Annex A

Ukrenergo Background Materials and Rationale for Proposal

UKRENERGO
National power company

Discussion materials

JANUARY 2025

Key performance highlights

UKRENERGO
National power company

1 Cost base outpacing revenue growth in H1 2024	▪ **EBITDA of UAH (3.7)bn** in H1 2024 (vs UAH 54m in H1 2023) despite **a 28% increase in revenue** ▪ **Key drivers of escalating costs:** – **PSO Expenses** up 23% y-o-y due to a higher weighted-average “green” tariff – **Balancing expenses** up 16%, reflecting increased balancing needs from Russian strikes on electricity producers – **Accounts receivable impairments** of UAH 5bn caused by deteriorating payment quality among various consumers
2 Significant Capex requirements amid wa related system adjustments	▪ The Ukrainian electricity transmission system requires **substantial Capex** to operate under wartime conditions and mitigate damage from ongoing infrastructure shelling (see p.7) ▪ **2025 Capex is estimated at $486m, financed by:** – **Ukrenergo’s own funds**, impacting available liquidity – **External concessional debt**, leading to further leverage
3 Limited potential for further tariff increases (beyond 2025)	▪ The regulator remains supportive, approving a **30% transmission tariff increase for 2025** to UAH 686 / MWh (US$ 15.2), expected to help **EBITDA recover to US$ 389m in 2025** and support both operations and Capex – Tariff increase is aimed at addressing Ukrenergo’s PSO expenses in the first instance, and despite the hike, only 10% of 2025 Capex is to be financed by Ukrenergo’s own funds ▪ **Further tariff hike capacity is limited** due to significant cost implications across Ukrainian economy
4 Elevated debt metrics	▪ From 2022 to October 2024, Ukrenergo relied heavily on debt to fund operations and CAPEX, pushing **bank debt from US$ 0.9bn (31-Dec-21) to US$ 1.3bn (30-Oct-24), with further increases likely** due to the ongoing war and infrastructure recovery needs ▪ **Net Debt / EBITDA stood at 17.5x as of June 2024.** And even with 2025 EBITDA growth Ukrenergo will be still overlevered compared to peers
5 Deteriorated working capital	▪ As of June 2024, **trade receivables totaled UAH 67.8bn (c. US$ 1.6bn)**, substantially impaired by UAH 25bn (c. US$ 0.6bn) of overdue balances from last-resort suppliers and front-line service providers. **The 30% tariff increase may further erode payment discipline, tightening liquidity** ▪ **Trade payables reached UAH 49.4bn (US$ 1.2bn)** as of June 2024, with no clear pathway to clear accumulated arrears

UKRENERGO
National power company

01
Ukrenergo Overview and Impact of the War

Ukrenergo Overview

UKRENERGO
National power company

The backbone of the Ukrainian energy system

- NPC Ukrenergo is a private joint stock company with **100% state-owned shares, founded and wholly owned by Ukraine, under the governance of the Ministry of Energy**
- Ukrenergo is the **sole operator of Ukrainian high-voltage power transmission grid.** Tariffs for power transmission and dispatching management services are regulated and approved by the National Energy and Utilities Regulatory Commission (the "NEURC")
- In 2021, the NEURC made a preliminary decision on the certification of **Ukrenergo as a European-style Transmission System Operator (TSO)** of Ukraine with the functions of operational and technological control of the Integrated Power System of Ukraine (IPS), transmission of electricity via main power grids from generation to distribution networks, as well as commercial metering administrator and settlement administrator in the electricity market of Ukraine
- **Ukrenergo is one of the key players in the electricity market,** which also performs its obligations to ensure the Public Service Obligation (PSO) in the functioning of the electricity market. Ukrenergo also serves as a platform for implementation of new technologies in the power sector (smart grid, demand response, V2G[5] etc.)
- **With c.7,900 employees, Ukrenergo's asset base includes 143[1] substations of 110-750 kV and over 22,000 kilometres of trunk and cross-border transmission lines,** which annually transmit hundreds of billions of kilowatt-hours of electricity from generation to distribution networks

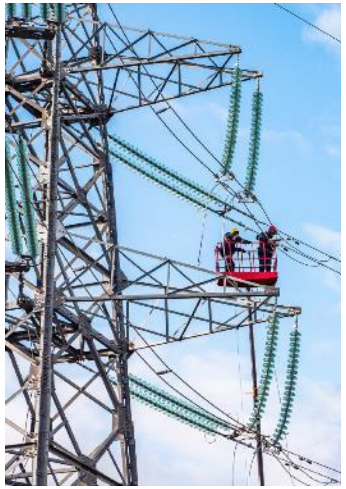
Key Functions & Objectives of Ukrenergo

UKRENERGO
National power company

- **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 requirement
- **Electricity transmission** via trunk and cross-border 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 grid
- **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 service obligation in the functioning of the electricity market
- EU: Since March-2022, ensuring parallel operation with adjacent neighbouring power systems and **synchronised power systems of Ukraine and Moldova with** the power network of continental Europe **ENTSO-E**

KEY HIGHLITHS

- **100%** State owned
- **~7,900** Employees
- **143** Substations[1]
- **22,000km** transmission lines[1]
- **~US$ 2.5bn[2]** LTM H1'24 Revenue
- **~US$ 126m[3]** LTM H1'24 EBITDA[4]



Source: Company Information

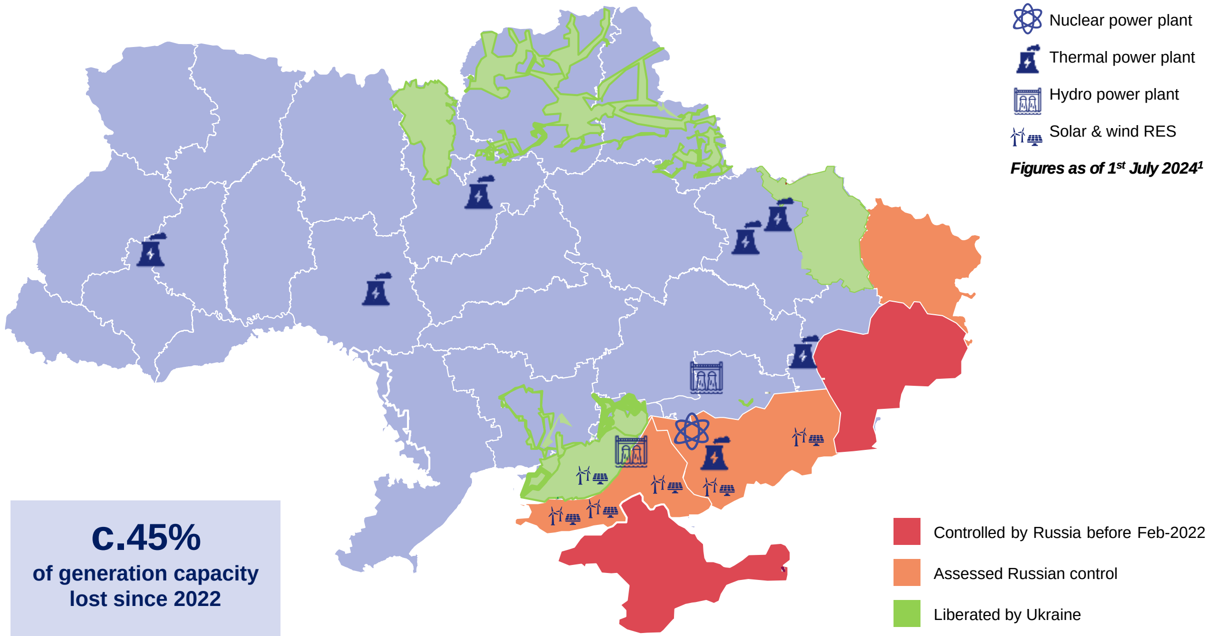
[1] Total number owned by Ukrenergo, including 34 substations and c.1,400km of transmission lines located in the territories (Crimea and Donbas), which were occupied by Russia before the full-scale invasion of 2022. [2] Based on UAH 93.7bn and converted using the average USD/UAH exchange rate of 37.79 for the period (source: National Bank of Ukraine). [3] Based on UAH 4.8bn and converted using the average USD/UAH exchange rate of 37.79 for the period (source: National Bank of Ukraine). [4] EBITDA is defined as profit/(loss) for the period, adjusted to exclude effects of income tax benefit/(expense), finance costs, finance income, depreciation and amortisation expense. [5] Vehicle-to-grid.

Ukrainian Power Infrastructure – Impact of the War

UKRENERGO
National power company

Massive damages and destruction of the Ukrainian energy system due to regular Russian attacks

Major power generation assets in Ukraine which were critically damaged, destroyed or occupied by Russia after the full-scale invasion in Feb-2022



c.45%
of generation capacity lost since 2022

c.73%
of thermal generation capacity lost since 2022

>30%
reduction in power consumption vs. 2021

Pre-war Generation Capacity

Nuclear: 13.8GW	Hydro: 6.3GW
Thermal: 28.0GW	Solar & wind: 8.1GW

Total: 56.2GW

Lost Generation Capacity

Nuclear: 6.5GW	Hydro: 2.0GW
Thermal: 15.0GW	Solar & wind: 2.0GW+

Total: c.25.5GW

c.50%
of power transmission assets damaged

With **c.45%** reduction in generation, **grid stability is key** to navigate emergency by **reversing power flows** and **facilitating imports**

Impact of the War

- The **Russian invasion** has led to the **destruction and occupation of c. 25.5GW** of generation facilities (c. 45% of the pre-war capacity). This includes:
  - **Thermal energy**: **c.15.0GW** (according to the Prime Minister, as of June 2024, 73% of Ukrainian Thermal generation is damaged, destroyed or occupied by Russia)
  - **Nuclear energy**: **c.6.5GW** (Zaporizhzhia Nuclear Power Station occupied since 2022)
  - **RES and Hydro**: **c.4.0GW** (Dnipro Hydroelectric Station damaged in March 2024, as Kakhovska HPP destroyed in June 2023)
  - **Vast territories** in the **South of Ukraine** where a majority of **solar and wind** power plants are located have been affected and largely remain under Russian control
- As a result of missile attacks almost all large **thermal and hydroelectric plants reported damages, which led to temporarily** limited access to electricity and water supplies and heating systems for c.**12m** households in Ukraine
- According to World Bank Rapid Damage and Needs Assessment Report, **damage** to the **power sector** is estimated to **$7.5bn** as of December 2023.
  - The largest impact was to the generation segment (US$ 4.9bn) followed by the transmission segment ($2.2bn)
  - Damage to the power distribution sector is estimated at $430m (without including assets in territories temporarily not under Ukrainian government control)
- In 2024, **Russia carried out 13 massive missile and drone attacks targeting destruction of electricity generation and transmission infrastructure in Ukraine[2]**
- Only from March to May 2024, according to statement of Ukrainian government representatives, **c.9 GW** of **power generation capacity** faced damages caused by Russian attacks on Ukrainian energy infrastructure
- **Power demand** plummeted **c.30%** compared to pre-war levels, with only 1/3 of this reduction being attributed to lower household power demand, while the majority of reduction is caused by lower business activity and limited supply
- **Electricity transmission volume** currently stands at **c.70%** of the **pre-war level** (on an annual basis) and at 75% of the peak load pre-war level

Source: Press releases, Open-source interviews with Ukrainian government officials – for power generation and demand; Company information – electricity transmission figures; Map – DeepState
[1] Kyiv School of Economics estimate as of July 2024 [2] The UN Human Rights Office estimate as of September 2024, supplemented by data on four additional massive attacks after September, sourced from public records

Key Strategic Priorities of Ukrenergo

UKRENERGO
National power company

Substantial Capex needs to implement Ukrenergo's strategic priorities

- **Ukrenergo's strategic priorities** include **recovering and protecting infrastructure, enhancing grid resilience, and boosting interconnectivity with the EU power market**
- **2025 CAPEX needs are approximately $486m**, with **$295m allocated for reconstructing and protecting energy infrastructure**
- **Debt and grants from IFIs account for c.37% and 54% of total 2025 Capex funding**

Key Capex areas		2025 Capex needs
1 Reconstruction and physical protection of energy infrastructure facilities	▪ #1 priority is to protect 100% of substations with instalments of enhanced physical security measures (shelters), which should minimize the level of disruptions from potential future missile and drone attacks ▪ Implementation of automated process control systems at 15 substations with the construction of protective structures for transformer equipment, protected substation control houses, underground relay panel buildings at substations	**$295m** ***[to be fully financed by IFI debt and grant funding]***
2 Full Recovery & Sheltering of Damaged Infrastructure	▪ Restoring destroyed & damaged facilities ▪ Large scale campaign launched to procure >100 units of autotransformer equipment previously damaged or destroyed	**$34m** ***[to be fully financed by IFI debt and grant funding]***
3 Reconfiguration of the Grid Structure	▪ The insufficient reliability of electricity supply, technical limitations, and the need to maintain the integrity of Ukraine's IPS highlight the necessity to build new substations and transmission lines, as well as to reconstruct existing facilities with increased capacity ▪ Ukrenergo aims to bring its transmission grid to European standards by building new transmission lines and substations to facilitate decentralized generation, reconfigure the grid's structure, and accelerate Ukraine's energy transition	**$135m** ***[71% of this need to be financed by IFI debt and grant funding]***

4 Higher Levels of Interconnectivity with EU Power Market	▪ To partially substitute reduced Ukrainian power generation capacity, Ukrenergo aims to increase current interconnectors' capacity with most of the neighbouring countries from 1.7GW to 3.5GW:
	  ▪ Romania: 1,000-1,200 MW expected in 2028 (in construction)
	  ▪ Slovakia: strengthening existing connection to 1000 MW in 2028 (tender documentation preparation underway)
	▪ After the restoration of power generation to pre-war levels, Ukraine should have enough generation capacity to turn back to a net exporter of electricity, facilitating energy transition of the EU
		$22m
		[62% of this need to be financed by IFI debt and grant funding]

Total		**$486m**

Source: Company Information

Ukrenergo bank debt service in 2022-2024

UKRENERGO
National power company

IFIs and state banks are key funding sources for Ukrenergo amid ongoing war

Lender	USD million equivalent														
	Principal (end of period)				Disbursements			Principal payments			Interest payments			Est. FX gain / loss (2022-10M 24)	Net effect (2022- 10M 24)
	2021FY	2022FY	2023FY	10M 24	2022FY	2023FY	10M 24	2022FY	2023FY	10M 24	2022FY	2023FY	10M 24		
1 IFIs	572	730	950	1,054	263	258	226	(79)	(62)	(100)	(15)	(39)	(57)	-	+393
State-owned banks	376	285	272	246	32	-	-	2 (31)	3 (3)	(7)	(60)	(65)	(43)	4 120	(58)

1. Since 2022, net cash flows from IFI loans totaled US$ 393m, providing crucial support for operating liquidity and CAPEX needs amid extensive energy infrastructure damage. Also, IFI have committed US$ 555m in non-refundable grants supporting Ukrenego's operations without additional debt obligations
2. Principal repayments in 2022 took place before the war start, and since then the loans were continuously rolled over
3. Principal repayments on one facility until 1Q 2023 before the new schedule was agreed; principal reduction due to UAH depreciation
4. Given state bank debt is mostly UAH denominated, since 2022 principal decreased by c.US$ 120m due to UAH depreciation

Source: Ukrenergo
Notes: 1. Principal at the end of the period is converted from UAH using the official FX rate. For Disbursements, Principal, and Interest payments, the average FX rate is applied; 2. Net effect is calculated as the sum of Disbursements, Principal, Interest payments and FX gains / losses (for UAH loans); 3. Estimated FX losses in US$ are calculated for UAH-denominated loans only as: Principal amount at the end of the period - Principal amount at the beginning of period + Scheduled principal repayment in the period

Ukrenergo's bank debt management in 2022-2024

UKRENERGO
National power company

Ukrenergo followed proactive management of its loan portfolio resulting in either i) additional liquidity secured or payments deferral in case of IFI debt or ii) consistent debt rollover and interest revision for state bank loans

Lender	Debt treatment – Principal	Debt treatment – Interest
IFIs		
EBRD #1	2022: loan was repurposed. This allowed to direct c.€147m to support liquidity Current repayment profile: Apr 24 - Apr 34	
World Bank #1	2022: World Bank extended the project implementation deadline to the end of 2023 which allowed for additional disbursements under the facility 2023: World Bank extended the project implementation deadline to June 2025 which allowed for additional disbursements under the facility Current repayment profile: Jan 20 - Jul 32	
World Bank #3	2022: World Bank extended project implementation deadline until the end of 2023 which allowed for additional disbursements under the facility 2023: World Bank extended the project implementation deadline to June 2025 which allowed for additional disbursements under the facility Current repayment profile: Jan 25 - Jul 34	
EIB #3	2022: loan was repurposed. This allowed to direct c.€50m to support company's liquidity 2024: loan was repurposed. This allowed to direct c.€86m to support capex Current repayment profile: repayment starting in Mar 27, 15Y tenor of each tranche	
KFW #1, 2	2024: the principal and interest due and not paid as of 1 Jan 24 were deffered. Defferred principal and interest and any scheduled payments up to 31 Mar 27 will be repaid in 10 equal installments from Jun 32 to Dec 36 Total amount of deferred interest and principal is c.€49m	
State-owned banks		
Oshchadbank #1	2022: Principal payment rescheduled to Jan 2023 2023: Maturity extension by 1Y to Jan 2024 2024: Maturity extension by 2Y to Jan 2026	2022: Interest rate reduction for 2022 2023: Interest rate reduction for Dec 2023-May 2024
Oshchadbank #2	2022: Principal payment rescheduled to Jan 2023 2023: Maturity extension by 1Y to Jan 2024	
Ukreximbank #1	2022: Principal payment rescheduled to 2023 2023: Maturity extension by 1Y to Jan 2024 2024: Maturity extension by 1Y to Jan 2025	2023: Interest rate reduction
Ukrgasbank #1	2022: Principal payment rescheduled to 2023 2023: Maturity extension by 1Y to Jan 2024 2024: Maturity extension by 1Y to Jan 2025	2022: Interest rate reduction 2023: Interest rate reduction 2024: Interest rate reduction

IFI provide Ukrenergo with capital support both for Capex and working capital needs which no other liquidity source can replace

And since 2022, apart from new IFI facilities Ukrenergo has either repurposed existing ones to unlock liquidity for critical needs or amended terms to avoid liquidity outflow

State banks represent another crucial support pillar for Ukrenergo due to a few reasons:

- Important liquidity preservation owing to continuous rollover of principal repayment since 2022
- Discussions with selected state banks to refinance part of the loans at more favourable terms, which can resume after technical default resolution
- State banks serve as one of the important sources of capital as part of operating activity, and for the Capex program

UKRENERGO
National power company

02
Financial Performance

Key Financial Performance Metrics

UKRENERGO
National power company

Ukrenergo's Historical Key Financial Metrics

	UAH m					USD m				
	2021	2022	2023	H1 2023	H1 2024	2021	2022	2023	H1 2023	H1 2024
P&L										
Revenue	71,089	82,330	83,011	38,116	48,794	2,605	2,546	2,270	1,042	1,251
EBITDA[1]	5,363	(43)	10,409	1,962	(3,675)	197	(1)	285	54	(94)
EBITDA margin	7.5%	(0.1%)	12.5%	5.1%	(7.5%)	7.5%	(0.1%)	12.5%	5.1%	(7.5%)
Net Income	129	(6,097)	377	(2,393)	(9,681)	5	(189)	10	(65)	(248)
Debt & debt metrics										
Gross Debt[2]	48,407	68,779	81,461	76,329	92,655	1,775	1,881	2,145	2,087	2,286
Net Debt[3]	38,052	64,046	73,630	68,498	83,417	1,395	1,751	1,939	1,873	2,058
Net Debt / LTM EBITDA	7.1x	NM	7.1x	15.3x	17.5x	7.1x	NM	7.1x	15.3x	17.5x
EBITDA / Cash interest	3.4x	NM	2.7x	1.1x	NM	3.4x	NM	2.7x	1.1x	NM
CF										
Operating Cash Flow	(13,353)	(3,385)	4,647	(2,959)	2,978	(489)	(105)	127	(81)	76
CAPEX	(2,174)	(1,509)	(4,062)	(977)	(3,475)	(80)	(47)	(111)	(27)	(89)
Free Cash Flow[4]	(15,527)	(4,894)	585	(3,936)	(497)	(569)	(151)	16	(108)	(13)
Net Cash Flow	7,385	(6,099)	3,039	1,456	1,370	271	(189)	83	40	35

Ukrenergo's 2025 projected EBITDA[5]

EBITDA
UAH 17.5bn / US$ 389m

Source: Company Information, Ukrenergo IFRS Financial Statements
Notes: 1. EBITDA is defined as net financial result profit/loss, adjusted to exclude effects of income tax benefit / (expense), interest expense on loans and borrowings, interest income on current and deposit accounts with banks, depreciation and amortization expense. 2. Rebalanced IFRS figures to account for Eurobonds at face value 3. Net Debt is defined as Gross Debt less cash & cash equivalents. 4. Free Cash Flow is defined as Operating Cash Flow less CAPEX (purchases of property, plant and equipment and intangible assets). 5. UAH figures are translated in US$ assuming a 45.0 USD/UAH FX rate

Financial Performance Dynamics

UKRENERGO National power company

H1 2024 Overview

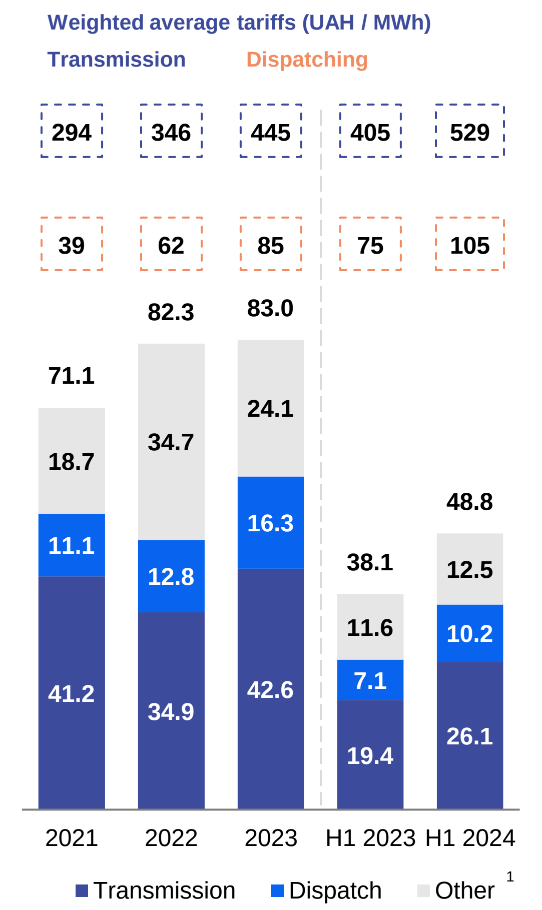
In H1 2024, revenue in UAH grew by 28% y-o-y (+UAH 11bn) offsetting UAH depreciation effect:

- c.29% y-o-y **transmission tariff increase** along with a 3% growth in transmission volumes contributed to a **35% growth** in **transmission revenue**
- **Dispatching revenue also posted a 42% growth**, driven largely by a c.40% increase of dispatch tariffs and a 1% increase in dispatching volumes
- **Other revenue increased by 8% y-o-y** adding to the growth in transmission and dispatch, mainly driven by increased balancing market and interstate network capacity sales

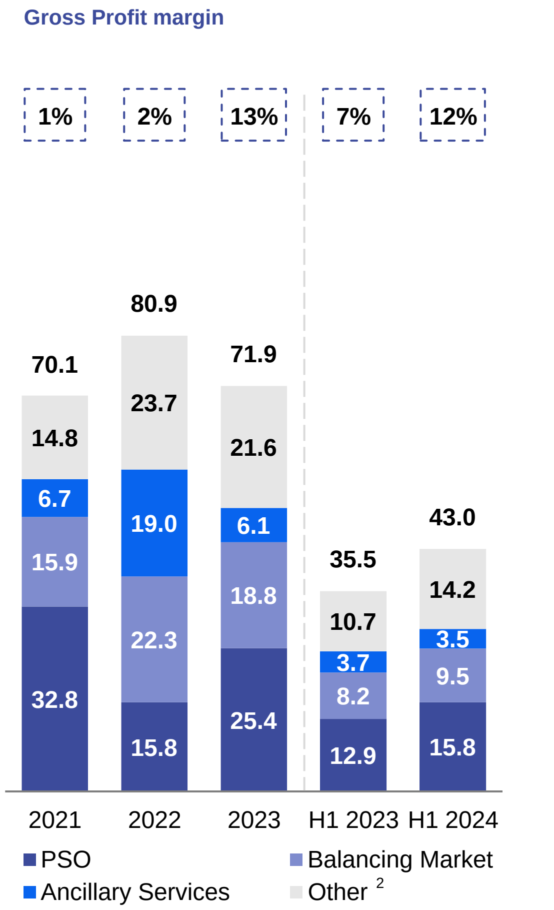
In H1 2024, EBITDA was negative at UAH 3.7bn mainly driven by:

- **23% y-o-y uptick in PSO expenses,** as a result of an increase in the weighted average "green" tariff
- **8.7x increase in other operating expenses** mainly driven by **materialization of UAH 3.7bn of regulatory expenses[4] in H1 2024**
- **5.0x rise in financial assets impairment (UAH 5.0bn in H1 2024 vs. UAH 1.0bn in H1 2023) due to aging receivables** from last resort suppliers, protected consumers, DSOs, and service providers near the front line

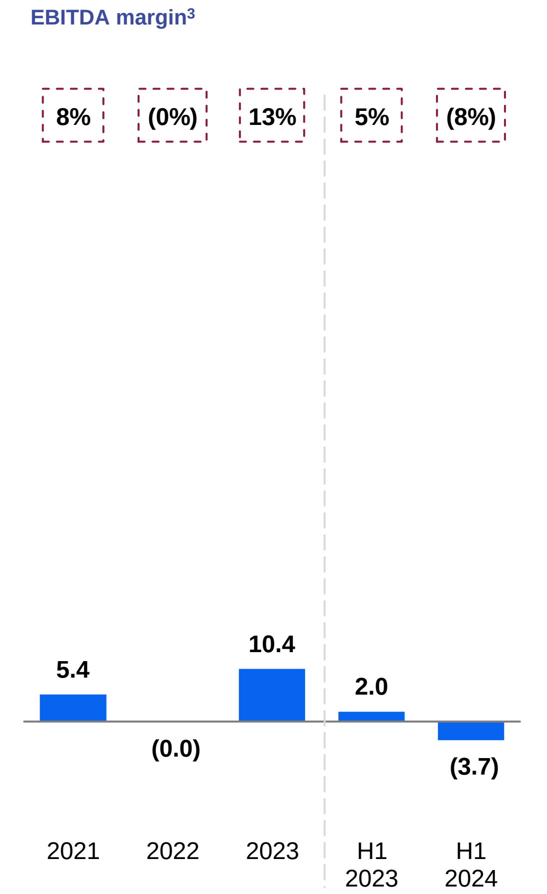
Revenue Breakdown (UAH bn)



Cost of Sales Breakdown (UAH bn)



EBITDA (UAH bn)[3]



Source: Company Information, Ukrenergo IFRS Financial Statements

Notes: 1. Includes balancing market, cross-border flows, granting capacity for interstate networks, and other revenue. 2. Includes compensation of technological losses, curtailment of RES production, D&A, cross-border flows, and staff costs. 3. EBITDA is defined as net financial result profit/loss, adjusted to exclude effects of income tax benefit / (expense), interest expense on loans and borrowings, interest income on current and deposit accounts with banks, depreciation and amortisation expense 4. At the end of 2023, the NEURC included UAH 7.5bn of uncollected funds from previous periods in future tariffs (difference between actual tariff and costs incurred by Ukrenergo). Consequently, Ukrenergo reported UAH 7.5bn as "Regulatory income" and recognized a UAH 6.8bn regulatory asset in December 2023. Throughout 2024, Ukrenergo amortized this asset. The associated expenses are calculated as the proportion of "Regulatory income" in the total tariff revenue in 2024, multiplied by the actual revenue for the relevant period

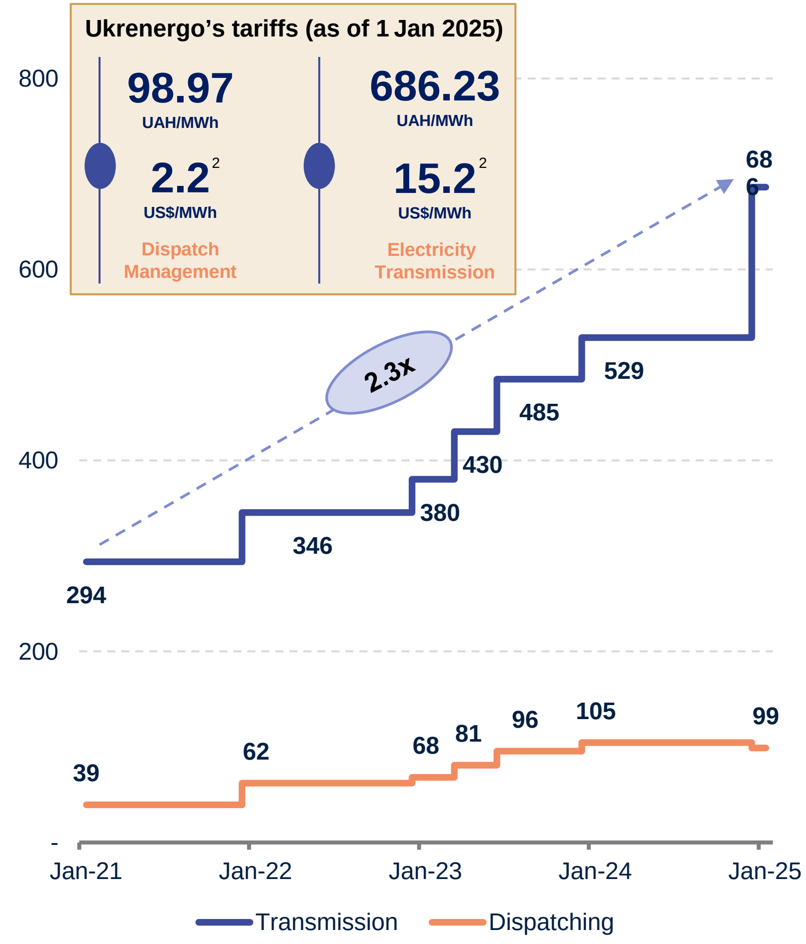
Transmission and dispatching tariff evolution

UKRENERGO
National power company

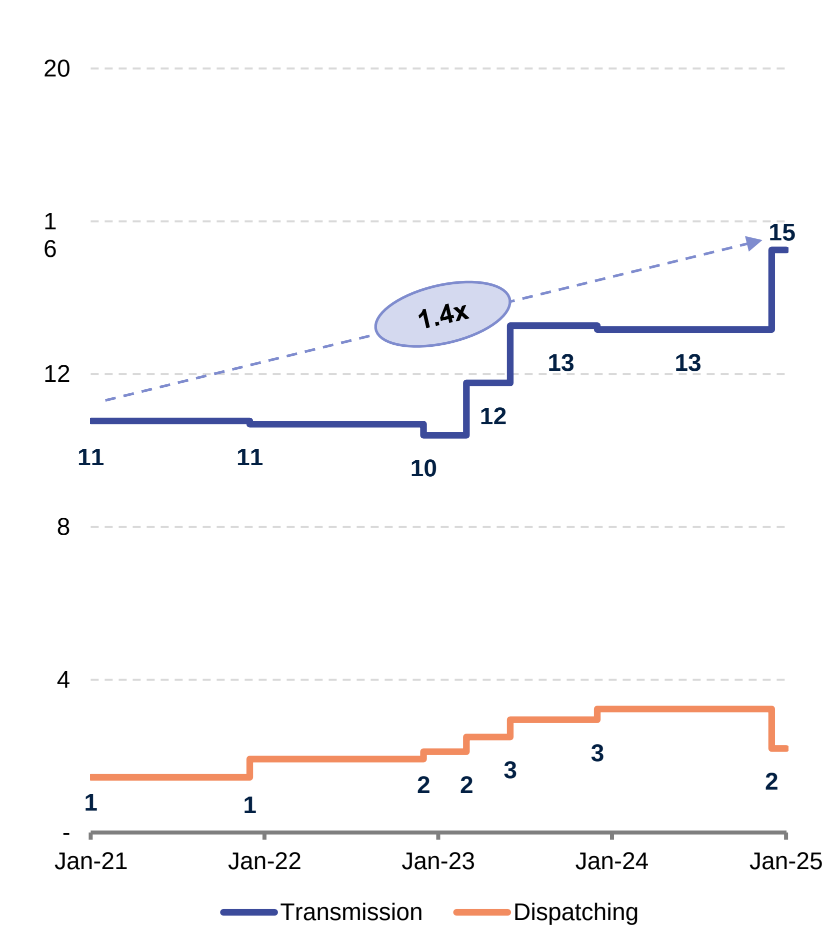
Overview

- After maintaining no-tariff-increase policy in 2022 during full-scale Russian aggression, NEURC resumed tariff revisions:
  - **In 2024, the regulator increased** transmission tariff **by c.9%,** while tariffs for dispatch were also revised upwards **by c. 9%**.
  - At the end of 2024, the regulator increased **transmission tariff for 2025 by ~30%**, but **decreased** tariffs for dispatch **by c.5%**
- **Despite these upward revisions, Ukrenergo still requires additional funding for its Capex program** (only 2025 Capex is financed by tariff funds) **and addressing payables on various segments of the electricity market**
- At the same time, the materialization of further tariff adjustments remains uncertain, pending NEURC's decision at the end of 2025.

Ukrenergo's tariffs 2021-2025 (UAH / MWh)



Ukrenergo's tariffs 2021-2025 (US$ / MWh)[1]



Source: Company Information

Notes: 1. Translated to US$ using average USD/UAH rate for the respective period 2. UAH figures are translated in US$ assuming a 45.0 USD UAH FX rate

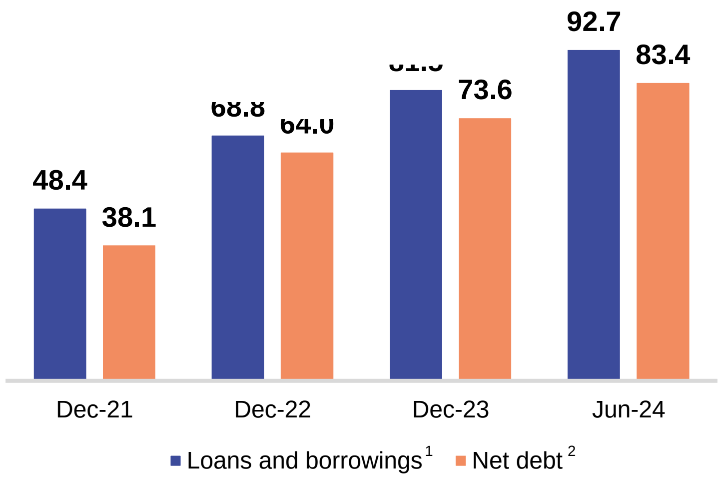
Balance Sheet Overview

Surging debt and strained working capital due to high capex needs and payment disruptions amid ongoing war

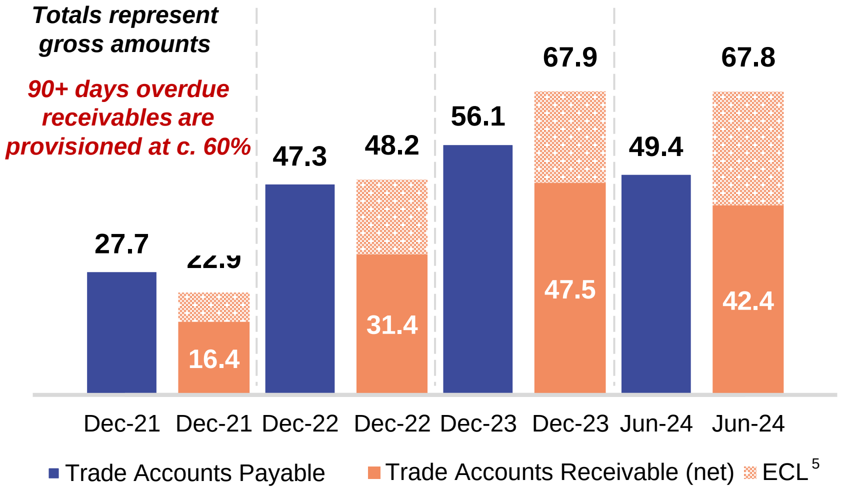
Overview

- **Ukrenergo's Net Debt Position**[2] increased by 13% vs Dec 2023, on the back of:
  - **Loans portfolio mounting 25%** to **UAH 93bn**[1], with UAH 8.5bn of new loans from IFIs on the back of **high Capex needs UAH 7.6bn**[4] and UAH depreciation effect
  - **Eurobonds'** face value increased to **UAH 38.8bn** driven by UAH depreciation and accrued interest
  - **Cash and cash equivalents increased to UAH 9bn**, up UAH 1.4bn, primarily driven by positive operating cash flow of UAH 3.0bn and loan disbursements totaling UAH 6.0bn[4]. This was partially offset by higher cash Capex
- **As of June 2024, Trade Accounts Receivable (gross, before expected credit losses provision) stood at UAH 67.8bn, remaining flat compared to December 2023.**
  - **In H1 2024, Ukrenergo recognized an additional UAH 5.0bn in credit losses under receivables, bringing the total balance to c. UAH 25.4bn. This primarily reflects expected losses from aging receivables** tied to last resort suppliers, protected consumers, DSOs, and service providers near the front line
- **Trade Accounts Payable** posted a 12% decline with **PSO Liabilities decreasing** from **UAH 32.3bn as of Dec 2023 to UAH 26.6bn, repaid by the proceeds from €150m EBRD loan**

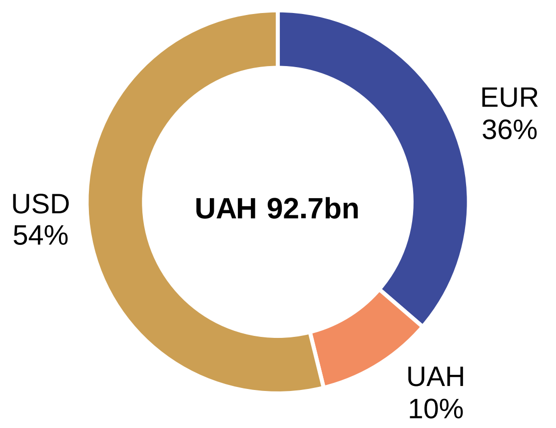
Debt Evolution (UAH bn)



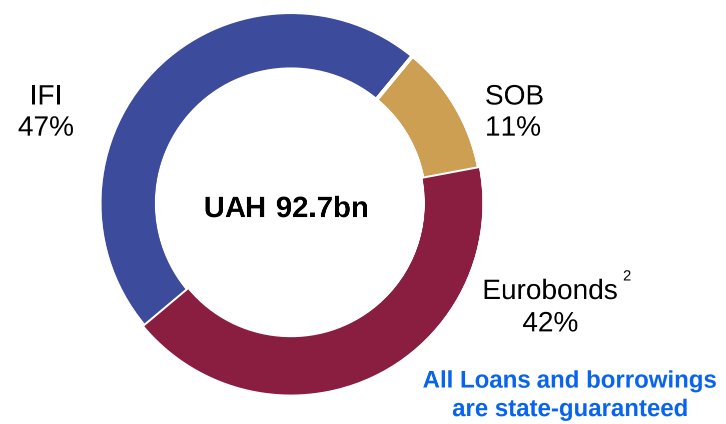
Payables & Receivables Evolution (UAH bn)



Loans and Borrowings By Currency[1] (Jun-2024)



Loans and Borrowings By Creditor[1] (Jun-2024)



All Loans and borrowings are state-guaranteed

Source: Company Information, Ukrenergo IFRS Financial Statements

Notes: 1. Rebalanced IFRS figures to account for Eurobonds at face value; 2. Net Debt is defined as Gross Debt less cash & cash equivalents; 3. Accounted at face value (principal plus accrued and deferred interest); 4. Certain IFI-financed projects involve direct funding from IFIs, meaning no loan proceeds are recorded in Ukrenergo's cash flow 5. Expected Credit Losses

UKRENERGO
National power company

03

Ukrenergo’s proposal rationale

Key rationale of Ukrenergo's proposal

UKRENERGO
National power company

1 Demonstrating good faith in liability management proposal from the onset

While Ukrenergo Eurobond represents state-guaranteed obligation, given the company is a standalone SOE there are specific factors defining the form of the proposal differ from the sovereign

- **Upfront cash payment:** Ukrenergo's initial proposal includes a substantial upfront cash payout to bondholders, at a level correspondent to the constraint set by the Sovereign transaction
- **Contingent element**: beyond the upfront cash component, the proposal features a contingent element that becomes effective in 2027, contingent on the transmission volume reached in 2026. The contingent element is offered in good faith from the onset and reflects the upside potential in the restoration of the country's economy, while keeping achievement level at a lower level (90% of prewar level)
- **Savings are vital to the transaction:** transaction savings (which all will be channeled towards eligible Capex program and restoration of the energy infrastructure in particular) determine the commitment from the IFI to finance the upfront cash payout

2 Solid IFI support of Ukrenergo allows for cash component

- Ukrenergo benefits from IFI endorsement supporting the company on the back of significant damages of the energy infrastructure in Ukraine. The current restructuring should allow fiscal savings to finance Capex needs to restore its asset base and to minimize war-related impact
- The existence of this cash component is subject to (i) support by the required supermajority of holders of Existing Bonds and (ii) reaching a satisfactory agreement on the overall Transaction structure, providing for restoration of Ukrenergo's debt sustainability and ability to invest in the future
- This cash component is contingent on the completion of a separate financing transaction by Ukrenergo, which we are reasonably confident can be completed if holders of Existing Bonds agree to the proposed terms of the Transaction set forth herein.

3 The proposal is constrained by (i) MFCC of the sovereign transaction…

- Ukrenergo's proposal is constrained by the sovereign Eurobond transaction including a Most Favored Creditor Clause defining that terms of Ukrenergo's Eurobond holders should be materially similar to the terms agreed in principle with the group of sovereign Eurobond

4 … (ii) compliance with the restoration of Debt Sustainability…

- IMF has included Ukrenergo's Eurobond in the Debt Sustainability Analysis perimeter, with a need to treat this claim to achieve full debt sustainability
- IMF is comfortable with a separate solution for Ukrenergo along the lines of our proposed structure

5 … and (iii) the need to restore Ukrenergo's standalone credit profile

- The contingent instrument needs to be compliant with achieving ability to invest in capex in the future and restoring the standalone credit profile of the company in the medium term, with a target to reach standalone BBB level

Annex B

Ukrenergo Proposal

Ukrenergo Eurobond Treatment

Indicative term sheet

This indicative term sheet sets out the key commercial terms upon which PJSC "National Power Company "Ukrenergo" (the "**Issuer**" or "**Ukrenergo**") proposes to restructure its $825 million 6.875 per cent. Guaranteed Sustainability-Linked Green Notes due 2026 (the "**Existing Bonds**" and the "**Transaction**"). This term sheet is not exhaustive and does not constitute or imply a commitment by Ukrenergo to a restructuring transaction. The completion of the Transaction will be subject, among other things, to execution of definitive documentation and satisfaction of customary closing conditions.

The proposed Transaction consist of the exchange of Existing Bonds for a package which includes two elements: a Cash Payment ("**Cash Payment")** and a contingent instrument in the form of eurobonds whose payout is contingent on Ukrenergo reaching a certain trigger linked to transmission volumes (the "**Contingent Note**" or the "**New Securities**"), as summarized below. The offer is designed to comply with the parameters of Ukraine's IMF Extended Fund Facility, and specifically with the July 2023 IMF DSA targets of (1) debt-to-GDP ratio of 82% by end 2028, (2) debt-to-GDP ratio of 65% by end 2033 and (3) an average GFN-to-GDP ratio of 8% in the post-program period of 2028-2033.

The terms of the Transaction are calibrated to comply with the baseline macroeconomic scenario in Ukraine's IMF Extended Fund Facility, as well as to respect the requirements of the "Most Favored Creditor" clause included in the new debt securities issued by Ukraine in its recent sovereign restructuring transaction.

Structure of Exchange Transaction	The debt restructuring will be effected by way of a consent solicitation under the terms of the Existing Bonds requiring a "Single Series Extraordinary Resolution" to be adopted with the affirmative support of at least 75% of holders of Existing Bonds present at a quorate meeting (with quorum of not less than 66⅔ % in aggregate principal amount of the Existing Bonds outstanding). Upon a successful completion of the consent solicitation, the holders of Existing Bonds will receive a cash payment and New Securities for their Existing Bonds.
Currency	United States Dollars
Governing Law and Jurisdiction	English law and the English courts
Past Due Interests	Past Due Interests to be calculated as of December 31st 2024

The Cash Payment

Cash payment	Holders will receive US$[385] in cash for each US$1,000 in principal amount of Existing Bonds. Holders will receive US$[385] in cash for each US$1,000 in Past Due Interests of Existing Bonds. The commercial terms of the Cash Payment are designed to meet baseline scenario in Ukraine's IMF Extended Fund Facility, and to respect the requirements set by the "Most Favored Creditor" clause in Ukraine's the new debt securities issued in its recent sovereign restructuring transaction.
Other commercial terms	The existence of this cash component is subject to (i) support by the required supermajority of holders of Existing Bonds and (ii) reaching a satisfactory agreement on the overall Transaction structure, providing for restoration of Ukrenergo's debt sustainability and ability to invest in the future. This cash component is contingent on the completion of a separate financing transaction by Ukrenergo, which we are reasonably confident can be completed if holders of Existing Bonds agree to the proposed terms of the Transaction set forth herein.

The Contingent Note

Structure of Contingent Note Instruments	The Contingent Note will be structured as a typical unsecured note issued by Ukrenergo.[1]
Initial Principal Amount of Contingent Note Instruments	Holders of Existing Bonds will receive Contingent Notes with the principal amount of US$[245] for every US$1,000 in principal amount of, and accrued interest on, the Existing Bonds.
Principal Cancellation	If the Contingent Note Condition is not met on the Contingent Note Test Date, the principal amount of the Contingent Note will be reduced to zero and the Contingent Note will be cancelled. Ukrenergo will publicly report on an annual basis transmissions volumes for the years 2024 and 2025, both in absolute terms and as a percentage of 2021 levels to assess the evolution of such metric ahead of the Contingent Note Test Date.
Coupon levels	• Until 31 March 2027: 0% • From 1 April 2027 and subject to the satisfaction of the Contingent Note Condition: 6.875%, paid in arrear on a semi annual basis[2]
Contingent Note Test Date	As soon as transmitted volumes for the full calendar year 2026 become available, with announcement as to whether the Contingent Note Condition has been satisfied and relevant supporting calculation and, if relevant, the Increased Principal Amount (as defined below) to be published by Ukrenergo at latest on [1 April] 2027
Contingent Note Condition	The Contingent Note Condition shall be met if, when measured for full calendar year 2026, the transmission volumes transmitted by Ukrenergo have reached at least 90% of the full calendar year 2021 transmission volumes (140 TWh) (i.e. pre-war transmission volumes).

[1] Direct issuance is the most likely structure however it has withholding tax implications for UE and needs to be factored into the economics of the deal.

[2] Due to Ukrainian tax implications the interest payments might need to be structured as semi-annual amortization of principal amount.

Principal Amortization Schedule	Linear semi-annual amortization starting in June 2030 and final maturity in December 2032, provided that the Contingent Note Condition is met: • June 2030: US$16.65 per US$100 of the principal amount • December 2030: US$16.65 per US$100 of the principal amount • June 2031: US$16.65 per US$100 of the principal amount • December 2031: US$16.65 per US$100 of the principal amount • June 2032: US$16.65 per US$100 of the principal amount • December 2032: US$16.75 per US$100 of the principal amount

Annex C

Restricted Holders Proposal

PJSC "NATIONAL POWER COMPANY "UKRENERGO"

INDICATIVE HIGH LEVEL TERM SHEET

This indicative high level term sheet (this "**Term Sheet**") sets forth certain of the principal terms and conditions of a potential transaction (the "**Transaction**") relating to the $825 million 6.875 per cent. Guaranteed Sustainability-Linked Green Notes due 2028 (the "**Notes**") issued by PJSC "National Power Company "Ukrenergo" (the "**Company**").

This Term Sheet sets out high level key terms and conditions of the Transaction. It does not purport to summarise all terms of the Transaction. This Term Sheet shall not create, nor shall be deemed to create, a legally binding or enforceable offer or contract, shall not constitute a commitment to provide any funding, investment, enter into any agreement or establish any relationship between the parties.

Transaction Structure	Sovereign guarantee in support of the Notes to be released in exchange for: (i) payment of the Past Due Interest in full by the Company; and (ii) either: a. partial prepayment of principal in cash (the "**Cash Payment**"); or b. provision of a security package in support of the Notes (the "**Security Package**"), by the sovereign.
Past Due Interest	All interest that falls due and payable prior to the implementation of the Transaction.[1]
Cash Payment	Holders of the Notes will receive US$460.00 in cash for each US$1,000 in principal amount of the Notes.
Treatment of Unredeemed Notes[2]	8.5% coupon on Unredeemed Notes. Unredeemed Notes to otherwise remain in place on existing terms and payment schedule (supplemented by the Security Package if Transaction structured to include

[1] The Company did not exercise its right to capitalize the four interest payments that were deferred as part of the 2022 debt deferral. Accordingly, the amount of the Past Due Interest as of 9 November 2024 was in excess of US $151m – consisting of approximately US$123m of deferred coupons from the debt deferral period (namely the amounts in respect of which the Noteholders have already made concessions) and the approximately US$28m coupon due on 9 November 2024.

[2] "**Unredeemed Notes**" means all Notes outstanding after a partial redemption of the Notes as a result of application of the Cash Payment (if the Cash Payment alternative implemented).

	the Security Package). No further deferral of coupon payments going forward.
Security Package	Security Package to consist of the same instruments that were provided by the sovereign to holders of the sovereign's USD 7.75% Notes due 2024 as part of the most recent sovereign restructuring transaction. I.e. for each US$1,000 of aggregate principal amount of, and accrued interest on, the Notes: - US$280.00 in principal amount of Step Up A Bonds 2029; - US$120.00 in principal amount of Step Up A Bonds 2034; - US$21.85 in principal amount of Step Up B Bonds 2030; - US$81.65 in principal amount of Step Up B Bonds 2034; - US$69.00 in principal amount of Step Up B Bonds 2035; and - US$57.50 in principal amount of Step Up B Bonds 2036. Instruments to be placed into a securities account pledged in favour of the Notes' trustee. All amounts payable in relation to the instruments (e.g. coupon, conversions of instruments into cash in accordance with their terms) to be paid into the securities account and continue to be subject to the Noteholders' security interest. The Security Package to be enforceable upon occurrence of any Event of Default under the terms of the Notes.
Consent Fee	Holders of the Notes will receive US$20.00 in cash for each US$1,000 in principal amount of the Notes.
Implementation	The transaction will be effected by way of a consent solicitation under the terms of the Notes requiring a "Single Series Extraordinary Resolution" to be adopted with the affirmative support of at least 75% of holders of Notes present at a quorate meeting (with quorum of not less than 66⅔ % in aggregate principal amount of the Notes outstanding).

Annex D

Ukrenergo’s Response

Ukrenergo

Discussion materials

January 2025

Executive summary

We have received and analyzed your counter proposal. We believe it is critical to align first on a number of overarching principles that have guided both the structure and the economics of the Company's proposition (see the Term Sheet provided)

1 Standalone leverage and liquidity situation of the Company

- As of YE24, Ukrenergo's indebtedness substantially exceeds historical levels, and peer levels
- The Company is therefore in a covenant breach situation with key DFIs (e.g., EBRD, EIB) that is unsustainable in the medium term
- While the Company Ukrenergo **depends entirely on DFI funding** to finance its investment programme

2 Tariff Increases remain insufficient while further tariff increase potential is limited

- Even factoring in the substantial 2025 tariff hike, Ukrenergo's debt burden remains unsustainable
- Further significant tariff increases are ruled out, since Ukraine's tariffs are already amongst the highest in Europe

3 Deal structure considerations

- Any transaction structure that includes a security package in support of the Notes cannot be implemented under Ukrainian law & regulatory framework
- The Cash Payment that is proposed by UkrEnergo is available if a number of prerequisites are met

4 Prerequisites for the Cash Payment

- Substantial NPV savings compared to status quo scenario to allow for the funding of investment needs
- Significant decrease of the Company leverage ratio
- Compliance with the Sovereign restructuring MFCC clause and Debt Sustainability Assessment

Discussion Materials on Company Financial Situation

UKRENERGO
National power company

Ukrenergo financial profile is currently unsustainable

High debt leverage, low debt servicing capacity to date leading to breach of financial covenants I with EIB and EBRD (DSCR, Debt/EBITDA, EBITDA/Debt Service)

IFIs are set to disburse close to US$ 300m in 2025 to address rising investment requirements

Company	Description	Fitch Rating	Gross debt / EBITDA						EBITDA / Cash interest						CAPEX / EBITDA	CAPEX / OpCF	OpCF / EBITDA
			2021	2022	2023	Pre-Rx LTM	Pro-forma LTM	Pro-forma 2025FY	2021	2022	2023	Pre-Rx LTM	Pro-forma LTM	Pro-forma 2025FY	2021-1H2024	2021-1H2024	2021-1H2024
1 Ukrenergo																	
Ukrenergo Proposal	Ukrainian state-owned TSO	RD	7.1x	neg.	7.1x	26.7x	23.4x	6.4x	3.4x	neg.	2.7x	1.1x	0.9x	3.2x	161%	neg.	neg.
AHC Proposal							26.7x	7.3x					0.3x	1.3x			
Peers																	
Elia	Belgian TSO	BBB+ (S&P)	7.9x	8.3x	7.9x	9.8x			7.7x	8.1x	8.7x	5.1x			105%	163%	113%
National Grid	UK Electricity and Gas TSO	BBB-	8.8x	6.0x	6.7x	8.1x			5.8x	5.5x	4.3x	3.2x			66%	84%	89%
REN	Portuguese electricity and Gas TSO	BBB	6.1x	5.0x	5.5x	5.4x			11.0x	11.8x	7.7x	6.5x			13%	23%	46%
TPE	Polish electricity producer and distributor	BBB-	3.8x	5.5x	3.2x	4.8x			7.5x	5.0x	7.6x	5.1x			65%	77%	97%
Redeia	Spanish TSO	A-	5.1x	4.9x	4.5x	5.2x			12.4x	12.2x	10.5x	7.1x			34%	50%	75%
E.ON	German integrated power company	BBB+ (S&P)	3.2x	9.2x	8.6x	5.1x			9.6x	3.5x	3.5x	6.4x			51%	80%	66%
Terna	Italian TSO	BBB	6.4x	5.3x	5.8x	5.3x			8.7x	13.4x	8.2x	8.6x			59%	93%	61%
Enel	Italian electricity producer and distributor	BBB+ (S&P)	4.3x	4.6x	4.0x	3.4x			3.8x	3.9x	3.4x	4.2x			43%	76%	56%
PPC	Greek integrated power company	BB-	5.9x	3.9x	3.5x	3.1x			4.8x	7.6x	8.9x	7.5x			41%	73%	44%
Verbund	Austrian integrated power company	A+ (S&P)	1.9x	1.4x	0.6x	1.0x			>10x	>10x	>10x	>10x			27%	27%	94%
Median			**5.5x**	**5.1x**	**5.0x**	**5.1x**			**8.2x**	**7.8x**	**7.9x**	**6.5x**			**47%**	**77%**	**70%**

1 (i) Deteriorated EBITDA / OpCF conversion on the back of elevated level of past due receivables, and (ii) significant CAPEX recovery needs

Source Bloomberg, annual reports, Ukrenergo

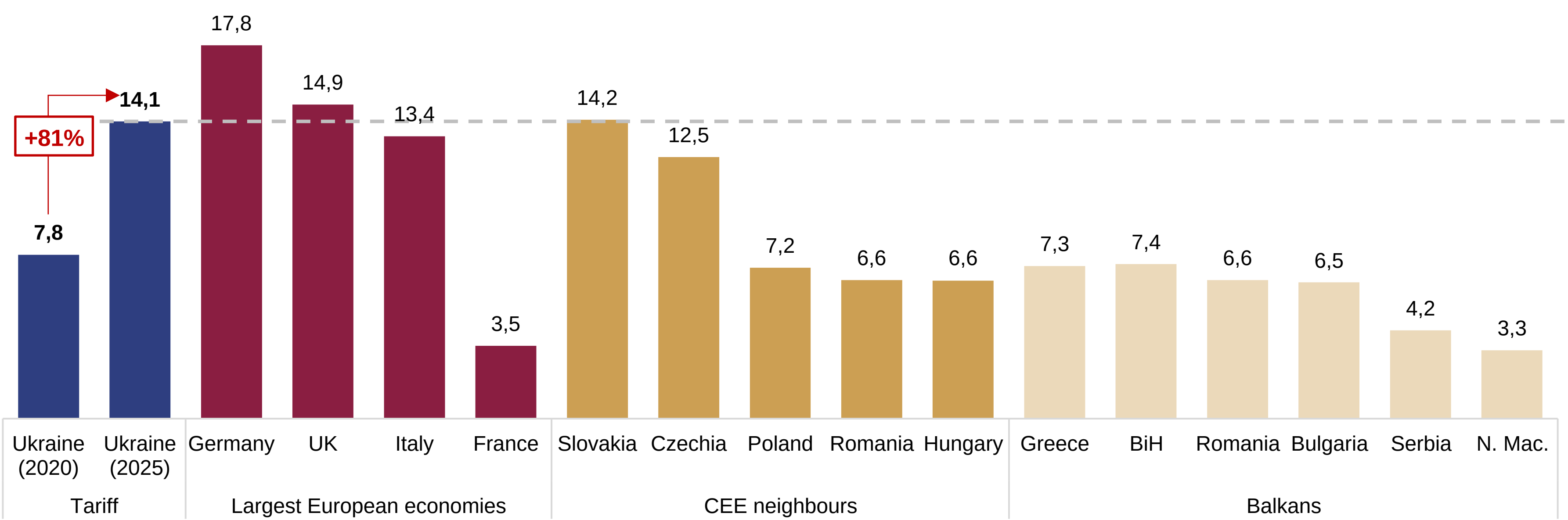
Note 1 (i) Pre-rx and pro-forma LTM metrics for Ukrenergo are based on LTM EBITDA as of June 2024 and assume UAH 31bn of past due payments under PSO as a part of debt stock; (ii) Pro-forma 2025 metrics for Ukrenergo are based on the 2025 projected EBITDA and assume UAH 31bn of past due payments under PSO as a part of debt stock; (iii) LTM Figures as of 30 Jun 2024 for Elia and as of 30 Sep 2024 for all other companies

Ukrenergo’s 2025 transmission tariffs are already among the highest in Europe

European high-voltage transmission tariffs, EUR / MWh

Comparing Ukrenergo’s 2025 transmission tariff to European countries (2020 report by ENTSO-E)

- **Ukrenergo’s tariffs increased by more than 80% between 2020 and 2025**
- **In 2020, Ukrenergo’s tariffs were already the third highest** among EU developing markets (CEE and Balkans)



Source: ENTSO-E

The business plan leaves no headroom for servicing external commercial indebtedness

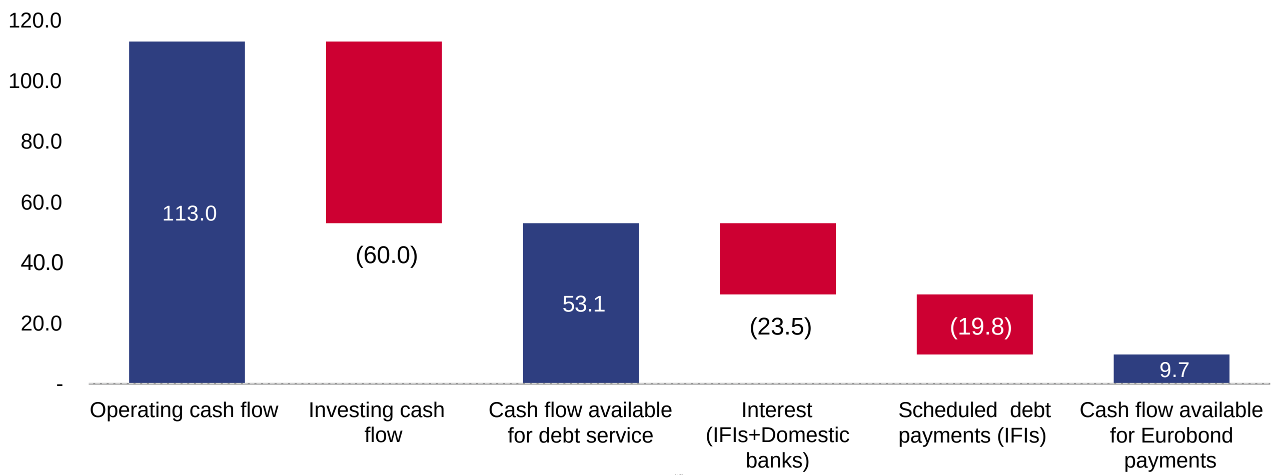
Ukrenergo's forecast cash flow profile

(UAHbn)	2025	2026	2027
Operating cash flow	15.5	20.3	25.9
Investing cash flow	(13.7)	(17.8)	(15.1)
Cash flow available for debt service	**1.8**	**2.5**	**10.9**
Interest (IFIs+Domestic banks)	*(4.7)*	*(4.8)*	*(4.8)*
Scheduled debt (repayments)/inflows (IFIs)	6.3	(6.5)	(7.4)
Cash flow available for Eurobond payments	**3.4**	**(8.8)**	**(1.3)**

Key highlights

- Cash flow profile is based on Ukrenergo's financial plan for 2025 and medium-term projections of the company thereof
- Ukrenergo's proposal in the context of the materialisation of the contingent instrument implied over 225m$ of repayments over 2028 – 2029
- The cash flow forecast does not reflect cash outflow in relation to full repayment of accumulated arrears under existing PSO of Ukrenergo and respective sources which are assumed to be identified separately
- Planned drawdowns are envisaged under the existing IFI facilities to finance future investments

Cum. cash flow waterfall (2025-29) – cash flow available for Eurobond payments (interest + principal)



Ukrenergo has already secured Amend & Extend transactions from State-Owned Banks in the last 2 years

Ukrenergo followed proactive management of its loan portfolio resulting in either i) additional liquidity secured or payments deferral in case of IFI debt or ii) consistent debt rollover and interest revision for state bank loans

Lender	Debt treatment	
	Principal	Interest
IFIs		
EBRD #1	2022: loan was repurposed. This allowed to direct c.€147m to support liquidity Current repayment profile: Apr 24 - Apr 34	
World Bank #1	2022: World Bank extended the project implementation deadline to the end of 2023 which allowed for additional disbursements under the facility 2023: World Bank extended the project implementation deadline to June 2025 which allowed for additional disbursements under the facility Current repayment profile: Jan 20 - Jul 32	
World Bank #3	2022: World Bank extended project implementation deadline until the end of 2023 which allowed for additional disbursements under the facility 2023: World Bank extended the project implementation deadline to June 2025 which allowed for additional disbursements under the facility Current repayment profile: Jan 25 - Jul 34	
EIB #3	2022: loan was repurposed. This allowed to direct c.€50m to support company's liquidity Current repayment profile: repayment starting in Mar 27, 15Y tenor of each tranche	
KFW #1, 2	2024: the principal and interest due and not paid as of 1 Jan 24 were deffered. Defferred principal and interest and any scheduled payments up to 31 Mar 27 will be repaid in 10 equal installments from Jun 32 to Dec 36 Total amount of deferred interest and principal is c.€49m	
State-owned banks		
Oshchadbank #1, #2	2022: Principal payment rescheduled to Jan 2023 2023: Maturity extension by 1Y to Jan 2024 2024: Maturity extension by 2Y to Jan 2026	2022: Interest rate reduction for 2022 2023: Interest rate reduction for Dec 2023-May 2024
Ukreximbank #1	2022: Principal payment rescheduled to 2023 2023: Maturity extension by 1Y to Jan 2024 2024: Maturity extension by 2Y to Jan 2026	2023: Interest rate reduction
Ukrgasbank #1	2022: Principal payment rescheduled to 2023 2023: Maturity extension by 1Y to Jan 2024 2024: Maturity extension by 2Y to Jan 2026	2022: Interest rate reduction 2023: Interest rate reduction 2024: Interest rate reduction

IFI provide Ukrenergo with capital support both for Capex and working capital needs which no other liquidity source can replace

And since 2022, apart from new IFI facilities Ukrenergo has either repurposed existing ones to unlock liquidity for critical needs or amended terms to avoid liquidity outflow

State banks represent another crucial support pillar for Ukrenergo due to a few reasons:

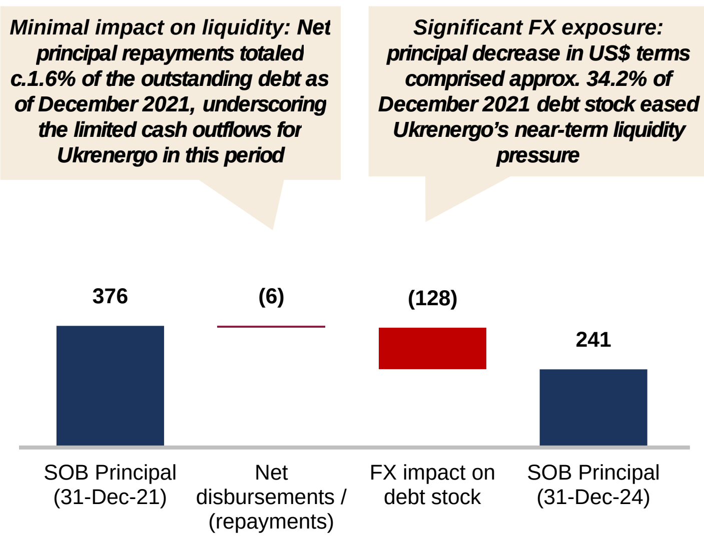
- Important liquidity preservation for owing to continuous rollover of principal repayment since 2022
- Discussions with selected state banks to refinance part of the loans at more favourable terms, which can resume after technical default resolution
- State banks serve as one of the important sources of capital as part of operating activity, and for the Capex program

Developement Finance Institutions (DFIs) financial support is vital to finance future investments

Domestic banks

Debt stock over 2022-2024, US$m

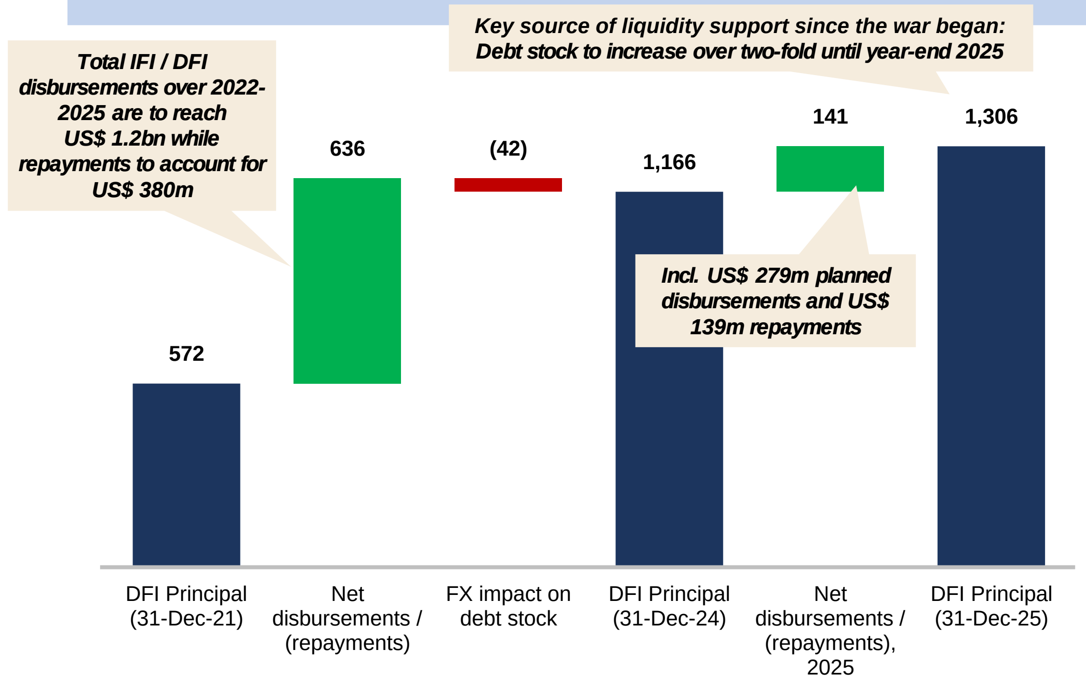
- **High exposure to local currency:** c.90% of domestic bank loans are denominated in UAH, resulting in principal reduction in hard currency due to ongoing UAH devaluation – and the trend is expected to continue into 2025
- **Continuous rollover:** these loans are continuously rolled over since 2022 by 1-2Y
- **Minimal recent repayments:** **o**nly US$ 12m in principal repaid over 2023-2024



DFIs

Debt stock over 2022-2024, US$m

- **Critical support:** IFI funding is essential for maintaining Ukrenergo's liquidity and financial standing, especially amid the ongoing war and growing CAPEX needs
- **Key source of financing in the near term:** additional disbursements of US$ 279m are planned in 2025 to address rising CAPEX requirements, with net disbursements from IFIs / DFIs of US$ 141m[1]
- **Support is not unconditional:** further IFI disbursements depend on Ukrenergo demonstrating tangible progress toward restoring sound financial covenants



Source: Company Information
Notes: 1. Translated in US$ assuming a 45.0 USD UAH FX rate

Deal Structure Considerations

UKRENERGO
National power company

The provision of a Security Package is not compatible with Ukrainian law constraints

Lack of necessary statutory (legal) authority	▪ Under Ukrainian law, state bodies/state authorities/state officials can act only within explicit legal authority under the law.
	▪ Under the current legislative framework, neither sovereign (state of Ukraine) nor relevant state bodies (the Ministry of Finance of Ukraine) are entitled/have necessary legal authority to :
	    ▪ (i) act as a security provider
	    ▪ (ii) provide security over any assets, and,
	    ▪ (iii) issue sovereign securities as security for a third party's obligations (save for the sovereign guarantees).

Impermissibility of issue of sovereign securities as a collateral	▪ Under Ukrainian law, sovereign securities can be issued only :
	    ▪ (i) to make new sovereign borrowings, or,
	    ▪ (ii) for purposes of sovereign liability management/debt restructuring transactions (e.g., such as exchange offers).
	▪ There is no legal basis for issuance of sovereign securities (in particular such as 2024 sovereign bonds with a step-up element) as consideration for cancellation of sovereign guarantee.

Immediate impact on the state debt amount	▪ Unlike sovereign guarantees creating contingent liabilities for the sovereign, issue of sovereign securities creates sovereign debt obligations that must be accounted as a state debt (having negative impact from the DSA perspective).

The availability of a Cash Payment depends on a number of prerequisites being met

A

Restoration of Ukraine broader public sector is a key target for this transaction

- **This transaction will also be under close scrutiny of a number of third parties**
  - Meeting the IMF constraints, with regards to the level of savings obtained under the Debt Sustainability Analysis
  - Sign off by the Group of Creditors of Ukraine
  - Compliance for Sovereign bondholders with the MFCC
- **As part of the Sovereign transaction, the Existing Guarantee Indebtedness in relation to the Ukrenergo Eurobond, as any other securities included in the transaction was assumed to be subject to comparable treatment hence to a 37% nominal haircut as part of its subsequent deal**

B

With any Sovereign guaranteed transactionsubject to the MFCC

- **Application of the MFCC formula to the Fixed portion of the Sovereign Bonds A and Bonds B at 13% leads to a 38,5 cents / $ level on Principal and PDIs**

Most Favoured Creditor Clause: "The Issuer shall not: (i) pay any Specified Indebtedness or Existing Guarantee Indebtedness in accordance with its contractual terms, or pay the Old Notes in accordance with its alleged contractual terms ; or (ii) enter into any arrangement or agreement to compromise any obligations (each such arrangement or agreement, a "Settlement") it has in respect of any Existing Guarantee Indebtedness, in each case: in circumstances where the aggregate Settlement consideration received by any of the relevant creditors consists either of notes (including New Notes), a cash consent fee or cash consideration only, which provide for a greater Recovery Rate to any of the relevant creditors than the Exchange Recovery Rate, without offering the same terms (or other consideration of equivalent value) on a rateable basis to holders of the New Notes"

- ***Working based on a partial Cash transaction seems the most promising avenue***
- ***Issuing additional Ukraine securities would not be achievable under Ukrainian domestic legislation constraints***
- ***Proposed aggregate Cash Consideration, and Treatment of Past Due Interests, would be in breach of the Sovereign MFCC***

The availability of a Cash Payment depends on a number of prerequisites being met

A requirement to materialize savings for the cash component route to be available

A Materializing net savings constitutes a pillar of the transaction	▪ Availability of the cash leg of this transaction is subject to the execution of a transaction delivering a level of net savings for Ukrenergo, in order for the company to be able to invest in future capex and preservation of the energy sector of Ukraine ▪ There needs to be a material amount of savings to be achieved for this deal to be considered impactful, achieving the support required, and allowing the implementation of the cash portion
B Net savings calculation formula Assessment of savings	▪ Net savings calculation are based on the comparison of present value of cash flows before and after the transaction ▪ Based on preliminary calculations, the deal structure proposed by Ukrenergo leads to [350-375] m$ savings ▪ The counter proposal articulated by bondholders would lead to negative savings, for over 35m$, leading to the first leg of the deal not to be executable