumstances or events occurring after the date they were prepared. The prospective financial information has been provided by management of Ukrenergo. BDO LLC has not compiled or examined this information and accordingly does not express an opinion or any other form of assurance on the short-term financial projections included herein.

2026 Capital Expenditure (CAPEX) Plan

Ukrenergo's strategic focus in 2026 centers on restoring and protecting critical infrastructure, enhancing grid resilience, and expanding interconnectivity with the EU power market. 2026 CAPEX plan totals approximately USD 222 million (c. UAH 9.9 billion).

Of the total CAPEX envelope, USD 120 million (c. UAH 5.3 billion) is allocated to the reconstruction and physical protection of energy infrastructure. The program is expected to be fully financed by IFIs through grants and concessional debt.

Key CAPEX priorities include:

- **Reconstruction and Protection of Infrastructure** – USD 113 million (UAH 5.0 billion): Implementation of physical security measures at substations (e.g., shelters, underground relay panels) and automated process control systems at 15 substations with the construction of protective structures for transformer equipment, protected substation control houses and underground relay panel buildings at substations.
- **Restoring Destroyed & Damaged Facilities** – USD 7 million (UAH 0.3 billion): Restoration of damaged assets and procurement of more than 1,000 autotransformer units.
- **Grid Reconfiguration** – USD 83 million (UAH 3.7 billion): Due to the unpredictable levels of electricity supply, insufficient technical levels and the need to ensure the integrity of the IPS of Ukraine, it is necessary to build new substations and power transmission lines, and reconstruct existing transmission system facilities with an increase in their capacity to enhance grid reliability and align Ukraine's power system with EU technical standards.
- **EU Interconnectivity Enhancements** – USD 8 million (UAH 0.4 billion): Increasing cross-border capacity with Romania and Slovakia from 1.7 GW to 3.5 GW to facilitate future electricity exports to the EU. After restoring power generation to pre-war levels, Ukraine should have enough generation capacity to be a net exporter of electricity again, facilitating the energy transition of the EU.
- **IT Infrastructure Enhancements** – USD 11 million (UAH 0.5 billion): Modernization of Ukrenergo's IT systems to support a leaner, more automated and operationally efficient business model.

The CAPEX program is fully aligned with Ukraine's energy security and transition strategy, supporting long-term grid resilience and positioning Ukrenergo to play a central role in future cross-border electricity trade.

Transparency and Disclosure Requirements

Information disclosure requirements for state-owned enterprises are set out in Art. 90 of the Commercial Code of Ukraine, the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", the Law of Ukraine "On Capital Markets and Organised Commodity Markets" and Resolution of the Cabinet of Ministers of Ukraine No. 1067 dated 9 November 2016 "On the Approval of the Procedure for Disclosing Information on Activities of State Unitarian Entities, Business Entities with more than 50 per cent. of Shares (Participation Interests) in the Charter Capital of Which are Owned by the State, as well as Business Entities with more than 50 per cent. of Shares (Participation Interests) in the Charter Capital of Which are Owned by 100 per cent. State-Owned Business Entities", which all require state-owned enterprises to disclose information about their activities on their official webpage or on the official website of the ownership entity – subject to the deadlines and procedures established by the Cabinet of Ministers of Ukraine. The information subject to mandatory disclosure for wholly-owned state-owned enterprises includes (but is

not limited to) targets of the company, quarterly and annual reports, the auditor's opinion on the annual reports, corporate documents, information on the management and supervisory boards of the company, among others.

Following the introduction of martial law in Ukraine on 24 February 2022 (Decree of the President of Ukraine No. 64/2022 approved by the Law of Ukraine No. 2102-IX), the National Commission for State Regulation in the Energy and Utilities Sectors adopted a resolution to protect certain information related to critical infrastructure. Additionally, the Ministry of Energy issued Order No. 92 on 15 March 2023, which defines the list of information considered official and restricted at the Ministry of Energy.

Compliance, Anti-Corruption and Integrity Policies

As part of its corporate governance reform and in line with ENTSO-E requirements, Ukrenergo established a Compliance Office in line with European standards and hired a Chief Compliance Officer ("CCO") in October 2018, on the basis of a competitive selection process prepared and carried out by an international consultancy firm.

The CCO is a lead manager, reporting directly to the CEO/Chairman of the Management Board of Ukrenergo. The CCO operates within two units: (1) anti-corruption and (2) compliance, which both report to him. In February 2019, the Supervisory Board approved the new Compliance Policy of Ukrenergo, which was communicated to the employees and published on Ukrenergo's official webpage. It identifies key roles, principles, procedures and standards to ensure compliance with anti-corruption commitments in Ukrenergo's day to-day operations. The policy has been developed with the assistance of Elia Grid International (a subsidiary of the Belgian TSO, Elia) and a local subsidiary of KPMG.

To comply with a compliance roadmap, Ukrenergo incorporated the following compliance measures:

- **Whistleblower hotline.** Ukrenergo introduced an independent external provider to administer an anonymous hotline. The specialised company receives phone calls, emails and reports on Ukrenergo's ethics and compliance violations;
- **Code of Ethics.** On 5 June 2020, Ukrenergo adopted a new Code of Ethics that establishes fundamental corporate values and defines the most important rules of business conduct of employees;
- **Compliance Policy.** On 1 February 2019, the Supervisory Board approved the Compliance Policy developed by a "big four" accounting firm KPMG and a Belgian company Elia Grid International. It is primarily based on the international standards of the Organization for Economic Cooperation and Development (OECD), which underpin the effective, transparent and responsible work of state-owned companies;
- **Anti-Corruption Programme.** In 2023, Ukrenergo adopted an updated Anti-Corruption Programme consisting of a set of rules, standards and procedures for detecting, counteracting and preventing corruption in Ukrenergo's operations;
- **Ethical conduct assessment.** Ukrenergo conducts an online (and anonymous) questionnaire of its employees to better understand what triggers unethical behaviour and to benchmark the level of ethical culture for future assessment of the efficiency of Ukrenergo's compliance system; and
- **Prevention of conflicts of interest.** Ukrenergo is required to issue a report identifying potential conflicts of interest in all four areas of Ukrenergo's activities (dispatching control, transmission, commercial metering administration and settlements administration).

In 2023, the Compliance Risk Management Methodology of NPC Ukrenergo was updated and approved by the Resolution of the Management Board No. 8/2023 dated 20 February 2023.

As of September 2026, there are no individuals currently sanctioned (involving officers, directors or employees) within Ukrenergo.

Ukrenergo is not aware of any investigations relating to bribery or kickbacks involving Ukrenergo or its officials. This matter falls under the jurisdiction of law enforcement and investigative agencies and is protected and confidential.

Ukrenergo confirms that there are no current employees, directors, and officers of Ukrenergo who have been convicted of any crimes.

On 21 February 2019, Ukrenergo and the Ukrainian Network of Integrity and Compliance (UNIC) entered into an agreement partnership. Ukrenergo is the first Ukrainian state-owned company to become a partner of UNIC. Ukrenergo's CCO served as the chairman of the executive committee of UNIC from October 2023 through December 2025. UNIC is a non-profit organisation founded with the support of the OECD and the EBRD, which promotes doing business ethically and responsibly.

On 9 December 2020, Ukrenergo acceded to the Memorandum on Joint Anti-Corruption Actions in Ukraine initiated by the UN Global Compact declaring its intention to prevent and combat corruption in Ukraine at all levels, to conduct its business honestly, transparently, and in full compliance with Ukrainian law, the principles of the UN Convention against Corruption (UNCAC), the Inter-American Convention against Corruption, the International Anti-Corruption Rules of the International Chamber of Commerce (ICC), and the Tenth Principle of the UN Global Compact on Corruption.

Currently, Ukrenergo (in addition to compliance with Ukrainian law) is fully compliant with all corporate governance standards of ENTSO-E and the IFIs.

Supervisory Board

Contracts with members of the Supervisory Board contain provisions on the procedure for exercising the powers of a member of the Supervisory Board, the conditions and procedure for payment of remuneration, the term of the contract and the grounds for early termination of the powers of a member of the Supervisory Board. Members of the Supervisory Board independently and at their own discretion organize their work and make decisions within their competence. Independent members of the supervisory board meet the independence criteria established by Ukrainian law.

Currently, the Supervisory Board is fully staffed and the re-election of members of the Supervisory Board will take place after the expiration of their term.

The re-election will be conducted in accordance with several key procedures and resolutions:

1. The procedure for determining and approving the candidacy of state representatives appointed to the supervisory boards of state enterprises, as well as those participating in general meetings and elected to the supervisory boards of companies where the state owns more than 50 per cent. of the shares, as approved by Resolution of the CMU No. 143.
2. The procedure for competitive selection of candidates for the position of independent member of the Supervisory Board of a state enterprise and their appointment, as well as the competitive selection of candidates for the position of independent member of the supervisory board of companies with more than 50 percent of state-owned shares, as approved by Resolution of the CMU No. 142.
3. The procedure for the competitive selection of heads of economic entities in the state sector of the economy, approved by Resolution of the CMU No. 777.

Anti-crisis policies and committees

In accordance with Article 21 of the Law of Ukraine "On Critical Infrastructure", for the duration of martial law and for two years after its termination or cancellation, state-owned critical infrastructure objects (which may include state-owned property used by Ukrenergo, being a company operating critical infrastructure) may not be made subject to any attachment, prohibition or other restriction, nor may the state be deprived of its title thereto. In accordance with such law, in September 2022, the Office of Identification and Countermeasures against Threats to Critical Infrastructure Objects was established at Ukrenergo. This office is responsible for organizing measures to protect critical infrastructure, and specific managers Directorates and Departments, according to their production functionality, are appointed to oversee the performance of specific tasks fulfilled by operators of critical infrastructure.

The office identifies threats and assesses risks to critical infrastructure facilities on an ongoing basis. Based on these results, the relevant authorities are informed on a monthly basis. Also, other practical work is carried out within the framework to ensure the protection of critical infrastructure.

In turn, the issue of the introduction of anti-crisis policy and/or the creation of committees, as well as the implementation of practical methods and tools of corporate management, which facilitate the management of Ukrenergo, belong to the field of corporate management and the relevant departments of Ukrenergo.

Procurement

In 2020, Ukrenergo became the first company in Ukraine to obtain a certification for compliance of the procurement system with the Chartered Institute of Procurement and Supply standards. Ukrenergo received base level certification - the Primary Award – confirming the compliance of the procurement system with national legislation, international standards and ethical standards, as well as certifying transparency, efficiency of procurement and its protection from corruption risks.

In 2022, almost 20 per cent. of Ukrenergo's procurement was for emergency repairs, while in 2023, 2024, and 2025 this figure was at 14.5 per cent., 10.0 per cent., and 8 per cent., respectively. During the first half of 2026, emergency repairs procurement share stood at 10 per cent. Despite the challenges of wartime, the Supply Chain Management Directorate continued its work to meet the urgent needs of Ukrenergo by maintaining the operability of energy assets. During this period, the main efforts were focused on the urgent restoration of critical facilities to ensure the uninterrupted transmission of electricity.

All procurement contracts that are not IFI-funded are fulfilled through the Prozorro system. Prozorro is a public electronic procurement system where state and municipal customers announce tenders to purchase goods, works and services, and business representatives compete for the opportunity to become a state supplier. This system was developed by the reputable international anti-corruption organization Transparency International Ukraine with the help of volunteers, NGOs, the business community and state bodies of Ukraine, the WNISEF fund, the EBRD, and other partners.

Generally, these contracts are either competitive or non-competitive (i.e., direct contracts). In 2022, due to a challenging environment that required special approaches to support Ukrenergo's activities, only 37 per cent. of all fulfilled contracts were concluded on an open competition basis. However, the figures improved in subsequent years, with 57 per cent., 60 per cent. and 66 per cent. of all contracts concluded on an open competition basis in 2023, 2024 and 2025, respectively, reaching 68 per cent. in the first half of 2026.

The Law of Ukraine "On Public Procurement" provides exceptions of when procurement can be done through direct contract. Exceptions can be made for emergency repairs, services related to management of state-guaranteed debt and contracts below a certain price threshold. A justification document is to be prepared and provided for emergency repairs procurements under direct contracts.

The price threshold to execute a direct contract for construction works is up to UAH 1.5 million, and for goods and services it is up to UAH 100 thousand.

The total number of contracts on Prozorro by year is as follows:

- 2022: 1,542 contracts;
- 2023: 2,914 contracts;
- 2024: 2,515 contracts;
- 2025: 2,725 contracts; and
- first half of 2026: 1,379 contracts

In 2023, Ukrenergo concluded more contracts based on competitive procedures in the Prozorro system than any other participant on the platform. Ukrenergo was recognised for significant contribution to the development of public procurement on the «Prozorro» platform. Also in 2023, Ukrenergo has applied the innovative procurement method - "Procurement at Life Cycle Cost" which takes into account economic, environmental and social impacts of procurement, as well as quality and other parameters that affect the total cost of the product or service over the duration of its use. Ukrenergo has also introduced a nomenclature planning in the SRM system (from the creation of needs to the formation of the annual procurement plan) in accordance with the provisions of the Ukrainian procurement law.

Infrastructure and Assets

Title to property, plant and equipment that are part of the IPS of Ukraine and that the Group uses in its business activities belongs to the Government of Ukraine. According to Article 9² of the Law of Ukraine "On Management of State Property Objects" No.185-V dated 21 September 2006, the property of a state-owned enterprise belongs to the state and is assigned to such an enterprise on the right of economic management. The right of economic management allows to own and use property, plant and equipment, except for the disposal of property, plant and equipment. The Group uses them in its business activities and bears the risk of their accidental destruction or damage. There are no special restrictions on income received from the use of these assets, and the Group maintains their proper functional state at its own expense.

As of 31 December 2025, 8.3 per cent. of Ukrenergo's total assets were in territories temporarily occupied by Russia. Additionally, 24.4 per cent. of the total length of Ukrenergo's power lines was located in temporarily occupied territories. These assets have already been fully impaired to zero.

The geographical location and availability of powerful interstate power transmission lines of the Ukrainian power system allows for a significant exchange of electricity with the energy systems of the European Union (Hungary, Slovakia, Poland and Romania) and Moldova. Before the full-scale Russian invasion, Ukraine's energy system was also connected to the energy systems of Russia and Belarus. Ukraine disconnected from these systems in February 2022.

Connections with the power systems of other countries is carried out through the interstate power transmission lines of Ukrenergo. This provides a mutually beneficial exchange of electricity, increases the reliability of energy supply to consumers and ensures the integration of electricity markets of different countries.

Before March 2022, the Ukrainian energy system consisted of two separate, not interconnected parts: a major one – the IPS – synchronised with energy systems of Russia, Belarus and Moldova, while a smaller one – Burshtyn Power Island (which includes Burshtyn thermal power plant, Kalush thermal power plant, Tereble-Ritska hydro power plant and several renewable energy facilities) – synchronised with ENTSO-E. Since March 2022, the Ukrainian power system has been fully synchronised with ENTSO-E. For further details, see *"Integration of Ukrainian power system into ENTSO-E"*.

As the TSO, Ukrenergo is responsible for electricity dispatching (operational and technological), maintaining the balance in the IPS of Ukraine and organising electricity flows with ENTSO-E and energy systems of other countries.

Scope of Repairs

Every year, Ukrenergo carries out scheduled capital and current repairs, as well as emergency remedial works, which allow to ensure stable operation of the permanent equipment of the trunk and interstate networks and the power system reliability. Priority is given to restoration required due to military actions, ensuring physical protection of equipment and restoration of the substations automation complex programme, improving safety and reliability of the power system operation.

These works are carried out both using own resources and engaging contractors.

On the back of full-scale Russian invasion in February 2022 and subsequent missile attacks on the Ukrainian IPS, Ukrenergo witnessed a two-fold increase in war related expenses, including repair costs.

Live Works

Live works are the maintenance of electrical equipment, often operating at high voltage, while the equipment is energised. In April 2019, the Group began to carry out live works for the first time since 1991. The technology allows to reduce the OHL interruption time during repairs, to improve the availability (readiness) of the network and prevent the potential disconnection of consumers or generation limitations due to line damaging. Live works are carried out by the employees of Construction and Repair. The Group performs six types of live works: replacement of supporting and tension insulation, remote struts, vibration dampers, regulation of gravity in the wires of the transmission line, establishment of wind connections, and replacement of caps over the supporting insulating suspension. In 2020, and for the first time in the history of Ukraine since its independence, the Group carried out live works at a voltage of 750 kV.

Tariffs

Ukrenergo obtains almost all of its revenue from (i) electricity transmission and dispatch (operational and technological) control services and (ii) from purchase/sale of electricity at balancing market, managing reserve capacities to balance Ukraine's energy system and, in particular, renewable energy generation. Accordingly, Ukrenergo orders other electricity producers to load / unload capacities of their power units in order to ensure no oversupply or shortage of electricity occurs due to variable RES electricity production. Ukrenergo also earns additional income from other activities (e.g., sales of obsolete equipment, metal scrap). Reflecting its monopoly status, tariffs for electricity transmission and dispatch (operational and technological) control services are regulated and approved by the NEURC.

Prior to 1 July 2019, a combined single tariff was in operation for transmission and dispatch (operational and technological) control services. The combined single tariff was as follows:

Period	Tariff, UAH/MWh
1 January 2018 - 30 September 2018.....	48.94
14 October 2018 - 30 November 2018.....	49.69
1 December 2018 - 31 December 2018.....	47.79
1 January 2019 - 30 June 2019	59.26

Since 1 July 2019, due to introduction of a new electricity market model in Ukraine, Ukrenergo's single tariff was divided into two separate tariffs: a tariff for electricity transmission services, and a tariff for dispatch (operational and technological) control services. Both tariffs are paid by DSOs, consumers, producers, traders, electricity suppliers and other electricity market participants. Both tariff levels are established by the NEURC annually on a cost recovery basis.

Tariff for electricity transmission services

Tariffs for electricity transmission services since July 2019 are outlined below:

Period	Tariff, UAH/MWh	Date and number of the NEURC resolution
July –July 2019.....	347.43	7 June 2019 No. 954
August –August 2019.....	312.14	12 July 2019 No. 1411
September 2019 –December 2019	116.54	30 August 2019 No. 1781
January 2020 –July 2020	155.40	10 December 2019 No. 2668
August 2020 –November 2020.....	240.23	11 July 2020 No. 1329
December –December 2020.....	312.76	4 November 2020 No. 1998
January 2021 –December 2021.....	293.93	9 December 2020 No. 2353, 10 March 2021 No. 434
January 2022 – December 2022.....	345.64	1 December 2021 No.2454
January 2023 – March 2023.....	380.28	21 December 2022 No.1788
April 2023 – June 2023.....	430.25	21 December 2022 No.1788
July 2023 – December 2023	485.10	21 December 2022 No.1788
January 2024 – December 2024.....	528.57	9 December 2023 No. 2322
January 2025 – December 2025.....	686.23	19 December 2024 No. 2200
January 2026 – March 2026.....	713.68	5 December 2025 No. 2009
April 2026 – December 2026.....	742.91	5 December 2025 No. 2010
From August 2026.....	928.45	28 July 2026 No. 1228

The structure of the tariff for electricity transmission services includes operational expenses, (consisting of material expenses, expenses related to the purchase of electricity to compensate technological losses, staff costs/salaries, expenses for the services of the settlement administrator, expenses for the services of a commercial accounting administrator, costs of resolving system constraints, costs of purchasing ancillary services and other operational expenses), as well as financial expenses, required profit (e.g., for capital investments, repayment of loans, payment of dividends to the state budget), expenses for performance of the Public Service Obligation, cost for the service to reduce the load for producers selling electricity under the FIT or at the auction price and deficit or surplus of funds in terms of income and expenses associated with connection services.

The tariff for electricity transmission services represents a payment for the electricity transmitted (i.e., consumed), exported though the network of a specified quality, covering Ukrenergo's reasonable expenses for electricity transmission and ensuring its profit. The tariff for electricity transmission services is a cost-based tariff.

To set the electricity transmission tariff for the forecast year, one must submit to the NEURC the application and documents required by the procedure for public discussion of draft decisions by 1 October of the base year.

Tariffs for dispatch (operational and technological) control services

Tariffs for dispatch (operational and technological) control services since July 2019 are outlined below:

Period	Tariff, UAH/MWh	Date and number of the NEURC resolution
July –September 2019.....	8.90	7 June 2019 No. 955, 1 August 2019 No. 1622
October 2019 –December 2019	8.04	10 September 2019 No. 1893
January 2020 –July 2020	10.23	10 December 2019 No. 2669
August 2020 –December 2020.....	24.75	11 July 2020 No. 1330
January 2021 –December 2021.....	39.41	09 December 2020 No. 2354
January 2022 – December 2022.....	62.13	1 December 2021 No.2455
January 2023 – March 2023.....	68.28	21 December 2022 No.1789
April 2023 – June 2023.....	80.87	21 December 2022 No.1789
July 2023 – December 2023	95.54	21 December 2022 No.1789
January 2024 – December 2024.....	104.57	9 December 2023 No. 2323
January 2025 – December 2025.....	98.97	19 December 2024 No. 2201
January 2026- July 2026.....	110.03	5 December 2025 No. 2010
From July 2026.....	118.64	30 June 2026 No. 1001

The structure of the tariff for dispatch (operational and technological) control services includes operational expenses (consisting of material expenses, staff costs/salaries and other operational expenses), as well as financial expenses and required profit (e.g., for capital investments, repayment of loans, payment of dividends to the state budget).

The tariff for dispatch (operational and technological) control services represents a payment for the electricity transmitted (consumed), electricity supplied by producers, and electricity imported and exported, covering Ukrenergo's reasonable expenses for operational and technological control of Ukraine's IPS and ensuring the required Ukrenergo profit. The tariff for dispatch (operational and technological) control services is a cost-based tariff and the transition to the incentive tariff is not expected.

On 7 January 2026, Ukraine's state nuclear operator Energoatom conducted its first special electricity auction for Ukrenergo to cover transmission losses, under a new mechanism approved by the government in December 2025 on the back of blackouts and electricity shortages. Ukrenergo contracted 400 MW of baseload supply for 9-31 January 2026 at a price of UAH 3,613/MWh, nearly half of Energoatom's market-based average price of UAH 6,573/MWh. The mechanism effectively introduces a new form of public service obligation (PSO), under which Energoatom acts as a financial stabilizer of the power system by supplying discounted electricity, not to households, but to support system operations and reduce transmission tariffs for industry. This mechanism was introduced as a temporary emergency measure aimed at maintaining grid stability during martial law.

Changes to tariff levels

Major factors affecting the tariff change are market components of expenditure in the structure of tariffs for electricity transmission and dispatch (operational and technological) control services. More specifically, expenditure components in the tariff for electricity transmission include the cost of performing the PSO (while increasing the share of the RES)

and the cost of acquiring electricity to compensate technological losses. In the tariff for dispatch (operational and technological) control services, expenditure components include costs of services of commercial metering administrator and settlement administrator, as well as costs of acquiring ancillary services.

In 2020-2021, the tariff for dispatch (operational and technological) control services was increased due to the increase in the cost of ancillary services. Since the end of 2022 there were four consecutive increases in electricity transmission and dispatching tariffs on the back of the substantial repair needs for the Ukrainian energy system caused by the Russian missile attacks.

In 2025, cash collection rates for the services provided by Ukrenergo to market participants amounted to 101 per cent. of electricity transmission services revenue, including repayment of overdue receivables from previous years, and 97 per cent. of dispatch (operational and technological) control services revenue, including repayment of overdue receivables from previous years.

During the first six months ended 30 June 2026, cash collection rates amounted to 107 per cent. of electricity transmission services revenue (vs 106 per cent. in 1H 2025) and 100 per cent. of dispatch (operational and technological) control services revenue (vs 99 per cent. in 1H 2025). Delays in payments to Ukrenergo may happen due to a decrease in the liquidity of market participants.

The current war-related regulatory restrictions impose significant limitations on Ukrenergo's ability to collect debts from DSO and non-regulated consumers (large industrial customers can buy electricity directly from producers through bilateral contracts and have it delivered through Ukrenergo). For instance, Ukrenergo is currently unable to apply fines for non-payers and assign the "default" status for the market participants on the balancing market even though these customers continue to receive electricity while not paying.

Ukrenergo expects cash collection rates to gradually recover in the coming years. This recovery is expected to be driven by potential peace talks and a ceasefire, followed by a reconstruction effort, which would support the Ukrainian economy and improve the payment discipline of market participants due to increased liquidity.

Health, safety and environmental matters

Working in the energy sector, including maintenance, repairs and emergency restoration in Ukrenergo's high-voltage networks, carries significant risks to the safety and health of Ukrenergo's employees. In 2023 auditors of LLC "DQS CERTIFIC UKRAINE" (official representative of DQS Holding GmbH in Ukraine, a German agency for management systems certification) audited Ukrenergo's subdivisions for compliance of the integrated management system with international standards:

- ISO 9001 Quality management systems
- ISO 14001 Environmental management systems; and
- ISO 45001 Occupational health and safety management system.

The confirmation of the certificates is an important and significant event for Ukrenergo in the context of the integration of Ukraine's energy system into ENTSO-E. This fact testifies to the success of Ukrenergo in adhering to the goals of sustainable development and endeavouring to use the best international management practices. The main strategic task is to maximize the use of the full potential of Ukrenergo for the further development and prosperity, by improving the integrated management system.

Despite the challenging times, Ukrenergo has demonstrated high results and sustainable development of the integrated management system, as no inconsistencies with the established criteria were recorded during the audit. Instead, the auditors noted numerous strengths and progressive approaches to work in use by Ukrenergo, which can serve as an example for other companies.

In order to ensure adequate compliance with the requirements of ISO 9001, ISO 14001, and ISO 45001, Ukrenergo conducts internal audits on a regular basis. In the reporting period, Ukrenergo carried out all the planned organisational and technical measures in occupational and industrial safety.

Also, Ukrenergo developed design documentation for the construction and reconstruction of 115 facilities and conducted comprehensive on-the-spot inspections of occupational and fire safety at workplaces. Expert support is regularly provided during the live works, installation of mobile video recorders and competitions on the professional skills of substation equipment maintenance crews. Specialists regularly conduct lectures, training sessions and round tables on occupational and industrial safety for Ukrenergo's employees. A workshop was held for the heads of occupational safety from the fuel and energy sector, as well as thematic meetings with people living near Ukrenergo's facilities. The information campaign on occupational safety also involved children of Ukrenergo's employees who participated in the children's drawing contest dedicated to occupational safety.

Environmental matters

The rational use of natural resources, reduction of environmental impact and environmental safety constitute the basis of Ukrenergo's environmental management. Ukrenergo is committed to preventing and reducing the impact of its activities on the environment, to using natural resources rationally, and complying with the requirements of current environmental legislation and ISO 14001:2015.

In 2023, Ukrenergo has adopted the Environmental Policy of NPC "Ukrenergo" and the Policy of NPC Ukrenergo on Biodiversity Conservation. Environmental policies apply to internal and external stakeholders (suppliers of goods and services, construction contractors, etc.).

Ukrenergo supports the implementation of sustainable solutions in consumption of electricity and encourages market participants to develop the smart grid project and energy storage systems, and supports the development of the RES to reduce anthropogenic footprint on the environment.

Ukrenergo has obtained 149 permits for emissions of pollutants into the atmospheric air from stationary sources and another 24 permits for special water use.

The 2030 Economic Strategy of Ukraine prepared by the Cabinet of Ministers of Ukraine provides for the target of 25 per cent. of RES in the energy balance of Ukraine by 2030. In January 2020, the Ministry of Energy of Ukraine published a draft of Ukraine's 2050 Green Energy Transition Concept (Ukraine Green Deal). Overall, it focuses on reducing GHG emissions through improving energy efficiency and boosting the deployment of renewable energy. The main objectives of Ukraine's 2050 Green Energy Transition Concept are: (i) RES in the energy balance up to 70 per cent. by 2050; (ii) to phase-out coal by 2050; (iii) to reduce nuclear power generation to 20-25 per cent.; and (iv) to reduce energy demand by at least 50 per cent., by increasing energy efficiency.

In April 2023 Ukraine's government approved Ukraine's Energy Strategy 2050. The development of Ukraine's power system is aimed at having carbon-neutral clean generation capacities, which will provide the cheapest and most sustainable energy mix for the consumer. According to Ukraine's 2050 Energy Strategy's Net Zero Base Case, the country plans to increase the share of renewables in the installed capacity mix to approximately 75 per cent. (including Hydro). Additionally, other than increasing renewables and nuclear capacity, Ukraine will replace outdated TPPs with new generation facilities operating by burning agricultural leftovers, woodworking, livestock waste, and domestic solid waste.

Ukrenergo performs an important role for RES capacity expansion in Ukraine. In particular, Ukrenergo contributes to the decarbonization of Ukraine's energy sector and to the consistent growth of RES electricity generation, while ensuring an electricity production / consumption balance in Ukraine's IPS. Ukrenergo's development strategy in relation to the RES integration comprises three long-term objectives which are critical to create technical pre-conditions for sustainable energy development in the country: (i) ensure the availability of sufficient reserves for energy system balancing; (ii) operate a system for RES electricity generation forecast; (iii) create and expand opportunities for RES capacities connection.

Ukrenergo's effort to expand renewable energy producers' connection to the grid includes the following key actions:

- Construction of new – as well as increase in existing – transformer capacities enabling the connection of additional RES producers to the grid;

- Construction of new power lines to increase transmission capacities. Such initiatives enable transmitting additional electricity while reducing risks of RES curtailment. This fosters production in energy-abundant regions; and
- Construction of new interconnectors that increase electricity exports to other countries.

Ukrenergo also provides reserve capacities to balance Ukraine's energy system and, in particular, renewable generation. Within this function, Ukrenergo orders other electricity producers to load / unload capacities of their power units in order to ensure no oversupply or shortage of electricity occurs due to variable RES electricity production.

From 2022, Ukrenergo applies the principles of economical energy consumption and energy saving to communities and other stakeholders. Educational events on energy efficiency for young people and communities are constantly held.

Ukrenergo's strategy contemplates the implementation of an integrated policy on the quality management, ecology, hygiene and occupational safety to ensure a comprehensive approach in various fields, and in the environmental management system in particular. In their activities, Ukrenergo's personnel comply with the environmental legislation of Ukraine. In order to enhance the managerial decision-taking, planning the current and future development in terms of environmental protection, as well as to continue to improve the environmental management system, Ukrenergo's environmental management system is constantly being improved to allow integration of modern methods and tools for managing environmental impacts. In accordance with the requirements of ISO 14001:2015, Ukrenergo annually updates the Register of Environmental Aspects and the Program for the Reduction of Significant Environmental Aspects and improves business processes for environmental activities. Based on the results of the monitoring, measures were developed and taken to eliminate identified inconsistencies. One of the key elements of the environmental management system is obtaining permits for emissions of pollutants into the atmosphere, special permits for water use, waste management and other hazardous impacts.

Waste

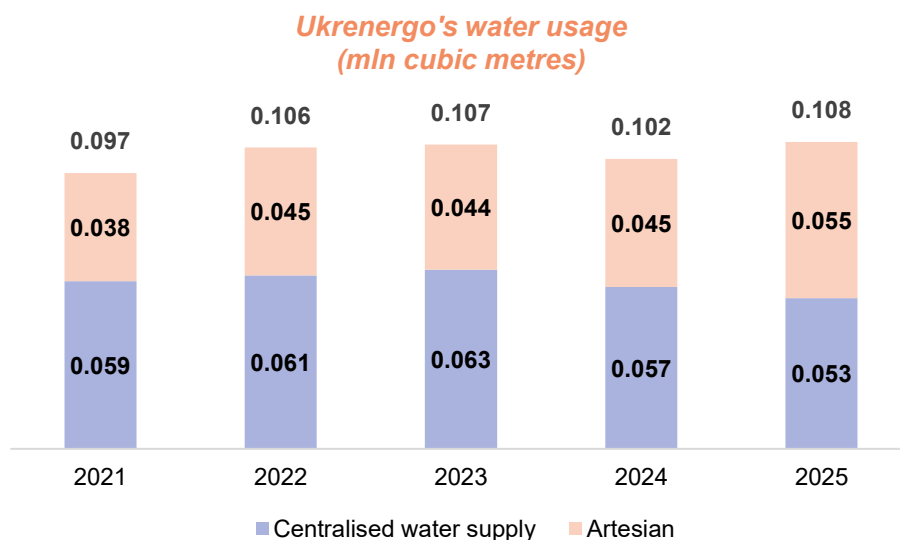
The waste management of Ukrenergo is regulated by the current environmental protection legislation, including the Law of Ukraine "On Waste Management" of June 2022 № 2320-IX and the internal procedure "Sales of Secondary Raw Materials and Scrap Metal".

Ukrenergo has introduced selective waste collection, including for household waste. During 2023 Ukrenergo worked to reduce the volume of waste generation. The generated waste is temporarily accumulated and organised for subsequent realization (sale) at the most favourable market price for Ukrenergo. If there is no commercial value, the waste is transferred for processing (disposal).

According to contracts with specialised licensed organizations, in 2023 the following types of waste were transferred for processing (disposal): water-oil mixture (transformer), porcelain and glass insulators unfit for use, fluorescent lamps and waste containing mercury, damaged or used batteries, damaged or contaminated filtered materials, cleaning materials, used gas canisters, oiled rags, damaged absorbents, worn out or damaged clothes and shoes, and oiled rubber waste.

Water usage

Ukrenergo uses water for fire tanks, household and drinking needs and irrigation. All water supply systems (centralised water supply systems and artesian wells) are equipped with metres. In total, 0.056 million cubic metres of water was used during the first half of 2026, of which 58.9 per cent. was provided through centralised water supply systems and 41.1 per cent. from artesian wells; 0.108 million cubic metres of water was used in 2025, of which 49.1 per cent. was provided through centralised water supply systems and 50.9 per cent. from artesian wells; 0.102 million cubic metres of water was used in 2024, of which 55.9 per cent. was provided through centralised water supply systems and 44.1 per cent. from artesian wells; 0.107 million cubic metres of water was used in 2023, of which 58.9 per cent. was provided through centralised water supply systems and 41.1 per cent. from artesian wells; 0.106 million cubic metres of water was used in 2022, of which 57.5 per cent. was provided through centralised water supply systems and 42.5 per cent. from artesian wells; and 0.097 million cubic metres of water was used in 2021, of which 60.8 per cent. was provided through centralised water supply systems and 39.2 per cent. from artesian wells.



Environmental impact assessment

In accordance with Ukrainian legislation, to measure the environmental impact that may occur during the implementation of projects, Ukrenergo conducts an environmental impact assessment (EIA) as early as at the stage of feasibility study. Where the project has a potentially significant impact on the environment (mostly during the construction of a transmission line or a substation, or sometimes during a major renovation), an environmental impact assessment is carried out in accordance with state building codes. This ensures transparency of the process, openness to dialogue and broad stakeholder involvement. It allows for a very detailed snapshot of potential negative effects of project implementation and taking appropriate preventive measures.

However, during martial law, the planned activities of Ukrenergo are not subject to environmental impact assessment (Resolution of the Cabinet of Ministers of Ukraine dated 13.12.2017 No. 1010 as amended on 03.02.2024). For pre-full scale war projects, Ukrenergo continues to conduct post-project monitoring and complies with the terms of the Environmental Impact Assessment Conclusions.

Consumption of energy resources

The list of energy resources used by Ukrenergo includes electricity, thermal energy for heating and natural gas. Reduction in energy consumption was achieved due to a number of measures, in particular, heat insulation of premises, replacement of fluorescent lamps with LED lamps, optimisation of electric heating boilers, replacement of energy-consuming obsolete equipment with new energy-efficient one, etc. The following table demonstrated the dynamics of consumption of energy resources by Ukrenergo:

Type of energy resource	Volumes of consumption				
	2021	2022	2023	2024	2025
Electricity, mln kWh	12.7	11.1	9.8	9.9	9.9
Thermal energy (heating), Gcal...	7,929	7,137	6,620	6,674	6,447
Gas, m ³	171,264	245,600	192,048	202,781	201,717

During the winter, gas consumption increases for heating purposes. In January through February 2022, a higher number of employees were working in the offices, resulting in an increase in gas usage compared to 2021. However,

in 2023, the loss of some premises and the shift to remote work for more employees led to a reduction in gas consumption.

Employees

As of 31 December 2022, 2023, 2024, 2025, and 30 June 2026, the Group had 7,868 employees, 7,843 employees, 7,971 employees, 7,726 employees, and 7,767 employees, respectively (these figures include employees with permanent and full employment contracts, as well as external and part-time workers).

As of 30 June 2026, the Group had 7,694 full-time employees.

Among full-time employees, 248 people are currently serving in the army. Of these, 10 are missing-in-action. Due to the Russian full-scale invasion, 13 employees have been killed in the workplace, 19 on the battlefield.

Post-employment and other long-term employee benefit obligations

The Group makes payments to the State Pension Fund of Ukraine based on the salary of each employee in the form of accrual and payment of a single social contribution. The Group is also obliged to compensate the State Pension Fund of Ukraine for the amount of additional pensions paid to certain categories of its current and former employees who worked in dangerous and/or harmful working conditions as defined by the legislation, and, accordingly, received the right to leave and receive a pension earlier than the age established by pension legislation.

In addition, in accordance with the collective agreement, the Group has a legal obligation to make payments of monetary incentives to employees in connection with anniversaries, regular remuneration to retired employees in the form of non-targeted material assistance, irregular material assistance to close relatives in connection with the death of a non-working pensioner and lump-sum payments at the end of employees' work (due to old-age retirement).

As of 31 December 2023, 2024, and 2025, the present value of defined benefit obligations was UAH 322 million, UAH 257 million and UAH 306 million, respectively. For more information regarding defined benefit obligations, please refer to Note 15 of the 2025 Consolidated Financial Statements.

As of 30 June 2026, the present value of defined benefit obligations was UAH 295 million.

Material contracts

The Group has no material one-time sales or purchase contracts. All material contracts of Ukrenergo are long-term trading contracts within the scope of Ukrenergo's functions. In particular, relating to (i) performance of the PSOs, (ii) provision of balancing, transmission or dispatch services, (iii) buying and selling electricity on the day-ahead-market, etc.

As of the date hereof, the Group's contracts with the largest turnover for the last three years, are as follows:

Type of agreement	Counterparty	Name of agreement
Sales	D.Trading, LLC	Agreement on provision of electricity transmission services
Sales	Energoatom	Agreement on the provision of services for dispatch (operational and technological) management
Sales	State Foreign Trade Company "Ukrinterenergo"	Agreement on electricity imbalance settlement
Sales	D.Trading, LLC	Agreement on electricity imbalance settlement
Sales	LLC "YASNO+"	Agreement on provision of electricity transmission services

Type of agreement	Counterparty	Name of agreement
Sales	LLC “Kyiv Energy Services”	Agreement on provision of electricity transmission services
Sales	LLC "YASNO+"	Agreement on provision of electricity transmission services
Purchase	Guaranteed Buyer	PSO service agreement to ensure an increase in the share of electricity production from the RES
Purchase	Ukrhydroenergo	Agreement on participation in the balancing market
Purchase	Energoatom	Bilateral electricity purchase and sale agreement
Purchase	State Enterprise "Market Operator" ("Market Operator")	Day-ahead market electricity purchase and sale agreement
Purchase	JSC "DTEK Zahidenergo"	Agreement on participation in the balancing market
Purchase	D.Trading, LLC	Agreement on electricity imbalance settlement
Purchase	Ukrhydroenergo	Agreement on the provision of State Enterprise for frequency and active power regulation

Financing and debt obligations

As of 30 June 2026, Ukrenergo has the following material loan obligations.

No.	Lender	Type of credit and purpose of use	Amount, currency	Interest rate	Date of issuance/ maturity	Principal as of 30 June 2026 (thousand UAH)	Security for borrowing
1	EIB	Construction of OHL 750 kV Rivnenska NPP –Kyivska	EUR 150,000,000	EIB: EUR EURIBOR + 0.787 per cent. (spread), one-time commission (for credit-line establishment) – 0.25 per cent., commission rate – 0.1 per cent., interest rate on Ukrainian State guarantees (the Ministry of Finance) – 2.00 per cent. Effective interest rate: 5.43 per cent.	2008/2016 -2039	2,403,992	Subloan agreement

No.	Lender	Type of credit and purpose of use	Amount, currency	Interest rate	Date of issuance/maturity	Principal as of 30 June 2026 (thousand UAH)	Security for borrowing
2	IBRD	Power Transmission Project	193,822,000	SOFR ² + variable spread, one-time commission (for credit line establishment) – 0.25 per cent., MinFin margin (2.00 per cent.) Effective interest rate: 5.68 per cent.	2008/2013-2027	1,210,126	Subloan agreement
3	EBRD & EIB	Construction of OHL 750 kV Zaporizka NPP - Kakhovska	EUR 335,000,000	EBRD: EUR EURIBOR + 1 per cent. (spread), one-time commission (for credit line establishment) - 1 per cent., commission rate – 0.5 per cent., interest rate on Ukrainian State guarantees (the Ministry of Finance) – 2.00 per cent. EIB: EUR EURIBOR + 0.7 per cent. (spread), commission rate – 0.1 per cent., interest rate on Ukrainian State guarantees (the Ministry of Finance) - 2 per cent. Effective interest rate: 5.47 per cent.	2010/2014-2043	2,541,630	Subloan agreement
4	State of FRG (through KfW)	Increasing Efficiency of Electricity Transmission (Modernisation of Substations)	EUR 40,500,000	State of FRG: interest rate – 0.75 per cent. annually, commission rate – 0.25 per cent., interest rate Ukrainian Government borrowings (the	2015/2021-2051	760,034	Subloan agreement

² The Secured Overnight Financing Rate (SOFR) is a benchmark interest rate for dollar-denominated financial instruments based on transactions in the Treasury repurchase market. SOFR replaced LIBOR in all loan agreements.

<u>No.</u>	<u>Lender</u>	<u>Type of credit and purpose of use</u>	<u>Amount, currency</u>	<u>Interest rate</u>	<u>Date of issuance/maturity</u>	<u>Principal as of 30 June 2026 (thousand UAH)</u>	<u>Security for borrowing</u>
				Ministry of Finance) – 2.00 per cent. Effective interest rate: 3.16 per cent.			
5	IBRD & Clean Technology Fund	Second Power Transmission Project	U.S.\$ 315,918,734	IBRD: SOFR + variable spread, one-time commission (for credit line establishment) – 0.25 per cent., commission rate – 0.25 per cent., interest rate on Ukrainian State guarantees (the Ministry of Finance) - 2 per cent. CTF: interest rate 0.75 per cent. annually, one-time commission (for credit line establishment) – 0.45 per cent., interest rate on Ukrainian State guarantees (the Ministry of Finance) - 2 per cent. IBRD: Effective interest rate of 5.74 per cent. CTF: Effective interest rate of 2.75 per cent.	2015/2020-2034	7,860,481	Subloan agreement
6	KfW	Rehabilitation of Substations in Eastern Part of Ukraine	EUR 150,000,000	KfW: interest rate – 4.42 per cent. annually, commission rate – 0.25 per cent. annually, interest rate Ukrainian Government borrowings (the Ministry of Finance)	2017/2021-2036	3,037,375	Subloan agreement

<u>No.</u>	<u>Lender</u>	<u>Type of credit and purpose of use</u>	<u>Amount, currency</u>	<u>Interest rate</u>	<u>Date of issuance/ maturity</u>	<u>Principal as of 30 June 2026 (thousand UAH)</u>	<u>Security for borrowing</u>
				– 0.2 per cent. annually, One-time commission – 0.5 per cent. Effective interest rate: 4.46 per cent.			
7	EBRD	Transmission Network Modernization Project	EUR 149,000,000	EBRD: EUR EURIBOR + 1 per cent. (spread), one-time commission (for credit line establishment) - 1 per cent., commission rate – 0.5 per cent., interest rate on Ukrainian State guarantees (the Ministry of Finance) –(0.1 per cent.) Effective interest rate: 3.67 per cent.	2019/2024 -2034	2,933,453	State guarantees
8	JSC "Oshchadbank"	Debt settlement in front of the Guaranteed Buyer	UAH 5,000,000,000	JSC "Oshchadbank": floating interest rate (UIRD 3m + 5 per cent.), interest on Ukrainian State guarantees (the Ministry of Finance): 0.01 per cent. Effective interest rate: 18.39 per cent.	2020/2028 -2029	4,583,333	State guarantees
9	JSC "Oshchadbank"	Debt settlement in front of the Guaranteed Buyer	USD 32,350,000	JSC "Oshchadbank": floating interest rate (UIRD 3m index + 5 per cent. calculated as 5.33 per cent.) interest rate on Ukrainian State guarantees (the Ministry of Finance): 0.5 per cent.	2021/2024 -2027	544,060	State guarantees

<u>No.</u>	<u>Lender</u>	<u>Type of credit and purpose of use</u>	<u>Amount, currency</u>	<u>Interest rate</u>	<u>Date of issuance/ maturity</u>	<u>Principal as of 30 June 2026 (thousand UAH)</u>	<u>Security for borrowing</u>
				Effective interest rate: 5.83 per cent.			
10	JSC "Ukreximbank"	Debt settlement in front of the Guaranteed Buyer	UAH 4,000,000,000	JSC "Ukreximbank": floating interest rate (UIRD 3m + 6 per cent., interest rate on Ukrainian State guarantees (the Ministry of Finance): 0.1 per cent. Effective interest rate: 19.89 per cent.	2021/2028	3,666,000	State guarantees
11	JSB "Ukrigasbank"	Debt settlement in front of the Guaranteed Buyer	UAH 1,250,000,000	JSB "Ukrigasbank": floating interest rate (UIRD 3m + 5 per cent. and monthly commission 1 per cent.) interest rate on Ukrainian State guarantees (the Ministry of Finance): 0.1 per cent. Effective interest rate: 18.62 per cent.	2021/2028	865,885	State guarantees
12	EIB	Substations reliability enhancement programme	EUR 136,000,000	EIB: floating rate/ fixed rate (to be defined at tranche disbursement offer), interest rate on Ukrainian State guarantees (the Ministry of Finance) – 0.2 per cent. interest rate – EURIBOR + Spread, commitment fee rate – 0 per cent. Effective interest rate: 3.30 per cent.	2022/2024 - 2037	6,847,466	State guarantees

No.	Lender	Type of credit and purpose of use	Amount, currency	Interest rate	Date of issuance/maturity	Principal as of 30 June 2026 (thousand UAH)	Security for borrowing
13	KfW	Project to improve the efficiency of electricity transmission (Modernization of Substations) - II	EUR 32,500,000	KfW: interest rate – 2.00 per cent. annually, commission rate – 0.25 per cent. annually, interest rate Ukrainian Government borrowings (the Ministry of Finance) – 0.5 per cent. Annually Effective interest rate: 2.51 per cent.	2022/2032 -2052	1,607,065	State guarantees
14	EBRD	Project for emergency restoration of the electricity transmission network / Group's Capital structure	EUR 300,000,000	EBRD: EUR EURIBOR + 1 per cent. (spread), one-time commission (for credit line establishment) - 1 per cent., commission rate – 0.5 per cent., interest rate on Ukrainian State guarantees (the Ministry of Finance) – (0.1 per cent.) Effective interest rate: 4.11 per cent.	2022/2026 -2038	13,952,767	State guarantees
15	EBRD	Project of special capital support of NPC "Ukrenergo"	EUR 150,000,000	EBRD: EUR EURIBOR 6M + 1 per cent. (spread), one-time commission (for credit line establishment) - 1 per cent., commission rate – 0.5 per cent., interest rate on Ukrainian State guarantees (the Ministry of Finance) – 0.5 per cent. Effective interest rate: 4.07 per cent.	2023-2032	7,671,771	State guarantees

No.	Lender	Type of credit and purpose of use	Amount, currency	Interest rate	Date of issuance/ maturity	Principal as of 30 June 2026 (thousand UAH)	Security for borrowing
16	Original Notes	Sustainability-Linked Green Bonds issued to settle arrears in front of the Guaranteed Buyer accumulated over 2020-2021	U.S.\$ 1,088,514 at effective interest rate	Fixed rate of 6.875 per cent. Effective rate 7.30 per cent.	2021/2028	48,817,455 at effective interest rate ³	State guarantees
Total, UAH thousand						109,302,893	

For information regarding additional loans and borrowings, refer to Note 14 of the 2025 Consolidated Financial Statements.

Covenants

Loan agreements and the Original Notes contain financial and non-financial covenants, and the calculations for each covenant are different under the different agreements. As of 31 December 2025 and 2024, the Group was in compliance with all terms of the loan agreements and the Original Notes except for the event of default on the Original Notes and certain financial covenants under the agreements with IFIs.

As of 30 June 2026, the Group did not comply with the Debt to EBITDA ratio in its agreements with the EBRD; however, the Group complied with the Debt Service Coverage Ratio. Financial covenants under the EIB and the IBRD loan and project agreements are required to be calculated based on the most recent annual financial statements and, accordingly, were not calculated as of 30 June 2026.

The tables below present the EIB and IBRD covenants for information purposes only based on last twelve months figures.

International Bank for Reconstruction and Development (IBRD)

In accordance with terms and conditions of loan agreements with the IBRD No.8462-UA and No.TF017661, the Group, inter alia, should comply with the following financial covenants:

- a) Debt Service Ratio should be not less than 1.20; and
- b) Self-financing Ratio should be not less than 25 per cent.

These financial covenants are calculated in accordance with the procedure specified in the loan and project agreements.

As of 30 June 2026, 31 December 2025 and 2024, the values of these financial covenants were as follows:

³ As of 30 June 2026, the Original Notes principal constituted UAH 36,999,435 thousand along with UAH 11,818,020 thousand of accrued and past due interest.

<i>Unaudited</i>			
	30 June 2026 <i>(For the twelve-month period ended 30 June 2026)</i>	31 December 2025	31 December 2024
Debt Service Ratio	0.93	1.77	1.87
Self-financing Ratio	(448 per cent.)	57 per cent.	636 per cent.

As of 31 December 2025 and 2024, the Group was in compliance with the above-mentioned financial covenants.

Figures as of 30 June 2026 are on an annualized basis as of and for the twelve-month period ended 30 June 2026 presented for information purposes only, and are not required to be calculated under the IBRD loan agreement.

Despite compliance with financial covenants, as of 30 June 2026, 31 December 2025 and 2024, the liabilities under the IBRD loans were reclassified to current liabilities in the consolidated statement of financial position due to the application of cross-default provisions following the suspension of interest payment due on the Original Notes.

European Bank for Reconstruction and Development (EBRD)

According to the terms of the loan agreements with EBRD No. 49235, No. 54138 and No. 54649, the Group, inter alia, should comply with the following financial covenants:

- a) Debt Service Coverage Ratio should be not less than 1.20; and
- b) Debt to EBITDA Ratio should be no more than 3.00.

These financial covenants are calculated in accordance with the procedure specified in the loan and project agreements.

As of 30 June 2026, 31 December 2025 and 2024, the values of these financial covenants were as follows:

<i>Unaudited</i>			
	30 June 2026 <i>(For the twelve-month period ended 30 June 2026)</i>	31 December 2025	31 December 2024
Debt Service Coverage Ratio	1.22	0.49	0.54
Debt to EBITDA Ratio	(1,103 per cent.) <i>or</i> (11.03)	(89,434 per cent.) <i>or</i> (894.34)	325 per cent. <i>or</i> 3.25

The negative Debt to EBITDA Ratio for the twelve-month period ended 30 June 2026 reflects negative last twelve-month EBITDA, comprising first half of 2026 and second half of 2025.

As of 31 December 2025 and 2024, the Group failed to comply with the above-mentioned ratios.

As of 31 December 2025, no waivers had been obtained from the EBRD in respect of these breaches. The Group subsequently received a waiver letter from the EBRD on 2 July 2026 in respect of non-compliance with the Debt Service Coverage Ratio and Debt to EBITDA Ratio in its agreements with the EBRD as of 31 December 2025 and a no action letter in relation to acceleration of the Cargill Loans.

As of 30 June 2026, the Group did not comply with the Debt to EBITDA ratio in its agreements with the EBRD; however, the Group complied with the Debt Service Coverage Ratio. The Group subsequently received a waiver letter from the EBRD on 25 September 2026 in respect of non-compliance with the Debt Service Coverage Ratio in its agreements with the EBRD.

As of 30 June 2026, and 31 December 2025 and 2024, the EBRD loans were reclassified to current liabilities in the consolidated statement of financial position due to non-compliance with financial covenants and the application of cross-default provisions following an interest payment default on the Original Notes.

On 19 May 2025, the Ministry of Energy of Ukraine approved a revised version of the Charter of Ukrenergo to align its provisions with current Laws of Ukraine "On Joint-Stock Companies" and "On Amendments to Certain Legislative Acts of Ukraine on Improving Corporate Governance". The revised Charter included certain amendments to provisions of the Charter relating to the corporate governance of Ukrenergo. The amendments were adopted without prior consultation with EBRD, contrary to the requirements of certain EBRD loan agreements. On 6 June 2025, EBRD sent a letter (the "**Reservation of Rights Letter**") to Ukrenergo stating that, as a result of the failure by Ukrenergo to promptly notify EBRD in advance of the proposed Charter amendments and afford EBRD an opportunity to comment on the substance of the amendments, EBRD reserved all its rights under the relevant loan agreements.

Subsequent to Ukrenergo's receipt of the Reservation of Rights Letter, the Ministry of Energy entered into consultations with EBRD on the substance of the adopted Charter amendments. Based on comments received from the EBRD in the course of such consultations, and feedback from other stakeholders (including the Energy Community Secretariat), the Ministry of Energy prepared certain further amendments to Ukrenergo's Charter aimed at strengthening the corporate governance of Ukrenergo in line with international best practice. The text of such further amendments having been agreed with EBRD and the Energy Community Secretariat, the further amendments to the Charter were approved on 1 July 2025. Subsequently, additional amendments to the Charter were made on 13 February 2026, which were previously agreed with the EBRD and other stakeholders in accordance with the requirements of the loan agreements. On 2 July 2026, EBRD confirmed to Ukrenergo that the current version of Ukrenergo's Charter is satisfactory to EBRD.

European Investment Bank (EIB)

According to the terms of the loan agreements with EIB No.FIN 87.554 Separis No.2017-0155, the Group, inter alia, should comply with the following financial covenants:

- a) EIB Covenant EBITDA to EIB Covenant Debt Service Ratio should be not less than 1.20; and
- b) EIB Covenant Cashflow to Capital Expenditures Ratio should be not less than 25 per cent.

These financial covenants are calculated in accordance with the procedure specified in the loan and project agreements.

As of 30 June 2026, and 31 December 2025 and 2024, the values of these financial covenants were as follows:

<i>Unaudited</i>			
	30 June 2026 <i>(For the twelve-month period ended 30 June 2026)</i>	31 December 2025	31 December 2024
EIB Covenant EBITDA ⁽¹⁾ to EIB Covenant Debt Service ⁽²⁾ Ratio ⁽³⁾	0.54	1.23	1.12
EIB Covenant Cashflow to Capital Expenditures Ratio	(558) per cent.	133 per cent.	606 per cent.

(1) EIB Covenant EBITDA is defined as profit/(loss) for the period, adjusted to exclude effects of income tax (benefit)/expense, interest expense on loans and borrowings, net of capitalised interest, depreciation and amortisation, impairment of property, plant and equipment and

intangible assets, net, impairment of financial assets, net, effect of cash flows revision on the Original Notes as a result of the technical default, foreign exchange loss, net

(2) EIB Covenant Debt Service is defined as sum of interest expense of loans, interest expense on bonds, interest expense on lease obligations, and repayment of loans and borrowings

(3) EIB Covenant Debt Service Ratio is calculated by dividing EIB Covenant EBITDA by EIB Covenant Debt Service

Financial covenants under the EIB loan and project agreements are required to be calculated based on the most recent annual financial statements and, accordingly, were not calculated as of 30 June 2026. Figures as of 30 June 2026 are on an annualized basis as of and for the twelve-month period ended 30 June 2026 presented for information purposes only, and are not required to be calculated under the EIB loan agreement.

As of 31 December 2025, the Group complied with the above-mentioned financial covenants. As of 31 December 2024, the Group did not comply with the EIB Covenant EBITDA to Debt Service Ratio.

According to the terms and conditions of the loan agreement with the EIB, in the event of the failure to comply with financial covenants thereunder, the EIB may suspend further disbursements of the loan and/or require that the Group repay the outstanding amounts in full. As of 31 December 2024, the EIB loans were reclassified to current liabilities in the consolidated statement of financial position due to non-compliance with financial covenants and the application of cross-default provisions following the suspension of interest payments due on the Original Notes.

On 4 July 2025, the Group received a waiver letter from the EIB regarding the right to demand early repayment of the loan No. FIN 87.554 Separis No. 2017-0155, which arose due to non-compliance with financial covenants as of 31 December 2024 and temporary suspension of payments under the Original Notes and acceleration of the Cargill Loans. Therefore, as of 31 December 2025, the Group classified this loan as non-current in the consolidated statement of financial position.

As of the date hereof, the Group had not received any notice of cessation of further financing or notice requesting immediate repayment of any of the above-mentioned loans.

Legal Proceedings

The Group is currently involved in the following material legal proceedings. There is no assurance that the Group will be successful in bringing or defending these claims and recoveries from these legal proceedings are uncertain.

Claims of the Guaranteed Buyer regarding delayed payments by the Group

Since the beginning of 2020, certain signs of crisis began to appear on the electricity market which led to delays in the Group's payments to the Guaranteed Buyer for services to increase the share of electricity production from alternative sources, and accordingly delays in payments of the Guaranteed Buyer in favour of the RES producers. The reason for the delay in the Group's payments for the PSO is the insufficiency of funds provided for in the energy tariff to cover this type of expenses.

As a result, at the end of 2020, the Guaranteed Buyer initiated legal proceeding against the Group for collection of debt in the amount of UAH 25.7 billion, which represents the cost of the PSO for the period from January to July 2020. In February 2021 the amount of the claim was reduced to UAH 19.3 billion due to partial repayment of the debt by the Group from the funds received under the loan agreements from the state banks, while in July 2021, the amount of the claim was further reduced to UAH 15.3 billion.

- In addition to the case described above, there are other cases initiated by the Guaranteed Buyer against the Group for the collection of penalties, fees and inflation losses in connection with the Group's failure to duly and timely make PSO payments for the periods indicated below, in particular:
 - in April 2021, the Guaranteed Buyer received a first instance court decision (Case No. 910/20734/20) whereby its claims were partially satisfied obliging the Group to pay UAH 1,622,965, including a penalty of UAH 1,344,702 and 3 per cent. per annum interest of UAH 278,263 for non-performance in November 2019. The Guaranteed Buyer and Ukrenergo appealed the decision. The appellate court

- recalculated the Group's obligations to be paid, as follows: UAH 2,789,491, including a penalty of UAH 2,511,228 and 3 per cent. per annum amount of UAH 278,263. The Guaranteed Buyer appealed the appellate court decision. The court of cassation upheld the appellate court decision. The Group paid all the amounts owed to the Guaranteed Buyer in accordance with the appellate court decision;
- in July 2021, the Guaranteed Buyer received a first instance court decision (Case No. 910/6563/21) whereby its claims were partially satisfied obliging the Group to pay a total of UAH 613,381,081, including a penalty of UAH 193,059,349, a fine of UAH 215,732,809, 3 per cent. per annum interest of UAH 65,649,911 and inflation losses of UAH 138,939,013 for non-performance in March 2020. Both the Guaranteed Buyer and the Group appealed the decision. The appellate court and the court of cassation upheld the decision of the first instance court. The Group paid all the amounts owed to the Guaranteed Buyer in accordance with the first instance court decision;
 - in May 2021, the Guaranteed Buyer initiated legal proceedings against Ukrenergo for collection of fines, penalties and 3 per cent. per annum interest and inflation losses of UAH 7,690,527 thousand for the period from April to July 2020 (Case No. 910/8451/21). In August 2022, the first instance court (subsequently upheld by the appellate court) decided that the Guaranteed Buyer's claims were partially satisfied obliging the Group to pay a penalty of UAH 1,281,114,654, a fine of UAH 1,519,399,501, 3 per cent. per annum interest of UAH 585,224,968 and inflation losses of UAH 1,844,876,890. Following the appeal to the court of cassation, the case was referred for reconsideration to the appellate court. The appellate court amended the decision of the first instance court dated 30 August 2022 and obliged the Group to pay a penalty of UAH 640,557,327 and a fine of UAH 759,699,751. In October 2024, the first instance court recognised the order dated June 2023 regarding the enforcement of the decision dated 30 August 2022, as unenforceable in the part of the collection of a penalty of UAH 1,281,114,654, a fine of UAH 1,519,399,503, and inflation losses of UAH 1,495,000,000;
 - in March 2021, the Guaranteed Buyer initiated legal proceedings against Ukrenergo for collection of penalties and 3 per cent. per annum interest in the total amount of UAH 1,289,781,970 for the period from January to February 2020. (Case No. 910/4629/21). Following a remittal for new consideration, the first instance court in September 2024 ordered Ukrenergo to pay revised penalties and fines. This decision was amended by the Northern Commercial Court of Appeal on 24 February 2025 and subsequently upheld without changes by the Commercial Cassation Court on 26 August 2025, ordering the Group to pay UAH 132,196,652.84 in penalties, UAH 141,681,655.24 in inflation losses, UAH 57,011,710.16 in 3 per cent. per annum, and UAH 104,386,666.43 in fines. In execution of this final decision, Ukrenergo has voluntarily paid UAH 132,196,652.84 in penalties and UAH 104,386,666.43 in fines to the Guaranteed Buyer;
 - by the decision of the supreme court in July 2024, the decision of the first instance court and the appellate court were cancelled. The case was sent for reconsideration to the first instance court, which in September 2024 ruled that Ukrenergo is obliged to pay to the Guaranteed Buyer a penalty of UAH 377,251,217, a fine of UAH 168,293,086, a 3 per cent. per annum interest of UAH 57,011,710, inflation losses of UAH 141,681,655 and court fees of UAH 794,500. The appellate court amended the decision of the first instance court dated 26 September 2024 and ruled that the Group is obliged to pay the Guaranteed Buyer: a penalty of UAH 132,196,653; inflation losses of UAH 141,681,655; 3 per cent. per annum interest of UAH 57,011,710; a fine of UAH 104,386,666; court costs of UAH 463,988. The court of cassation upheld the resolution of the appellate court;
 - in September 2021, the Guaranteed Buyer initiated a legal proceeding against Ukrenergo for collection of fines, penalties, 3 per cent. per annum interest and inflation losses of UAH 1,088,585,971 (Case No. 910/15705/21). In February 2022, the first instance court (subsequently upheld by the appellate court) decided that the Guaranteed Buyer's claims were partially satisfied obliging the Group to pay a penalty of UAH 81,700,704, a fine of UAH 502,467,475, a 3 per cent. per annum interest of UAH 20,433,198, inflation losses of UAH 48,808,286 and court fees of UAH 476,888. Following an appeal to the court of cassation, the case was referred for reconsideration to the first instance court. In February 2023, the first instance court (subsequently upheld by the appellate court) ordered the Group to pay a penalty of UAH 40,850,352 and a fine of UAH 251,233,737;

- the Guaranteed Buyer initiated Case No. 910/15673/23 seeking recovery of indebtedness under the alternative energy services agreement, subsequently increasing the claims to UAH 12,988,389,737.66 (including principal debt for March–August 2022, penalties, and inflation losses). The Commercial Court of the City of Kyiv partially satisfied the claim on 1 April 2025, and the Northern Commercial Court of Appeal further amended the award regarding inflation losses on 26 February 2026. On 2 June 2026, the Commercial Cassation Court upheld the resolution of the appellate court dated 26 February 2026;
- in Case No. 910/11470/24, the Guaranteed Buyer filed a claim against Ukrenergo seeking recovery of UAH 6,514,079,768.46, which includes UAH 5,810,308,940.34 as principal debt for the periods October–November 2022, April–June, and October–November 2023, and UAH 703,770,828.12 as 3 per cent. per annum and inflation losses. On 30 January 2026, the Commercial Court of the City of Kyiv partially satisfied the claim and awarded: UAH 578,463,844 as principal debt (proceedings were closed in the part of recovery of UAH 5,231,845,097 of the principal debt); 3 per cent. per annum interest of UAH 266,565,241; UAH 396,621,388 as inflation losses; and UAH 1,059,800 as court fees. The case is currently under review by the appellate court;
- in October 2024, the Guaranteed Buyer initiated a legal proceeding against Ukrenergo to recover UAH 6,514,079,768 for services to ensure an increase in the share of electricity production from alternative sources for September–November 2022, March–June 2023 and October–November 2023. The case was considered by the appellate court in January 2025 and dismissed the appeals of both parties;
- in August 2025, the Guaranteed Buyer initiated legal proceedings against Ukrenergo to recover UAH 5,970,797,897.71 (Case No. 910/9570/25) for services to increase the share of renewable electricity production, including principal debt for May–July and December 2024 in the amount of UAH 5,024,405,620.31, 3 per cent. annual interest of UAH 162,596,894.62, and inflation losses of UAH 783,795,382.78. Following a partial satisfaction by the court of first instance in November 2025, the Group filed an appellate complaint in December 2025, and the case is currently under consideration before the Northern Commercial Court of Appeal;
- in November 2025, the court of first instance ruled to close the proceedings in the part concerning the recovery of principal debt amounting to UAH 993,576.74 and partially satisfied the Guaranteed Buyer's claim, ordering the Group to pay principal debt for May–July and December 2024 in the amount of UAH 5,023,412,043.57, as well as 3 per cent. annual interest, including UAH 128,317,595.75 for late payment of the advance payment and UAH 34,279,298.97 for late payment for services to increase the share of renewable electricity for January–December 2024, and inflation losses, including UAH 616,684,078.80 for late payment of the advance payment and UAH 154,557,688.70 for late payment for services to increase the share of renewable electricity for January–December 2024;
- in December 2025, the Group filed an appellate complaint, which is currently being considered by the appellate court; and
- in April 2026, the Guaranteed Buyer filed a claim against Ukrenergo seeking recovery of UAH 1,904,177,348.25 in inflation losses and 3 per cent. per annum due to delayed performance of obligations under the alternative energy services agreement for the period from March 2024 to February 2026, which is currently being considered by the Commercial Court of the City of Kyiv (Case No. 910/3274/26).

As of 31 December 2025, the total amount of claims in these cases constituted a principal debt of UAH 13,931,210 thousand and fines, penalties and inflation losses of UAH 6,017,251 thousand.

As of 30 June 2026, the total amount of claims in these cases amounted to UAH 12,034,011 thousand of principal debt and fines, penalties and inflation losses of UAH 8,761,448 thousand.

Additional penalties may be imposed for breach of the terms of the settlement agreement between the Group and the Guaranteed Buyer under the Public Service Obligation. It should be noted that the legal relationship between the Group and the Guaranteed Buyer for the PSO and the establishment of the tariff for electricity transmission services, which should fully cover these expenses, is subject to state regulation and does not depend on the Group's decisions.

In addition to commercial disputes with the Guaranteed Buyer, the Group is involved in regulatory and administrative proceedings. On 11 December 2025, the Antimonopoly Committee of Ukraine (AMCU) issued a decision imposing a fine of UAH 8,874,000 on Ukrenergo for alleged abuse of a dominant market position regarding the inclusion of export volumes in electricity transmission services between July 2019 and February 2020. The Group has appealed this decision before the Commercial Court of the City of Kyiv (Case No. 910/380/26), and court proceedings remain ongoing. Furthermore, the Group is contesting several regulatory enforcement actions and penalty resolutions issued by the NEURC in May 2025 (including Cases No. 320/24725/25, No. 320/26999/25, No. 320/28301/25, and No. 320/27001/25) as well as a February 2023 compliance directive issued by the State Audit Service of Ukraine, all of which are currently undergoing active judicial review before the relevant administrative courts.

Claim against the Russian Federation regarding assets in Crimea

In April 2018, senior officials of the Russian Federation were served with the Group's official written communications on the investment dispute under the 1998 Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on the Promotion and Mutual Protection of Investments. Their purpose was to consult and negotiate with representatives of the Russian Federation to resolve the dispute through negotiations. The Russian side did not provide a response.

Having received no response, on 27 August 2019, the Group referred the dispute to arbitration (ad hoc) in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law of 15 December 1976 (UNCITRAL). The Group seeks compensation for the Russian Federation's violation of the 1998 Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on the Promotion and Reciprocal Protection of Investments.

The claims also include compensation for damages caused by the illegal expropriation of the Group's investments in Crimea, and the violation of the obligation to guarantee full and unconditional legal protection. The Group's claims arose after the Russian Federation seized the Group's assets, property and business as a result of the illegal occupation of Crimea in 2014.

On 27 March 2020, the composition of the arbitral tribunal was determined, and Paris was determined as the venue of the arbitration proceedings. On 16 July 2020, the arbitral tribunal began to consider the case of the illegal seizure by the Russian Federation of the Group's infrastructure facilities in Crimea. On 20 October 2020, Ukrenergo filed the Statement of Claim in the arbitration proceedings initiated against the Russian Federation concerning the illegal expropriation of the infrastructure facilities of Ukrenergo in the territory of the Autonomous Republic of Crimea. The compensation Ukrenergo sought from the Russian Federation for the expropriated investments amounted to EUR 527.53 million, including interest EUR 94.61 million as of 20 October 2020.

The proceedings were suspended due to the full-scale military invasion of Ukraine launched by Russia, and were resumed in November 2022 after the appointment of a new arbitrator.

The tribunal held a hearing on jurisdiction in Paris in September 2023. On 5 August 2024, the tribunal recognised its jurisdiction over Ukrenergo's claims against the Russian Federation. As of the date hereof, no award has been rendered in the case.

Legal proceedings with other market participants

The Group is also involved in legal proceedings with electricity market participants in relation to delayed payments.

Participants in the electricity market have initiated a number of lawsuits regarding the collection of the Group's debts, the calculation and payment of fines and penalties for breaching the terms of the contracts on the balancing market and ancillary services.

The delay in payments on the balancing market arose as a result of a deterioration in the level of payments made by counterparties on the balancing market to the Group, which accordingly affected the Group's payments to providers of balancing services, since all payments in this market segment go through a separate special account of the Group and cannot be financed by cash inflows from other types of activities without further legal action.

Criminal proceedings involving former employees of Ukrenergo

As of the date hereof, no current employee of Ukrenergo is a suspect or accused in any criminal proceedings or investigations.

Investigations in electricity misappropriation case

In 2022, one of the largest energy traders in Ukraine purchased electricity from Ukrenergo for more than UAH 716 million. According to information made publicly available by the National Anti-Corruption Bureau, despite the trader's existing debt to Ukrenergo, the head of the relevant department of Ukrenergo did not stop the sale. The electricity was sold to real market participants, and the proceeds were transferred to the accounts of a foreign company controlled by the organizer of the scheme. Ukrenergo did not receive any money for the electricity supplied and did not receive reimbursement from the bank-guarantor. Ukrainian law enforcement agencies state that the former employee of Ukrenergo is involved in the misappropriation of electricity which amounted to UAH 716 million in damages.

Consequently, Ukrainian law enforcement agencies served notices of suspicion to four individuals, including a former employee of Ukrenergo.

As of the date hereof, Ukrenergo is of the view that no further internal investigations into these allegations are required.

Investigations in body armour purchase case

The National Anti-Corruption Bureau suspects the former head of the security department of Ukrenergo of alleged assistance in the purchase of body armour above market prices in 2022. The former Chairman of Ukrenergo's Board, Volodymyr Kudrytskyi, is a witness in this case.

Ukrenergo is not aware of any further developments in this case and, as of the date hereof, is of the view that no further internal investigations into these allegations are required.

MANAGEMENT

Overview

In accordance with the Charter of Ukrenergo, the management of activities and control over the financial and economic activities of Ukrenergo is carried out by its main bodies, the composition and procedure of election or appointment of which is determined by the legislation of Ukraine and the Charter of Ukrenergo.

The management bodies of Ukrenergo are the General Meeting, the Supervisory Board, and the Management Board. The state represented by the Ministry of Energy of Ukraine is Ukrenergo's sole shareholder. In compliance with relevant regulations, the Ministry of Energy and its deputies must delegate its authority and designate an individual who is independently responsible for the state management of Ukrenergo. Currently, Roman Andarak, the Deputy Minister of Energy for Digital Development, Digital Transformations, and Digitalization, is tasked with overseeing Ukrenergo's corporate rights and monitoring its activities. Farid Safarov previously held this position.

According to the Charter, Ukrenergo's supreme body is the General Meeting. The powers and functions of the General Meeting provided by the Charter and legislation of Ukraine, are exercised solely by the state represented by the Ministry of Energy of Ukraine.

Supervisory Board

The Supervisory Board protects the rights of shareholders and manages the company and supervises and regulates the Management Board. The Supervisory Board includes four independent members and three representatives of the State. According to the Charter, appointment and (or) election of members of the Supervisory Board, decision-making on termination of powers of members of the Supervisory Board, except as provided by the Ukrainian law, falls within the competence of the General Meeting.

The process for appointing new members of the Supervisory Board begins with an announcement on the Ministry of Economy's website. After receiving and evaluating candidates' documents, an external recruitment agency interviews potential candidates. The agency then creates and submits a shortlist of the eligible candidates to the committee.

The committee comprises of three permanent representatives of the Government (the Minister of Economy of Ukraine Oleksii Sobolev, the Minister of Finance of Ukraine Serhii Marchenko and the First Deputy State Secretary of the Cabinet of Ministers of Ukraine Kostiantyn Marievych) and four independent non-state experts (the representative of the IFC Olena Voloshyna, the representative of the EBRD Arvid Tuerkner, the Ambassador of the European Union in Ukraine Katarina Mathernova and the Business Ombudsman in Ukraine Roman Vashchuk).

The committee interviews the shortlisted candidates, which is prepared by the recruitment agency, and makes the final decision on who will join the Supervisory Board, following the approval of the Cabinet of Ministers and the Ministry of Energy. As of the date hereof, the Supervisory Board consists of four independent members and three representatives of the State.

Name	Title	Bio
Jeppe Kofod	Head of the Supervisory Board / Independent member of the Supervisory Board	Jeppe Kofod has over 25 years of experience in international, EU, and national politics, energy policy, and geopolitics. Recognised for his expertise in foreign affairs, energy security, and green transition, Mr. Kofod has played a key role in shaping European and Danish policy on the global stage. As Denmark's Minister for Foreign Affairs from 2019 to 2022, he led groundbreaking initiatives, including the New Democracy Fund, which supports civil society efforts to strengthen democratic development in Eastern Neighbourhood countries. He also launched a Green Foreign Policy, appointing a "Climate Ambassador" and

Name	Title	Bio
Jan Montell	Independent member of the Supervisory Board	supporting the EU's efforts to integrate climate considerations into its foreign policy. Jan Montell is a finance executive and corporate governance expert with over 30 years of experience spanning energy, construction, real estate, and financial services across Europe. Recognised for his results-driven leadership, Montell has held senior roles in multinational companies and served on the boards of leading energy and infrastructure firms. From 2013 to 2022, he served as Senior Vice President and CFO at Fingrid Oyj, Finland's electricity TSO, where he was responsible for strategic finance, digitalization, investments, funding, and risk management. He also led Finextra Oy (2014–2018), a Fingrid subsidiary focused on renewable energy certification. Prior to Fingrid, Mr. Montell was a Partner at KPMG Finland, where he advised multinational clients in Europe on CFO strategies, risk management, and sustainability initiatives. He has also held senior roles at Stradea Consulting, Ernst & Young, and Schildts Ab.
Luigi de Francisci	Independent member of the Supervisory Board	Luigi de Francisci is an accomplished executive with over 30 years of experience in the energy, utilities, and regulatory sectors. His most notable tenure was at Terna S.p.A., Italy's largest and Europe's leading electricity TSO, where he served as Director of Regulatory Affairs (2005-2016) and Executive Vice President for European Affairs (2016-2017). At Terna, he led key tariff reviews, secured investment incentives, and played a crucial role in shaping market regulations. His leadership contributed to the development of new dispatching and market mechanisms. Mr. de Francisci has held influential positions on boards and committees, including ENTSO-E (2009-2015) and Ukrenerg (2018-2022), where he was responsible for strategic transformations that resulted in the successful connection to the European power grid and entry into ENTSO-E.
Patrick Graichen	Independent member of the Supervisory Board	Patrick Graichen has over 20 years of experience in energy policy, climate action, and sustainable development. He is a recognised expert in the European energy sector, having held prominent roles in both government and the non-profit sector. Mr. Graichen began his career at the German Federal Environment Ministry in 2001, where he served in the Department for International Climate Action. He later became a personal advisor to the State Secretary and eventually the Head of Unit for Climate & Energy Policy.

Name	Title	Bio
Yuriy Boyko	Representative of the State	During this time, he played a pivotal role in shaping key policy initiatives, including the German Integrated Energy and Climate Programme (2007) and the EU Climate & Energy Package (2008). His work contributed to the design of economic instruments under the Kyoto Protocol and legislative measures under the Energy Act. Yurii Boyko is a specialist with more than 25 years of experience in managerial positions in private companies and public institutions within the energy sector. He began his career in the energy industry in 1995 as an electrical engineer and later held senior positions in energy sector enterprises. At the end of 2020, he served as Acting Minister of Energy of Ukraine. From 2020 to 2021, as Deputy Minister of Energy of Ukraine, Yurii Boyko coordinated the work of the Directorate for the Electric Power Complex and Electricity Market Development. Yurii Boyko previously served as a member of the Supervisory Board of NPC Ukrenergo from 2021 to 2025 and held the position of Deputy Chairman of the Supervisory Board.
Mykola Brusenko	Representative of the State	Mykola Brusenko is a Ukrainian economist and specialist in international cooperation. He has more than 20 years of experience in shaping and implementing state economic policy, including investment and foreign economic activities. He has been a member of official delegations in negotiations with international financial institutions on attracting credit resources for the development of Ukraine's energy sector. From 2022 to 2025, he headed the Economic Directorate in the Office of the President of Ukraine, overseeing issues related to ensuring the resilience of the national economy under martial law. In cooperation with international partners, he participated in efforts to secure financial resources for the implementation of projects aimed at protecting critical infrastructure and supporting the economic recovery of Ukraine. Mykola Brusenko has experience in corporate governance. In 2025, he was appointed as a member of the Supervisory Board of JSC Oschadbank as a state representative upon nomination by the President of Ukraine. A separate area of his activity is the development of sustainable finance and ESG policy in Ukraine, in particular cooperation between the public and financial sectors aimed at restoring the country's economic potential based on European standards.

Name	Title	Bio
Yegor Perehygin	Representative of the State	Yegor Perehygin is the Deputy Minister of Economy, Environment and Agriculture of Ukraine. In Ukraine, he held senior positions in the banking, industrial and mining sectors. For a long time, he headed JSC United Mining and Chemical Company, one of Europe's largest producers of titanium ores, successfully leading the enterprise to the stage of privatisation. He also held the position of Deputy Minister of Environmental Protection and Natural Resources of Ukraine. Yegor Perehygin has gained a reputation as an expert in global supply chains and in the development of complex value chains. He possesses deep professional expertise in economics, operational management, and strategic planning, with a strong focus on leading large-scale mining and processing enterprises. The Cabinet of Ministers of Ukraine delegated him as an authorised person to the U.S.-Ukraine Reconstruction Investment Fund.

On 3 September 2024, following the dismissal of the Chairman of Ukrenergo's Management Board, two members of Ukrenergo's Supervisory Board, Daniel Dobbeni and Peder Andreasen, announced their resignation, expressing the view that the Chairman's dismissal was politically motivated. They cited among other things, disagreements with respect to Ukrenergo's corporate governance practices, which they believed were inconsistent with applicable OECD standards. For further details, see "*Description of Ukrenergo – Management – Management Board.*"

On 26 November 2024 the Cabinet of Ministers approved the candidacies of four new independent members to the Supervisory Board. Subsequently, on 10 December 2024, the Cabinet of Ministers approved three new state representatives to the Supervisory Board, and the Ministry of Energy of Ukraine adopted the new composition of the Supervisory Board, comprising the four above-mentioned independent members and three state representatives.

According to Ukrenergo's Charter, the Supervisory Board consists of seven members, including four independent members. For the board to function, a quorum of four members (both independent and non-independent) is required. In case of the composition consisting only of one independent and three non-independent members, the quorum would still be maintained.

On 13 May 2026, the Cabinet of Ministers of Ukraine approved the candidates for the state representatives on the Supervisory Board of NPC "Ukrenergo". On 15-16 May 2026, the Ministry of Energy of Ukraine approved the new composition of the state representatives, which included Y.M. Boiko, M.A. Brusenko and Y.Y. Perehyhin. As a result, the Supervisory Board of NPC "Ukrenergo" is fully formed.

Role and functions of the Supervisory Board

The Supervisory Board provides Ukrenergo's strategic management, including the operation and control of the implementation of effective risk management systems, corporate governance and corporate values and monitors the activities of the Management Board. Within the exclusive competence of the Supervisory Board falls, among others, the following:

- approving internal regulations governing Ukrenergo's activities, except those that fall within the exclusive competence of the General Meeting, and those that were submitted by the Supervisory Board for approval by Ukrenergo's Management Board;
- approving the principles and rules (code) of ethical conduct for Ukrenergo's officials and staff;

- reviewing and approving the policy of corporate social responsibility and sustainable development, strategy prepared by the Management Board;
- electing, appointing, terminating the powers, suspending the Chairman of the Management Board, electing a person temporarily exercising the powers of the Chairman of the Management Board of Ukrenergo, in cases other than a temporary absence of the Chairman of the Management Board (holiday, business trip, temporary disability, etc.); and
- electing, appointing, terminating the powers, suspending members of the Management Board, upon the submission by the Chairman of Ukrenergo's Management Board.

The Supervisory Board prepares an annual report on the results of its activities, evaluates the work of members of the Supervisory Board and the quality of corporate governance, as well as in order to improve the efficiency of its work, analyses the measures approved by the General Meeting based on the results of consideration of the report of the Supervisory Board in accordance with the Charter of Ukrenergo.

The Supervisory Board relies on the support of committees for the proper performance of their functions and areas of responsibility.

The Audit Committee supervises the financial reporting, financial and business activity and risk management, preliminary consideration of the annual financial plan and its implementation report, organisation of internal audit, analysis and performance assessment of internal and independent audit. As of 12 December 2024, the committee is represented by: Jan Montell (Head of the Committee), Jeppe Koffod and Anatolii Gulei.

The Appointment and Remuneration Committee supervises the selection of CEO and other members of the Management Board, submitting proposals to the Supervisory Board with regard to the determination of the labour contract terms and size of remuneration of CEO and other members of the Management Board, other officers appointed by the Supervisory Board. The committee also has the power to affect the temporary removal of the CEO and appointment of an acting CEO. As of 12 December 2024, the committee is represented by Luigi de Francisci (Head of the Committee), Jeppe Kofod and Yuriy Boyko.

The Investment and Strategy Committee organises review of investment and strategic development plans, provides guidance to the Supervisory Board with regard to the functioning of the electricity market, integration of the IPS of Ukraine into ENTSO-E, development and implementation of investment programmes. As of 12 December 2024, the committee is represented by: Patrick Graichen (Head of the Committee), Luigi de Francisci and Oleksii Nikitin.

Management Board

Ukrenergo's activities are managed by the Management Board, which is Ukrenergo's executive body. The Management Board is accountable to the Supervisory Board and the General Meeting and acts on the basis of its by-laws.

The Management Board is formed of not less than three and not more than five members. The Management Board is chaired by a Chairman who is elected and/or appointed and dismissed by the Supervisory Board in accordance with the legislation of Ukraine and the Charter of Ukrenergo. Election and/or appointment of other members of the Management Board and termination of their powers is carried out by the Supervisory Board on the proposal of the Chairman of the Management Board. The powers of the Management Board of Ukrenergo are determined by the current legislation, the Charter of Ukrenergo and Ukrenergo's internal documents. The procedure for appointment of the Chairman is initiated by the Supervisory Board and is supported by an external recruitment agency. After submission of required documents, the eligible candidates are invited for an interview with the members of the Supervisory Board which then decides on the appointment.

On 2 September 2024, Ukrenergo's Chairman of the Management Board Volodymyr Kudrytskyi delivered a report on protection of the high-voltage grid facilities during the Supervisory Board meeting, which was followed by Russian attacks on energy related assets in Ukraine. That same day, the Supervisory Board terminated Mr. Kudrytskyi's employment, and his last day as Chairman was 4 September 2024. The Supervisory Board appointed Mr. Oleksii Brecht, then a member of Ukrenergo's Management Board, as Ukrenergo's acting Chairman effective as of 5 of

September 2024 and has launched a selection process for a permanent Chairman replacement. Following a competitive selection process, the Supervisory Board appointed Vitalii Zaichenko as the Chairman of the Management Board on 23 June 2025, with effect from 1 July 2025. Subsequently, in September 2025, the Supervisory Board proposed a decision to terminate the powers of several members of the Management Board, including Mr. Zaichenko. On 1 October 2025, this decision was revoked as not implemented. In addition, the Ministry of Energy of Ukraine filed a claim with the court opposing the termination of Mr. Zainchenko. The court case has now been closed due to the absence of a subject matter of the dispute. As of the date hereof, Mr. Zaichenko continues to serve as the Chairman of the Management Board

The current composition of the Management Board is as follows:

Name	Title	Bio
Vitalii Zaichenko	Chairman of the Management Board	Vitalii Zaichenko has been the Chairman of the Management Board since 1 July 2025. The scope of responsibilities includes strategic management, dispatching, strategic internal, external and international communication, integration with ENTSO-E, Management Board coordination, ESG strategy and sustainable development. He is responsible for centralised operational and technological control of the IPS of Ukraine, coordination of parallel operation of the IPS of Ukraine with ENTSO-E, ensuring reliable and uninterrupted transmission of electricity from generation to power supply companies, and complying with requirements for energy security in Ukraine. He also provides planning of the balancing and operational modes of the IPS of Ukraine. Vitalii Zaichenko has unique experience in operational and technological control of the power system of Ukraine under extreme conditions: from the isolated operation mode of the IPS of Ukraine in the first weeks of the full-scale Russian invasion up to synchronisation of Ukrainian and European power systems during the war.
Oleh Skrypnyk	Member of the Management Board	Oleh Skrypnyk has been a Member of the Management Board since 1 August 2025. Oleh Skrypnyk manages the financial policy, ensuring stability, liquidity and compliance with financial standards at Ukrenergo. With a career spanning since 2007, he held key financial roles at Ernst & Young Ukraine and PJSC Azovmash and served as CFO at PJSC TD Azovzagalmash. Skrypnyk's expertise includes optimizing financial functions in the energy sector, with notable achievements at Ukrenergo such as ensuring liquidity during crises and facilitating international capital market entry. He was ranked 3rd among Ukraine's top CFOs in 2022 by the CFO Club Ukraine rating. He is responsible for IT and digital transformation of NPC Ukrenergo.
Oleh Pavlenko	Member of the Management Board	Oleh Pavlenko has been a Member of the Management Board since 1 August 2025.

Name	Title	Bio
		Oleh Pavlenko started working for Ukrenergo in 2007 as an economist at the Foreign Economic Relations and Investment Service. At that time, Ukrenergo was actively establishing cooperation with international financial institutions to finance the first complex investment projects, in particular, the construction of OHL 750 kV RNPP – Kyivska and OHL ZNPP – Kakhovska. Since the end of 2016, he served as the head the Project Management Office of the Investment and Strategy Directorate, and since September 2019, he has been the Investment Director of NPC Ukrenergo.
Ivan Yuryk	Member of the Management Board	Ivan Yuryk has been a Member of the Management Board since 1 August 2025. Ivan Yuryk joined Ukrenergo in 2023 and served as an adviser to Chairman of the Management Board. Before Ukrenergo, he has served for years in the public sector in the field of public finance and in state-owned companies in executive positions. He was Assistant, Senior Adviser and Chief of Staff to the Minister of Finance of Ukraine, Deputy Chairman of the Governmental Investment Promotion Office, Member of the Supervisory Board, Acting Chairman of the Management Board and CFO of JSC Ukrzaliznytsia. Since August 2025, he has held the position of CFO of NPC Ukrenergo.
Serhii Lopushenko	Member of the Management Board	Serhii Lopushenko has been a Member of the Management Board since 10 October 2025. Serhii Lopushenko has over 20 years of professional experience in the field of internal audit, risk management, fraud prevention and corporate control, which he gained while working at large enterprises in various sectors of the economy. He started working in 2005 at the mining and metallurgical enterprise PJSC ArcelorMittal Kryvyi Rih, where by 2016 he had worked his way up from an engineer in labour organisation and standardisation to a project manager in internal audit. During 2016-2023, he held management positions in leading companies in Ukraine: Kernel-Trade LLC, Ukraine International Airlines PJSC. In addition, he headed the group of special investigations and fraud issues at National Joint-Stock Company Naftogaz of Ukraine. Since June 2023, he held the position of Head of Internal Audit of NPC Ukrenergo, where he provided an independent assessment of the effectiveness of the management, control and risk management system. Also, he is responsible for Risk management, logistics, and property management of NPC Ukrenergo.

The competence of Ukrenergo's Management Board, among others, includes:

- disposing of Ukrenergo's assets and funds, taking into account the restrictions established by the legislation and the Charter;
- deciding on the issues of the organization of economic activity of Ukrenergo in accordance with its purpose and activity areas;
- providing to the General Meeting and the Supervisory Board proposals on the following: identifying the main directions and establishing clear goals of Ukrenergo's activity; amending the Charter of Ukrenergo; and
- exercising other powers imposed on the Management Board by the Supervisory Board.

The Chairman of the Management Board reports to the Supervisory Board and, where appropriate, to the General Meeting, and organizes the implementation of their resolutions.

The Chairman of the Board is responsible for complying with the requirements of legislation, decisions of the authorised management body, the General Meetings and the Supervisory Board. In the event of violation of these requirements, the Chairman of the Management Board may be subject to disciplinary proceedings.

Ukrenergo has a Code of Corporate Governance that defines and establishes the basic principles and standards of Ukrenergo's corporate governance, including the principles of protection of the Shareholder's interests, compliance with the appropriate balance of interests and requirements for the unbundling and independence of Ukrenergo as the TSO, the principles of transparency in decision-making, the responsibility of officials and other employees of Ukrenergo, and the principle of information openness.

Risk management is an integral part of Ukrenergo's corporate governance system, which involves making decisions aimed at achieving Ukrenergo's goals, improving business activities, while effectively identifying the types of risks to be taken for business development and those that need to be contained to protect Shareholder assets and value. The risk management approaches envisaged by Ukrenergo's Risk Management Policy comply with the principles set out in the international risk management standard ISO 31000: 2018, as well as in the OECD Guidelines on corporate governance of state-owned enterprises.

To ensure compliance with the legal requirements and obligations of the TSO on the principles of non-discrimination, confidentiality, transparency, independence, unbundling, compliance with the requirements for the prevention of corruption, conflict of interest, environmental protection, information security, antitrust legislation, legislation in the field of public procurement and other requirements, Ukrenergo has an authorised subdivision for the prevention and detection of corruption, a compliance officer responsible for the implementation of Ukrenergo's anti-corruption programme and an approved compliance policy.

To establish and maintain ethical standards of professional conduct of Ukrenergo's employees that help develop the corporate culture and prevent conflicts, the Supervisory Board approves Ukrenergo's Code of Ethics which is mandatory for all Ukrenergo employees and officials.

Relatedly, Ukrenergo's Anti-Corruption Programme has been approved to align Ukrenergo's activities and the actions of employees and officials with Ukrenergo's values, protection of reputation, as well as to ensure compliance with anti-corruption legislation and the effectiveness of measures to prevent manifestations of corruption at Ukrenergo.

To ensure the independence of anti-corruption initiatives and policies, the head of the authorised subdivision for the prevention and detection of corruption, responsible for the implementation of the Anti-Corruption Programme (the CCO) is appointed by the Chairman of the Management Board in agreement with the Supervisory Board.

Ukrenergo's corporate social responsibility policy is developed in accordance with the requirements of the legislation of Ukraine, the Charter of Ukrenergo and other internal documents of Ukrenergo, taking into account the provisions of the OECD Guidelines, UN Guiding Principles on Business and Human Rights and 10 Principles of the UN Global Compact. The purpose of the policy is to define the key principles and approach of Ukrenergo towards corporate social

responsibility, in order to achieve the strategic goals of Ukrenergo while fostering sustainable social development. The policy applies to Ukrenergo's employees, partners and contractors.

Conflicts of interest and any declarations thereof are governed by the latest revisions of the Group's Anti- Corruption Programme. Ethical conduct is governed by the Code of Ethics. All procurement and supply chain related activities are managed strictly in accordance with the aforementioned policies and standards, with a zero- tolerance approach to unethical practices.

For more information on conflicts of interest, see "*Description of Ukrenergo – Business Overview – Competitive Strength – Compliance, Anti-Corruption and Integrity Policies*".

INDEPENDENT AUDITOR

The Consolidated Financial Statements of Ukrenergo and its subsidiaries for each of the years ended 31 December 2025 and 2024 published by Ukrenergo have been audited by BDO LLC, independent auditors, as stated in their reports (which each contain an explanatory paragraph regarding material uncertainty related to going concern) appearing elsewhere herein. The 2023 Consolidated Financial Statements of Ukrenergo and its subsidiaries for the year ended 31 December 2023 published by Ukrenergo have been audited by BDO LLC, independent auditors, as stated in their report (which contains an explanatory paragraph regarding material uncertainty related to going concern) not appearing elsewhere herein. BDO LLC's reports with respect to the 2024 Consolidated Financial Statements and 2023 Consolidated Financial Statements each contains a qualification that relates to the impact of not performing a revaluation of Ukrenergo's property, plant and equipment as of 31 December 2022.

BDO LLC is registered under number 2868 in the register of auditors and audit entities in Ukraine.

With respect to the unaudited condensed consolidated interim financial statements of Ukrenergo, as of 30 June 2026 and for the six-month period then ended published by Ukrenergo, BDO LLC reported that they have applied limited procedures in accordance with professional standards for a review of such information. Accordingly, the degree of reliance on their review report on such information should be restricted in light of the limited nature of the review procedures applied.

With respect to the unaudited condensed consolidated interim financial statements of Ukrenergo for the six-month period ended 30 June 2025, included as comparative financial information, BDO LLC reported that they have applied limited procedures in accordance with professional standards for a review of such information. Accordingly, the degree of reliance on their review report on such information should be restricted in light of the limited nature of the review procedures applied.

OVERVIEW OF THE UKRAINIAN ELECTRICITY INDUSTRY

National Electricity System

Ukraine's wholesale electricity market (the "**WEM**") was launched in the 1990s. The WEM was heavily regulated with state-owned enterprises acting as the main market players. Based on the English and Welsh power pool models, the WEM operated with a single buyer who settled payments among all market players. The functions of the single buyer were performed by State Enterprise "Energorynok" ("**Energorynok**").

On 11 June 2017, the *Electricity Market Law* became effective. The Electricity Market Law has been adopted with the purpose to liberalise the Ukrainian electricity market in compliance with the commitments of Ukraine under the Energy Community Treaty, which envisage implementation of the so-called "third energy package" of the European Union. The law established the legal framework for the new competitive open electricity market, which fully replaced the single buyer WEM on 1 July 2019.

From the adoption of the Electricity Market Law and until 1 July 2019, the electricity market was operating under the transition model under the WEM rules. The majority of generating companies were selling electricity to the "pool" administered by Energorynok and then suppliers, transmission and distribution companies were buying electricity from the WEM based on the wholesale price. Generation and wholesale prices were determined based on the WEM Rules. The WEM operated under the agreement and all participants of the WEM market were parties to that agreement. The transmission of electricity via main and interstate electricity networks was unbundled from the generation, distribution and supply of electricity, and was performed exclusively by Ukrenergo in its capacity as the TSO. Distribution was carried out via 27 regional distribution and supply companies. Supply was conducted by regional distribution and supply companies based on regulated tariff and independent suppliers not subject to regulated tariff.

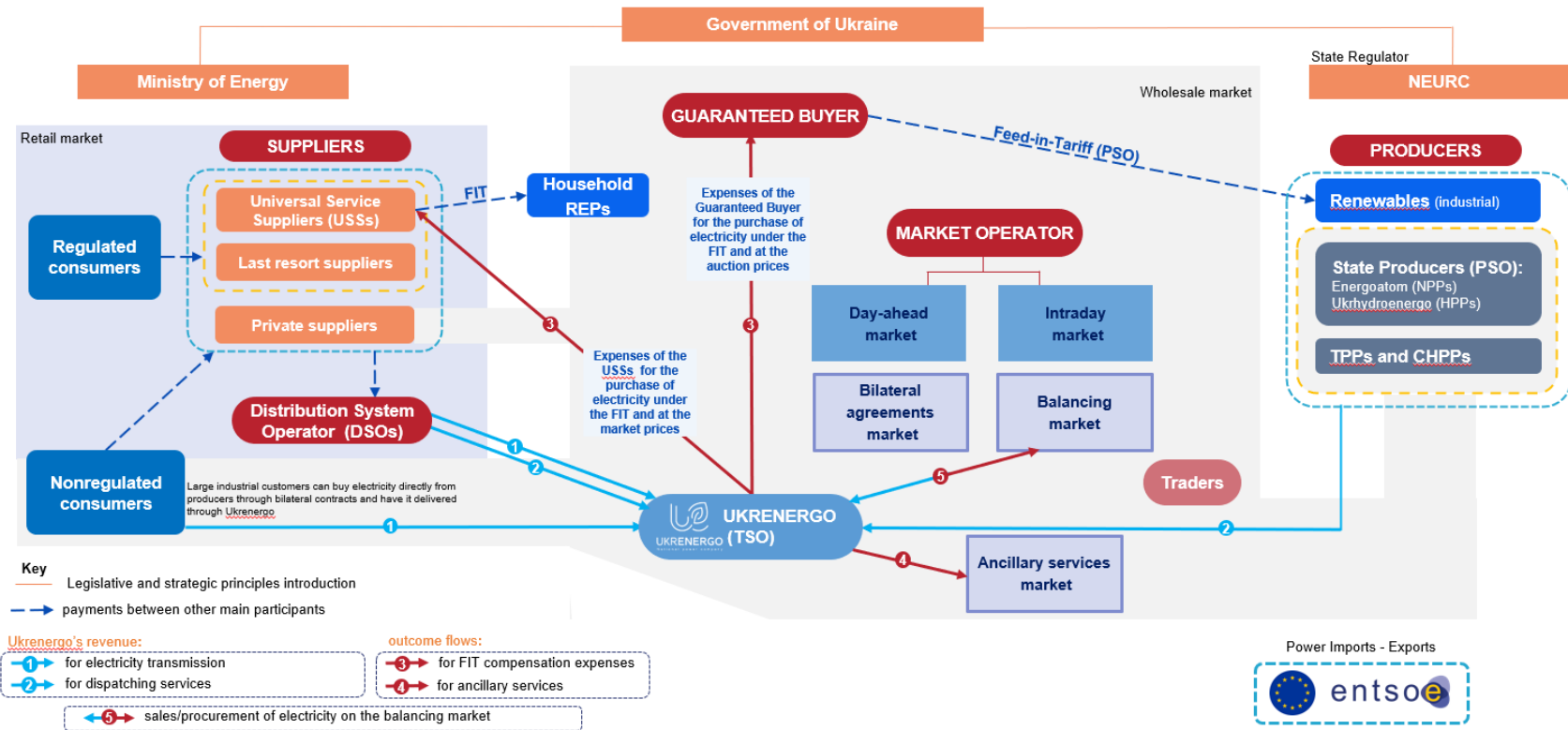
Ukraine's retail electricity market opened on 1 January 2019, followed by the wholesale market on 1 July 2019. The retail market opening allowed customers, including household and small non-household customers, to choose their supplier, appoint universal service suppliers, and select a supplier of last resort to ensure that customers, which remain without a supplier, continue to be supplied with electricity.

The transition mode ended on 1 July 2019. Since then, the new electricity market model functions based on the following trading platforms, or "sub-markets" (also known as segments of the new electricity market) including (i) market of bilateral agreements (OTC market), (ii) Day-Ahead Market, (iii) intraday market and (iv) balancing market. The new market also introduced an ancillary services market, as well as a retail electricity market.

The Electricity Market Law introduced the following important changes:

- (i) liberalised and restructured the electricity market;
- (ii) established free market and competition in the production, supply and trade segments of the electricity market; and
- (iii) legally separated (unbundled) natural monopoly activities (transmission and distribution of electricity) from competitive activities (generation, supply).

Below is the graphic structure of Ukraine's electricity market:



Bilateral agreements (OTC) market

The market of bilateral agreements is based on forward sale/purchase contracts between the following market participants: (i) producers; (ii) suppliers, (iii) TSO, (iv) DSOs, (v) traders, (vi) the Guaranteed Buyer and (vii) customers.

The day-ahead market is a power exchange where market participants submit their bids on a competitive basis. The bidding auction takes place one day before the actual delivery of electricity.

Intraday markets

The intraday market is a supplementary market, where the electricity is traded continuously after there is no more bidding on the Day-Ahead Market. On the intraday market, market players may update their trading positions based on the existing supply and demand and current system conditions, as they approach real time.

Balancing market

The balancing market is the last stage for electricity trading, it plays an essential role, as production and consumption levels must match to avoid shortage/surplus over power system operation cycle. Thus, a well-developed balancing market is crucial for the stable and resilient Ukrainian power system.

Electricity is purchased and sold in balancing market to ensure real-time balance between the production volume, imports, exports and consumption. Only Ukrenergo and Balance Responsible Parties ("**BRP**"), i.e., electricity producers remunerated for balancing services provided to the TSO, can buy and sell electricity for system balancing.

Key players on the balancing market are:

- State and privately owned generation companies (Ukrhydroenergo, DTEK, Energoatom)
- State and privately owned DSOs
- Other consumers (utilities and industrial companies, both private and state-owned)

Targeted model of the Balancing Market



Balance Responsible Parties submit proposals to the TSO to increase/decrease its load at a specified time by a specified amount. Meanwhile, the TSO shall order the proposals by prices and accept the required volumes and types of power to ensure balance in the energy system. Following the results of the balancing market for 24 hours, payments are calculated between the TSO and market participants for the balancing energy purchased/ sold, and the prices and volumes of electricity imbalances are calculated as well. All settlements on the balancing market, according to Article 75 of the Electricity Market Law, pass exclusively through the TSO's special account.

Ancillary services market

An important aspect of balancing is the approach to procuring ancillary services on the ancillary services market. "Ancillary services" refers to a range of functions, which the TSOs contract so that they can guarantee system security. These include:

- black start capability (the ability to restart the grid following a blackout)
- frequency response (to maintain system frequency with automatic and very fast responses); fast reserve (which can provide additional energy when needed)

- the provision of reactive power and various other services.

Ancillary Services are purchased on a competitive basis at specialised auctions. The services purchased by the TSO are priced upon results of an auction and cannot be higher than the marginal price. There are exceptions where the participant's market share exceeds the one set by the NEURC and when the number of offers following an annual auction is lower than required by the TSO. In this case, the price will be calculated under the method established by the NEURC.

Retail market

In the retail market, consumers purchase electricity directly from suppliers. Qualified customers should be able to purchase electricity at their discretion from independent suppliers or guaranteed suppliers (at contractual prices), while non-qualified customers will only be able to purchase from guaranteed suppliers (at the regulated prices established by the NEURC).

Prices on segments of the electric energy market

On 27 June 2023, the NEURC adopted the Resolution "On establishing limit prices on the Day-Ahead Market, intraday market, and balancing market," which established three levels of price caps for time slots during the day from 31 December 2024:

- on the day-ahead and intraday markets
 - For nighttime hours, from 00:00 a.m. to 7:00 a.m. and from 11:00 p.m. to 00:00 a.m., the upper limit of the price of electricity for business increased by 50 per cent. from 2,000 to 3,000 UAH/MWh.
 - For daytime hours, from 7:00 a.m. to 7:00 p.m., a 40 per cent. increase from 4,000 to 5,600 UAH/MWh.
 - For the evening peak of electricity consumption, from 7:00 p.m. to 11:00 p.m., an increase of 80 per cent. to 7,200 UAH/MWh.
- on the balancing market upper limit of the price of electricity for business is set as 125 per cent. of the Day-Ahead Market price determined by the market operator for each settlement period of the relevant delivery day.

Until 31 December 2023, the maximum prices on the electricity market, which were established in February 2022, were in effect on the market - a maximum price cap of UAH 2,000/MWh for hours of minimum load and UAH 4,000/MWh for hours of maximum load.

From 30 November 2023, by the NEURC Resolution No. 2099 dated 9 November 2023 the levels of price caps for time slots on the day-ahead and intraday markets during the day were changed:

- From 00:00 to 7:00 and from 23:00 to 00:00 – UAH 3,000/MWh.
- From 07:00 to 08:00 and from 11:00 to 17:00 – UAH 5,600/MWh.
- From 08:00 to 11:00 - UAH 6,900/MWh.
- From 17:00 to 23:00 – 7,500 UAH/MWh.

However, from 31 May 2024, by the NEURC Resolution No. 949 dated 20 May 2024, the levels of price caps for time slots on the day-ahead and intraday markets during the day were changed again.

For the Day-Ahead Market, the levels of price caps for time slots constituted the following:

- From 00:00 to 07:00 and from 11:00 to 17:00 – UAH 5,600.00/MWh.
- From 07:00 to 11:00 and from 23:00 to 24:00 – UAH 6,900.00/MWh.
- From 17:00 to 23:00 – UAH 9,000.00/MWh.

For the intraday market, the levels of price caps for time slots were set as follows:

- From 00:00 to 7:00 – UAH 6,600/MWh.
- From 07:00 to 17:00 and from 23:00 to 24:00 – UAH 8,250/MWh.
- From 17:00 to 23:00 - UAH 10,000/MWh.

The price caps introduced by NEURC Resolution No. 949 of 20 May 2024 remained unchanged throughout 2025, as confirmed by the NEURC decision of 27 May 2025 extending the existing caps without revision.

On 16 January 2026, NEURC adopted Resolution No. 70, significantly increasing the caps to a uniform level of UAH 15,000/MWh for the day-ahead and intraday markets for a period before 31 March 2026.

At the same time, NEURC decided to revise this approach further and, from 31 March 2026, new differentiated price caps entered into force, replacing the temporary uniform cap.

For the Day-Ahead Market, the levels of price caps for time slots constituted the following:

- From 00:00 to 07:00 and from 11:00 to 17:00 – UAH 5,600/MWh.
- From 07:00 to 11:00 and from 23:00 to 24:00 – UAH 6,900/MWh.
- From 17:00 to 23:00 – UAH 15,000/MWh.

For the intraday market, the levels of price caps for time slots were set as follows:

- From 00:00 to 7:00 – UAH 6,600/MWh.
- From 07:00 to 17:00 and from 23:00 to 24:00 – UAH 8,250/MWh.
- From 17:00 to 23:00 - UAH 16,000/MWh.

On 23 April 2026, NEURC adopted Resolution No. 621, setting the caps at a uniform level of UAH 15,000/MWh for the day-ahead and intraday markets for a period from 30 April 2026. For the balancing market, the maximum price cap was set at UAH 17,000/MWh and the minimum price cap at UAH 0.01/MWh, in each case applicable on a round-the-clock basis.

As of the date hereof, no further changes to the applicable price caps for the day-ahead market, intraday market or balancing market have been adopted by NEURC.

Prices on the balancing market remained pegged to the Day-Ahead Market price on the same level, which made it possible to maintain flexibility in responding to fluctuations in supply and demand in the short term.

The increase in price caps on the electricity market in Ukraine is intended to reduce the regulatory impact on pricing in the market, increase liquidity, improve the economics of importing electricity, and potentially reduce the cost of the service by ensuring an increase in the share of electricity production from alternative sources by reducing the difference between the market price for electricity and the "green" tariff.

Promotion of Renewable Energy

In 2006, the Ukrainian Government approved the Energy Strategy until 2030, which defined development of the RES as one of its goals and "*an important attribute of Ukraine's increasing energy security.*" The Energy Strategy recognised that to develop the RES, Ukraine needed to introduce incentives and stimuli, including a FIT. In accordance with the Energy Strategy until 2030 (as updated in 2013), the prognosed generation of the RES by 2030 was 12.6 per cent. of total electricity generation. In the future, with the technology development and decrease in costs of RES generation, Ukraine was going to reduce state support for renewable energy and equalise the conditions of competition between traditional and alternative types of electricity generation.

In 2017, the Ukrainian Government replaced the Energy Strategy until 2030 with the Energy Strategy until 2035. According to the latter, Ukraine aimed to achieve a 7 per cent., 10 per cent. and 25 per cent. share of the RES in total electricity generation by 2020, 2025, and 2035, respectively.

The 2030 Economic Strategy of Ukraine prepared by the Cabinet of Ministers of Ukraine provides for the target of 25 per cent. of RES in the energy balance of Ukraine by 2030. In January 2020, the Ministry of Energy of Ukraine published a draft of Ukraine's 2050 Green Energy Transition Concept (Ukraine Green Deal). Overall, it

focuses on reducing GHG emissions through improving energy efficiency and boosting the deployment of renewable energy. The main objectives of Ukraine's 2050 Green Energy Transition Concept are: (i) RES in the energy balance up to 70 per cent. by 2050; (ii) to phase-out coal by 2050; (iii) to reduce nuclear power generation to 20-25 per cent.; and (iv) to reduce energy demand by at least 50 per cent., by increasing energy efficiency.

In May 2023 Ukraine's government approved Ukraine's Energy Strategy 2050. The development of Ukraine's power system is aimed at having carbon-neutral clean generation capacities, which will provide the cheapest and most sustainable energy mix for the consumer

According to Ukraine's 2050 Energy Strategy's Net Zero Base Case, adopted in 2023 the country plans to increase the share of renewables in the installed capacity mix to approximately 75 per cent. (including Hydro)

Additionally, other than increasing renewables and nuclear capacity, Ukraine will replace outdated TPPs with new generation facilities operating by burning agricultural leftovers, discarded wood, livestock waste, and domestic solid waste. Accordingly,

- overall flexible generation is expected to account for 5 per cent. of the power mix by 2050, and
- new biomass power plants may become a driver for Ukraine's transition to a circular economy, which is a model of production and consumption that involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible.

In addition, additional investments are envisaged to replace old thermal capacities with more efficient and environmentally friendly.

Key Subjects of the Electricity Market

The Ministry of Energy of Ukraine

The Ministry of Energy of Ukraine is a central executive body responsible for the state management body in the electricity sector. Under the Electricity Market Law, the powers of the Ministry of Energy of Ukraine, include, *inter alia*, the following: (i) formation and implementation of the state policy in the electricity sector, taking into account the Energy Strategy of Ukraine, and formation of the oversight state policy in the electricity sector, (ii) preparation of the state target programs, (iii) preparation and approval of safety rules for, and monitoring of, the electricity supply, and (iv) preparation and approval of technical regulations.

More detailed legal framework of the activities of the Ministry of Energy of Ukraine in the electricity sector is established by the Regulation on the Ministry of Energy of Ukraine, approved by Resolution of the Cabinet of Ministers of Ukraine No. 507, dated 17 June 2020.

Electricity Market Regulator

The NEURC is a central executive body with a special status of a state regulator in the electricity sector. The NEURC performs its functions based on Law of Ukraine "On the National Commission for State Regulation in the Energy and Utilities Sectors" No. 1540-VIII dated 22 September 2016.

Under the Electricity Market Law, the NEURC has powers for the state regulation by means, *inter alia*, of the following: (i) issuing licenses for electricity generation, electricity transmission, electricity distribution, electricity supply to customers, trade activities, (ii) issuing licenses to the Market Operator and the Guaranteed Buyer for the performing of their functions, (iii) approval of certain licensing rules, (iv) taking decisions on the certification of the TSO, (v) approval market rules, day-ahead and intraday market rules, transmission system code, commercial metering code, retail market rules etc., (vi) forming the tariff policy, and (vii) exercising monitoring.

Producers

Electricity generation is subject to licensing in Ukraine. Under the Electricity Market Law, producers, *inter alia*, have the following rights: (i) to freely choose counterparty under bilateral contracts, (ii) to receive money for the sold electricity in time and in full in accordance with the agreements, (iii) to non-discriminatory access to the electricity networks, while complying with the relevant requirements of the transmission system code, commercial metering code, (iv) to access information on electricity market activities, and (v) to export and import electricity. Obligations of producers include, but are not limited to: (i) complying with the licensing rules for the electricity generation, (ii) notification on contractual volumes of electricity sale and purchase under bilateral agreements,

including imported and exported electricity, (iii) providing balancing services in cases determined by market rules, and (iv) bearing a financial responsibility for electricity imbalances.

As of the end of 2021, approximately 55 per cent. of the country's electricity was generated by the state-owned nuclear power company Energoatom, operating 4 nuclear power plants. In total, approximately 69 per cent. of energy was produced by state-owned companies, of which approximately 7 per cent. was produced by the hydro-power plants operator Ukrhydroenergo (operating 10 power plants located across the Dnipro and Dnister), and another 7 per cent. by the thermal-power plant operator Centrenergo (one of the largest thermal generating companies in Ukraine, 78 per cent. of which is owned by Ukrainian government). Among the major private power producers, about 16.8 per cent. of market share belongs to DTEK that operates thermal power plants and RES assets. The rest was produced by regional Combined Heat and Power Plants (c. 6 per cent.) and renewable energy producers (c. 8 per cent., including DTEK's RES assets).

Traders

Electricity trading is subject to licensing in Ukraine. Traders are licensed legal entities which buy electricity solely for the purpose of reselling it, except for sales under a contract for the supply of electricity to a consumer. Under the Electricity Market Law, traders, among others, have the following rights: (i) to buy and sell electricity on the electricity market, to export and import electricity at free prices, (ii) to freely choose a counterparty under bilateral agreements, (iii) to receive money in time and in full amount for the sold electricity in accordance with the agreements, and (iv) to have an access to information on electricity market activities in the manner and amount defined by market rules and other legal acts regulating the functioning of the electricity market. Obligations of traders include, but are not limited to: (i) complying with the licensing rules for trading activities, (ii) notification on the contractual volumes of purchase and sale of electricity under bilateral agreements, in particular for imported and exported electricity, in the manner prescribed by market rules, and (iii) bearing a financial responsibility for electricity imbalances.

Suppliers

Electricity supply is subject to licensing in Ukraine. Suppliers are licensed legal entities which sell electricity under electricity supply agreement. Under the Electricity Market Law, suppliers, *inter alia*, have the following rights: (i) to buy and sell electricity on the electricity market, export and import electricity at free prices, (ii) to freely choose the counterparty under bilateral agreements, and (iii) to have non-discriminatory access to the transmission system, distribution systems based on agreements with the TSO or a DSO. Obligations of suppliers include, but are not limited to: (i) complying with the licensing rules for carrying out the electricity supply, (ii) consideration of applications, complaints and claims of consumers regarding the provision of electricity supply services and to provide reasonable responses, (iii) providing electricity supply services to consumers in compliance with the established service quality indicators, and (iv) informing customers in clear and transparent manner about their rights the conditions of agreement.

There are 25 regional suppliers, which consist of both state-owned and private enterprises. State-owned suppliers include 6 universal service suppliers obliged to supply residential and small, non-residential consumers at regulated prices. Private suppliers are economic entities purchasing electricity on the market and selling it to consumers at free (unregulated) prices.

The Guaranteed Buyer

Under the Electricity Market Law, the Guaranteed Buyer is obliged to purchase electricity from the RES producers to which the "green tariff" was granted or for which the purchase price was established through auction regime.

Under the Electricity Market Law, the Guaranteed Buyer, *inter alia*, has the following rights: (i) to receive money for sold electricity in timely manner and in full amount in accordance with sale and purchase agreements, (ii) to receive daily schedules of electricity supply from "green" producers in the manner and form specified by sale and purchase agreements, and (iii) to receive information on the actual volume of electricity supply by "green" producers from the commercial metering administrator. The Guaranteed Buyer is obliged, *inter alia*, (i) to purchase electricity from the RES producers to which the "green" tariff was granted or for which the purchase price was established through auction regime, (ii) to pay for purchased electricity in timely manner and in full amount to "green" producers, (iii) to provide market participants with information necessary for performance of their functions, and (iv) to sell purchased electricity on the day-ahead, intraday, balancing and bilateral agreements markets.

In July 2020, following a COVID-19-driven liquidity crisis in the energy market, the Government of Ukraine signed a memorandum of understanding with RES investors to reduce FITs for existing facilities and committed to address the Guaranteed Buyer's liquidity shortfall and reduce outstanding RES payables.

Market Operator

The Market Operator is a legal entity responsible for organisation of the purchase and sale of electricity on day-ahead and intraday markets. The Market Operator cannot perform electricity generation, electricity transmission, electricity distribution, electricity supply to customers and trade activities. Its main functions are to create organizational, technological, informational, and other conditions for regular trade.

Under the Electricity Market Law, the Market Operator, inter alia, has the following powers: (i) to ensure equal conditions for day-ahead and intraday markets participants, (ii) to register respective market participants, (iii) to determine on the bases of trade results volume of electricity sale and purchase and purchase price, (iv) to establish conditions for clearing and settlement, and (v) to publish regulatory information and to provide market participants with information necessary for performance of their functions.

DSOs

Electricity distribution is subject to licensing in Ukraine. DSOs are licensed legal entities which are responsible for safe, reliable, and efficient operation, maintenance and development of the distribution system and ensuring the long-term capacity of the distribution system to meet a reasonable demand for electricity distribution, taking into account the requirements for environmental protection and energy efficiency. A DSO must perform its functions on a non-discriminatory basis in accordance with the Electricity Market Law, code on distribution system and other regulatory act. DSOs provide distribution services by way of entering into distribution services agreements, which are public agreements based on typical agreements, approved by the NEURC.

The DSOs, among others, have rights to receive funds for distribution services in timely manner and in full amount and to receive information from market participants necessary for performance of their functions. Under the Electricity Market Law, DSOs must, among others (i) comply with licensing rules for electricity distribution services, (ii) prepare daily schedules of electricity supply to compensate technological costs for electricity distribution by electricity networks and provide them to the TSO, (iii) bear financial responsibility for electricity imbalances, and (iv) publish regulatory information and provide market participants with information necessary for performance of their functions.

Legal unbundling of the DSOs is in effect since 1 January 2019. The Secretariat of the Energy Community has not yet assessed compliance of DSOs with the legal and functional unbundling requirements. The Electricity Market Law requires the DSOs to be unbundled, including with respect to ownership from electricity generation, supply and transmission.

TSO

The transmission of electricity via backbone and cross-border electricity networks is unbundled from the generation, distribution, and supply of electricity, and is performed by the TSO, which is also responsible for the centralised dispatch control. The TSO's functions are performed exclusively by Ukrenergo. The Electricity Market Law also establishes certain requirements aimed at ensuring the independence of the TSO.

The TSO has, inter alia, the following functions under the Electricity Market Law: (i) ensuring a non-discriminatory access to the transmission system and non-discriminatory treatment of the transmission system users, (ii) providing electricity transmission services on a non-discriminatory basis, in accordance with requirements of the Electricity Market Law, transmission system code and in compliance with the established indicators of service quality, (iii) providing services for connection to the transmission system, in accordance with requirements of the Electricity Market Law and transmission system code, (iv) receiving and accepting daily schedules of electricity from market participants, (v) purchasing balancing services on a non-discriminatory and transparent basis, ensuring functioning of the balancing market and performing sale and purchase of electricity imbalances, (vi) providing allocation of cross-border capacities, (vii) interacting with TSOs of neighbouring states, coordinating action and exchanging information with them, (viii) administration of market rules, transmission system code, commercial metering code, procedure of allocation of cross-border capacities and submitting drafts of these documents to the NEURC for approval, and (ix) providing market participants with information necessary for effective performance of their functions.

Under the Electricity Market Law, the TSO can be approved only following the certification procedure. During the certification process, the NEURC analyses compliance of the TSO with requirements of unbundling and

independence. Regulation on the Certification of the Electricity Transmission System Operator was approved by Resolution of the NEURC No. 1016 dated 10 August 2017.

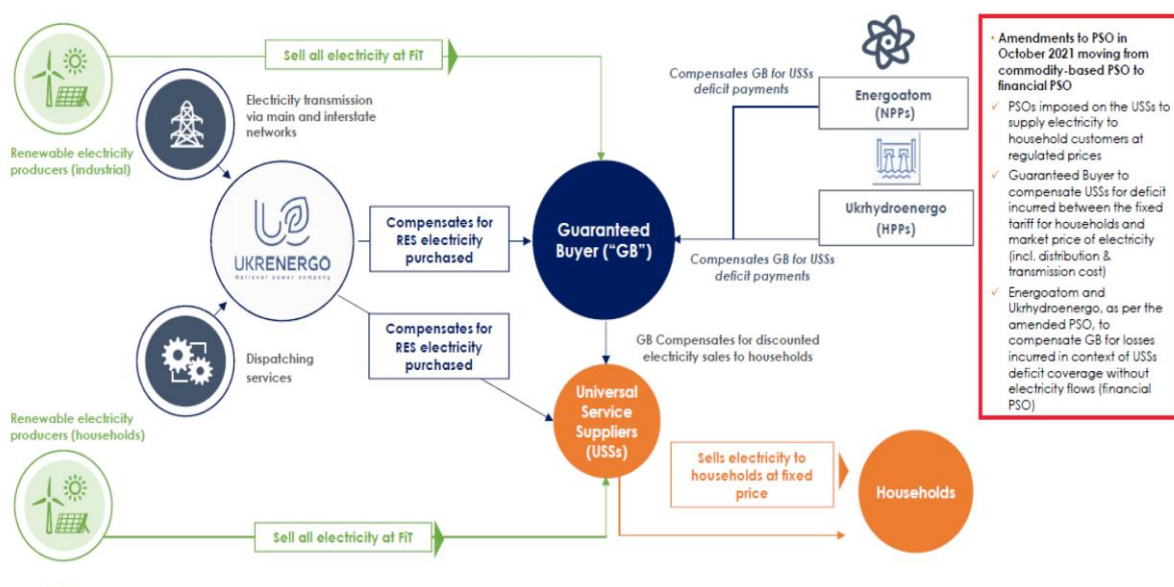
PSOs Imposed on Market Participants

The imposition of the PSOs, which are special obligations on market participants that are designed to promote the general public interest in the operation of the electricity market, is regulated by the Electricity Market Law, Regulation on the Imposition of the PSOs on Market Participants in the Electricity Market, approved by Resolution of the Cabinet of Ministers of Ukraine No. 483 dated 5 June 2019, and acts regulating in more detail the activities of the Guaranteed Buyer and the purchase of electricity under the "green tariff" at the auction price, approved by Resolution 641. Resolution 641 approved, among others, (i) the Procedure for the Purchase of Electricity Produced from the RES by the Guaranteed Buyer, (ii) Model Agreement on the Sale and Purchase of Electricity under the "green tariff", and (iii) Model Agreement on the Provision of Services on Ensuring an Increase in the Share of Electricity Produced from the RES.

In particular, under the Electricity Market Law, the PSOs include but are not limited to those imposed on the Guaranteed Buyer, the universal services suppliers, the TSO to increase the share of electricity produced from the RES for the period of the "green tariff" and auctions regime support granted to the RES producers.

To cover the reasonable expenses of the Guaranteed Buyer for performing the PSO for the purchase of electricity from the RES producers under the "green tariff" or the auction prices, the Guaranteed Buyer provides the TSO with a service on ensuring an increase in the share of electricity produced from the RES. The PSO is expected to be phased out by the end of 2029, after which Ukrenergo will no longer be required to compensate these expenditures.

Below is the structure of the PSOs:



Transmission and Distribution

Transmission and distribution of electricity are both regulated activities, which are subject to obtaining a license from the NEURC. The TSO's functions are performed exclusively by Ukrenergo. Functions of DSOs are usually performed by regional distribution and supply companies. There are 32 DSOs in Ukraine owned both by private groups and the state.

Under the Electricity Market Law, the NEURC is entitled to approve methodologies (procedures) on setting (forming) electricity transmission tariffs and electricity distribution tariff. The NEURC approved the Procedure on Setting (Forming) Electricity Transmission Tariff by its Resolution No. 585 dated 22 April 2019 and the Procedure on Setting (Forming) Electricity Distribution Tariff by its Resolution No. 1175 dated 5 October 2018 and amended them several times.

The electricity transmission tariff for 2026 was established for Ukrenergo with a three-stage revision: UAH 713.68 /MWh from 1 January to 31 March 2026, UAH 742.91 /MWh from 1 April to 31 July 2026, and UAH 928.45/MWh from 1 August to 31 December 2026 by Resolution of the NEURC No. 2009 on 5 December 2025 (first two stages) and Resolution of the NEURC No. 1228 on 28 July 2026 (third stage). The structure of the tariff includes operational expenses (consisting of (i) material expenses (raw and ancillary materials, repair and labour protection costs etc.), (ii) expenses related to the purchase of electricity for compensation of technological costs of electricity, (iii) salary expenses, (iv) deductions for social protection measures, (v) amortisation costs, (vi) revenues from the management of restrictions on the allocation of cross-border capabilities, (vii) other operational expenses, (viii) adjustment of the required income, financial expenses, profit expenses (e.g., for capital investments, repayment of loans, payment of dividends to the state budget), expenses for performance of the Public Service Obligations, cost for the service to reduce the load for producers selling electricity under the FIT or at the auction price and deficit or surplus of funds in terms of income and expenses associated with connection services.

The electricity distribution tariff for 2026 was established separately for each DSO in different amounts by resolutions of the NEURC. The electricity distribution tariff is different for first- and second-category consumers. First-category consumers include consumers which receive electricity with a voltage rating of 27.5 kV and above, consumers connected to the busbars of power plants, and consumers which are industrial enterprises with an average monthly electricity consumption of 150 million kWh and more for technological needs of production, regardless of the voltage rating. For the period from 1 January to 31 March 2026, the electricity distribution tariff for first-category consumers ranged from UAH 137.12/MWh (excluding VAT) to UAH 866.71/MWh (excluding VAT), while, following the tariff revisions adopted by the NEURC in April 2026 and effective from 1 May 2026, the applicable tariff varies depending on the relevant DSO and the applicable tariff resolution. Second-category consumers include consumers which receive electricity with a voltage rating below 27.5 kV. For the period from 1 January to 31 March 2026, the electricity distribution tariff for second-category consumers ranged from UAH 470.71/MWh (excluding VAT) to UAH 4,535.74/MWh (excluding VAT), while, following the tariff revisions adopted by the NEURC in April 2026 and effective from 1 May 2026, the applicable tariff varies depending on the relevant DSO and the applicable tariff resolution. The structure of the tariff for regional distribution and supply companies includes controlled and uncontrolled operational expenses, expenses related to the purchase of electricity for compensation of technological costs of electricity distribution, amortisation costs, revenues for regulated asset base, income tax, and deficit or surplus of funds in terms of income and expenses associated with connection services.

Supply and Consumption

Supply of electricity is a regulated activity, which requires obtaining a license from the NEURC. Formation of final prices for the supply of electricity is not subject to regulation, except as provided by the Electricity Market Law in case of universal services suppliers and last resort suppliers.

Supply of electricity at free prices is carried out under the supply agreement prepared based on a model electricity supply agreement, approved by the NEURC.

Universal services suppliers provide the universal services only to household customers and small non-household customers (i.e., non-household customers with the capacity of up to 50 kWh). Supply of electricity by universal services suppliers is carried out under the supply agreement prepared on the basis of a model electricity supply agreement with universal services supplier, approved by the NEURC.

Last resort suppliers provide supply services in cases prescribed by the Electricity Market Law to customers within a limited period of time (up to 90 days). In particular, a last resort supplier must provide supply services in the following cases: (i) bankruptcy or liquidation of the previous electricity supplier, (ii) expiration of license, suspension or revocation of license of the previous electricity supplier, (iii) failure to fulfil or improper fulfilment by the electricity supplier of market rules, Day-Ahead Market rules and intraday market rules, which made it impossible to supply electricity to customers, and (iv) failure of the consumer to choose electricity supplier, in particular after the termination of the supply agreement with the previous electricity supplier. Supply of electricity by last resort suppliers is carried out under the supply agreement prepared on the basis of a model electricity supply agreement with last resort supplier, approved by the NEURC. The Cabinet of Ministers of Ukraine appointed SE "Ukrinterenergo" as the last resort supplier for the period from 1 January 2019 to 31 December 2021, but the resolution was amended and extended several times since then. Currently, SE "Ukrinterenergo" is appointed as the last resort supplier by 31 December 2025. As no competitive tender for selecting the last resort supplier has been conducted, Ukrinterenergo remains a temporarily appointed last resort supplier as of March 2026.

Consumption of electricity is carried out by individuals (including, individual entrepreneurs) and legal entities for personal use. Under the Electricity Market Law, the customers, inter alia, have the following rights: (i) buy electricity for personal use, (ii) to change electricity supplier, (iii) to receive electricity of due quality in accordance with concluded agreements and requirements to quality of electricity, (iv) to receive compensation in case of non-compliance with quality requirements, (v) to access on a non-discriminatory basis to the transmission system and distribution systems, and (vi) to access information on activities in electricity markets. Customers are obliged, inter alia, to (i) pay for electricity and provided services under concluded agreements, (ii) provide suppliers of commercial accounting services with access to its electrical installations for the installation, maintenance and removal of electricity metres, and (iii) comply with the rules for technical operation, safety rules during the operation of their own electrical installations, regulations governing the functioning of the electricity market, and the terms of concluded agreements.

Electricity Export and Import

Electricity import, transit and export are regulated by the Electricity Market Law, which aims to implement Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity. Also, as Ukraine has ratified the Energy Charter, networks for electricity transit are provided on a non-discriminatory basis with due regard to technical limitations.

According to part 2 of Article 42 of the Law of Ukraine "On the Electricity Market", a joint coordinated mechanism for managing restrictions and procedures for allocating transmission capacity should be applied to interstate connections with the States - Parties to the Energy Community.

Joint coordinated allocation of transmission capacity shall be carried out by the TSO or provided by it to the TSO of the neighbouring state or to another legal entity agreed upon by the TSO and by the TSO of the neighbouring state.

In accordance with the "Methodology for the distribution of congestion revenue pursuant to Article 73 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing Guidelines for Capacity Allocation and Congestion Management" approved by the Agency for the Cooperation of Energy Regulators (ACER), funds from the allocation of access to interstate connections should be distributed among TSOs of neighbouring countries in a 50/50 ratio, unless a different ratio is provided for justified reasons.

As a result of joint meetings and consultations between the TSOs of Ukraine and neighbouring countries, it was agreed that crossings at the borders between Ukraine and Poland, Slovakia, Hungary will be distributed using JAO.

At the same time, the TSOs of Romania and Moldova did not present their willingness to carry out joint distribution in JAO, so it was decided to distribute the available transmission capacity on the basis of the electronic auction platform of the Group.

Upon integration of Ukraine's IPS with ENTSO-E in March 2022 the work towards increasing export / import electricity capacity intensified. Subsequently, at the end of June 2022, export-import operations between Ukraine and ENTSO-E were launched.

Massive missile attacks on the energy infrastructure of Ukraine in October 2022 forced Ukraine to suspend electricity exports from 11 October 2022 in order to stabilize its own energy system.

In order to cover the shortage of electrical energy that arose in the energy system of Ukraine due to significant damage to the infrastructure as a result of Russian missile attacks, the Cabinet of Ministers of Ukraine by Resolution No. 1 dated 3 January 2023 approved the Regulation on the peculiarities of the import of electrical energy during the autumn-winter period of 2022/23 in the conditions of the legal regime of martial law in Ukraine.

On 1 January 2023, Ukraine began importing electricity from the EU. Initially, the permitted volume of imports was 700 MW to Ukraine and Moldova. On 27 March 2023, the TSOs of continental Europe agreed to increase the maximum capacity for the exchange of electricity in the direction of imports from continental Europe to Ukraine/Moldova from 700 MW to 850 MW at any time.

At the same time, from 29 March 2023, a new agreement on multilateral emergency assistance to Ukrenergo from ENTSO-E in the event of significant disruptions in electricity production or transmission will enter into force. The new voluntary agreement allows Ukrenergo to request multilateral emergency assistance from the relevant TSOs of continental Europe ENTSO-E in the event of serious problems in the production or transmission of electricity, or in the event of sudden significant imbalances between production and consumption in Ukraine.

Although emergency assistance under this Agreement does not provide ongoing support, it allows Ukrenergo to request assistance in unforeseen situations, such as attacks on Ukrenergo's energy infrastructure.

From 11 April 2023, in accordance with the decision of the Ministry of Energy of Ukraine, Ukraine resumed the export of electricity in conditions of surplus of generating capacity. This became possible due to the fact that from the mid of February 2023, the Ukrainian energy system works without consumer restrictions, with a capacity reserve. The opening of electricity export will allow to attract additional financial resources for the necessary reconstruction of the destroyed and damaged energy infrastructure. The maximum capacity for electricity export to Europe is 400 MW.

On 28 November 2023, ENTSO-E announced the successful completion of the synchronization of the Ukrainian and European energy systems. From 1 December 2023, the import capacity from continental Europe to Ukraine and Moldova was 1,700 MW, and from 1 December 2024, it was increased to 2,100 MW. In 2025, this capacity continued to expand: from 1 December 2025 it was raised to 2,300 MW, with further increases implemented on a monthly basis depending on system conditions. As of January 2026, the maximum technical import capacity had reached 2,450 MW. At the same time, export capacity from Ukraine and Moldova to the continental European system, initially set at 550 MW from March 2024, was gradually increased during 2025 to as much as 900 MW, although in practice exports were limited or suspended from late 2025 due to domestic supply constraints.

On 17 June 2022, a multilateral meeting was held with the participation of TSOs of Ukraine, Slovakia, Hungary and Romania. Within the framework of this meeting, the TSOs of Ukraine, Slovakia and Hungary agreed to implement a joint coordinated allocation of interstate network capacity at the Ukrainian borders on the basis of the JAO electronic auction platform. Later, the TSO of Poland has also joined this decision.

In March 2026, Slovakia unilaterally terminated its emergency assistance agreement with Ukraine following the Druzhba oil pipeline dispute. Similar threats were made by the Hungarian officials, although, as of April 2026, the agreement remained in place. Importantly, the decision by Slovak officials does not affect commercial electricity imports, which continue in the ordinary course.

In addition, within the framework of this meeting, the TSOs of Ukraine and Romania agreed to introduce a joint coordinated distribution of the capacity of interstate networks on the Ukrainian-Romanian border on the basis of the electronic auction platform of Ukrenergo. Subsequently, the TSO of Moldova also agreed to this decision.

Dates of the launch of joint auctions on the electronic auction platform of Ukrenergo:

- for the Ukraine-Romania border – 2 November 2023;
- for the Ukraine-Moldova border – 1 March 2024.

Dates of the launch of joint auctions on the European distribution platform JAO:

- for the Ukraine-Poland border (interstate crossing of Khmelnytskyi NPP (Ukraine) – Rzeszów (Poland)) – 16 January 2024;
- for the Ukraine-Hungary border – 22 February 2024;
- for the Ukraine-Slovakia border – 4 March 2024.

One-sided distribution is applied for the Ukraine-Poland interstate direction (Dobrotvir-Zamość).

As of 2025–early 2026, no additional interconnectors have been integrated into the joint allocation mechanisms, and the existing setup remains in place. However, operational practices have evolved: cross-border capacity allocation is now increasingly coordinated through the European single allocation platform (JAO) with broader application of EU rules, including flow-based capacity calculation elements in some regions.

The synchronization of Ukraine's energy system with the ENTSO-E significantly increases the reliability of Ukraine's energy system. This integration allows for timely assistance from Europe in case of emergency shutdowns of power plants, the import of European electricity, and a reduction in the number of disconnected consumers. Additionally, if there is a surplus of generating capacity, Ukraine can provide emergency assistance to European energy systems and export electricity.

The Secretariat of the Energy Community (the "**Secretariat**"), an international organization, initiated the following recent infringement cases against Ukraine regarding export, import and transit of electricity:

Case ECS-04/21

On 26 March 2021, the Secretariat submitted a Reasoned Request to the Ministerial Council against Ukraine, which failed to transpose the Regulation (EU) No 1227/2011 by 29 November 2019 and failed to notify the Secretariat. Ukraine failed to comply with Articles 6 and 89 of the Energy Community Treaty as well as Article 1 of Decision 2018/10/MC-EnC.

With the entry into force on 2 July 2023 of the Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding the Prevention of Abuse in the Wholesale Energy Markets" adopted on 10 June 2023 No. 3141-IX, the Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency has been transposed, and Ukraine ensured compliance with the Ministerial Council decision. The case ECS-04/21 was closed.

Case ECS-08/22

Upon the filing of a complaint dated 31 August 2022, another case against Ukraine regarding the export of electricity was registered with the Secretariat. As of the date hereof, no other details on the case ECS-08/22 are available.

Case ECS-10/25

On 18 November 2025, Case ECS-10/25 was registered upon a complaint against Ukraine concerning voltage level and service quality of electricity distribution under Directive (EU) 2019/944. The case was subsequently discontinued prior to the issuance of an Opening Letter.

Regulatory Framework

The electricity industry in Ukraine is primarily regulated by the Electricity Market Law and other less complex laws and regulations, including, but not limited to:

- Law of Ukraine "On Combined Production of Heat and Electrical Energy (Cogeneration) and Use of Waste Power Potential" No. 2509-IV dated 5 April 2005;
- Law of Ukraine "On Alternative Energy Sources" No. 555-IV dated 20 February 2003;
- Law of Ukraine "On Environmental Impact Assessment" No. 2059-VIII dated 23 May 2017;
- Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding the Prevention of Abuse in Wholesale Energy Markets" No. 3141-IX dated 10 June 2023;
- Law of Ukraine "On Amendments to Certain laws of Ukraine Regarding Restoration and Green Transformation of the Energy System of Ukraine" No. 3220-IX dated 30 June 2023;
- NEURC Resolution "On Transmission System Code" No. 309 dated 14 March 2018;
- NEURC Resolution "On Distribution System Code" No. 310 dated 14 March 2018;
- NEURC Resolution "Code of Commercial Accounting for Electric Power" No. 311 dated 14 March 2018;
- NEURC Resolution "On Market Rules" No. 307 dated 14 March 2018;
- NEURC Resolution "On Approval of Certain Normative Acts Regulating the Activity of the Guaranteed Buyer and Electricity Offtake under the FIT" No. 641 dated 26 April 2019;
- CMU Resolution "On Approval of the Procedure for Electronic Auctions for the Sale of Electricity under Bilateral Contracts and the Procedure for Selection of Auction Organizers Authorised to Conduct Electronic Auctions for the Sale of Electricity under Bilateral Contracts" No. 499 dated 5 June 2019;
- NEURC Resolution "On Day-ahead and Intraday Market Rules" No. 308 dated 14 March 2018; and
- NEURC Resolution "On Retail Market Rules" No. 312 dated 14 March 2018.

Key Reforms

Ukraine Facility Plan

As a part of the EU accession, Ukraine has committed to several important electricity market reforms aiming at liberalizing the market, enhancing energy efficiency and aligning its legislation with the European ones. This includes:

#	Name	Description	Timeframe
1	<u>Integrated National Energy and Climate Plan</u>	Development and approval of the Integrated National Energy and aimed to facilitate coordination between existing strategies, plans and measures for reaching the goals of the EU and the Energy Community in the fields of energy and climate	2024
2	<u>Improved regulatory framework for increasing RES and ensuring stable operation of the energy system.</u>	Creation of new legal, organizational and technical terms and conditions for sustainable development of renewable energy on a competitive market basis by in line with the EU rules and procedures by (i) introduction of a market-based framework for renewable energy, (ii) improvement of permit procedures for RES investments, and (iii) introduction of the Roadmap of the process of separation of the Renewable Energy Surcharge from the Transmission Tariff	2024-2026
3	<u>Electricity market reform</u>	- Implementation of electricity market reforms in line with the EU acquis and good governance principles including (i) adoption of the Electricity Integration Package, (ii) adoption of the legislation on changing the conditions of taxation of participants in the electricity market, (iii) appointment of a Nominated Electricity Market Operator, and (iv) implementation of the REMIT law⁴ - The Electricity Integration Package will approximate legislation in line with the following acts and network codes and guidelines: - Directive on General Rules of the Internal Electricity Market (further Electricity Directive (EU) 2019/944 (recast) - Regulation on the Internal Electricity Market (further Electricity Regulation (EU) 2019/943) - Risk Preparedness Regulation (EU) 2019/941 (recast) - ACER Regulation (EU) 2019/942 - Five network codes and guidelines that set out detailed rules related to different market segments and system operation: (i) Forward Capacity Allocation Guideline	2024-2026

⁴ The Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) came into force in the EU in 2011 to support open and fair competition in the European wholesale energy markets.

#	Name	Description	Timeframe
		○ (ii) Capacity Allocation and Congestion Management Guideline ○ (iii) Electricity Balancing Guideline ○ (iv) System Operation Guideline ○ (v) Network Code on Emergency and Restoration	
4	<u>Liberalisation of electricity and gas prices</u>	• Adoption of a Roadmap for gradual liberalization of gas and electricity market, to be implemented after the expiration of the martial law • The Roadmap will be focused on (i) reforming the PSO to gradually liberalize the market prices once the martial law is lifted (ii) ensuring that vulnerable consumers are adequately protected once the prices for households are liberalised including the new design of the subsidy system for vulnerable consumers	• 2026
5	<u>Ensuring independence of NEURC</u>	• Ensuring the independence of the National Energy and Utilities Regulatory Commission • Defining the special status of the National Energy and Utilities Regulatory Commission	• 2024-2025
6	<u>Improved efficiency in the district heating</u>	• Improving the efficiency of the district heating sector which include (i) cancelation of the moratorium on raising heat and hot water tariffs (ii) adoption of the State targeted economic program for the energy modernization of heat enterprises, and (iii) support development of the efficient and more sustainable district heating	• 2025
7	<u>Improved energy efficiency in municipalities</u>	• Increasing energy resilience in municipalities by (i) adoption of the Strategy for Thermal Modernization of Buildings, (ii) setting minimum energy efficiency levels for buildings and products covered by the EU eco-design legislation, and (iii) implementing efficiency performance levels for buildings and products in public procurement	• 2024-2027
8	<u>Market coupling</u>	○ Developing and approving of the relevant amendments to laws and regulations to enable integration with markets of neighbouring countries - EU members	• 2025-2026

Implementation of the REMIT regulation in Ukraine

In accordance with the Protocol on the Accession of Ukraine to the Treaty on the Establishment of the Energy Community dated 15 December 2010, Ukraine assumed international obligations to implement into its national legislation Regulation (EU) No. 1227/2011, dated 25 October 2011, on wholesale energy market integrity and transparency, known as the Regulation on Wholesale Energy Market Integrity and Transparency ("**REMIT**").

With the aim of fulfilling European integration obligations, on 10 June 2023 Parliament adopted the Law of Ukraine "On Amendments to Certain Laws of Ukraine on Prevention of Abuse in Wholesale Energy Markets" №3141-IX (the "**Law on REMIT**").

The Law on REMIT sets out a number of key elements to improve transparency in wholesale energy markets, namely:

- introduction of anti-abuse tools on wholesale energy markets;
- establishment of prohibition of manipulations;
- determination of requirements for disclosure of insider information by market participants;
- obligation of companies that organize trade operations to report suspicious operations;
- strengthening the powers of the NEURC to conduct investigations of abuses and establish tough sanctions for manipulation in the energy markets, as well as for trading based on insider information.

The introduced Law on REMIT will contribute to the fulfilment of obligations to bring Ukraine's energy legislation closer to European legislation, increase the level of integration of the energy markets of Ukraine and the EU, and deepen the trust of foreign participants in the Ukrainian energy markets.

Legislative changes for the "green" transformation of the energy system of Ukraine

On 31 December 2023, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3220-IX "On Amendments to Certain Laws of Ukraine Regarding the Restoration and "Green" Transformation of the Energy System of Ukraine" ("**Law No. 3220-IX**"), which provides for comprehensive changes in the functioning of the electric energy market, solving existing problems on the market and implementing tools of the European electric energy market.

As a result of the adopted Law No. 3220-IX, it is expected that changes aimed at solving problematic issues in the RES sector will have a positive effect on the industry, namely: improvement of the calculation of imbalances and the share of their compensation in the balancing group of the Guaranteed buyer, as well as the continuation of the possibility completion of RES projects started prior to 24 February 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis should be read together with the 2026 Unaudited Interim Condensed Consolidated Financial Statements, 2025 Consolidated Financial Statements and the 2024 Consolidated Financial Statements, and the related notes thereto. The Consolidated Financial Statements have been prepared in accordance with IFRS, with the exception of the 2026 Unaudited Interim Condensed Consolidated Financial Statements which are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), and the requirements to financial statements preparation under the Law of Ukraine "On accounting and financial reporting in Ukraine". Certain information contained in the following discussion and analysis includes forward-looking statements that involve risks and uncertainties. See "Risk Factors" for a discussion of the important factors that could cause actual results to differ materially from the results described or implied by the forward-looking statements contained herein.

Overview

Ukrenergo is a legal entity incorporated as a joint stock company, founded and wholly owned by Ukraine, represented by the Ministry of Energy of Ukraine.

On 29 July 2019, Ukrenergo was registered as a Private Joint Stock Company, following the Ministry of Finance of Ukraine's approval of the Order on Ukrenergo's transformation into a Private Joint Stock Company. As of 31 December 2025 the nominal value of registered, issued and fully repaid share capital of Ukrenergo amounted to UAH 37.2 billion, consisting of 37,160,209 ordinary registered shares with nominal value of UAH 1,000 per share.

On 28 July 2021, the Cabinet of Ministers of Ukraine made a decision to transfer the authority of corporate rights management of Ukrenergo from the Ministry of Finance of Ukraine to the Ministry of Energy of Ukraine. The transfer was completed in September 2021 following satisfaction of certain administrative conditions. The transfer of state property assigned to Ukrenergo on the right of operational management from the Ministry of Finance of Ukraine to the Ministry of Energy of Ukraine is the only outstanding step required in connection with the transfer of Ukrenergo. Ukrenergo's management does not expect changes in operations of Ukrenergo due to the change in shareholder.

The "**Group**" consists of Ukrenergo and wholly-owned subsidiaries Ukrenergo Digital Solutions LLC and EUkrenergo. Ukrenergo Digital Solutions LLC was founded in October 2020 and is engaged in the development of special purpose software for TSOs. EUkrenergo was founded in 2022 in Belgium to provide mechanisms for regulating deviations of the actual balance of electricity flows from planned values (unintended deviations, so-called technological flows), arising in the process of synchronous operation of adjacent energy systems in accordance with FSKar procedures.

The principal activities of Ukrenergo are the provision of services of electricity transmission and dispatch (operational and technological) services, purchase and sale of electricity on the balancing market, and others. Effective from 1 July 2019, Ukrenergo was assigned by law with the Public Service Obligations to increase the share of energy generation from alternative energy sources. The service is provided by the Guaranteed Buyer, an entity that, in accordance with the Electricity Market Law, is obliged to purchase electricity from producers or other entities who are granted a FIT tariff. "Green" electricity produced by households is purchased by the universal service suppliers who then receive compensation from Ukrenergo.

On 17 December 2021, the NEURC certified Ukrenergo as a European-style transmission systems operator in accordance with the ISO (Independent System Operator) model. The Energy Community Secretariat confirmed the compliance of this decision with the EU's Third Energy Package. As a result of Russia's full-scale military invasion of Ukraine, on 11 March 2022, ENTSO-E decided to fully synchronise the power systems of Ukraine and Moldova with the energy network of continental Europe ENTSO-E. Physical operations to connect power systems were conducted on 16 March 2022.

On 26 April 2022, Ukrenergo received the status of an "observer member" in ENTSO-E. Further, on 28 November 2023, ENTSO-E confirmed the full implementation by Ukrenergo of the Catalog of Activities, which means the completion of the synchronisation project between the Ukrainian energy system and the European continental grid.

On 14 December 2023, the General Assembly of ENTSO-E adopted a decision that starting from 1 January 2024, Ukrenergo becomes the 40th full member of the ENTSO-E.

Ukrenergo has a natural monopoly in electricity transmission via high voltage lines. Tariffs for electricity transmission and dispatch (operational and technological) control services are regulated and approved by NEURC. The property, plant, and equipment forming a part of the IPS and used by Ukrenergo in its business activities is owned by the Government of Ukraine. Ukrenergo operates on a regional basis combining four territorial administrations which include 15 regional grid maintenance centres and is responsible for providing dispatch (operational and technological) services and the maintenance of long-distance main and interstate power grids. Ukrenergo also has a specialised separate divisions "Construction and Repair", which provides repair and maintenance services for operating assets.

In the period ended 30 June 2026, the Group had a loss for the period of UAH 10.4 billion, compared to a loss of UAH 0.5 billion in the period ended 30 June 2025.

For the year ended 31 December 2025, the Group had a loss for the year of UAH 10.7 billion. For the year ended 31 December 2024, the Group had a loss from its financial and economic activities of UAH 38.0 billion. In the year ended 31 December 2023, the Group had a profit from its financial and economic activities of UAH 376.6 million.

Due to its operating losses, the Group recognised income tax benefits of UAH 622.0 million, and UAH 25.8 million in the period ended 30 June 2026, 30 June 2025, respectively. At the same time, Ukrenergo did not recognise a deferred tax asset of UAH 1.3 billion in the period ended 30 June 2026, as it did not expect sufficient taxable profits to be available in the periods in which the related deductible temporary differences would reverse.

Due to its operating losses, the Group recognised income tax benefits of UAH 2.2 billion and UAH 8.2 billion in 2025 and 2024, respectively.

After beginning its full-scale invasion in February 2022, Russia has conducted sustained drone and missile attacks on Ukrainian generation facilities, leading to the destruction (full or partial) or occupation of about 27.4GW of generation facilities (about 49 per cent. of the pre-war capacities), including thermal energy facilities, nuclear energy facilities, RES and hydro energy facilities (estimate as of June 2026).

In 2024, these attacks were intensified, targeting all of Ukraine's thermal power plants and key hydropower plants. According to official reports, the Ukrainian IPS lost about 9 GW of power generation between March and May 2024. Due to the lack of generation capacity and rising electricity demand during the spring and summer months, Ukrenergo imposed power restrictions on the household and industrial consumers nationwide. Major shutdowns occurred between July and August 2024. In addition to destroyed generation, several nuclear power reactors – the key source of electricity in Ukraine – underwent annual maintenance and were temporarily disconnected from the grid. Moreover, an extreme heat further increased electricity demand in Ukraine. Since September 2024, shutdowns have been limited as an additional generation was built: mainly gas-fired plants installed by Ukrainian state-owned entities and new solar-power plants supported by state programs.

In 2025, Ukraine's power system remained under sustained pressure from Russian attacks, with damage to generation and grid infrastructure continuing throughout the year. During the 2025-2026 heating season, more than 9 GW of generation capacity at thermal power plants, combined heat and power plants, and hydropower facilities was damaged. Despite repair efforts, the power system remained highly vulnerable and, from late 2025, Russia resumed country-wide missile and drone attacks against Ukraine's electricity infrastructure, resulting in renewed large-scale blackouts and severe electricity restrictions.

In January 2026 alone, successive nationwide strikes on power facilities left around one million people in Kyiv without electricity at one point, disrupted heating supply to thousands of buildings, and forced rolling outages lasting up to 18–20 hours per day in some areas, while major regional outages were reported across the country. At the same time, Russia continued to strike regional generation, transmission and distribution facilities, including in frontline and near-frontline regions, further undermining system stability and prolonging emergency supply restrictions for households and businesses.

Against this backdrop, Ukraine continued an extensive programme to restore and reinforce electricity infrastructure during the first half of 2026. According to public statements by the Ministry of Energy, more than 9 GW of thermal, combined heat and power and hydropower generation capacity was damaged during the 2025-2026 heating season, of which more than 4 GW had been restored by early April 2026.

By June 2026, approximately 4 GW of generating capacity remained under repair, and the Government stated its intention to restore 6.2 GW of damaged generation capacity before the start of the 2026-2027 heating season. In parallel, repairs and replacement of damaged transmission-system transformer equipment and other grid assets were undertaken, while Ukrenergo continued to procure critical equipment, rebuild and reinforce substations, and

implement measures intended to improve the physical protection and operational resilience of the transmission network.

The 2025-2026 heating season also saw a major expansion of decentralised and resilient energy sources: 643 MW of new distributed generation capacity was commissioned (a 5-fold increase compared with 2024-2025 levels), alongside 508 MW of new energy storage installations (a 254-fold increase compared with 2024-2025 levels).

In 2026, the second stage of the Competition for the construction of new generation capacity was launched, aimed at overcoming or reducing the electricity deficit in the regions where energy infrastructure was most affected by Russian attacks (Kyiv, Cherkasy, Sumy, Kharkiv, Poltava, Dnipropetrovsk and Odesa regions). On 22 May 2026, the Cabinet of Ministers of Ukraine determined the initial volume of new generation capacity for the second stage of the Competition at 1.3 GW, and on 16 June 2026, increased it to 1.5 GW.

The incentive for investors to participate in the Competition will be a state-guaranteed compensation of the potential difference in the electricity price during peak hours – in the morning and evening. It is expected that by the end of 2026, the final results of the Competition will be approved and contracts with the winners will be signed, and a significant part of the new generation capacity will be added to Ukraine's energy system by the end of 2027.

The recovery effort relied heavily on electricity imports to compensate for destroyed generation and keep the economy afloat, with net imports reaching 1.2 TWh in 2025 and rising sharply to 4.0 TWh in the first half of 2026, reflecting the scale of the supply gap caused by continued Russian strikes on energy infrastructure.

In August–September 2026, Russia intensified attacks on Ukraine's infrastructure and key economic sectors, including ports, railways, steel production and logistics, causing widespread disruption to business activity. Attacks on port facilities and commercial vessels effectively blocked shipping through the Greater Odesa ports, severely restricting agricultural and steel exports and forcing businesses to use more costly alternative routes. These disruptions have weakened the economic outlook and may weigh on GDP growth. Additionally, in early September, the Russian leadership announced that it had ordered strikes on Ukraine's energy system ahead of the 2026/2027 heating season, including on electricity generation assets.

Lower output in energy-intensive industries, together with damage to electricity generation capacity and key substations, may reduce electricity consumption and transmission volumes, adversely affecting the Group's revenue.

Looking ahead, Ukraine has outlined plans to further expand generation capacity through the accelerated repair and reconstruction of damaged thermal and hydro assets, as well as the continued deployment of distributed and modular generation units that are less vulnerable to large-scale strikes.

For further details, see "*War impact on the Ukrainian energy market*".

Revaluation of the Group's property, plant and equipment and basis for qualified audit opinion in 2024 Consolidated Financial Statements

The Group applies the revaluation model to account for all groups of property, plant and equipment, with the exception of construction in progress carried at historical cost. For details on the methodology and assumptions applied, refer to Note 3 of the 2025 Consolidated Financial Statements (*Material Accounting Policies—Property, Plant and Equipment*) and Note 4 of the 2024 Consolidated Financial Statements (*Material Accounting Policies—Property, Plant and Equipment*). IFRS requires that where an entity adopts the revaluation model that revaluations for all groups of property, plant and equipment should be carried out regularly to ensure that the carrying amount of property, plant and equipment does not differ materially from its fair value at the reporting date.

The Group did not perform a revaluation of its property, plant and equipment as of 31 December 2022, as a result of the absence of an independent appraisal of the fair value of the Group's property, plant and equipment, together with the existing restrictions on the ability to inspect and verify the condition and existence of property, plant and equipment located in territories temporarily not controlled by Ukraine, both arising from the impact of Russia's full-scale invasion of Ukraine on 24 February 2022.

BDO LLC issued a qualified opinion on the 2023 Consolidated Financial Statements due to the non-performance of the aforementioned revaluation on the Group's property, plant and equipment at 31 December 2022. The revaluation of the fair value of the Group's property, plant and equipment as of 31 December 2022 could have resulted in changes in the Group's gains and losses from impairment and depreciation of property, plant and equipment, income tax benefit/expense recorded in the consolidated statement of profit or loss for 2023, together

with changes in comparative data as of 31 December 2022, as reported in the Group's consolidated statement of financial position, compared to income and expenses and the corresponding comparative data currently reported.

BDO LLC issued a qualified opinion on the 2024 Consolidated Financial Statements due to the non-performance of the revaluation on the Group's property, plant and equipment at 31 December 2022, which could have an impact on the comparative figures for 2023 included in the 2024 Consolidated Financial Statements.

The Group engaged independent appraisers to determine the fair value of property, plant and equipment as of 1 October 2025. The main assumptions used in revaluation are disclosed in Note 31 of the 2025 Consolidated Financial Statements. The previous appraisal of the fair value of the Group's property, plant and equipment was carried out as of 31 December 2023.

As a result of the revaluation of property, plant and equipment as of 1 October 2025, an increase in value of property, plant and equipment in the amount UAH 7.9 billion was recognised in other comprehensive income and impairment losses in amount of UAH 1.7 billion was recognised in profit or loss. The 2025 audit opinion was unqualified.

The Group did not revalue property, plant and equipment as of 30 June 2026, as there have been no significant changes since the last annual reporting date that would indicate that the fair value of property, plant and equipment differs significantly from their carrying amount. As of 30 June 2026, the Group did not identify indications that the recoverable amount of property, plant and equipment might reflect a lower value than their carrying amounts.

Additionally, on individual basis, for the first six months ended 30 June 2026, as a result of the destruction of and damage to part of the Group's energy infrastructure, the Group recognized impairment losses of property, plant and equipment and construction in progress of UAH 793 million (30 June 2025: UAH 55.1 million), including impairment losses of UAH 329.2 million recognized as a decrease in the revaluation reserve in other comprehensive income (30 June 2025: UAH 33.6 million) and impairment losses of UAH 463.7 million recognized in profit or loss (30 June 2025: UAH 21.5 million).

Material Uncertainty Related to Going Concern

The Group has prepared the Consolidated Financial Statements on the basis that it will continue to operate as a going concern. Ukrenergo, state authorities and other entities in the electricity market have adapted their activities and implemented actions and measures to mitigate the effects of the war on the Group's operations and financial condition.

Management recognizes that the future development of military aggression and its duration is a major source of significant uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and settle its liabilities in the ordinary course of operating activities.

For this reason, in each of the Consolidated Financial Statements covering each of the years ended 31 December 2025 and 2024, the Group's auditors included a material uncertainty related to going concern in their audit reports. Ukrenergo's independent auditor has also included a material uncertainty related to going concern in their interim review report on Ukrenergo's financial statements as of and for the six-month period then ended. Uncertainty regarding the magnitude, timing and prolongation of further developments indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern in the event of an adverse development related to the effects of the military aggression on Ukraine and the Group.

In the 2025 Consolidated Financial Statements and the 2024 Consolidated Financial Statements, the auditors' material uncertainty relating to going concern also related to the impact of Ukrenergo's default on the Original Notes and the trigger of cross-defaults across the Group's other long-term loans, which give lenders the right to accelerate payments under such loans, and resulted in the reclassification of liabilities from long-term to short-term as at 31 December 2024 and 31 December 2025.

As of 30 June 2026, the EBRD loans were reclassified to current liabilities in the consolidated statement of financial position due to non-compliance with financial covenants and the application of cross-default provisions following an interest payment default on the Original Notes.

The material uncertainty related to the Group's ability to continue as a going concern contained in the reports in each case does not itself constitute a qualification or modification of their audit opinion. The audit opinion in the 2024 Consolidated Financial Statements was solely qualified on the basis of the potential impact of the non-performance of a revaluation of the Group's property, plant and equipment in 2022, as further described above.

Despite the significant uncertainty surrounding the military aggression in Ukraine, management continues to take steps to minimize its impact on the Group and therefore considers it is appropriate to apply the Group's going concern assumption to the Consolidated Financial Statements.

In addition, management believes that the Ukrainian state, as the owner of the Group, takes into account the Group's critical importance as the sole TSO in Ukraine to ensure security of electricity supply, and as such it will remain committed to, if necessary, support the activities of the Group in the future.

Factors Affecting Results of Operations

The business model of Ukrenergo has remained unchanged after the full-scale invasion. Ukrenergo continues to generate revenue primarily from electricity transmission services (key revenue source), dispatch (operational and technological) services, and purchase and sale of electricity on the balancing market. However, the full-scale invasion led to a lower transmission volume (66 per cent. of pre-war levels). Despite the factors mentioned above, revenue continues to increase even during the war, as the decline in physical transmission volumes is offset by a more significant increase in tariffs. However, the invasion negatively affected Ukrenergo's ability to convert revenue into cash receipts due to the decreased payment discipline on the balancing market and the prohibition on fining market participants.

The following are key factors affecting the Group's results of operations and statements of financial position for recent periods.

Russian Invasion of Ukraine and Ongoing War

On 24 February 2022, Russia initiated a full-scale military invasion of Ukraine which was followed by the immediate enactment of martial law by the Ukrainian President's Decree approved by the Parliament of Ukraine and the corresponding introduction of the related temporary restrictions that impact the economic environment and business operations. There remains a significant uncertainty over the future development of the military invasion, its duration and short and long-term impact on the Group, its people, operations, liquidity, and assets. There could be multiple scenarios for further developments of the current situation with unknown likelihood and the magnitude of the impact on the Group might vary.

From 2022 to 2026, the Ukrainian energy sector faced an extreme test of strength due to attacks by Russian missiles, drones and artillery. Civilian objects – power plants and substations – have become the main targets of enemy attacks. From September 2022 to March 2023, for more than six months in a row, Russian missiles targeted the Group's key high-voltage substations, as well as the country's main power plants. For more information regarding the effect of the war on the Ukrainian energy market, see "*Description of Ukrenergo – War impact on the Ukrainian energy market*".

Attacks resulted in power plants and substations being destroyed and, as a result, to a temporary power shortage in the power system and network restrictions. To ensure a balance between the consumption and production of electricity in the IPS of Ukraine, Ukrenergo was occasionally forced to apply schedules of manual reduction of consumption and schedules of emergency shutdowns.

The military aggression has had an adverse effect on the Group's condition of assets, as part of the Group's energy infrastructure (e.g., power plans and substations) has been damaged or destroyed.

The military aggression has also had an adverse effect on the Group's financial position, as it has led to the deterioration of solvency or outright insolvency of many of the Group's customers. As a result, the level of settlements in the electricity market and balancing market in particular, has deteriorated. Importantly, the accrual and collection of fines between the participants of the electric energy market provided for by contracts concluded has stopped in accordance with the Law of Ukraine "On the Electric Energy Market" and NEURC Resolution No. 332 dated 25 February 2022 "On ensuring the stable functioning of the electricity market, including the financial condition of participants in the electricity market during the period of martial law in Ukraine."

At the same time, Ukrenergo has been working closely with the regulator to implement measures aimed at improving liquidity and cash collection across electricity market segments. On 24 March 2026, the NEURC adopted Resolution No. 416 amending Resolution No. 332 dated 25 February 2022. Effective from 1 April 2026, the amendments allow Ukrenergo to exclude forced electricity consumption reductions implemented under operational commands (including special automatic load shedding) when determining the system state. The amendments also require Ukrenergo and distribution system operators to provide consumers with forecasts of expected electricity consumption and capacity restrictions.

These changes are expected to improve the balance between revenues and costs in the balancing market and reduce the negative financial result generated by this market segment, thereby supporting Ukrenergo's liquidity.

Despite these changes, the stabilization of the Group's operations depends on the stabilization of the ongoing hostilities as well as on the success of the Ukrainian government in implementing new reforms and a sustainable recovery strategy after the cessation of hostilities.

Public Service Obligation

According to Article 62 of the Electricity Market Law, special obligations were imposed on certain market participants to ensure public interests in the functioning of the electricity market.

Effective from 1 July 2019, Ukrenergo was legally assigned the PSO to increase the share of electricity production from alternative energy sources for the duration of the "green" tariff to support producers of electricity from alternative energy sources. This PSO is also imposed on the Guaranteed Buyer and universal service providers. The Guaranteed Buyer is obliged to purchase electricity from producers or other entities who are granted a FIT tariff. "Green" electricity produced by households is purchased by the universal service suppliers who then receive compensation from Ukrenergo. The cost of the service is determined by taking into account the difference between income and expenses that arose during the performance of the service. The NEURC approves the tariff for the year, which includes a forecasted amount of payments in respect of the PSO (being the difference between the FIT tariff and forecasted sale price multiplied by a forecasted volume of electricity produced from alternative/renewable energy sources ("RES")). Ukrenergo then pays expenses based on actual volume of electricity produced from RES and the actual sale prices. The difference between the forecasted expenses provided for in the tariff and the actual expenses can result in a loss for the Group. The PSO is expected to be phased out by the end of 2029, after which Ukrenergo will no longer be required to compensate these expenditures.

In 2023, the cost incurred by Ukrenergo of PSO RES amounted to UAH 25,430 million, and as of 31 December 2023, Ukrenergo's obligation for the PSO RES amounted to UAH 32,315 million.

In 2024, the cost incurred by Ukrenergo of PSO RES amounted to UAH 27,862 million, and as of 31 December 2024, Ukrenergo's obligation for the PSO RES amounted to UAH 24,398 million. The UAH 7.9 billion reduction in PSO RES payables balance from 31 December 2023 was primarily driven by the proceeds from EUR 148 million EBRD loan allocated for PSO repayment.

In 2025, the cost incurred by Ukrenergo of PSO RES amounted to UAH 31,511 million, and as of 31 December 2025, Ukrenergo's obligation for the PSO RES amounted to UAH 17,626 million.

During the six-month period ended 30 June 2026, the cost incurred by Ukrenergo of PSO RES amounted to UAH 14,831 million (six-month period ended 30 June 2025: UAH 14,707 million), and as of 30 June 2026, Ukrenergo's obligation for the PSO RES amounted to UAH 18,499 million, compared to UAH 17,626 million as of 31 December 2025.

The increase in the PSO RES obligation over the six-month period was driven by the cost incurred outpacing cash settlement of the balance during the period.

The Guaranteed Buyer has commenced several claims against Ukrenergo in respect of non-payment of the cost of the Public Service Obligation. See "*Description of Ukrenergo – Legal Proceedings – Claims of the Guaranteed Buyer regarding delayed payments by the Group*" for a description of these claims.

Pricing / Tariffs

Prior to 1 July 2019, a combined single tariff was in operation for transmission and dispatch (operational and technological) control services. Since 1 July 2019, following the introduction of a new electricity market model in Ukraine, Ukrenergo's single tariff was divided into two separate tariffs: a tariff for electricity transmission services and for dispatch (operational and technological) control services. Both of these tariffs are regulated and approved by the NEURC. The cost of the PSO was included in the tariff for electricity transmission, which led to an increased sensitivity to changes in electricity price, production volume of "green" energy and electricity transmission volume.

Tariffs are set annually by NEURC within the parameters of the regulatory framework. Tariffs for each year are usually approved in December of the previous year. NEURC approves annual tariff increases for future fixed periods on the basis of applications filed by Ukrenergo, in which Ukrenergo identifies the average annual tariff increases that it has determined it requires over the relevant period to meet its expected operational and business

needs. Tariffs are set on a "cost plus" basis, meaning that Ukrenergo's expenses should be covered by the tariffs, and NEURC has an obligation to consider and include these costs when it sets the tariffs. Additional items of expenses, such as loan and interest repayments, employee payroll and other payments to the state budget are also factored into the tariffs. See "*Description of Ukrenergo – Tariffs*".

The NEURC has the power to review tariffs on an annual basis in the event Ukrenergo does not comply with the requirements of its operating license, regulations of the NEURC, or other regulatory requirements; as well as in the event Ukrenergo does not fulfil its investment program.

Tariffs for electricity transmission services since January 2022 are as follows:

Period	Tariff, UAH/MWh	Date and number of the NEURC resolution
January 2022 – December 2022.....	345.64	1 December 2021 No. 2454
January 2023 – March 2023.....	380.28	21 December 2022 No. 1788
April 2023 – June 2023.....	430.25	21 December 2022 No. 1788
July 2023 – December 2023	485.10	21 December 2022 No. 1788
January 2024 – December 2024.....	528.57	9 December 2023 No. 2322
January 2025 – December 2025.....	686.23	19 December 2024 No. 2200
January 2026 – March 2026.....	713.68	5 December 2025 No. 2009
April 2026 – August 2026	742.91	5 December 2025 No. 2009
August 2026 – December 2026.....	928.45	28 July 2026 No.1228

Tariffs for electricity dispatch (operational and technological) control services since January 2022 are as follows:

Period	Tariff, UAH/MWh	Date and number of the NEURC resolution
January 2022 – December 2022.....	62.13	1 December 2021 No. 2455
January 2023 – March 2023.....	68.28	21 December 2022 No. 1789
April 2023 – June 2023.....	80.87	21 December 2022 No. 1789
July 2023 – December 2023	95.54	21 December 2022 No. 1789
January 2024 – December 2024.....	104.57	9 December 2023 No. 2323
January 2025 – December 2025.....	98.97	19 December 2024 No. 2201
April- June 2026	110.03	5 December 2025 No. 2010
July 2026 – December 2026	118.64	30 June 2026 No. 1001

Major factors affecting the tariff levels change are market components of expenditure in the structure of tariffs for electricity transmission and dispatch (operational and technological) control services. More specifically, expenditure components in the tariff for electricity transmission include the cost of performing the PSO (while increasing the share of the RES) and the cost of acquiring electricity to compensate technological losses. In the tariff for dispatch (operational and technological) control services, expenditure components include costs of services of commercial metering administrator and settlement administrator, as well as costs of acquiring ancillary services.

Since the end of 2022 there were five consecutive increases in electricity transmission and dispatching tariffs on the back of the substantial repair needs for the Ukrainian energy system caused by the Russian missile attacks.

Ukrenergo's current or future earnings may be adversely impacted in the event the NEURC reduces tariffs for electricity transmission and dispatch (operational and technological) control services, or if such tariffs do not sufficiently cover operating and debt service costs, including costs for the Public Service Obligation.

Balancing market

The Electricity Market Law provides for mechanisms for free competitive pricing, whereby the price of electricity accounts for the ratio of supply and demand, as well as the level of solvency of consumers. Furthermore, market participants determine independently the schedule of production and consumption in the energy system on the basis of concluded contracts for the purchase and sale of electricity. The balancing market is the last stage for electricity trading. It plays an essential role, as production and consumption levels must match during the operation of electric power systems, to avoid storing large quantities of electricity, which is not economically convenient.

In the balancing market, the purchase and sale of electricity is carried out to ensure a real-time balance of production, import, export, consumption of electricity and settlement of imbalances. The mechanism of the balancing market, and the pricing, is determined by the market rules approved by the NEURC Resolution No. 307 dated 14 March 2018 (as amended) (the "**Market Rules**"). According to Article 68 of the Electricity Market Law,

only the TSO and balance responsible parties ("**BRP**"), which are electricity producers remunerated for balancing services provided to the TSO, can buy and sell electricity for system balancing.

Ukrenergo began performing purchase/sale of electricity on the balancing market from 1 July 2019. Ukrenergo generates its revenue on the balancing market from (i) the sale of electricity-to-electricity suppliers in case of deficit of electricity in the grid and (ii) the sale of electricity-to-electricity producers which agreed to unload the grid in case of excess of electricity in the network. On the other hand, costs on the balancing market occur during (i) the purchase of excess electricity in the grid from electricity suppliers when consumption of electricity is lower than planned and (ii) the purchase of electricity from electricity producers to counter-balance the deficit of electricity in the grid when its consumption is higher than planned.

In order to balance supply and demand and settle imbalances, Ukrenergo buys and sells balancing electricity (upward/ downward) from manufacturers and sells and buys imbalances from the BRP that created them. The difference between accruals for imbalances and balancing energy creates a deficit/surplus of funds on Ukrenergo's special account, which is the account used to pay the BRPs. On 15 February 2021, NEURC amended the Market Rules in order to minimize deficits on Ukrenergo's special account by changing the methodology for calculating prices for imbalances and balancing energy. As of 30 June 2026, and 31 December 2025, Ukrenergo had a value of UAH 69 million and UAH 14 million, respectively, in the special purpose bank accounts related to the balancing market.

A deterioration in the level of payments made by counterparties on the balancing market to the Group can result in delay in the Group's payments to providers of balancing services, since all payments in this market segment go through the special account of the Group and cannot be financed by cash inflows from other types of activities, unless it is provided for by other normative legal acts. The deterioration in payments is due to the impact of the war on the economy, rate of unemployment and the increased challenges of enforcement.

In 2026, the situation on the balancing market remained unresolved and led to losses for the Group.

For the six months ended 30 June 2026, the financial result of the Group on the domestic balancing market (excluding costs related to the settlement of system constraints, which are compensated through the tariff for dispatch (operational and technological) control services, as well as cross-border balancing) amounted to a loss of UAH 5.2 billion, which is UAH 4.9 billion higher than the result for the corresponding period of 2025 (loss of UAH 0.3 billion).

In addition, costs related to the settlement of system constraints for the six months ended 30 June 2026 and 2025 amounted to UAH 3.4 billion and UAH 1.3 billion, respectively.

At the same time, revenue from activities on the internal balancing market for the six months ended 30 June 2026 amounted to UAH 16.0 billion, which was UAH 6.8 billion, or 73 per cent., higher than in the corresponding period of the previous year (UAH 9.2 billion), while expenses (excluding costs related to the settlement of system constraints and cross-border balancing) amounted to UAH 21.2 billion, which was UAH 11.6 billion, or 121 per cent., higher than in the corresponding period of the previous year (UAH 9.5 billion).

Such a significant deterioration in settlements on the balancing market is driven by the increasing number of attacks by the aggressor on energy infrastructure facilities, which in turn leads to large volumes of forced consumption restrictions and system constraints in the power system. Updated approaches to calculating the system state within the real-time unit and the settlement period, the increase in electricity market prices, as well as the formation of imbalance prices and balancing energy prices, which came into effect in 2025 following amendments to the market rules, do not operate effectively under non-market restrictions caused by the consequences of such attacks. As a result, there is a persistent trend towards an increasing gap between the Group's income and expenses on the balancing market, leading to a growing debt of the Group to market participants.

An additional negative effect on the widening of the gap between accrued revenues and expenses in the balancing market was caused by the increase in the maximum prices in the balancing market during the six months ended 30 June 2026, compared to the corresponding period of the previous year – from UAH 10,000/MWh to UAH 17,000/MWh.

By Resolution of the NEURC dated 24 March 2026, No. 416, amendments were introduced to Resolution of the NEURC No. 332 of 25 February 2022. These amendments allowed, starting from 1 April 2026, the TSO not to take into account the volume of forced reduction of electricity consumption carried out in response to an operational command or instruction (including volumes disconnected by special automatic load shedding) when determining the system state. They also oblige the transmission system operator and distribution system operators

to inform consumers about the forecast volumes of restrictions on electricity consumption and capacity. These changes allowed the revenues and expenses in the respective market segment to be partially balanced.

In order to further resolve the situation on the balancing market, the Group continues to work with the NEURC on improving the mechanisms for the functioning of the balancing market under martial law in order to eliminate the causes of the negative financial result in this segment. In particular, the Group submitted to the Regulator proposals for the necessary amendments to the market rules approved by Resolution of the NEURC dated 14 March 2018, No. 307, and Resolution of the NEURC dated 25 February 2022, No. 332, aimed at improving the approach to pricing in the balancing market, including eliminating the impact of the system state on the formation of imbalance prices and balancing electricity prices, improving the approaches to determining the non-compliance charge for BSPs and balancing service providers, and providing compensation to electricity suppliers for positive imbalances.

In accordance with applicable laws and regulations, the financing of the negative financial result (the residual value of imbalance charges for electricity accounted for in sub-account UA-1) is carried out through the tariff for dispatch (operational and technological) control services.

Results of Operations for the Six-Month Period Ended 30 June 2026 and 2025

The table below sets out the results of operations of the Group for the six-month period ended 30 June 2026 and 2025.

	For the six-month period ended 30 June	
	2026	2025
	<i>Unaudited</i> (UAH '000)	
Revenue.....	63,802,454	53,461,410
Cost of sales	(63,899,370)	(45,236,547)
Gross profit.....	(96,916)	8,224,863
Other operating income	2,022,072	3,260,986
Administrative expenses.....	(840,997)	(777,275)
Other operating expenses.....	(2,477,056)	(3,259,082)
Impairment of financial assets, net	(2,235,262)	(1,823,007)
Impairment of property, plant and equipment and intangible assets, net	(463,706)	(21,487)
Operating (loss)/profit.....	(4,091,865)	5,604,998
Finance income	638,488	734,104
Finance costs	(3,279,462)	(3,113,172)
Foreign exchange loss, net.....	(4,276,316)	(3,736,185)
Loss before tax.....	(11,009,155)	(510,255)
Income tax benefit	621,974	25,791
LOSS FOR THE PERIOD.....	(10,387,181)	(484,464)

Revenue

Revenue increased by UAH 10.3 billion, or 19.3 per cent., from UAH 53.5 billion for the six-month period ended 30 June 2025, to UAH 63.8 billion for the six-month period ended 30 June 2026.

The following table sets forth a breakdown of revenue for the periods indicated.

	For the six-month period ended 30 June	
	2026	2025
	<i>Unaudited</i> (UAH '000)	
Revenue from electricity transmission services and connection to electricity transmission system	32,455,052	32,895,116
Revenue from electricity sales on the balancing market	16,013,392	9,239,998
Revenue from dispatch (operational and technological) control services	9,374,998	9,310,316
Revenue from granting access to the transmission capacity of interstate power networks.....	3,320,770	703,543
Revenue from electricity sales during cross border flows.....	2,350,883	1,081,229
Revenue from electricity sales in the framework of providing emergency assistance.....	234,783	200,332
Revenue under the ITAC Agreement.....	31,564	4,382
Revenue from sales of reactive energy	20,815	26,102
Revenue from providing services of data transfer administrator (DTA) and insider information platform administrator (IIPA)	197	392
Total	63,802,454	53,461,410

Overall revenue growth was driven primarily by a substantial increase in revenue from the balancing market and from granting access to the transmission capacity of interstate power networks, partially offset by a decline in revenue from electricity transmission services.

Revenue from electricity transmission services and connection to electricity transmission system decreased by UAH 0.4 billion, or 1.3 per cent., from UAH 32.9 billion to UAH 32.5 billion, primarily as a result of a 6.1 per cent. decrease in electricity transmission volumes, caused by large-scale attacks on Ukraine's energy infrastructure, which caused a significant electricity deficit in the IPS of Ukraine at the beginning of 2026. This was partially offset by an increase in the weighted average transmission tariff: from January to March 2026 tariffs increased by 4.0 per cent. from 686.23 UAH/MWh to 713.68 UAH/MWh, and from April to July 2026 by a further 4.1 per cent. to 742.91 UAH/MWh.

Revenue from electricity sales on the balancing market increased by UAH 6.8 billion, or 73.3 per cent., from UAH 9.2 billion to UAH 16.0 billion, reflecting a combination of 12 per cent. higher volumes and 48 per cent. higher prices on the balancing market, driven by the increasing number of Russian attacks on energy infrastructure facilities, which caused large volumes of forced consumption restrictions and system constraints in the power system, as well as an increase in the maximum prices in the balancing market from UAH 10,000/MWh to UAH 17,000/MWh during the six-month period ended 30 June 2026 compared to the corresponding period of the previous year.

Revenue from dispatch (operational and technological) control services increased marginally by UAH 0.1 billion, or 0.7 per cent., from UAH 9.3 billion to UAH 9.4 billion, mainly due to an 11.2 per cent. increase in the tariff for dispatch (operational and technological) control services for the period from April to June 2026, from 98.97 UAH/MWh to 110.03 UAH/MWh, which was largely offset by a 9.4 per cent. decrease in dispatch volumes compared to the corresponding period of the previous year, due to large-scale attacks on Ukraine's energy infrastructure.

Revenue from granting access to the transmission capacity of interstate power networks increased significantly by UAH 2.6 billion, or 372.0 per cent., from UAH 0.7 billion to UAH 3.3 billion, mainly due to an increase in electricity imports from the EU during periods of electricity deficit in the IPS of Ukraine caused by missile attacks by the Russian Federation on Ukraine's energy infrastructure, as well as electricity exports during periods of surplus. In January 2026, the maximum cross-border transmission capacity for electricity imports from the European Union to the Ukraine–Moldova control block increased to 2,450 MW, from 2,150 MW previously, providing additional import capacity.

Revenue from electricity sales during cross-border flows increased by UAH 1.3 billion, or 117.4 per cent., from UAH 1.1 billion to UAH 2.4 billion, and revenue from electricity sales in the framework of providing emergency assistance increased by UAH 34.5 million, or 17.2 per cent., from UAH 0.2 billion to UAH 0.2 billion, both reflecting increased cross-border trading activity amid periods of domestic electricity deficit and surplus caused by the security situation.

Cost of sales

Cost of sales increased by UAH 18.7 billion, or 41.3 per cent., from UAH 45.2 billion for the six-month period ended 30 June 2025, to UAH 63.9 billion for the six-month period ended 30 June 2026.

The following table sets forth a breakdown of cost of sales for the periods indicated.

	For the six-month period ended 30 June	
	2026	2025
	Unaudited (UAH '000)	
Procurement of services to increase share of electricity production from alternative sources (PSO RES)	14,830,534	14,707,285
Procurement of electricity on the balancing market	24,595,314	10,886,407
Procurement of electricity to compensate technological losses	8,519,703	7,116,980
Other, including	15,953,819	12,525,875
<i>Depreciation and amortization</i>	4,060,743	3,652,776
<i>Procurement of auxiliary services (frequency and active power management)</i>	3,281,612	3,132,311
<i>Staff costs</i>	2,102,341	1,687,182
<i>Procurement of electricity from cross-border flows</i>	1,991,948	1,436,564
<i>Curtailment of RES production</i>	2,047,735	1,143,190
<i>Social charges</i>	431,774	353,153
<i>Repairs and maintenance</i>	230,260	263,178
<i>Purchase of electricity in the framework of providing emergency assistance</i>	676,773	97,427
<i>Information and consulting services</i>	294,804	184,607
<i>Security expenses</i>	231,921	203,408
<i>Procurement of services to ensure the uninterrupted functioning of "last resort" supplier</i> ..	76,653	57,777
<i>Expenses under the ITC Agreement</i>	48,082	66,076
<i>Energy and utilities</i>	87,351	57,502
<i>Other expense</i>	391,822	190,724
Total	63,899,370	45,236,547

Cost of sales relating to procurement of electricity on the balancing market increased by UAH 13.7 billion, or 125.9 per cent., from UAH 10.9 billion to UAH 24.6 billion, mainly because of changes in the approach to the formation of imbalance and balancing energy prices as well as higher electricity prices.

Cost of sales relating to procurement of services to increase the share of electricity production from alternative sources (PSO RES) increased by UAH 0.1 billion, or 0.8 per cent., from UAH 14.7 billion to UAH 14.8 billion, as a result of (i) higher volumes of RES production by private households, and (ii) an increase in the weighted average "green" tariff.

Cost of sales relating to procurement of electricity to compensate technological losses increased by UAH 1.4 billion, or 19.7 per cent., from UAH 7.1 billion to UAH 8.5 billion due to an increase in the volume of technological losses in the grid by 22.9 per cent. caused by missile and drone attacks on Ukraine's energy infrastructure.

Curtailment of RES production costs increased by UAH 0.9 billion, or 79.1 per cent., from UAH 1.1 billion to UAH 2.0 billion due to a 63 per cent. increase in curtailment volumes, reflecting a surplus of capacity in the energy system during daylight hours at the beginning of the spring-summer period and reduced flexibility of the IPS of Ukraine following large-scale damage at the beginning of 2026.

Costs for the purchase of electricity within the framework of providing emergency assistance increased by UAH 0.6 billion, or 594.6 per cent., from UAH 97.4 million to UAH 676.8 million due to an increase in both the volume and the price of electricity imported under emergency assistance during periods of electricity deficit in the IPS of Ukraine.

Depreciation and amortisation included in cost of sales increased by UAH 0.4 billion, or 11.2 per cent., from UAH 3.7 billion to UAH 4.1 billion, consistent with continued capital expenditure on the network.

Gross profit

The Group recorded a gross loss of UAH 96.9 million for the six-month period ended 30 June 2026, compared to a gross profit of UAH 8.2 billion for the six-month period ended 30 June 2025, a deterioration of UAH 8.3 billion. This was a direct result of cost of sales (up 41.3 per cent.) increasing more than twice as fast as revenue (up 19.3 per cent.) over the same period, driven by the deterioration of the balancing market performance.

Other operating income

Other operating income decreased by UAH 1.2 billion, or 38.0 per cent., from UAH 3.3 billion for the six-month period ended 30 June 2025, to UAH 2.0 billion for the six-month period ended 30 June 2026.

This decrease was mainly driven by a UAH 0.8 billion decrease in income from grants and free-of-charge received property, plant and equipment (from UAH 1.8 billion to UAH 1.0 billion, a decrease of 43.9 per cent., reflecting the timing and composition of grant-funded equipment deliveries from international partners, as further described

in Note 11 and Note 17 of the 2026 Unaudited Interim Condensed Consolidated Financial Statements) and a UAH 0.4 billion decrease in fines, penalties and forfeits received (from UAH 0.8 billion to UAH 0.4 billion).

These decreases were partially offset by a UAH 0.2 billion increase in current assets received free-of-charge (mainly inventory, spare parts and building materials received under humanitarian aid, international technical assistance and grants).

Administrative expenses

Administrative expenses increased by UAH 63.7 million, or 8.2 per cent., from UAH 777.3 million for the six-month period ended 30 June 2025, to UAH 841.0 million for the six-month period ended 30 June 2026, mainly due to an increase in staff costs of UAH 74.3 million, partially offset by lower spending on information and consulting services.

Other operating expenses

Other operating expenses decreased by UAH 0.8 billion, or 24.0 per cent., from UAH 3.3 billion for the six-month period ended 30 June 2025, to UAH 2.5 billion for the six-month period ended 30 June 2026.

The decrease of UAH 0.8 billion was mainly attributable to lower fines, penalties and forfeitures recognised, from UAH 1.0 billion to UAH 0.2 billion, partially offset by the recognition of UAH 1.2 billion of regulatory expenses in the six-month period ended 30 June 2026 (six-month period ended 30 June 2025: UAH 1.3 billion), representing the temporary difference between the period in which actual costs are incurred and their reimbursement in the tariff (as further described in Note 9 of the 2026 Unaudited Interim Condensed Consolidated Financial Statements), and a higher change in the allowance for litigation provision, net, which increased from UAH 354.7 million to UAH 656.1 million, mainly reflecting the increase in provisions for litigation costs related to delayed payments by the Group on the electricity market.

Impairment of financial assets, net

Impairment of financial assets, net increased by UAH 0.4 billion, or 22.6 per cent., from UAH 1.8 billion for the six-month period ended 30 June 2025, to UAH 2.2 billion for the six-month period ended 30 June 2026, mainly driven by an increase in overdue receivables and delays in payments on the balancing market from various categories of market participants amid the continuing deterioration in settlement discipline in the electricity market.

Impairment of property, plant and equipment and intangible assets, net

Impairment of property, plant and equipment and intangible assets, net increased from UAH 21.5 million for the six-month period ended 30 June 2025, to UAH 463.7 million for the six-month period ended 30 June 2026, as a result of the destruction of, and damage to, part of the Group's energy infrastructure caused by missile and drone attacks during the period.

Finance income

Finance income decreased by UAH 95.6 million, or 13.0 per cent., from UAH 734.1 million for the six-month period ended 30 June 2025, to UAH 638.5 million for the six-month period ended 30 June 2026, mainly due to lower income from interest on current bank accounts, reflecting the level of the NBU key policy rate during the period (which stood at 15.0 per cent. from 30 January 2026, increasing to 15.5 per cent. in July 2026) and the composition of the Group's cash balances.

Finance costs

Finance costs increased by UAH 0.2 billion, or 5.3 per cent., from UAH 3.1 billion for the six months ended 30 June 2025, to UAH 3.3 billion for the six-month period ended 30 June 2026, mainly reflecting discount costs on initial recognition of UAH 109.1 million recorded in the six-month period ended 30 June 2026 (six-month period ended 30 June 2025: nil), partially offset by lower interest expense on loans, which decreased from UAH 2.2 billion to UAH 2.0 billion.

Foreign exchange loss, net

Foreign exchange loss, net increased by UAH 0.5 billion, or 14.5 per cent., from UAH 3.7 billion for the six-month period ended 30 June 2025, to UAH 4.3 billion for the six-month period ended 30 June 2026. The main reason was the depreciation of the Ukrainian hryvnia amid macroeconomic challenges: the UAH/EUR exchange rate increased by 2.6 per cent., and the UAH/USD exchange rate increased by 5.8 per cent., over the period, which primarily affected the value of the Group's foreign-currency-denominated loans.

Loss before tax and Income tax benefit

As a result of the foregoing, the Group recorded a loss before tax of UAH 11.0 billion for the six-month period ended 30 June 2026, compared to a loss before tax of UAH 0.5 billion for the six-month period ended 30 June 2025.

Income tax benefit increased from UAH 25.8 million for the six-month period ended 30 June 2025, to UAH 622.0 million for the six-month period ended 30 June 2026, broadly consistent with the increase in the pre-tax loss, but partially offset by the Group's non-recognition of a deferred tax asset of UAH 1.3 billion arising from deductible temporary differences and unused tax losses for the six-month period ended 30 June 2026.

Recognition of this portion of the asset was not considered probable within a reasonable and supportable forecast horizon, principally due to the deterioration in the situation with accruals on the balancing market in 2025–2026 and the decrease in electricity transmission and dispatch volumes during the period, each as described above (see Note 3 and Note 22 of the 2026 Unaudited Interim Condensed Consolidated Financial Statements).

Loss for the period

As a result of the foregoing, the Group recorded a loss for the period of UAH 10.4 billion for the six-month period ended 30 June 2026, compared to a loss for the period of UAH 484.5 million for the six-month period ended 30 June 2025, mostly driven by a deterioration in the balancing market performance.

Results of Operations for the year ended 31 December 2025 and 2024

The table below sets out the results of operations of the Group for the year ended 31 December 2025 and 2024.

	For the year ended 31 December	
	2025	2024
	<i>Audited</i>	
	<i>(UAH '000)</i>	
Revenue.....	107,739,171	101,139,123
Cost of sales	(101,596,227)	(90,607,782)
Gross profit	6,142,944	10,531,341
Other operating income	8,749,520	8,414,524
Administrative expenses.....	(1,619,666)	(1,216,633)
Other operating expenses.....	(6,585,980)	(10,970,172)
Impairment of financial assets, net	(5,860,924)	(14,493,093)
Impairment of property, plant and equipment and intangible assets, net	(2,884,737)	(1,482,577)
Operating (loss)/profit.....	(2,058,843)	(9,216,610)
Finance income	1,107,173	1,183,812
Finance costs	(6,367,055)	(33,733,419)
Foreign exchange loss, net.....	(5,587,375)	(4,451,201)
Loss before tax	(12,906,100)	(46,217,418)
Income tax benefit	2,239,581	8,230,517
LOSS FOR THE PERIOD.....	(10,666,519)	(37,986,901)

Revenue

Revenue increased by UAH 6.6 billion, or 6.5 per cent., from UAH 101.1 billion for the year ended 31 December 2024, to UAH 107.7 billion for the year ended 31 December 2025.

The following table sets forth a breakdown of revenue for the periods indicated.

	For the year ended 31 December	
	2025	2024
	<i>Audited</i>	
	<i>(UAH '000)</i>	
Revenue from electricity transmission services and connection to electricity transmission system	63,373,802	50,372,440
Revenue from electricity sales on the balancing market	20,471,614	26,818,288
Revenue from dispatch (operational and technological) control services	18,030,533	19,511,103
Revenue from electricity sales during cross-border flows.....	2,630,022	2,302,387
Revenue from granting access to the transmission capacity of interstate power networks.....	2,533,789	1,901,797
Revenue from electricity sales in the framework of providing emergency assistance.....	600,010	203,907
Revenue under the ITAC Agreement.....	54,524	-
Revenue from sales of reactive energy	44,271	28,603
Revenue from providing services of data transfer administrator (DTA) and insider information platform administrator (IIPA)	606	598

		For the year ended 31 December	
		2025	2024
		<i>Audited</i> <i>(UAH '000)</i>	
Total		107,739,171	101,139,123

Overall revenue growth was driven primarily by higher transmission tariffs, partially offset by lower balancing market revenues and a modest decline in dispatching income.

Revenue from electricity transmission services and connection to electricity transmission system increased by 25.8 per cent., from UAH 50.4 billion to UAH 63.4 billion. This was driven by a 29.8 per cent. increase in the weighted average transmission tariff, from UAH 528.57/MWh in 2024 to UAH 686.23/MWh in 2025. Transmission volumes, however, declined by 3.1 per cent., primarily due to large-scale Russian attacks on Ukraine's energy infrastructure, which created a significant electricity deficit in the IPS by the end of 2025.

Revenue from dispatch control services declined by 7.6 per cent., from UAH 19.5 billion to UAH 18.0 billion. Both volume and price contributed to the decrease: dispatching volumes fell by 2.5 per cent., while the weighted average tariff dropped from UAH 104.57/MWh in 2024 to UAH 98.97/MWh in 2025, a reduction of 5.4 per cent.

Revenue from electricity sales on the balancing market fell by 23.7 per cent., from UAH 26.8 billion to UAH 20.5 billion. The decline reflected both lower volumes and weaker prices: sales volumes decreased by 8.6 per cent., while the weighted average sale price fell by 17.1 per cent.

Revenue from electricity sales during cross-border flows increased from UAH 2.3 billion for the year ended 31 December 2024 to UAH 2.6 billion for the year ended 31 December 2025, or 14.2 per cent., due to an increase in price by 11.8 per cent. (mainly driven by UAH/EUR exchange rate) and an increase in volume by 2.4 per cent.

Revenue from granting access to the transmission capacity of interstate power networks increased from UAH 1.9 billion for the year ended 31 December 2024 to UAH 2.5 billion for the year ended 31 December 2025, or 33.2 per cent., due to an increase in electricity imports into Ukraine during the periods of power deficits in the IPS of Ukraine resulting from missile attacks on energy infrastructure.

Revenue from electricity sales in the framework of providing emergency assistance increased from UAH 0.2 billion for the year ended 31 December 2024 to UAH 0.6 billion for the year ended 31 December 2025, or 194.3 per cent., due to an increase in emergency electricity exports to neighbouring countries in response to their requests and during periods of power surplus in the IPS of Ukraine.

Cost of sales

Cost of sales increased by UAH 11.0 billion, or 12.1 per cent., from UAH 90.6 billion for the year ended 31 December 2024 to UAH 101.6 billion for the year ended 31 December 2025.

The following table sets forth a breakdown of cost of sales for the periods indicated.

	For the year ended 31 December	
	2025	2024
	<i>Audited</i>	
	<i>(UAH '000)</i>	
Procurement of services to increase share of electricity production from alternative sources (PSO RES)	31,511,165	27,862,257
Procurement of electricity on the balancing market	29,334,362	26,394,040
Procurement of electricity to compensate technological losses	15,330,913	12,269,189
Other, including	25,419,787	24,082,296
<i>Depreciation and amortization</i>	7,552,707	7,163,353
<i>Procurement of auxiliary services (frequency and active power management)</i>	6,179,508	5,192,700
<i>Staff costs</i>	3,719,762	3,265,997
<i>Procurement of electricity from cross-border flows</i>	2,815,510	2,595,164
<i>Curtailment of RES production</i>	1,784,078	1,436,606
<i>Social charges</i>	771,463	662,207
<i>Repairs and maintenance</i>	564,885	629,610
<i>Purchase of electricity in the framework of providing emergency assistance</i>	426,138	1,914,144
<i>Information and consulting services</i>	421,021	270,930
<i>Security expenses</i>	407,876	425,420
<i>Procurement of services to ensure the uninterrupted functioning of "last resort" supplier</i> ..	117,680	92,867
<i>Expenses under the ITC Agreement</i>	112,693	-
<i>Energy and utilities</i>	105,056	89,500
<i>Other expense</i>	441,410	343,798
Total	101,596,227	90,607,782

The increase in cost of sales from the year ended 31 December 2024 to the year ended 31 December 2025 was mainly attributable to the increase in costs relating to procurement of services to increase share of electricity production from alternative sources (PSO RES) by 13.1 per cent., from UAH 27.9 billion to UAH 31.5 billion. The increase was primarily due to a (i) 3 per cent. increase in the "green" tariff because of the depreciation of the Ukrainian hryvnia against the euro, a (ii) 14 per cent. decrease in the weighted average selling price of electricity from RES by the Guaranteed Buyer, and a (iii) 17 per cent. increase in electricity generation from RES by private households.

Cost of sales relating to procurement of electricity on the balancing market increased by 11.1 per cent., from UAH 26.4 billion to UAH 29.3 billion from the year ended 31 December 2024 to the year ended 31 December 2025, mainly because of changes in the approach to the formation of imbalance and balancing energy prices.

Cost of sales relating to procurement of electricity to compensate technological losses increased by 25.0 per cent., from UAH 12.3 billion to UAH 15.3 billion from the year ended 31 December 2024 to the year ended 31 December 2025, due to 23.9 per cent. higher market electricity prices.

Pursuant to Resolution of the Cabinet of Ministers of Ukraine No. 1597 dated 5 December 2025, the Group was granted access to purchase electricity through special auction sessions (lot packages under bilateral contracts), including from state-owned generators such as Energoatom. These mechanisms are specifically designed to cover technological losses at prices below prevailing market levels. In particular, electricity is procured at a regulated discount (e.g., around 30 per cent. below the weighted average market price), which reduces the cost burden on the transmission tariff. As a result, starting from 2026, the Group is expected to partially substitute market-based purchases with discounted volumes procured via these special sessions, leading to a reduction in expenses for electricity purchases to compensate for technological losses.

In Ukraine, "green" tariffs are set in Euro and depend on the commissioning date of renewable energy facilities, following a degrading scale—older facilities have higher tariffs, while newer ones are subject to lower rates. For plants launched between 2025 and 2029, the tariff remains unchanged, meaning the cost of the Green PSO for Ukrenergo in the coming years is likely to increase in the event of UAH depreciation or new capacity installations.

Meanwhile, some renewable energy producers are opting to sell electricity on the Day-Ahead Market rather than relying on the "green" tariff, which benefits Ukrenergo by potentially reducing the financial burden of Green PSO support.

The increase in costs was partly offset by the decrease in costs relating to purchase of electricity in the framework of providing emergency assistance by 77.7 per cent., from UAH 1.9 billion to UAH 0.4 billion, due to the decrease in emergency electricity imports, which were significant in the summer of 2024 after the destruction of, and damage to, thermal and hydro power plants beginning in March 2024. In the end of 2025, the power deficits in the IPS of Ukraine were partly covered by commercial electricity import and widespread power cuts for consumers.

Gross profit

The Group's gross profit decreased in 2025 reaching UAH 6.1 billion for the year ended 31 December 2025, compared to UAH 10.5 billion for the year ended 31 December 2024. This was primarily a result of cost of sales outperforming revenue growth: revenue increased by UAH 6.6 billion, or 6.5 per cent., from UAH 101.1 billion to UAH 107.7 billion, while cost of sales increased by UAH 11.0 billion, or 12.1 per cent., from UAH 90.6 billion to UAH 101.6 billion. This led to reduced profitability during the period under review.

Other operating income

Other operating income increased by 4.0 per cent. in 2025, amounting to UAH 8.7 billion for the year ended 31 December 2025, compared to UAH 8.4 billion for the year ended 31 December 2024. This increase was mainly driven by an increase in (i) income from grants and property, plant and equipment received free-of-charge by UAH 534.4 million (received from IFIs for CAPEX purposes), (ii) current assets received free-of-charge (i.e., received under humanitarian aid, international technical assistance, grants, such as inventory, spare parts, building materials, etc.) by UAH 469.9 million, and (iii) net operating foreign exchange gain by UAH 411.6 million. The increase was also supported by higher income from financial security enforcement for a future ancillary services agreement by UAH 187 million. This increase was partly offset by lower fines, penalties and forfeitures received by UAH 1.1 billion and lower regulatory income by UAH 56.8 million. See Note 23 of the 2025 Consolidated Financial Statements (*Other Operating Income*) for a detailed breakdown of other operating income.

Administrative expenses

Administrative expenses increased by 33.1 per cent. from UAH 1.2 billion for the year ended 31 December 2024 to UAH 1.6 billion for the year ended 31 December 2025, mainly because of an increase in (i) information and consulting services by UAH 189.1 million, (ii) court fees by UAH 114.7 million, (iii) staff costs by UAH 79.9 million, and (iv) social charges by UAH 22.9 million. See Note 24 of the 2025 Consolidated Financial Statements (*Administrative Expenses*) for a more detailed breakdown of administrative expenses.

Other operating expenses

Other operating expenses decreased by UAH 4.4 billion, or 40.0 per cent., from UAH 11.0 billion for the year ended 31 December 2024, to UAH 6.6 billion for the year ended 31 December 2025. The decrease in other operating expenses from the year ended 31 December 2024 to the year ended 31 December 2025 was mainly attributable to the decrease in (i) regulatory expenses by UAH 4.2 billion, from UAH 6.8 billion to UAH 2.6 billion, mainly due to the tariff regulation mechanism governing the recovery of uncovered costs through future tariffs, and (ii) fines, penalties, and forfeitures recognised by UAH 0.9 billion, from UAH 2.2 billion to UAH 1.2 billion. See Note 25 of the 2025 Consolidated Financial Statements (*Other Operating Expenses*) for a more detailed breakdown of other operating expenses.

Impairment of financial assets, net

The value of impairment of financial assets decreased by UAH 8.6 billion, or 59.6 per cent., from UAH 14.5 billion to UAH 5.9 billion from the year ended 31 December 2024 to the year ended 31 December 2025. The decrease was driven by several factors: (i) no further impairment of old past due debts and (ii) continued accrual of expected credit losses for new debts of DSOs, USPs, "protected consumers", and critical infrastructure in frontline regions.

With the onset of military aggression, the solvency of many consumers has weakened, leading to a significant decline in settlement levels within the electricity market due to deteriorating solvency of customers, and infrastructure destruction, resulting in a substantial increase in gross amount of accounts receivable (before expected credit losses) for the Group from 2022 to 2025, along with the recognition of significant expected credit losses.

Given the ongoing war and the nature of these receivables—primarily from customers near the frontline with strained liquidity—there is a heightened risk of further impairment and additional credit losses in the future.

Impairment of property, plant and equipment and intangible assets, net

The value of impairment of property, plant and equipment and intangible assets increased by UAH 1.4 billion, or 94.6 per cent., from UAH 1.5 billion to UAH 2.9 billion from the year ended 31 December 2024 to the year ended 31 December 2025. The increase was mainly attributable to the destruction of and damage to part of the Group's energy infrastructure, as a result of which the Group recognised impairment losses of property, plant and equipment and construction in progress.

Finance income

Finance income decreased by UAH 0.1 billion, or 6.5 per cent., from UAH 1.2 billion for the year ended 31 December 2024 to UAH 1.1 billion for the year ended 31 December 2025, mainly due to the decrease in income from interest on current bank accounts from UAH 1.2 billion to UAH 1.1 billion. See Note 26 of the 2025 Consolidated Financial Statements (*Finance Income*) for a more detailed breakdown of finance income.

Finance costs

Finance costs decreased by UAH 27.4 billion, or 81.1 per cent., from UAH 33.7 billion for the year ended 31 December 2024 to UAH 6.4 billion for the year ended 31 December 2025.

The decrease was mainly attributable to the absence of UAH 25.0 billion of additional financial expenses recognised in 2024 due to the interest payment suspension under the Original Notes. In 2022, following a liability management exercise, Ukrenergo revalued the Original Notes at the prevailing market prices with a significant discount to par. As a result, the Original Notes discount was amortised using 50.44 per cent. effective interest rate with the recognition of the corresponding financial expenses in the financial statements. Following the adoption of CMU Moratorium Resolution No. 977 and the imposition of the Ukrenergo Guarantee Moratorium, Ukrenergo recognised the full principal amount of the Original Notes leading to the recognition of additional financial expenses in 2024.

As a result, financial expenses for the second half of 2024 were recognised at the contractual coupon rate compared to effective interest rate of 50.44 per cent. for the first half of 2024. Consequently, financial expenses in 2025 under the Original Notes were UAH 2.2 billion lower compared to 2024. See Note 27 of the 2025 Consolidated Financial Statements (*Finance Costs*) for a more detailed breakdown of finance costs.

Foreign exchange loss, net

Foreign exchange loss, net, increased by UAH 1.1 billion, or 25.5 per cent., from UAH 4.5 billion for the year ended 31 December 2024 to UAH 5.6 billion for the year ended 31 December 2025, as a result of the depreciation of the hryvnia during 2025 by 0.8 per cent. in comparison to USD, and by 13.5 per cent. in comparison to EUR. During the year ended 31 December 2024, the hryvnia depreciated 10.7 per cent. against the USD, and by 4.1 per cent. against the EUR.

Income tax benefit

Income tax benefit decreased by UAH 6.0 billion, or 72.8 per cent., from UAH 8.2 billion for the year ended 31 December 2024 to UAH 2.2 billion for the year ended 31 December 2025, as a result of lower loss before tax.

Loss for the period

The Group recognised a UAH 27.3 billion lower loss for the period in 2025, compared to 2024. Loss for the year ended 31 December 2025 was UAH 10.7 billion, compared to loss of UAH 38.0 billion for the year ended 31 December 2024. The decrease in the loss for the period primarily resulted from a decrease in finance cost from UAH 33.7 billion to UAH 6.4 billion, impairment of financial assets from UAH 14.5 billion to UAH 5.9 billion, and other operating expenses from UAH 11.0 billion to UAH 6.6 billion due to the reasons described above.

Results of Operations for the year ended 31 December 2024 and 2023

The table below sets out the results of operations of the Group for the year ended 31 December 2024 and 2023.

	For the year ended 31 December	
	2024	2023
	<i>Audited</i>	
	<i>(UAH '000)</i>	
Revenue.....	101,139,123	83,011,245
Cost of sales	(90,607,782)	(71,904,327)
Gross profit	10,531,341	11,106,918
Other operating income	8,414,524	8,413,175
Administrative expenses.....	(1,216,633)	(1,138,267)
Other operating expenses.....	(10,970,172)	(1,921,322)
Impairment of financial assets, net	(14,493,093)	(3,443,432)
Impairment of property, plant and equipment and intangible assets, net	(1,482,577)	(2,788,047)
Operating (loss)/profit	(9,216,610)	10,229,025
Finance income	1,183,812	654,161
Finance costs	(33,733,419)	(7,592,043)
Foreign exchange loss, net.....	(4,451,201)	(2,683,932)
(Loss)/profit before tax	(46,217,418)	607,211
Income tax benefit (expense).....	8,230,517	(230,573)
(LOSS)/PROFIT FOR THE PERIOD	(37,986,901)	376,638

Revenue

Revenue increased by UAH 18.1 billion, or 21.8 per cent., from UAH 83.0 billion for the year ended 31 December 2023, to UAH 101.1 billion for the year ended 31 December 2024.

The following table sets forth a breakdown of revenue for the periods indicated.

	For the year ended 31 December	
	2024	2023
	<i>Audited</i>	
	<i>(UAH '000)</i>	
Revenue from rendering of electricity transmission services and connection to electricity transmission system.....	50,372,440	42,607,938
Revenue from electricity sales on the balancing market	26,818,288	21,699,751
Revenue from the sales of dispatch (operational and technological) control services.....	19,511,103	16,318,563
Revenue from electricity sales during cross-border flows.....	2,302,387	2,208,417
Revenue from granting access to the transmission capacity of interstate power networks.....	1,901,797	131,091
Revenue from electricity sales in the framework of providing emergency assistance.....	203,907	10,483
Revenue from sales of reactive energy	28,603	35,002
Revenue from providing services of data transfer administrator (DTA) and insider information platform administrator (IIPA)	598	-
Total.....	101,139,123	83,011,245

The increase in revenue from the year ended 31 December 2023 to the year ended 31 December 2024 was mainly attributable to the increase in (i) revenue on rendering of electricity transmission services and connection to electricity transmission system by 18.2 per cent., from UAH 42.6 billion to UAH 50.4 billion, (ii) revenue on the electricity sales on the balancing market by 23.6 per cent., from UAH 21.7 billion to UAH 26.8 billion, and (iii) revenue on the dispatch (operational and technological) control services by 19.6 per cent., from UAH 16.3 billion to UAH 19.5 billion. Balancing market revenue was driven by several factors: (i) an increase in the weighted average selling price of electricity in the balancing market by 40 per cent. compared to 2023, and (ii) a reduction in electricity sales volumes in the balancing market by 12 per cent. compared to 2023.

The increase in transmission and dispatching revenue is due to an increase of tariffs: (i) tariff for electricity transmission services increased from weighted average for the year ended 31 December 2023 of 443.76 UAH/MWh to 528.57 UAH/MWh for year ended 31 December 2024, or by 19.1 per cent.; and (ii) dispatch (operational and technological) control services increased from weighted average for the year ended 31 December 2023 of 84.82 UAH/MWh to 104.57 UAH/MWh for year ended 31 December 2024, or by 23.3 per cent. At the same time electricity transmission volume remained flat in 2024 and dispatching volume decreased by 3 per cent. In addition, revenue from granting access to transmission capacity of interstate power networks increased by 1,350.8 per cent. from UAH 131 million to UAH 1.9 billion during the period under review, as a result of increased electricity import from the EU to address electricity generation shortfalls in Ukraine caused by Russian missile and drone attacks since March 2024.

Cost of sales

Cost of sales increased by UAH 18.7 billion, or 26.0 per cent., from UAH 71.9 billion for the year ended 31 December 2023 to UAH 90.6 billion for the year ended 31 December 2024.

The following table sets forth a breakdown of cost of sales for the periods indicated.

	For the year ended 31 December	
	2024	2023
	<i>Audited</i> (UAH '000)	
Procurement of services to increase share of electricity production from alternative sources (PSO RES).....	27,862,257	25,430,018
Procurement of electricity on the balancing market.....	26,394,040	18,754,634
Procurement of electricity to compensate technological losses.....	12,269,189	9,252,977
Other, including.....	24,082,296	18,466,698
<i>Depreciation and amortization</i>	7,163,353	2,816,450
<i>Procurement of auxiliary services (frequency and active power management)</i>	5,192,700	6,144,249
<i>Staff costs</i>	3,265,997	2,609,578
<i>Procurement of electricity from cross-border flows</i>	2,595,164	2,320,616
<i>Purchase of electricity in the framework of providing emergency assistance</i>	1,914,144	375,844
<i>Curtailment of RES production</i>	1,436,606	2,004,001
<i>Social charges</i>	662,207	537,230
<i>Repairs and maintenance</i>	629,610	807,310
<i>Security expenses</i>	425,420	311,330
<i>Information and consulting services</i>	270,930	165,699
<i>Procurement of services to ensure the uninterrupted functioning of "last resort" supplier</i>	92,867	53,620
<i>Energy and utilities</i>	89,500	77,287
<i>Other expense</i>	343,798	243,484
Total	90,607,782	71,904,327

The increase in cost of sales from the year ended 31 December 2023 to the year ended 31 December 2024 was mainly attributable to the increase in costs related to procurement of electricity on the balancing market by 40.7 per cent., from UAH 18.8 billion to UAH 26.4 billion, mostly driven by the following factors: (i) UAH 1.5 billion higher purchase of electricity in the framework of providing emergency assistance from neighboring countries to maintain the balance of electricity in the IPS of Ukraine, (ii) 75 per cent. higher balancing market weighted average electricity price compared to 2023, and (iii) 22 per cent. lower balancing market electricity sales volumes compared to 2023.

Cost of sales relating to procurement of electricity to compensate technological losses increased by 32.6 per cent., from UAH 9.3 billion to UAH 12.3 billion from the year ended 31 December 2023 to the year ended 31 December 2024, as a result of increases in both the volume of technological losses by 2 per cent. and the weighted-average price by 30 per cent.

In addition, cost due to the procurement of electricity from alternative sources (PSO RES) increased by 9.6 per cent., from UAH 25.4 billion to UAH 27.9 billion, as a result of (i) higher volumes of RES production by private households, and (ii) an increase in the weighted average "green" tariff.

In Ukraine, "green" tariffs are set in Euro and depend on the commissioning date of renewable energy facilities, following a degrading scale—older facilities have higher tariffs, while newer ones are subject to lower rates. For plants launched between 2025 and 2029, the tariff remains unchanged, meaning the cost of the Green PSO for Ukrenergo in the coming years is likely to increase in the event of UAH depreciation or new capacity installations.

Meanwhile, some renewable energy producers are opting to sell electricity on the Day-Ahead Market rather than relying on the "green" tariff, which benefits Ukrenergo by potentially reducing the financial burden of Green PSO support.

Additionally, cost of sales in relation to the purchase of electricity in the framework of receiving emergency assistance increased by 409.3 per cent., from UAH 376 million to UAH 1.9 billion because of the deficit of electricity in the IPS of Ukraine after Russia's attacks on the energy infrastructure of Ukraine since March 2024.

The emergency assistance is utilised in case of a substantial deficit in the Ukrainian IPS. If the deficit persists, Ukrenergo's dispatching center purchases emergency electricity from neighboring countries. Cost of sales relating to depreciation and amortization also increased by 154.3 per cent., from UAH 2.8 billion to UAH 7.2 billion from the year ended 31 December 2023 to the year ended 31 December 2024, as the Group engaged independent professional appraisers that performed a revaluation of property, plant, and equipment as of 31 December 2023. As a result of the revaluation of property, plant and equipment as of 31 December 2023, an increase in the value of property, plant and equipment amounting to UAH 54.2 billion was recognized in other comprehensive income, while impairment losses of UAH 1.9 billion were recognized in profit or loss. Additionally, the Group added UAH 17.5 billion in property, plant, and equipment which in turn led to higher depreciation costs in 2024. This increase in property, plant, and equipment was partially offset by the charge of impairment losses amounting to UAH 2.7 billion.

The increase in costs was partly offset by (i) a 15.5 per cent. decrease in costs relating to the procurement of auxiliary services, from UAH 6.1 billion to UAH 5.2 billion, as a result of a 19 per cent. lower volume of auxiliary services and a 29.9 per cent. lower weighted-average price of auxiliary services, and (ii) a 28.3 per cent. decrease in costs relating to the curtailment of RES production, from UAH 2.0 billion to UAH 1.4 billion, as a result of the decrease in volumes of curtailment of RES production.

Gross profit

The Group's gross profit decreased in 2024. Gross profit was UAH 10.5 billion for the year ended 31 December 2024, compared to UAH 11.1 billion for the year ended 31 December 2023. This was primarily a result of cost of sales outperforming revenue growth: revenue increased by UAH 18.1 billion, or 21.8 per cent., from UAH 83.0 billion to UAH 101.1 billion, while cost of sales increased by UAH 18.7 billion, or 26.0 per cent., from UAH 71.9 billion to UAH 90.6 billion. This led to reduced profitability during the period under review.

Other operating income

Other operating income remained flat in 2024, amounting to UAH 8.4 billion, compared to UAH 8.4 billion for the year ended 31 December 2023. This was mainly driven by an increase in (i) fines, penalties, and forfeitures received from market participants and counterparties by UAH 1.6 billion, as a result of court judgments related to delay in payments, and (ii) income from grants and free-of-charge received property, plant and equipment by 2.5 billion. This increase was partly offset by lower regulatory income by UAH 4.2 billion. See Note 23 of the 2024 Consolidated Financial Statements (*Other Operating Income*) for a detailed breakdown of other operating income.

Administrative expenses

Administrative expenses increased by 6.9 per cent. from UAH 1.1 billion for the year ended 31 December 2023 to UAH 1.2 billion for the year ended 31 December 2024 mainly because of an increase in staff costs and related social charges by UAH 112.2 million, or by 15.7 per cent. See Note 24 of the 2024 Consolidated Financial Statements (*Administrative Expenses*) for a more detailed breakdown of administrative expenses.

Other operating expenses

Other operating expenses increased by UAH 9.0 billion, or 471.0 per cent., from UAH 1.9 billion for the year ended 31 December 2023, to UAH 11.0 billion for the year ended 31 December 2024. The increase in other operating expenses from the year ended 31 December 2023 to the year ended 31 December 2024 was mainly attributable to the increase in (i) net changes in regulatory assets and liabilities by UAH 6.8 billion, from zero to UAH 6.8 billion, as a result of a decrease in regulatory assets, as the Group received revenue from the sale of electricity transmission services and dispatch (operational and technological) control services, thereby compensating part of the actual costs that incurred during previous periods, and (ii) fines, penalties, and forfeitures recognised resulting in UAH 1.3 billion, or 158.5 per cent., from UAH 0.8 billion to UAH 2.2 billion, as a result of court judgments related to delayed payments. See Note 25 of the 2024 Consolidated Financial Statements (*Other Operating Expenses*) for a more detailed breakdown of other operating expenses.

Impairment of financial assets, net

The value of impairment of financial assets, net, increased by UAH 11.0 billion, or 320.9 per cent., from UAH 3.4 billion to UAH 14.5 billion from the year ended 31 December 2023 to the year ended 31 December 2024, as a result of aging of certain trade accounts receivables (e.g., "last resort supplier", "protected consumers", distribution system operators and universal services providers in regions near the front line). With the onset of military aggression, the solvency of many consumers has weakened, leading to a significant decline in settlement levels within the electricity market due to deteriorating solvency of customers, and infrastructure destruction, resulting in a substantial increase in gross amount of accounts receivable (before expected credit losses) for the Group from 2022 to 2024, along with the recognition of significant expected credit losses.

Given the ongoing war and the nature of these receivables—primarily from customers near the frontline with strained liquidity—there is a heightened risk of further impairment and additional credit losses in the future.

Impairment of property, plant and equipment and intangible assets, net

The value of impairment of property, plant and equipment and intangible assets decreased by UAH 1.3 billion, or 46.8 per cent., from UAH 2.8 billion to UAH 1.5 billion from the year ended 31 December 2023 to the year ended 31 December 2024.

Finance income

Finance income increased by UAH 0.5 billion, or 81.0 per cent., from UAH 0.7 billion for the year ended 31 December 2023 to UAH 1.2 billion for the year ended 31 December 2024, mainly due to the increase in income

from interest on current bank accounts from UAH 0.5 billion to UAH 1.2 billion. See Note 26 of the 2024 Consolidated Financial Statements (*Finance Income*) for a more detailed breakdown of finance income.

Finance costs

Finance costs increased by UAH 26.1 billion, or 344.3 per cent., from UAH 7.6 billion for the year ended 31 December 2023 to UAH 33.7 billion for the year ended 31 December 2024. The increase is mainly due to the recognition of the Original Notes at their full nominal value along with all accrued and unpaid interest, following the Ukrenergo Guarantee Moratorium imposed in August 2024 (became effective in November 2024) which led to recognition of UAH 25.0 billion of expense. See Note 27 of the 2024 Consolidated Financial Statements (*Finance Costs*) for a more detailed breakdown of finance costs.

Foreign exchange loss, net

Foreign exchange loss, net, increased by UAH 1.8 billion, or 65.9 per cent., from UAH 2.7 billion for the year ended 31 December 2023 to UAH 4.5 billion for the year ended 31 December 2024, as a result of the depreciation of the hryvnia during 2024 by 10.7 per cent. in comparison to USD, and by 4.1 per cent. in comparison to EUR. During the year ended 31 December 2023, the depreciation of the hryvnia was 8.4 per cent. in comparison to EUR, while the UAH/USD exchange rate was fixed by the National Bank of Ukraine at UAH 36.6 per 1.00 US dollar.

Income tax benefit (expense)

Income tax benefit increased by UAH 8.5 billion from UAH 0.2 billion income tax loss for the year ended 31 December 2023 to UAH 8.2 billion income tax benefit for the year ended 31 December 2024, as a result of loss before tax for the year ended 31 December 2024 versus profit before tax for the year ended 31 December 2023.

(Loss)/Profit for the period

The Group recognised a loss for the period, in 2024, compared to the profitable year of 2023. Loss for the period that ended 31 December 2024 was UAH 38.0 billion, compared to a profit of UAH 0.4 billion for the year ended 31 December 2023. The increase in loss for the period primarily resulted from an increase in other operating expenses from UAH 1.9 billion to UAH 11.0 billion, impairment of financial assets, net, from UAH 3.4 billion to UAH 14.5 billion, and substantially higher finance cost rising from UAH 7.6 billion to UAH 33.7 billion due to the reasons described above.

Liquidity and Capital Resources

Cash flows

The following table sets out financial information extracted from the cash flow statements for the years ended 31 December 2023, 2024, and 2025 and for the six-month period ended 30 June 2026.

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	(UAH '000)			Unaudited	
Net cash flows from operating activities.....	11,260,471	11,433,527	4,647,235	12,946,648	7,471,451
Net cash flows from investing activities.....	(6,668,936)	(6,850,982)	(1,568,975)	(2,172,882)	(3,432,535)
Net cash flows (used in)/from financing activities.....	(8,899,399)	3,023,964	(38,794)	(3,831,203)	(4,814,696)
Net increase/(decrease)in cash and cash equivalents .	(4,307,864)	7,606,509	3,039,466	6,942,563	(775,780)
Cash and cash equivalents at the beginning of the year	15,515,975	7,830,966	4,732,828	11,736,386	15,515,975
Effect of changes in foreign exchange rates on cash balances.....	528,275	78,500	58,672	123,203	428,152
Cash and cash equivalents at the end of the year.	11,736,386	15,515,975	7,830,966	18,802,152	15,168,347

Net cash flows from operating activities

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	(UAH '000)			Unaudited	
Cash inflows from:					
Revenue	104,724,457	102,792,583	66,437,018	57,939,110	56,112,663
Return of taxes and duties.....	34	143	186	104	34
Special purpose funding	2,193,881	91,079	11,853	1,837,724	819,066
Advances from buyers and customers.....	7,216,342	3,155,249	2,533,048	6,629,070	3,731,128
Prepayments returned	3,355	13,445	5,025	749	3,229
Interest on current accounts with banking institutions	1,138,453	1,152,371	500,313	537,572	704,020
Forfeits (fines, penalties) from counterparties	964,784	2,092,739	388,561	398,483	754,928
Operating leases.....	9,915	5,469	4,525	1,552	5,097
Other proceeds.....	1,220,189	1,140,382	1,963,591	1,026,123	392,175
Cash outflows to:					
Goods (works, services).....	(93,517,550)	(84,760,300)	(57,685,499)	(47,766,569)	(48,596,011)
Staff costs	(3,625,263)	(3,286,283)	(2,689,091)	(1,995,802)	(1,701,922)
Social charges.....	(969,158)	(819,854)	(674,239)	(516,335)	(446,699)
Liabilities on taxes and duties:.....	(2,549,942)	(2,330,611)	(1,631,529)	(1,837,107)	(1,412,706)
Income taxes.....	(3,151)	(210,877)	(2,340)	(709)	(3,151)
Value added tax	(1,386,433)	(1,252,082)	(943,612)	(1,198,855)	(864,092)
Other taxes and duties.....	(1,160,358)	(867,652)	(685,577)	(637,543)	(545,463)
Prepayments	(2,199,057)	(1,827,181)	(1,537,989)	(939,960)	(1,089,050)
Return of advances	(25,007)	(184,052)	(271,171)	(85,532)	(14,122)
Other expenses.....	(3,324,962)	(5,801,652)	(2,707,367)	(2,282,534)	(1,790,379)
Net cash flows from operating activities	11,260,471	11,433,527	4,647,235	12,946,648	7,471,451

Net cash flows from operating activities were an inflow of UAH 12.9 billion for the six-month period ended 30 June 2026, compared to an inflow of UAH 7.5 billion for the six-month period ended 30 June 2025, an increase of UAH 5.5 billion, or 73.3 per cent.

The increase was primarily driven by higher advances from buyers and customers (from UAH 3.7 billion to UAH 6.6 billion) along with higher cash inflows from special purpose funding from UAH 0.8 billion to UAH 1.8 billion) together with a lower net cash outflow for goods (works, services), which decreased from UAH 48.6 billion to UAH 47.8 billion.

In the first half of 2026, cash collection rates amounted to 107 per cent. of electricity transmission services revenue (vs 106 per cent. in the first half of 2025) and 100 per cent. of dispatch (operational and technological) control services revenue (vs 99 per cent. in the first half of 2025).

Net cash flows from operating activities were an inflow of UAH 11.3 billion for the year ended 31 December 2025, compared to an inflow of UAH 11.4 billion for the year ended 31 December 2024.

The increased revenue inflows were primarily driven by an increase in the tariff for electricity transmission from the beginning of 2025 by almost 30 per cent., from 528.57 UAH/MWh to 686.23 UAH/MWh. At the same time, the volume of electricity transmission during 2025 decreased by 3.1 per cent. compared to the same period of the previous year, mainly due to large-scale attacks on Ukraine's energy infrastructure.

Revenue from dispatch (operational and technological) control services decreased by UAH 1.5 billion, or 7.6 per cent., mainly due to a 5 per cent. reduction in the tariff for dispatch (operational and technological) control for 2025 compared to the previous year, from 104.57 UAH/MWh to 98.97 UAH/MWh, as well as a 2.5 per cent. decrease in electricity transmission and supply volumes.

In 2025, cash collection rates for the services provided by Ukrenergo to market participants amounted to 101 per cent. of electricity transmission services revenue, including repayment of overdue receivables from previous years, and 97 per cent. of dispatch (operational and technological) control services revenue, including repayment of overdue receivables from previous years.

Net cash flows from operating activities reached UAH 11.4 billion for the year ended 31 December 2024, compared to UAH 4.6 billion for the year ended 31 December 2023. The change is primarily explained by increased revenue inflows from UAH 66.4 billion in year ended 31 December 2023 to UAH 102.8 billion in year ended 31 December 2024, notwithstanding the increase in outflows associated with the purchase of goods (works, services) from UAH 57.7 billion to UAH 84.8 billion during the same period.

The increased revenue inflows were primarily attributed to the increase in tariffs for transmission and dispatching services by 18.6 per cent. and 23.3 per cent., respectively. At the same time electricity transmission volume remained flat, while dispatching volume decreased by 3 per cent.

Net cash flows from investing activities

Net cash flows used in investing activities decreased by UAH 1.3 billion, or 36.7 per cent., from UAH 3.4 billion for the six-month period ended 30 June 2025, to UAH 2.2 billion for the six-month period ended 30 June 2026, mainly reflecting lower cash purchases of property, plant and equipment and intangible assets, which decreased from UAH 3.4 billion to UAH 1.9 billion.

A significant proportion of the Group's capital expenditure during the six-month period ended 30 June 2026 continued to be funded directly by lending banks and through grants and international technical assistance rather than through the Group's own operating cash flow — see Note 26 of the 2026 Unaudited Interim Condensed Consolidated Financial Statements (Non-Cash Transactions), which discloses UAH 235.7 million of payments to acquire property, plant and equipment and intangible assets made directly by a lending bank (six-month period ended 30 June 2025: UAH 698.1 million) and UAH 3.8 billion of such payments made through grants and international technical assistance (six-month period ended 30 June 2025: UAH 3.2 billion).

Net cash flows from investing activities decreased by UAH 182 million, or 2.7 per cent., from UAH 6.9 billion for the year ended 31 December 2024, to UAH 6.7 billion for the year ended 31 December 2025.

The increase in net cash flows from investing activities from the year ended 31 December 2024 to the year ended 31 December 2025 was mainly attributable to the UAH 219 million of loans disbursement and UAH 401 million lower purchases of property, plant and equipment and intangible assets.

Net cash flows from investing activities increased by UAH 5.3 billion, or 336.7 per cent., from UAH 1.6 billion for the year ended 31 December 2023, to UAH 6.9 billion for the year ended 31 December 2024.

The increase in net cash flows used in investing activities from the year ended 31 December 2023 to the year ended 31 December 2024 was mainly attributable to the absence of proceeds from loans repayment from SE "Ukrvuhillia" (UAH 2.5 billion in 2023) and increased purchases of property, plant and equipment and intangible assets driven by higher capex needs amid Russian missile and drone attacks.

Net cash flow (used in) from financing activities

The following table provides a breakdown of net cash flow (used in) from financing activities for the periods indicated.

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
		(UAH '000)		Unaudited	
Proceeds from loans and borrowings	859,185	11,884,483	6,104,566	961,802	41,539
Repayment of loans and borrowings.....	(5,588,144)	(4,278,629)	(2,290,949)	(2,873,632)	(2,726,883)
Dividends paid.....	-	(338,974)	-	-	-
Interest paid	(4,166,656)	(4,239,608)	(3,849,330)	(1,917,540)	(2,127,460)
Other payments.....	(3,784)	(3,308)	(3,081)	(1,833)	(1,892)
Net cash flows (used in) from financing activities	(8,899,399)	3,023,964	(38,794)	(3,831,203)	(4,814,696)

Net cash flow used in financing activities was UAH 3.8 billion for the six-month period ended 30 June 2026, a decrease in the outflow of UAH 1.0 billion, or 20.4 per cent., compared to UAH 4.8 billion for the six-month period ended 30 June 2025. The improvement from 2025 to 2026 was mainly attributable to higher proceeds from loans and borrowings, which increased from UAH 41.5 million to UAH 961.8 million, and lower interest paid, which decreased from UAH 2.1 billion to UAH 1.9 billion, partially offset by higher repayments of loans and borrowings, which increased from UAH 2.7 billion to UAH 2.9 billion.

During the six-month period ended 30 June 2026, the Group made timely and full repayments of principal and interest on loans from IFIs and state-owned banks in accordance with the agreed terms of the applicable loan agreements.

Net cash flows from financing activities were UAH 8.9 billion outflow for the year ended 31 December 2025, which was a decrease by UAH 11.9 billion compared to positive net cash flow from financing activities of UAH 3.0 billion for the year ended 31 December 2024.

The decrease in net cash flows from financing activities from the year ended 31 December 2025 to the year ended 31 December 2024 was mainly attributable to the decrease in proceeds from loans and borrowings from UAH 11.9 billion to UAH 0.9 billion, because in 2024 the Group made significant loan disbursements of EUR 148 million under the Ukrenergo Special Capital Structure Support Project (EBRD) and EUR 86 million under the Substation Reliability Project (EIB), and higher principal payments (an increase from UAH 4.3 billion to UAH 5.6 billion).

Net cash flows from financing activities were UAH 3.0 billion for the year ended 31 December 2024, which was an increase by UAH 3.1 billion compared to negative net cash flow from financing activities of UAH 38.8 million for the year ended 31 December 2023.

The increase in net cash flows from financing activities from the year ended 31 December 2023 to the year ended 31 December 2024 was mainly attributable to the increase in proceeds from loans and borrowings from UAH 6.1 billion to UAH 11.9 billion on the back of solid support from DFIs amid high capex needs. This was partly offset by higher principal and interest payments: an increase from UAH 2.3 billion to UAH 4.3 billion and an increase from UAH 3.8 billion to UAH 4.2 billion, respectively. Also, UAH 339 million was directed towards dividend payments to Ukraine's State Budget for the year ended 31 December 2024.

Supplemental Non-IFRS Measures (performance measures)

This description of Ukrenergo includes Supplemental Non-IFRS Measures which the Group considers to constitute alternative performance measures, consisting of EBITDA, Adjusted EBITDA, EIB Covenant EBITDA, Debt to EBITDA Ratio, Adjusted Operating Profit, Adjusted Operating Profit, including income from interest on current bank accounts Debt Service Cash Cost, Debt Service Ratio, EIB Covenant Debt Service, EIB Covenant Debt Service Ratio, Free Cash Flow, EIB Covenant Cashflow, Capital Expenditure, Debt Service Coverage Ratio, EIB Covenant Cashflow to Capital Expenditure Ratio, Net Gearing Ratio, Liquidity Ratio, Working Capital and Change in Working Capital (each as defined below) for the purposes of the European Securities Markets Authority Guidelines on Alternative Performance Measures.

Such Supplemental Non-IFRS Measures are presented based on information derived from the Consolidated Financial Statements, historical accounting records and budgetary information presented to management. These Supplemental Non-IFRS Measures are not defined by, or presented in accordance with, IFRS.

The following Supplemental Non-IFRS Measures are primarily used as liquidity measures for the purposes of the debt covenant calculations and to provide both the Group's management and investors with a tool to assist in evaluating the Group's debt covenant compliance under certain project agreements: EBITDA, EIB Covenant

EBITDA, Debt to EBITDA Ratio, Adjusted Operating Profit, including income from interest on current bank accounts, Debt Service Cash Cost, Free Cash Flow, EIB Covenant Cashflow, Capital Expenditure, EIB Covenant Debt Service, EIB Covenant Debt Service Ratio, Debt Service Coverage Ratio, EIB Covenant Cashflow to Capital Expenditure Ratio, Liquidity Ratio, Working Capital, Change in Working Capital, Funds from Internal Sources, and Self-financing Ratio.

Some of the Supplemental Non-IFRS Measures represent performance measures, as detailed in the explanations below, and are useful for the Group's management to view operating trends, perform analytical comparisons and benchmark performance between periods. The Supplemental Non-IFRS Measures have limitations as analytical tools, and investors should not consider any of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under IFRS. Other companies in the Group's industry may calculate these Supplemental Non-IFRS Measures, or similarly titled measures, differently or may use them for different purposes than the Group, limiting their usefulness as comparative measures.

See "Supplemental Non-IFRS Measures" for more details.

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
EBITDA ⁽¹⁾	(119,328)	(31,500,474)	10,408,761	(4,388,866)	5,524,109
Adjusted EBITDA ⁽²⁾	8,352,784	(591,417)	15,880,740	351,156	9,281,781

- (1) EBITDA is defined as profit/(loss) for the period, adjusted to exclude effects of income tax benefit/(expense), interest expense on loans and borrowings, net of capitalised interest, interest income on current and deposit accounts with banks and depreciation and amortisation expense.
- (2) Adjusted EBITDA is derived by adjusting EBITDA for non-operating foreign exchange gain/(loss) on loans and borrowings (net) and impairment of non-current assets (net) and unrealised gains/(losses) from revaluation of financial instruments.

Reconciliation of each of these measures to the most comparable IFRS measures is presented below:

EBITDA

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
(Loss)/profit for the period	(10,666,519)	(37,986,901)	376,638	(10,387,181)	(484,464)
Income tax (benefit)/expense	(2,239,581)	(8,230,517)	230,573	(621,974)	(25,791)
Interest expense on loans and borrowings, net of capitalised interest	6,275,300	8,685,255	7,484,510	3,137,086	3,085,709
Income from interest on current bank accounts	(1,105,508)	(1,183,714)	(527,670)	(617,300)	(734,095)
Depreciation and amortisation	7,616,980	7,215,403	2,844,710	4,100,503	3,682,750
EBITDA ⁽¹⁾	(119,328)	(31,500,474)	10,408,761	(4,388,866)	5,524,109

- (1) EBITDA is defined as profit/(loss) for the period, adjusted to exclude effects of income tax benefit/(expense), interest expense on loans and borrowings, net of capitalised interest, interest income on current and deposit accounts with banks and depreciation and amortisation expense.

Adjusted EBITDA

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH'000), Unaudited</i>				
(Loss)/profit for the period	(10,666,519)	(37,986,901)	376,638	(10,387,181)	(484,464)
Income tax (benefit)/expense	(2,239,581)	(8,230,517)	230,573	(621,974)	(25,791)
Interest expense on loans and borrowings, net of capitalised interest	6,275,300	8,685,255	7,484,510	3,137,086	3,085,709
Interest income on current and deposit accounts with banks	(1,105,508)	(1,183,714)	(527,670)	(617,300)	(734,095)
Depreciation and amortisation	7,616,980	7,215,403	2,844,710	4,100,503	3,682,750
Foreign exchange loss, net	5,587,375	4,451,201	2,683,932	4,276,316	3,736,185
Impairment of property, plant and equipment and intangible assets, net ⁽¹⁾	2,884,737	1,482,577	2,788,047	463,706	21,487
Effect of cash flows revision on the Original Notes as a result of the technical default.....	-	24,975,279	-	-	-
Adjusted EBITDA ⁽²⁾	8,352,784	(591,417)	15,880,740	351,156	9,281,781

(1) Impairment of property, plant and equipment and intangible assets, net is added back in calculating Adjusted EBITDA because it is a non-cash charge.

(2) Adjusted EBITDA is derived as (Loss)/profit for the period, adjusted to exclude effects of income tax (expense)/benefit, interest expense on loans and borrowings, net of capitalised interest, interest income on current and deposit accounts with banks and depreciation and amortisation expense, and adjusting for foreign exchange loss, net and impairment of property, plant and equipment and intangible assets, net and effect of cash flow revision on the Original Notes as a result of the technical default.

Adjusted Operating Profit, including income from interest on current bank accounts

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
(Loss)/profit for the period	(10,666,519)	(37,986,901)	376,638	(10,387,181)	(484,464)
Income tax (benefit)/expense	(2,239,581)	(8,230,517)	230,573	(621,974)	(25,791)
Finance costs.....	6,367,055	33,733,419	7,592,043	3,279,462	3,113,172
Foreign exchange loss, net	5,587,375	4,451,201	2,683,932	4,276,316	3,736,185
Finance income	(1,107,173)	(1,183,812)	(654,161)	(638,488)	(734,104)
Depreciation and amortisation.....	7,616,980	7,215,403	2,844,710	4,100,503	3,682,750
Impairment of property, plant and equipment and intangible assets, net..	2,884,737	1,482,577	2,788,047	463,706	21,487
Impairment of financial assets, net.....	5,860,924	14,493,093	3,443,432	2,235,262	1,823,007
Impairment of prepayments	723	(90)	(386)	(12)	(74)
Change in provision for litigation costs...	1,882,381	760,497	507,960	656,134	354,743
Adjusted operating profit	16,186,902	14,734,870	19,812,788	3,363,728	11,486,911
Income from interest on current bank accounts	1,105,508	1,183,714	527,670	617,300	734,095
Adjusted Operating Profit, including income from interest on current bank accounts ⁽¹⁾	17,292,410	15,918,584	20,340,458	3,981,028	12,221,006

(1) Adjusted Operating Profit, including income from interest on current bank accounts is defined as (loss)/profit for the period, adjusted to exclude effects of income tax (benefit)/expense, finance costs, foreign exchange loss, net, finance income, depreciation and amortisation expense, impairment of property, plant and equipment and intangible assets, net, impairment of financial assets, net, impairment of prepayments, change in provision for litigation costs and income from interest on current bank accounts.

Supplemental Non-IFRS Measures (liquidity measures)

The following Supplemental Non-IFRS Measures are primarily used as liquidity measures for the purpose of assessing the Group's liquidity and to provide both Management and investors with a tool to assist in evaluating the Group's debt covenant compliance. The Group believes that the debt covenants are material clauses of the project agreements.

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
<i>(UAH '000), except for percentages, Unaudited</i>					
Debt to EBITDA Ratio (per cent) ⁽¹⁾	(89,434 per cent.)	(325 per cent.)	556 per cent.	(1,103 per cent.)	(472 per cent.)
Debt Service Cash Cost ⁽²⁾	9,754,800	8,518,237	6,140,279	4,791,172	4,854,343
Debt Service Ratio (per cent) ⁽³⁾	177 per cent.	187 per cent.	331 per cent.	83 per cent.	252 per cent.
Free Cash Flow ⁽⁴⁾	4,810,362	4,582,545	585,094	11,024,939	4,056,485
Debt Service Coverage Ratio (per cent) ⁽⁵⁾	49 per cent.	54 per cent.	10 per cent.	230 per cent.	84 per cent.
EIB Covenant Debt Service Ratio ⁽⁶⁾	123 per cent.	112 per cent.	195 per cent.	26 per cent.	91 per cent.
EIB Covenant Cashflow to Capital Expenditure Ratio ⁽⁷⁾	133 per cent.	606 per cent.	110 per cent.	305 per cent.	1,511 per cent.
Net Gearing ratio (per cent) ⁽⁸⁾	96 per cent.	91 per cent.	51 per cent.	108 per cent.	92 per cent.
Liquidity Ratio (per cent) ⁽⁹⁾	34 per cent.	38 per cent.	95 per cent.	34 per cent.	35 per cent.
Working Capital ⁽¹⁰⁾	(107,379,490)	(104,781,384)	(11,182,185)	(120,198,218)	(106,229,424)
Change in Working Capital ⁽¹¹⁾	(2,598,106)	(93,599,199)	7,751,760	(13,968,794)	(91,659,467)

(1) Debt to EBITDA Ratio is defined as the sum of loans and borrowings and accrued interest divided by the EBITDA. For the six-month periods ended 30 June 2026 and 30 June 2025, the last-twelve months EBITDA of UAH (10,032,303) and UAH (22,300,894) is applied, accordingly.

(2) Debt Service Cash Cost is defined as net cash flow from (used in) financing activities excluding proceeds from loans and borrowings, dividends paid and other payments related to financing activities.

(3) Debt Service Ratio is defined as Adjusted Operating Profit, including income from interest on current bank accounts divided by Debt Service Cash Cost.

(4) Free Cash Flow is defined as net cash flows from (used in) operating activities less payments to acquire non-current assets.

(5) Debt Service Coverage Ratio is defined as Free Cash Flow divided by the Debt Service Cash Cost.

(6) EIB Covenant Debt Service Ratio is calculated by dividing EIB Covenant EBITDA by EIB Covenant Debt Service.

(7) EIB Covenant Cashflow to Capital Expenditure Ratio is defined as EIB Covenant Cashflow for the respective reporting period divided by Capital Expenditure. Capital Expenditure is defined as the sum of additions of intangible assets and additions of property, plant, and equipment. EIB Covenant Cashflow is defined as profit/(loss) for the period, adjusted for income tax (benefit)/expense, interest expense on loans and borrowings, net of capitalised interest, depreciation and amortisation, impairment of property, plant and equipment and intangible assets, net, impairment of financial assets, net, effect of cash flows revision on the Original Notes as a result of the technical default, foreign exchange loss, net, income tax payable, and Change in Working Capital.

(8) Net Gearing ratio is defined as loans and borrowings and accrued interest less cash and cash equivalents divided by the sum of (i) total equity as shown in the statement of financial position and (ii) loans and borrowings and accrued interest less cash and cash equivalents.

(9) Liquidity Ratio is defined as current assets divided by current liabilities.

(10) Working Capital is defined as current assets (excluding cash and cash equivalents) less current liabilities. An increase in Working Capital in 2024 has mostly non-cash nature and was primarily driven by the re-classification of non-current borrowings into current liabilities on the back of default under the Original Notes.

(11) Change in Working Capital is defined as the negative change in Working Capital between the current year and Working Capital of the previous year. For reference, Working Capital as of 31 December 2022 amounted to UAH (18,933,945) and as of 30 June 2024 amounted to UAH (14,569,957). An increase in Working Capital in 2024 and in the first half of 2025 was mostly non-cash and was primarily driven by the re-classification of non-current borrowings into current liabilities due to the default under the Original Notes.

Debt to EBITDA Ratio

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
<i>(UAH '000), except for percentages, Unaudited</i>					
Non-current loans and borrowings	15,334,064	10,315,876	47,125,418	17,168,467	9,951,953
Current loans and borrowings	90,056,442	90,741,879	9,689,751	92,134,426	94,035,534
Accrued interest	1,329,237	1,180,157	1,005,627	1,399,544	1,254,438
Debt	106,719,743	102,237,912	57,820,796	110,702,437	105,241,925
EBITDA	(119,328)	(31,500,474)	10,408,761	(4,388,866)	5,524,109
Debt to EBITDA Ratio (per cent) ⁽¹⁾	(89,434 per cent.)	(325 per cent.)	556 per cent.	(1,103 per cent.)	(472 per cent.)

(1) Debt to EBITDA Ratio is defined as the sum of loans and borrowings and accrued interest divided by the EBITDA. For the purposes of calculating the ratio as of 30 June 2026 and 30 June 2025, the respective last-twelve-month EBITDA of UAH (10,032,303) and UAH (22,300,894) is applied. For reference, EBITDA for the six-month period ended 30 June 2024 was UAH (3,675,471).

Debt Service Cash Cost

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
Net cash flow (from) used in financing activities.....	8,899,399	(3,023,964)	38,794	3,831,203	4,814,696
Less:					
Proceeds from loans and borrowings.....	859,185	11,884,483	6,104,566	961,802	41,539
Dividends paid	-	(338,974)	-	-	-
Other payments related to financing activities.....	(3,784)	(3,308)	(3,081)	(1,833)	(1,892)
Debt Service Cash Cost ⁽¹⁾	9,754,800	8,518,237	6,140,279	4,791,172	4,854,343

(1) Debt Service Cash Cost is defined as net cash flow used in/(from) financing activities excluding proceeds from loans and borrowings, dividends paid and other payments related to financing activities.

Debt Service Ratio

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), except for percentages, Unaudited</i>				
Adjusted Operating Profit, including income from interest on current bank accounts	17,292,410	15,918,584	20,340,458	3,981,028	12,221,006
Debt Service Cash Cost	9,754,800	8,518,237	6,140,279	4,791,172	4,854,343
Debt Service Ratio (per cent) ⁽¹⁾	177 per cent.	187 per cent.	331 per cent.	83 per cent.	252 per cent.

(1) Debt Service Ratio is defined as Adjusted Operating Profit, including income from interest on current bank accounts divided by Debt Service Cash Cost.

Free Cash Flow

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
Net cash flows from (used in) operating activities	11,260,471	11,433,527	4,647,235	12,946,648	7,471,451
Less:					
Purchases of property, plant and equipment and intangible assets	(6,450,109)	(6,850,982)	(4,062,141)	(1,921,709)	(3,414,966)
Free Cash Flow ⁽¹⁾	4,810,362	4,582,545	585,094	11,024,939	4,056,485

(1) Free Cash Flow is defined as net cash flows from (used in) operating activities less payments to acquire non-current assets.

Debt Service Coverage Ratio

	For the year ended 31 December			For the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), except for percentages, Unaudited</i>				
Free Cash Flow	4,810,362	4,582,545	585,094	11,024,939	4,056,485
Debt Service Cash Cost.....	9,754,800	8,518,237	6,140,279	4,791,172	4,854,343
Debt Service Coverage Ratio (per cent) ⁽¹⁾	49 per cent.	54 per cent.	10 per cent.	230 per cent.	84 per cent.

(1) Debt Service Coverage Ratio is defined as Free Cash Flow divided by the Debt Service Cash Cost.

EIB Covenant Cashflow

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
(Loss)/profit for the period	(10,666,519)	(37,986,901)	376,638	(10,387,181)	(484,464)
Income tax (benefit)/expense	(2,239,581)	(8,230,517)	230,573	(621,974)	(25,791)
Interest expense on loans and borrowings, net of capitalised interest	6,275,300	8,685,255	7,484,510	3,137,086	3,085,709
Depreciation and amortisation	7,616,980	7,215,403	2,844,710	4,100,503	3,682,750
Impairment of property, plant and equipment and intangible assets, net	2,884,737	1,482,577	2,788,047	463,706	21,487
Impairment of financial assets, net	5,860,924	14,493,093	3,443,432	2,235,262	1,823,007
Effect of cash flows revision on the Original Notes as a result of the technical default	-	24,975,279	-	-	-
Foreign exchange loss, net	5,587,375	4,451,201	2,683,932	4,276,316	3,736,185
EIB Covenant EBITDA	15,319,216	15,085,390	19,851,842	3,203,718	11,838,883
Income tax payable	(758)	(1,361)	(210,250)	(175)	(412)
Change in Working Capital ⁽¹⁾	2,598,106	93,599,199	(7,751,760)	13,968,794	91,659,467
EIB Covenant Cashflow ⁽²⁾	17,916,564	108,683,228	11,889,832	17,172,337	103,497,938

(1) Change in Working Capital is defined as the negative change in Working Capital between the current period and Working Capital of the comparative period of the previous year. For reference, Working Capital as of 31 December 2022 amounted to UAH (18,933,945) and as of 30 June 2024 amounted to UAH (14,569,957). A positive Change in Working Capital in 2024 and the first half of 2025 has mostly non-cash nature and was primarily driven by the re-classification of non-current borrowings into current liabilities on the back of default under the Original Notes, therefore increasing EIB Covenant Cashflow measure. As of 30 June 2026, 30 June 2025, 31 December 2025 and 31 December 2024, the total carrying amount of loans and borrowings in technical default or cross-default, which was fully classified as current liabilities, was UAH 91,057,675 thousand, UAH 92,565,625 thousand, UAH 87,230,587 thousand and UAH 89,968,948 thousand, respectively.

(2) EIB Covenant Cashflow is defined as profit/(loss) for the period, adjusted for income tax (benefit)/expense, interest expense on loans and borrowings, net of capitalised interest, depreciation and amortisation, impairment of property, plant and equipment and intangible assets, net, impairment of financial assets, net, effect of cash flows revision on the Original Notes as a result of the technical default, foreign exchange loss, net, income tax payable, and Change in Working Capital.

EIB Covenant Debt Service

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
Interest expense on bonds	4,280,136	4,409,601	4,250,028	4,087,325	4,358,945
Interest expense on loans	2,554,809	4,796,156	3,629,140	2,665,155	3,301,165
Interest expense on lease obligations	1,148	1,069	502	892	1,375
Repayment of loans and borrowings	5,588,144	4,278,629	2,290,949	5,734,893	5,285,829
EIB Covenant Debt Service ⁽¹⁾	12,424,237	13,485,455	10,170,619	12,488,265	12,947,314

(1) EIB Covenant Debt Service is defined as sum of interest expense of loans, interest expense on bonds, interest expense on lease obligations, and repayment of loans and borrowings.

EIB Covenant Debt Service Ratio

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), except for percentages, Unaudited</i>				
EIB Covenant EBITDA ⁽¹⁾	15,319,216	15,085,390	19,851,842	3,203,718	11,838,883
EIB Covenant Debt Service ⁽²⁾	12,424,237	13,485,455	10,170,619	12,488,265	12,947,314
EIB Covenant Debt Service Ratio ⁽³⁾ ...	123 per cent.	112 per cent.	195 per cent.	26 per cent.	91 per cent.

(1) EIB Covenant EBITDA is defined as profit/(loss) for the period, adjusted to exclude effects of income tax (benefit)/expense, interest expense on loans and borrowings, net of capitalised interest, depreciation and amortisation, impairment of property, plant and equipment and intangible assets, net, impairment of financial assets, net, effect of cash flows revision on the Original Notes as a result of the technical default, foreign exchange loss, net

(2) EIB Covenant Debt Service is defined as sum of interest expense of loans, interest expense on bonds, interest expense on lease obligations, and repayment of loans and borrowings.

(3) EIB Covenant Debt Service Ratio is calculated by dividing EIB Covenant EBITDA by EIB Covenant Debt Service.

Capital Expenditure

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
Additions of intangible assets	227,198	464,501	175,373	65,629	89,660
Additions of property, plant and equipment	13,247,336	17,472,662	10,630,522	5,559,525	6,759,878
Capital Expenditure ⁽¹⁾	13,474,534	17,937,163	10,805,895	5,625,154	6,849,538

(1) Capital Expenditure is defined as the sum of additions of intangible assets and additions of property, plant, and equipment.

EIB Covenant Cashflow to Capital Expenditure Ratio

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), except for percentages, Unaudited</i>				
EIB Covenant Cashflow.....	17,916,564	108,683,228	11,889,832	17,172,337	103,497,938
Capital Expenditure	13,474,534	17,937,163	10,805,895	5,625,154	6,849,538
EIB Covenant Cashflow to Capital Expenditure Ratio (per cent) ⁽¹⁾	133 per cent.	606 per cent.	110 per cent.	305 per cent.	1,511 per cent.

(1) EIB Covenant Cashflow to Capital Expenditure Ratio is defined as EIB Covenant Cashflow divided by the Capital Expenditures.

Net Gearing Ratio

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), except for percentages, Unaudited</i>				
Non-current loans and borrowings	15,334,064	10,315,876	47,125,418	17,168,467	9,951,953
Current loans and borrowings	90,056,442	90,741,879	9,689,751	92,134,426	94,035,534
Accrued interest	1,329,237	1,180,157	1,005,627	1,399,544	1,254,438
Less:					
Cash and cash equivalents	(11,736,386)	(15,515,975)	(7,830,966)	(18,802,152)	(15,168,347)
Net debt	94,983,357	86,721,937	49,989,830	91,900,285	90,073,578
Equity	3,890,718	8,488,574	47,515,164	(6,765,518)	7,981,386
Non-current loans and borrowings	15,334,064	10,315,876	47,125,418	17,168,467	9,951,953
Current loans and borrowings	90,056,442	90,741,879	9,689,751	92,134,426	94,035,534
Accrued interest	1,329,237	1,180,157	1,005,627	1,399,544	1,254,438
Less:					
Cash and cash equivalents	(11,736,386)	(15,515,975)	(7,830,966)	(18,802,152)	(15,168,347)
Total equity and net debt	98,874,075	95,210,511	97,504,994	85,134,767	98,054,964
Net Gearing Ratio (per cent) ⁽¹⁾	96 per cent.	91 per cent.	51 per cent.	108 per cent.	92 per cent.

(1) Net Gearing ratio is defined as loans and borrowings and accrued interest less cash and cash equivalents divided by the sum of (i) total equity as shown in the statement of financial position and (ii) loans and borrowings and accrued interest less cash and cash equivalents.

Liquidity Ratio

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), except for percentages, Unaudited</i>				
Current Assets	48,195,523	53,885,986	67,292,913	52,830,258	48,235,774
Current Liabilities	143,838,627	143,151,395	70,644,132	154,226,324	139,296,851
Liquidity Ratio (per cent) ⁽¹⁾	34 per cent.	38 per cent.	95 per cent.	34 per cent.	35 per cent.

(1) Liquidity Ratio is defined as current assets divided by current liabilities.

Working Capital

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
Current Assets	48,195,523	53,885,986	67,292,913	52,830,258	48,235,774
Less:					
Cash and cash equivalents	(11,736,386)	(15,515,975)	(7,830,966)	(18,802,152)	(15,168,347)
Current Liabilities	(143,838,627)	(143,151,395)	(70,644,132)	(154,226,324)	(139,296,851)
Working Capital ⁽¹⁾	(107,379,490)	(104,781,384)	(11,182,185)	(120,198,218)	(106,229,424)

(1) Working Capital is defined as current assets (excluding cash and cash equivalents) less current liabilities. An increase in negative value of Working Capital in 2024 and in the first half of 2025 has mostly non-cash nature and was primarily driven by the re-classification of non-current borrowings into current liabilities on the back of default under the Original Notes, therefore increasing Funds from Internal Sources. As of 30 June 2026, 30 June 2025, 31 December 2025 and 31 December 2024, the total carrying amount of loans and borrowings in technical default or cross-default, which was fully classified as current liabilities, was UAH 91,057,675 thousand, UAH 92,565,625 thousand, UAH 87,230,587 thousand and UAH 89,968,948 thousand, respectively.

Other alternative performance measures

Funds from Internal Sources

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), Unaudited</i>				
Adjusted Operating Profit, including income from interest on current bank accounts	17,292,410	15,918,584	20,340,458	3,981,028	12,221,006
Change in Working Capital	2,598,106	93,599,199	(7,751,760)	13,968,794	91,659,467
Less:					
Current income tax expense	(2,498)	(1,885)	(235,516)	(118)	(270)
Dividends paid	-	(338,974)	-	-	-
Debt Service Cash Cost.....	(9,754,800)	(8,518,237)	(6,140,279)	(4,791,172)	(4,854,343)
Funds from Internal Sources ⁽¹⁾	10,133,218	100,658,687	6,212,903	13,158,532	99,025,860

(1) Funds from Internal Sources is defined as the difference between: (i) the sum of Adjusted Operating Profit, including income from interest on current bank accounts and Change in Working Capital; and (ii) the sum of current income tax expense, Debt Service Cash Cost, dividends paid. A positive change in Working Capital in 2024 and in the first half of 2025 has mostly non-cash nature and was primarily driven by the re-classification of non-current borrowings into current liabilities on the back of default under the Original Notes, therefore increasing Funds from Internal Sources. As of 30 June 2026, 30 June 2025, 31 December 2025 and 31 December 2024, the total carrying amount of loans and borrowings in technical default or cross-default, which was fully classified as current liabilities, was UAH 91,057,675 thousand, UAH 92,565,625 thousand, UAH 87,230,587 thousand and UAH 89,968,948 thousand, respectively.

Self-financing Ratio

	As of and for the year ended 31 December			As of and for the six-month period ended 30 June	
	2025	2024	2023	2026	2025
	<i>(UAH '000), except for percentages, Unaudited</i>				
Funds from Internal Sources	10,133,218	100,658,687	6,212,903	13,158,532	99,025,860
Average capital expenditure for current, previous, and next 5 years ⁽¹⁾	17,893,291	15,835,219	15,224,537	7,819,675	8,337,025
Self-financing Ratio (per cent.) ⁽²⁾	57 per cent.	636 per cent.	41 per cent.	168 per cent.	1,188 per cent.

(1) Average capital expenditure for current, previous and the next 5 years is calculated based on the following data: (i) 2020-2025 – actual capital expenditure from Financial Statements; and (ii) 2026-2031 – forecasted capital expenditure from 2025-2031 Investment plan. For the six-month period ended 30 June 2026 and 30 June 2025, the half-year actual and projected figures are applied.

(2) Self-financing Ratio is defined as Funds from internal sources divided by annual average capital expenditure incurred, or expected to be incurred, for that year, the previous year and the next five following years. In 2024 and first half of 2025, Funds from Internal sources were impacted by a reduction in Working Capital having mostly non-cash nature due to re-classification of non-current borrowings into current liabilities on the back of default under the Original Notes. As of 30 June 2026, 30 June 2025, 31 December 2025 and 31 December 2024, the total carrying amount of loans and borrowings in technical default or cross-default, which was fully classified as current liabilities, was UAH 91,057,675 thousand, UAH 92,565,625 thousand, UAH 87,230,587 thousand and UAH 89,968,948 thousand, respectively.

Capital Management

The Group's principal sources of funding are loans and borrowings and shareholders' equity. The primary objective of the Group's capital management is to ensure that it maintains an adequate capital ratio to support its business. The Group monitors its capital using a net gearing ratio, which is calculated as net liabilities divided by shareholders' equity and net liabilities. In calculating net liability, the Group considers loans, net of cash and short-term deposits.

The Group's capital management policy aims to ensure and maintain an optimal capital structure in order to reduce the overall cost of capital and provide the flexibility necessary for the Group to access capital markets.

For more information on the Group's loans and borrowings for the six-month period ended 30 June 2026, please refer to Note 10 of the 2026 Unaudited Interim Condensed Consolidated Financial Statements (*Loans and Borrowings*), as well as "*Description of Ukrenergo—Financing and Debt Obligations*."

For more information on the Group's loans and borrowings for the years ended 31 December 2025 and 31 December 2024, please refer to Note 14 of the 2025 Consolidated Financial Statements (*Loans and Borrowings*).

Reserve capital

In accordance with Ukrenergo's Charter, Ukrenergo shall form a reserve capital in the amount of 15 per cent. of the registered authorised share capital of Ukrenergo to cover losses from its business activities. To achieve this amount of reserve capital, the amount transferred from retained earnings to reserve capital should be not less than 5 per cent. of the net Issuer's profits for the year. If the requisite level of reserve capital is not achieved yet, reserve capital in the amount of 15 per cent. of the registered authorised share capital will be formed from Issuer's future profits.

As of 30 June 2026, the Group's reserve capital remained unchanged at UAH 139,422 thousand, the same level as at 31 December 2025, as no transfer from retained earnings to reserve capital was made during the six-month period ended 30 June 2026. See the 2026 Unaudited Interim Condensed Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2026.

For the year ended 31 December 2025, the Group's reserve capital increased by UAH 311 thousand, as a result of charges made from the profits of its subsidiaries, which is required by the statutory documents and legislation. During 2024, the Group's reserve capital decreased by UAH 3,072 thousand, which includes an adjustment (decrease) to reserve capital based on the decision of the Group's general meeting in the amount of UAH 4,257 thousand, and a charge to the reserve capital of subsidiaries in the amount of UAH 1,185 thousand.

As of 31 December 2025 and 2024, reserve capital amounted to UAH 139,422 thousand and UAH 139,111 thousand, respectively.

Contingencies and Contractual Commitments

Taxation

The tax environment in Ukraine is characterised by complex tax administration, inconsistent interpretation of tax legislation and regulations by the tax authorities, which, inter alia, can increase financial pressure on taxpayers. Inconsistent application, interpretation and implementation of tax laws may lead to litigation, which may ultimately result in the assessment of additional taxes, penalties and interest, and these amounts could be significant.

The Group has complied with all regulations and all taxes have been paid or accrued. Management believes it has adequately provided for any potential difficulties and does not consider the risk to be greater than that faced by similar enterprises in Ukraine. Unless it is deemed probable that significant claims will arise, no provision has been made in the Consolidated Financial Statements.

Legal Issues

In the normal course of business, the Group is subject to legal claims. Where the risk of outflow of financial resources associated with such claims is assumed as probable, a respective liability is recognised as the provision for litigation costs. Where management estimates the risk of outflow of financial resources associated with such claims as possible, or amount of outflow cannot be measured reliably, no provision is recognised, and respective amount is disclosed in the Consolidated Financial Statements.

For a description of the current material legal proceedings of the Group, see "*Description of Ukrenergo – Legal Proceedings*" as well as Note 24 of the 2026 Unaudited Interim Condensed Consolidated Financial Statements (*Contingencies and Contractual Commitments*).

Related Parties

The party with ultimate control over the Group is the Government of Ukraine represented by the Ministry of Energy of Ukraine (shareholder of Ukrenergo). Accordingly, all entities controlled by Ukraine are considered to be related parties under common control.

Related parties may enter into certain transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions, and amounts as transactions between unrelated parties.

For a description of Ukrenergo's transactions with related parties, see Note 23 of the 2026 Unaudited Interim Condensed Consolidated Financial Statements (*Related Parties*).

Capital Commitments

As of 30 June 2026, the Group had contractual capital commitments for the purchase of property, plant, and equipment in the amount of UAH 13.7 billion, compared to UAH 13.8 billion as of 31 December 2025.

For a further description of capital commitments, see Note 24 of the 2026 Unaudited Interim Condensed Consolidated Financial Statements (*Contingencies and Contractual Commitments*).

Insurance

The Group does not have full coverage for its plant facilities, business interruption, or third-party liability for property or environmental damage arising from accidents and result of every action on the Group's property or relating to its operations. In the absence of insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

Significant Accounting Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty

For a description of the Group's basic accounting policies, see Note 3 of the 2025 Consolidated Financial Statements (Material Accounting Policies) included herein. Ukrenergo makes estimates and judgments that affect its financial statements. For the Group's critical account judgements and key sources of estimation uncertainty, see Note 5 of the 2025 Consolidated Financial Statements (Critical Accounting Judgments and Key Sources of Estimation Uncertainty) included herein.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements as at and for the six-month period ended 30 June 2026 available under the following link <https://www.londonstockexchange.com/news-article/SF22/half-year-financial-report-2026/17815908>

Independent Auditor's Review Report

Statement of Management's Responsibilities for the preparation and approval of the Consolidated Financial Statements for the six-month period ended 30 June 2026

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2026

Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the six-month period ended 30 June 2026

Interim Condensed Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2026

Interim Condensed Consolidated Statement of Cash Flows for the six-month period ended 30 June 2026

Notes to the Interim Condensed Consolidated Financial Statements

Consolidated Financial Statements as at and at and for the year ended 31 December 2025 available under the following link https://www.rns-pdf.londonstockexchange.com/rns/4809F_1-2026-5-22.pdf

Independent Auditor's Report

Statement of Management's Responsibilities for the preparation and approval of the Consolidated Financial Statements for the year ended 31 December 2025

Consolidated Statement of Financial Position as at 31 December 2025

Consolidated Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2025

Consolidated Statement of Changes in Equity for the year ended 31 December 2025

Consolidated Statement of Cash Flows for the year ended 31 December 2025

Notes to the Consolidated Financial Statements

Consolidated Financial Statements as at and at and for the year ended 31 December 2024 available under the following link https://www.rns-pdf.londonstockexchange.com/rns/8747H_1-2025-5-8.pdf

Independent Auditor's Report

Statement of Management's Responsibilities or the preparation and approval of the Consolidated Financial Statements for the year ended 31 December 2024

Consolidated Statement of Financial Position as at 31 December 2024

Consolidated Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024

Consolidated Statement of Changes in Equity for the year ended 31 December 2024

Consolidated Statement of Cash Flows for the year ended 31 December 2024

Notes to the Consolidated Financial Statements

