

**Private Joint Stock Company
“National Power Company
“Ukrenergo”**

Consolidated Financial Statements and
Independent Auditor’s Report
for the Year Ended 31 December 2024

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of Private Joint Stock Company National Power Company Ukrenergo

Report on the audit of the consolidated financial statements

Qualified opinion

We have audited the consolidated financial statements of Private Joint-Stock Company National Power Company Ukrenergo (EDRPOU code 00100227, address: 25, Simona Petliury Str., Kyiv, 01032) and its subsidiaries (collectively – the Group), which comprise:

- Consolidated statement of financial position as at 31 December 2024;
- Consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2024;
- Consolidated statement of cash flows (under direct method) for the year ended 31 December 2024;
- Consolidated statement of changes in equity for the year ended 31 December 2024;
- Notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, its financial performance and cash flows for the year then ended, in accordance with the requirements of International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and the requirements of the law of Ukraine "On accounting and financial reporting in Ukraine" dated 16.07.1999 No. 996-XIV regarding the preparation of financial statements.

Basis for qualified opinion

Impact of not revaluing the Group's property, plant and equipment as at 31 December 2022 on the comparative figures for 2023 in the Group's consolidated financial statements for 2024

In accordance with the accounting policy, the Group applies the revaluation model for subsequent measurement of property, plant and equipment. As disclosed in Notes 5 and 7 to the consolidated financial statements, the Group performed revaluation of its property, plant and equipment as at 31 December 2023.

However, in the course of our audit of the consolidated financial statements for 2022, we qualified our opinion on the possible effect on the Group's consolidated financial statements for 2022 of the absence of an appraisal of the fair value of the Group's property, plant and equipment as at 31 December 2022. In our opinion, the revaluation of the Group's property, plant and equipment as at 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, as reported in the comparative figures of the consolidated statement of profit or loss and other comprehensive income for 2024, compared to the corresponding comparative figures currently reported.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements applied in Ukraine to our audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

These consolidated financial statements have been prepared on the Group's going concern assumption. It should be noted that the tariffs for the Group's services are set and approved by the regulator and should fully cover all economically reasonable costs to ensure uninterrupted operations. Therefore, given the critical importance of the Group as the only transmission system operator in Ukraine, the state, as the owner, supports and promotes the stable operation of the Group to ensure the security of electricity supply.

However, we draw attention to Note 2 of the Group's consolidated financial statements, which outlines that from February 24, 2022, the Group's operations and financial performance are negatively affected by the full-scale military invasion of Ukraine by the Russian Federation. The magnitude or timing of further developments or the timing of their cessation are uncertain. These events and conditions, together with the impact of the default on the Eurobonds 2028 and respective invocation of the cross-default provisions in respect of other loans of the Group, which resulted in the right of a lenders to demand early repayment of significant part of the Group's liabilities, which had an impact on financial indicators and performance results of the Group in 2024 as described in Notes 2, 5 and 14, 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 impact of the military aggression on the Group and the outcome of negotiations with the Group's lenders. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's consolidated financial statements for the current period. These matters were considered in the context of our audit of the Group's consolidated financial statements as a whole and were considered in forming our qualified opinion thereon, and we do not express a separate opinion on these matters. In addition to the matters described in the Basis for qualified opinion and Material uncertainty related to going concern sections, we determined that the matter described below is a key audit matter that should be addressed in our report.

Key audit matter

Description of audit procedures performed

1

Impact of the default on the Eurobonds 2028 on the Group's consolidated financial statements

In 2024, certain restrictions imposed by the Government of Ukraine, as outlined in Note 14, led to events of default on the Eurobonds 2028. Consequently, on November 9, 2024, the Group did not have a legal ability to make a payment of scheduled and deferred coupons under the Eurobonds 2028. As at 31 December 2024, the Group was in default on the Eurobonds 2028, which resulted in the invocation of the cross-

Our audit procedures on the impact of the default on the Eurobonds 2028 on the Group's consolidated financial statements included the following:

- Meetings, surveys and detailed analysis of the situation provided by the Group's representatives and comparison of the information received with the requirements

default provisions in respect of other loans of the Group.

At the date of the default, the Group's management revised the estimated contractual cash flows and adjusted the amortised cost of the Eurobonds 2028 financial liability to their full nominal value. The adjustment was recognised in profit or loss in finance costs as the difference between the amortised cost of the Eurobonds 2028 at the date of default and the full nominal value of these liabilities at that date in the amount of UAH 24,975,279 thousand.

Under the terms of the Eurobonds 2028 and loan agreements, the Group's lenders received the right to demand early repayment of obligations that were in default or cross-default. As at 31 December 2024, the total carrying amount of such loans and borrowings of the Group was UAH 89,968,948 thousand, which have been fully reclassified to current liabilities.

We paid particular attention to the assessment of compliance of reflection of the abovementioned events in the Group's consolidated financial statements with the requirements of International Financial Reporting Standards. The most significant judgements relate to management's assessment of the adequacy of the disclosure in the consolidated financial statements of the impact of the default event on the Group's operating results, calculation of recognised losses as a result of adjusting the carrying value of the Eurobonds 2028 and determination of the Group's liabilities that require classification as current in the consolidated statement of financial position.

See Notes 5 and 14 to the consolidated financial statements.

of International Financial Reporting Standards;

- Obtaining and scrutinizing management's estimates of recognised losses and the list of cross-defaulted loans;
- Reviewing the Group's loan agreements, including financial covenants, and comparing their terms with the relevant disclosures in the Group's financial statements;
- Reviewing the classification of loans and borrowings in the Group's consolidated financial statements;
- Reconciliation of information disclosed in the notes with information available in the accounting system and other information collection and processing systems of the Group;
- Reviewing publicly available information and comparing it, as well as our overall understanding of the situation, with the disclosures in the notes to the consolidated financial statements;
- Examining other internal sources of information regarding possible events that were not disclosed in the Group's consolidated financial statements (including minutes of the meetings of the Management Board and the Supervisory Board);
- Assessing the impact of the above events on the Group's ability to continue as a going concern.

Other information

Management of the Group is responsible for other information prepared as at and for the year ended 31 December 2024.

Other information consists of the following:

- Consolidated Management Report for 2024, prepared in accordance with the requirements of the Law of Ukraine "On accounting and financial reporting in Ukraine" dated 16.07.1999 No. 996-XIV, as amended;
- Annual Information of the Issuer of Securities for 2024, prepared in accordance with the requirements of the Regulation on Disclosure of Information by Issuers of Securities and Persons Providing Collateral for Such Securities approved by the Decision of the National Securities and Stock Market Commission dated 06.06.2023 No. 608;

Our opinion on the Group's consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to

be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Consolidated Management Report

The Group intends to prepare and publish the Consolidated Management Report for 2024 after the date of publication of this Independent Auditor's Report. Upon receipt and review of the Consolidated Management Report for 2024, if we conclude that there is a material misstatement, we will communicate the matter to those charged with governance.

Annual Information of the Issuer of Securities

The Group plans to prepare and publish the Annual Information of the Issuer of Securities for 2024 after the date of publication of this Independent Auditor's Report. Upon receipt and review of the Annual Information of the Issuer of Securities for 2024, if we conclude that there is a material misstatement, we will communicate the matter to those charged with governance.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16.07.1999 No. 996-XIV in respect of financial statements preparation, and for such internal control as Management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, where applicable, going concern matters and using going concern assumptions as a basis for accounting, unless management either intends to liquidate the Group or to cease operations or has no realistic alternatives but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Requirements of Other Legislative and Regulatory Acts

1

The report on meeting the requirements of paragraph 4 of Article 14 of the Law of Ukraine "On Audit of Financial Reporting and Auditing Activity" dated 21.12.2017 No. 2258-VIII on the provision of additional information on the results of the statutory audit of a public interest entity:

- BDO LLC was appointed to perform this statutory audit engagement by the order of the Ministry of Energy of Ukraine No. 4 dated 3 January 2025. The Report on the audit of the consolidated financial statements section of this Independent Auditor's Report discloses information on the scope of the audit and inherent limitations.
- The total duration of the statutory audit of the consolidated financial statements by BDO LLC is 5 (five) years. For BDO LLC, this assignment is also the fifth year of the statutory audit of the Group's consolidated financial statements after the Group was recognized as a public interest entity in accordance with the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16.07.1999 No. 996-XIV.
- In the Basis for qualified opinion, Material uncertainty related to going concern and Key audit matters sections of this report, we have disclosed matters that were of most significance in our audit of the current period's consolidated financial statements, and that, in our professional judgment, should also be addressed. These matters were considered as part of our audit of the

consolidated financial statements taken as a whole and were included in the preparation of our opinion thereon, and we do not provide a separate opinion on these matters.

- During this statutory audit engagement, we did not identify any matters in respect of our audit estimates other than those described in the Basis for qualified opinion, Material uncertainty related to going concern and Key audit matters sections of this report, which we consider appropriate to disclose in accordance with the requirements of paragraph 4.3 of Article 14 of the Law of Ukraine “On the Audit of Financial Statements and Auditing Activities” dated 21.12.2017 No. 2258-VIII.
- The information in this Independent Auditor’s Report on the audit of the Group’s consolidated financial statements was reconciled with the information in the Additional Report to the Audit Committee dated 22 April 2025.
- During 2024, BDO LLC provided services to the Group other than statutory audit services:
 - Review of the interim consolidated financial statements of NPC Ukrenergo for the six months ended 30 June 2024;
 - Assignment to prepare comfort letters, which are an integral part of the Eurobonds 2028 restructuring process started in 2024 and continues in 2025;
 - Assignment to provide reasonable assurance on the information provided in the Corporate Governance Report as part of the Management Report of NPC Ukrenergo, which is an integral part of the Annual Information of the Issuer of Securities for 2023.
 - Audit of the special purpose financial statements of the Second Power Transmission Project financed by the IBRD Loan, CTF and IBRD and IDA Grant for the period from 01 January 2023 to 31 December 2023.
 - Audit of the special purpose financial statements of NPC Ukrenergo of the Transmission Network Modernisation Project financed by the EBRD Loan for the period from 30 July 2019 to 31 December 2023.
 - Audit of the special purpose financial statements of NPC Ukrenergo of the Transmission Network Emergency Restoration Project financed by the EBRD Loan for the period from 13 December 2022 to 31 December 2023.
 - Audit of the special purpose financial statements of NPC Ukrenergo of Ukrenergo Special Capital Structure Support Project financed by the EBRD Loan for the period from 15 December 2023 to 31 March 2024.
 - Audit of the special purpose financial statements of NPC Ukrenergo of the Transmission Network Emergency Restoration Project financed by the EBRD Loan for the period from 1 January 2024 to 18 October 2024.
- BDO LLC and its Key Audit Partner are independent of the Group according to the requirements of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code). During the audit, we have not identified any additional facts or matters that could affect our independence and which we would like to draw your attention to.
- BDO LLC did not provide the Group with other services prohibited in accordance with the requirements of Article 6 of the Law of Ukraine “On Audit of Financial Statements and Auditing Activities” dated 21.12.2017 No. 2258-VIII during 2024 and in the period from 1 January 2025 until the date of signing this Independent Auditor’s Report.

2

Report on the requirements of the NSSMC’s decision dated 22.07.2021 No. 555 “On approval of information requirements related to audit or review of financial statements of capital market participants and organized commodity markets, supervision which is carried out by the NSSMC”

The consolidated financial statements of Private Joint-Stock Company National Power Company Ukrenergo were audited in accordance with the Contract No. UE/8C for audit services dated 17 February 2025 for the period from 17 February 2025 to the date of this Independent Auditor’s

Report. The Group incorporates public interest entities in accordance with the Law of Ukraine "On Accounting and Financial Reporting" dated 16.07.1999 No. 996-XIV. The Group does not hold a controlling interest in, or participate in, a non-banking financial group.

Information on the ultimate beneficial owner and ownership structure

In our opinion, the information on the Group's shareholders, ultimate beneficial owner and subsidiaries of NPC Ukrenergo as at 31 December 2024 disclosed in Note 1 of these consolidated financial statements complies, in all material respects, with the disclosure of the ultimate beneficial owner and ownership structure as at the reporting date and the date of audit, in accordance with the requirements set out in the Regulation on the Form and Content of the Ownership Structure approved by Order of the Ministry of Finance of Ukraine dated 19 March 2021 No. 163, registered with the Ministry of Finance of Ukraine on 08 June 2021 No. 768/3639.

Reporting on the Corporate Governance Report as part of the Management Report, which is an integral part of the Annual Information of the Issuer of Securities

As described in the Other Information section of this Independent Auditor's Report, the Group plans to prepare and publish the Annual Information of the Issuer of Securities for 2024, of which the Corporate Governance Report is an integral part, which in turn is an integral part of the Management Report, after the date of publication of this Independent Auditor's Report. Upon receipt of the Management Report for 2024, of which the Corporate Governance Report is an integral part, we will perform procedures aimed at verifying whether the information in the Corporate Governance Report does not contradict the Group's consolidated financial statements and consider whether the information in the Corporate Governance Report is presented in accordance with the requirements of part three of Article 127 of the Law of Ukraine "On Capital Markets and Organised Commodity Markets" and clause 43 of the Regulation on Disclosure of Information by Issuers of Securities and Persons Providing Security for Such Securities, approved by the NSSMC Resolution No. 608 dated 06.06.2023. If we conclude that there is a material misstatement, we will communicate the matter to those charged with governance.

The Group's companies are not professional participants of capital markets and organised commodity markets. The Group's companies are not subject to the requirement to calculate prudential indicators established for professional participants in capital markets and organised commodity markets in accordance with the Regulation on Prudential Standards for Professional Activity in the Stock Market and Requirements for the Risk Management System approved by the NSSMC dated 01.10.2015 No. 1597.

The audit was performed under the supervision of the Key Audit Partner Olexander M. Nikolayenko.

Key Audit Partner



O. M. Nikolayenko

Registration Number in the Register of Auditors and Auditing Entities: 101534

Kyiv, 22 April 2025

Limited liability company BDO. EDRPOU code 20197074. Registration Number in the Register of Auditors and Auditing Entities: 2868. Legal address: 4, Andriia Fabra Street, Dnipro, 49070 Tel. 044-393-26-91, website www.bdo.ua.

BDO LLC is included in the Register of auditors and auditing entities in section 4 "Audit entities that have right to perform statutory audits of financial statements of public interest entities". Link to the Register: <https://www.apu.com.ua/subjekty-audytorskoi-dijalnosti-jaki-majut-pravo-provodty-obovjazkovyj-audyt-finansovoi-zvitnosti-pidpryjemstv-shho-stanovljat-suspilnyj-interes/>

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of Private Joint Stock Company "National Power Company "Ukrenergo" and its subsidiaries ("the Group") as of 31 December 2024, and the results of its operations, cash flows, and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS"), and the requirements to financial statements preparation under the Law of Ukraine "On accounting and financial reporting in Ukraine" ("Law on accounting and financial reporting").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the Group's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing, and maintaining an effective and reliable system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with the Ukrainian legislation and IFRS;
- Taking reasonably available measures to safeguard of the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by management on 22 April 2025.

On behalf of management:

O.O. Brekht,
Acting Chairman of the Management Board

N.M. Serdiuk,
Chief Accountant

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands

	Notes	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	7	115,866,098	108,219,982
Intangible assets	8	1,287,549	928,966
Deferred tax assets	28	2,191,184	-
Other non-current assets		305,520	225,043
Total non-current assets		119,650,351	109,373,991
Current assets			
Inventories		1,066,914	933,512
Trade accounts receivable	9	31,602,370	47,470,275
Prepayments		715,460	720,123
Other accounts receivable		247,070	211,989
Prepaid income tax		-	32
Taxes receivable, other than income tax	10	1,922,838	2,790,353
Prepaid expenses		192,255	139,841
Cash and cash equivalents	11	15,515,975	7,830,966
Other current assets	12	2,623,104	7,195,822
Total current assets		53,885,986	67,292,913
TOTAL ASSETS		173,536,337	176,666,904
EQUITY			
Share capital	13	37,160,209	37,160,209
Corporatization effect	13	(35,933,854)	(35,933,854)
Revaluation reserve	13	67,467,606	68,496,965
Reserve capital	13	139,111	142,183
Accumulated deficit		(60,357,071)	(22,361,221)
Translation reserve		12,573	10,882
TOTAL EQUITY		8,488,574	47,515,164
LIABILITIES			
Non-current liabilities			
Loans and borrowings	14	10,315,876	47,125,418
Retirement benefit obligations	15	211,925	279,923
Special purpose funding	16	11,079,519	4,835,475
Deferred tax liabilities	28	-	6,264,442
Other non-current liabilities		289,048	2,350
Total non-current liabilities		21,896,368	58,507,608
Current liabilities			
Loans and borrowings	14	90,741,879	9,689,751
Trade accounts payable	17	47,195,409	56,120,995
Advances received	18	1,246,650	470,354
Other accounts payable		171,053	125,909
Income tax payable		1,361	210,250
Taxes payable, other than income tax		47,970	42,308
Provisions	19	1,419,180	1,387,645
Deferred income	16	54,303	65,623
Other current liabilities	20	2,273,590	2,531,297
Total current liabilities		143,151,395	70,644,132
TOTAL LIABILITIES		165,047,763	129,151,740
TOTAL LIABILITIES AND EQUITY		173,536,337	176,666,904

On behalf of management:

O.O. Brekht,
Acting Chairman of the Management Board

N.M. Serdiuk,
Chief Accountant

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

In Ukrainian Hryvnias and in thousands

	Notes	2024	2023
Revenue	21	101,139,123	83,011,245
Cost of sales	22	(90,607,782)	(71,904,327)
Gross profit		10,531,341	11,106,918
Other operating income	23	8,414,524	8,413,175
Administrative expenses	24	(1,216,633)	(1,138,267)
Other operating expenses	25	(10,970,172)	(1,921,322)
Impairment of financial assets, net	9	(14,493,093)	(3,443,432)
Impairment of property, plant and equipment and intangible assets, net	7, 8	(1,482,577)	(2,788,047)
Operating (loss)/profit		(9,216,610)	10,229,025
Finance income	26	1,183,812	654,161
Finance costs	27	(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)	28	8,230,517	(230,573)
(LOSS)/PROFIT FOR THE PERIOD		(37,986,901)	376,638
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss, net of income tax:</i>			
(Impairment)/revaluation of property, plant and equipment	7	(1,236,683)	54,226,124
Deferred tax on impairment/(revaluation) of property, plant and equipment	28	222,620	(9,749,553)
Remeasurement of defined benefit obligation	15	103,170	288,187
Deferred tax on remeasurement of defined benefit obligation	28	604	(2,547)
<i>Items that may be reclassified subsequently to profit or loss, net of income tax:</i>			
Cumulative translation difference on retranslation to Group's presentation currency		1,691	3,289
Other comprehensive (loss)/income for the period		(908,598)	44,765,500
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(38,895,499)	45,142,138

On behalf of management:

O.O. Brekht,
Acting Chairman of the Management Board

N.M. Serdiuk,
Chief Accountant

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
In Ukrainian Hryvnias and in thousands**

	Share capital	Corporatization effect	Revaluation reserve	Reserve capital	Accumulated deficit	Translation reserve	Total equity
Balance at 1 January 2023	37,160,209	(35,933,854)	24,033,949	100,262	(22,787,250)	7,593	2,580,909
Profit for the period	-	-	-	-	376,638	-	376,638
Other comprehensive income for the period	-	-	44,476,571	-	285,640	3,289	44,765,500
Total comprehensive income for the period	-	-	44,476,571	-	662,278	3,289	45,142,138
Provision for dividends (Notes 13 and 19)	-	-	-	-	(207,883)	-	(207,883)
Charges to reserve capital (Note 13)	-	-	-	41,921	(41,921)	-	-
Realised revaluation reserve	-	-	(13,555)	-	13,555	-	-
Balance at 31 December 2023	37,160,209	(35,933,854)	68,496,965	142,183	(22,361,221)	10,882	47,515,164
Loss for the period	-	-	-	-	(37,986,901)	-	(37,986,901)
Other comprehensive loss for the period	-	-	(1,014,063)	-	103,774	1,691	(908,598)
Total comprehensive loss for the period	-	-	(1,014,063)	-	(37,883,127)	1,691	(38,895,499)
Dividend payment (Note 13)	-	-	-	-	(131,091)	-	(131,091)
Change of reserve capital (Note 13)	-	-	-	(3,072)	3,072	-	-
Realised revaluation reserve	-	-	(15,296)	-	15,296	-	-
Balance at 31 December 2024	37,160,209	(35,933,854)	67,467,606	139,111	(60,357,071)	12,573	8,488,574

On behalf of management:

O.O. Brekht,
Acting Chairman of the Management Board

N.M. Serdiuk,
Chief Accountant

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

CONSOLIDATED STATEMENT OF CASH FLOWS (UNDER DIRECT METHOD)

FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows from:			
Revenue		102,792,583	66,437,018
Return of taxes and duties		143	186
Special purpose funding		91,079	11,853
Advances from buyers and customers		3,155,249	2,533,048
Prepayments returned		13,445	5,025
Interest on current accounts with banking institutions		1,152,371	500,313
Forfeits (fines, penalties) from counterparties		2,092,739	388,561
Operating leases		5,469	4,525
Other proceeds		1,140,382	1,963,591
Cash outflows to:			
Goods (works, services)		(84,760,300)	(57,685,499)
Staff costs		(3,286,283)	(2,689,091)
Social charges		(819,854)	(674,239)
Liabilities on taxes and duties:		(2,330,611)	(1,631,529)
Income taxes		(210,877)	(2,340)
Value added tax		(1,252,082)	(943,612)
Other taxes and duties		(867,652)	(685,577)
Prepayments		(1,827,181)	(1,537,989)
Return of advances		(184,052)	(271,171)
Other expenses		(5,801,652)	(2,707,367)
Net cash flows from operating activities		11,433,527	4,647,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from loans repayment		-	2,493,166
Purchases of property, plant and equipment and intangible assets		(6,850,982)	(4,062,141)
Net cash flows used in investing activities		(6,850,982)	(1,568,975)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings	32	11,884,483	6,104,566
Repayment of loans and borrowings	32	(4,278,629)	(2,290,949)
Dividends paid	32	(338,974)	-
Interest paid	32	(4,239,608)	(3,849,330)
Other payments	32	(3,308)	(3,081)
Net cash flow from/(used in) financing activities		3,023,964	(38,794)
Net increase in cash and cash equivalents		7,606,509	3,039,466
Cash and cash equivalents at the beginning of the period	11	7,830,966	4,732,828
Effect of exchange rates change on cash and cash equivalents		78,500	58,672
Cash and cash equivalents at the end of the period	11	15,515,975	7,830,966
NON-CASH TRANSACTIONS			
	Notes	2024	2023
Payments to acquire property, plant, and equipment and intangible assets by a lending bank	32	2,418,633	3,196,314
Payments to acquire property, plant, and equipment and intangible assets by grants and international technical assistance		8,391,604	2,820,049

On behalf of management:

O.O. Brekht,
Acting Chairman of the Management Board

N.M. Serdiuk,
Chief Accountant

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands, unless otherwise indicated

1. THE ORGANISATION AND ITS OPERATIONS

Creation and change of the Group's shareholder

State Enterprise "National Energy Company "Ukrenergo" was established by the order of the Ministry of Energy of Ukraine dated April 15, 1998, No.54 on the basis of the state enterprise "National Dispatch Center of Electricity of Ukraine" with the merger of the reorganized state enterprise "State Electric Company "Ukrelectroperedacha".

Private Joint Stock Company "National Power Company "Ukrenergo" (hereinafter - NPC "Ukrenergo", the "Company") is a legal entity incorporated as a joint stock company with 100% shares fixed in state ownership due to reorganization through the transformation of the State Enterprise "National Power Company "Ukrenergo" in a Private Joint Stock Company in accordance with the order of the Cabinet of Ministers of Ukraine dated November 22, 2017 No.829-r "On Approval of the Transformation of the State Enterprise National Power Company Ukrenergo into the Private Joint Stock Company".

By the Decree of the Cabinet of Ministers of Ukraine dated November 14, 2018, No.1001-r integral property complex of the state enterprise "National Energy Company "Ukrenergo" was transferred from the Ministry of Energy and Coal Industry of Ukraine to the Ministry of Finance of Ukraine.

On July 29, 2019, the Ministry of Finance of Ukraine approved Order No.321 on the Company's transformation into Private Joint Stock Company. The Company's shares are not listed on international or national stock exchanges.

The Decree of the Cabinet of Ministers of Ukraine dated July 28, 2021 No.833-r "Certain issues of management of state property" approved the transfer of management of corporate rights owned by the state in share capital of the Company from the Ministry of Finance of Ukraine to the Ministry of Energy of Ukraine, and authorized the Ministry of Energy of Ukraine as body of management of state property, which was assigned to the Company by the right of operational management. On September 16, 2021, the state, represented by the Ministry of Energy of Ukraine, became the owner of 100% of the Company's shares.

Main activities and structure of the Group

NPC "Ukrenergo" Group (hereinafter – the "Group") consists of the Company and subsidiaries "Ukrenergo Digital Solutions" LLC and EUkrenergo, the sole owner of which is the Company. "Ukrenergo Digital Solutions" LLC was founded in 2020 and is engaged in development of special purpose software for transmission system operator. 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.

NPC "Ukrenergo", which is a natural monopoly in electricity transmitting via high voltage lines, operates 109 substations (110-750 kV) and over 22,000 km of main and interstate power lines (excluding 34 substations and a number of power lines located on temporarily occupied territories of Donbass and Crimea).

The Group's Head Office is located at: 25 Symona Petliury Street, Kyiv, Ukraine.

The principal activities of the Group are dispatch (operational and technological) control of the Integrated Power System of Ukraine (hereinafter – the "IPS"), electricity transmission via high voltage lines from generation to distribution networks, acting as administrator of commercial accounting and administrator of settlements in the electricity market of Ukraine (energy sales and purchases on the balancing market).

In addition, the Group was assigned with public service obligation to increase the share of energy generation from alternative energy sources.

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands, unless otherwise indicated

Tariffs for electricity transmission and dispatch (operational and technological) control services are regulated and approved by the National Energy and Utilities Regulatory Commission (the "NEURC").

The Company was built on a regional basis and combined four territorial administrations: Northern, Southern, Eastern and Western. The Company also has a separate division "Construction and Repair", which provides power equipment repairing, implementation of certain projects under investment program projects by its own staff, and other.

The Group also has assets located at temporarily occupied territories of Autonomous Republic of Crimea (Crimean ES, Dzhankoi Main Power Grids (MPG), Feodosiya MPG, Simferopol MPG, Health Complex "Semidviryia", Boarding House "Energetik" and SD "Pivdenienergoprom"), Donetsk and Lugansk region (Chaikinski MPG and Luhansk MPG). The Group lost control over these assets and cannot obtain economic benefits from them. Respectively, these assets were fully impaired in previous years. In 2020 the 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 (Note 30).

As a result of Russia's full-scale military invasion of Ukraine, which began on February 24, 2022, part of the Group's assets is located in temporarily uncontrolled territory. More information is disclosed in Note 2.

Starting from January 1, 2024, the Group becomes the 40th full member of the European network of operators of the electricity transmission system ENTSO-E.

On September 2, 2024, during Group's Supervisory Board meeting, the decision was made to terminate employment agreement between NPC "Ukrenergo" and Chairman of the Management Board, Volodymyr Kudrytskyi, and to appoint Oleksii Brekht, current member of the Management Board, as Group's acting Chairman of the Management Board effective as of the 5th of September 2024. In early 2025, the start of the selection process for a new Chairman of the Management Board was officially announced.

On September 3, 2024, two Members of the Group's Supervisory Board made an official statement on this subject and announced their resignation. In December 2024, the new composition of the Supervisory Board of NPC "Ukrenergo" was approved, consisting of seven members: four independent members elected through a selection process and three representatives of the state.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by the Management Board on 22 April 2025.

2. OPERATING ENVIRONMENT

On February 24, 2022, Russian troops launched a full-scale invasion of the territory of Ukraine, which affected all fields of life and the country's economy. As a response, Ukraine declared martial law, which is still in place as of the date of signing of these consolidated financial statements as the military actions are still ongoing in the Eastern and Southern parts of Ukraine along the frontline. Some towns and cities in these regions remain temporarily occupied while Russia conducts sporadic bombardments throughout the whole Ukrainian territory.

The Ukrainian economy has features inherent to an emerging market. The development of the economy is heavily influenced by the fiscal and monetary policies adopted by the Ukrainian government, as well as developments in the legal, regulatory, and political environment, which can change rapidly.

In 2024, Ukraine's operating environment remained challenging but manageable, thanks to international financial support, business adaptability, and initiative-taking government policies. The main challenges of the year were high inflation, slowing economic growth, labor market issues, and the impact of hostilities on infrastructure.

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands, unless otherwise indicated

Ukraine's power system was severely challenged by attacks on infrastructure that destroyed maneuvering generation (thermal and hydroelectric power plants) and caused the loss of over 10 GW of generating capacity, causing power outages. However, thanks to the rapid repair of damaged energy system facilities, the increase in the permitted volume of electricity imports from the EU to 2.1 GW (previously 1.7 GW) to compensate for losses in domestic generation, as well as the assistance of moderate weather conditions during the autumn-winter period of 2024-2025, a large-scale energy crisis was avoided.

According to the National Bank of Ukraine (the «NBU»), in 2024 Ukraine's real GDP grew by 2.9% (2023: 5.5%). The main reasons for the slowdown in economic growth were: poor harvests and weaker external demand, which negatively affected export activity, increased hostilities, and air strikes, which caused infrastructure destruction and electricity shortages, and a significant labor shortage caused by both migration and mobilization.

Inflation in Ukraine increased significantly in 2024, reaching 12.0% in December (2023: 5.1%). The increase in inflation was due to both temporary factors, in particular the consequences of poor harvests, and fundamental pressures caused by rising business costs for raw materials, supplies, electricity, and labor.

In the 2024 calendar year, Ukraine received USD 42 billion in loans and grants from its international partners. These funds allowed the government to finance a substantial budget deficit (around 24% of GDP, excluding grants in revenues), and the NBU to maintain the sustainability of the foreign exchange market and to increase international reserves to a new all-time high (USD 43.8 billion at the end of 2024 calendar year).

In February 2025, the U.S. administration initiated negotiations between the U.S. and Russia, which may influence the geopolitical landscape, including the availability of financial aid to Ukraine. These developments may impact the Group's operating environment going forward.

It is expected that in the 2025 calendar year, Ukraine will receive USD 38.4 billion in external financing. Considering the government's measures to increase its revenues and borrowing on the domestic debt market, these funds should be enough to fully cover the planned budget deficit for this year (around 19% of GDP, excluding grants in revenues).

The Government of Ukraine has introduced a number of tax changes to reduce the budget deficit. From September 1, 2024, excise tax rates on fuel were revised, which contributed to an increase in tax revenues. From December 1, 2024, the military levy rate was increased, which allowed to partially compensate for the growing defence costs. In addition, together with the adoption of the 2025 budget, a decision was made to increase the profit tax for banks and non-bank financial institutions, which became an additional source of income for the state.

At the beginning of 2024, the NBU's discount rate was 15% to curb inflation and support the Ukrainian Hryvnia. In the context of low inflation and weak economic growth, it was reduced to 13.5% in September 2024 to stimulate lending. However, due to the acceleration of inflation in late 2024 and rising business costs, the NBU was forced to raise the rate to 14.5% at the end of the year, to 14.5% from January 24, 2025, and to 15.5% from March 7, 2025. Given persistent price pressures, further tightening of monetary policy may be required to ensure macroeconomic stability.

As of April 2025, the war between Ukraine and Russia is ongoing, resulting in the significant destruction of property and assets in Ukraine and other dire consequences. The consequences of the war are changing daily, and the long-term implications remain unclear. Further impact on the Ukrainian economy depends on how the Russian military invasion of Ukraine is resolved, as well as on the success of the Ukrainian government in implementing new reforms, executing a recovery strategy once the invasion ends, and transforming the state to achieve European Union membership, along with continued cooperation with international financial institutions.

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands, unless otherwise indicated

Restructuring of Ukraine's public debt in 2024

On July 22, 2024, Ukraine reached principal agreement on the terms of the restructuring of thirteen series of outstanding Ukrainian bonds issued on international capital markets in the amount of approximately USD 24 billion with capitalized interests. The arrangements are supported by the Ukraine's Creditors' Committee and are in line with the targets of the IMF's Extended Fund Facility (EFF) program.

The restructuring agreement provides that the existing outstanding Eurobonds will be exchanged for a package of new Eurobonds with a nominal reduction in the cost of debt by 37% initially, longer maturities, lower coupon rates and a reduction in the net present value of debt by about 60%.

On August 9, 2024, Ukraine announced an exchange and consent solicitation to amend the terms of the outstanding government Eurobonds and the government-guaranteed Eurobonds of Ukravtodor, which was supported by over 97% of Ukraine's bondholders. On September 3, 2024, new bonds were issued. The main results of restructuring are:

- nominal decrease in the value of public debt from the first day of agreement by 37%, which reduces the amount of public debt of Ukraine by over USD 8.5 billion;
- reduction of debt payments by USD 11.4 billion over the duration of the IMF Program (a reduction by over 90%) and by USD 22.75 billion by 2033 (a reduction by over 75%);
- increase in the average maturity of Eurobonds by almost 4 years (additionally to the 2-year increase in 2022).

This restructuring is aimed at preserving macroeconomic stability, ensuring the sustainability of public debt and preserving the resources necessary to finance the country's defense in the face of full-scale military aggression from Russia.

Government regulation of electric power market

Tariff regulation of the Group's operating activities

The tariff for electricity transmission services and the tariff for dispatch (operational and technological) control services of the Integrated Power System of Ukraine for the Group are set by the National Energy and Utilities Regulatory Commission (the "NEURC").

According to the resolutions of the NEURC, tariffs for electricity transmission services in 2023-2024 were as follows:

Year	Period	Tariff, UAH/MWh	Date and number of the NEURC resolution
2023	January – March	380.28	21.12.2022 No.1788
2023	April – June	430.25	21.12.2022 No.1788
2023	July - December	485.10	21.12.2022 No.1788
2024	January - December	528.57	09.12.2023 No. 2322
2025	From 1 January 2025	686.23	19.12.2024 No. 2200

According to resolutions of the NEURC, tariffs for dispatch (operational and technological) control services in 2023-2024 were as follows:

Year	Period	Tariff, UAH/MWh	Date and number of the NEURC resolution
2023	January – March	68.28	21.12.2022 No.1789
2023	April – June	80.87	21.12.2022 No.1789
2023	July - December	95.54	21.12.2022 No.1789
2024	January - December	104.57	09.12.2023 No. 2323
2025	From 1 January 2025	98.97	19.12.2024 No. 2201

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands, unless otherwise indicated

The tariff for dispatch (operational and technological) control services for 2024 remained unchanged throughout the year, but changes were made to the tariff structure by redistributing part of the costs from the item "Costs for the purchase of auxiliary services" to the item "Costs for the settlement of system restrictions."

Performing of public service obligation

According to Article 62 of the Law, in order 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, on market participants may have been imposed special obligations to ensure public interests in the functioning of the electricity market (hereinafter – "public service obligation", "PSO"). The Law also stipulates that the Cabinet of Ministers of Ukraine may impose other PSO on market participants.

According to Article 33 of the Law, the transmission system operator performs public service obligations in the electricity market. In accordance with Article 62 of the Law, the Group is imposed with public service obligation to increase the share of electricity production from alternative energy sources for the duration of the "green" tariff, the term of support for producers of electricity from alternative energy sources, which according to the results of the auction became eligible for support (hereinafter – "PSO RES"). PSO RES is also imposed on the State Enterprise "Guaranteed Buyer" (hereinafter – the Guaranteed Buyer) and universal service providers (hereinafter – "USP"s). Information on PSO RES costs is provided in Note 22.

In accordance with Article 65 of the Law, in order to ensure coverage of the economically justified costs of the Guaranteed Buyer for the performance of public service obligation for the purchase of electricity at a "green" tariff and for the purchase of services under the market premium mechanism provided by business entities that have a "green" tariff or that have acquired the right to support as a result of the auction, the Guaranteed Buyer provides the transmission system operator with a service to ensure an increase in the share of electricity production from alternative energy sources.

Such a service is provided by the Guaranteed Buyer during the term of the "green" tariff and the term of support for producers who have acquired the right to such support as a result of the auction, in accordance with a standard contract for the provision of services to ensure an increase in the share of electricity production from alternative energy sources, the form of which is approved by the NEURC.

The cost of the PSO RES service, which is provided to the transmission system operator by the Guaranteed Buyer, is determined in the corresponding period as:

- the difference between the cost of electricity purchased by him at the "green" tariff and its cost when sold under bilateral contracts, on the day-ahead market, intraday market, balancing market;
- costs associated with the purchase of the service under the market premium mechanism;
- costs associated with the purchase of electricity on the intraday market to reduce the electricity imbalances of the Guaranteed Buyer;
- costs associated with the settlement of the electricity imbalance of the Guaranteed Buyer (including costs associated with the execution by producers selling electricity at a "green" tariff of the transmission system operator's commands to reduce load and commands on operational security), except for the share of the cost of settling the electricity imbalance of the balancing group of the Guaranteed Buyer, which is reimbursed by producers whose power generation facilities or construction queues (start-up complexes) are included in the balancing group of the Guaranteed Buyer, and active consumers whose generating installations are included in the balancing group of the Guaranteed Buyer;
- costs provided for in the budget of the Guaranteed Buyer for its activities.

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands, unless otherwise indicated

The cost of the PSO RES service provided to the transmission system operator by the Guaranteed Buyer is determined for the relevant settlement period and is reduced by:

- revenue from the sale of guarantees of origin of electricity generated from renewable energy sources (including under foreign economic agreements (contracts), reduced by the amount of expenses related to the sale of such guarantees of origin;
- revenue from the sale of electricity under electricity export agreements, reduced by the amount of expenses related to obtaining access to the capacity of interstate intersections, taxes, fees and other mandatory payments related to the sale of electricity under electricity export agreements;
- the amount of financial support received from the state budget to fulfil special obligations to ensure an increase in the share of electricity generation from alternative energy sources.

The cost of the PSO RES service is calculated by the Guaranteed Buyer in accordance with the Procedure for purchasing electricity produced from alternative energy sources by the Guaranteed Buyer approved by the Resolution of NEURC dated 26 April 2019 No.641.

The Group fulfills financial obligations to cover reasonable expenses of the Guaranteed Buyer for the performance of public service obligation for the purchase of electricity at the "green" tariff and at the auction price at the expense of the tariff for electricity transmission services.

According to paragraph 9.1 of Section XVII "Final and Transitional Provisions" of the Law until 1 July 2024, the cost of a service to ensure an increase in the share of electricity production from alternative sources, which is provided by the Guaranteed Buyer, is determined taking into account the difference between income and expenses that arose during the performance of the guaranteed buyer's public service obligation assigned by the Cabinet of Ministers of Ukraine to ensure public interests (except for public service obligation to ensure an increase in the share of electricity production from alternative energy sources), in accordance with the Law.

Among such other public service obligations to ensure the public interests assigned to the Guaranteed Buyer is public service obligation to provide services to ensure the availability of electricity for domestic consumers (hereinafter – the "PSO for population"), defined by Regulation on the imposition of special obligations on market participants to ensure the public interest in the functioning of the electricity market, approved by the Resolution of the Cabinet of Ministers of Ukraine dated 5 June 2019 No.483 (hereinafter – the "CMU No.483").

In 2021, the transition from a commodity to a financial model of PSO implementation was made. According to the new PSO financial model:

- Household consumers (population) pay USPs a fixed price, which changed during 2023-2024:
 - Until May 31, 2023 – UAH 1.44 per kWh incl. VAT (if monthly consumption does not exceed 250 kWh), and UAH 1.68 per kWh incl. VAT (if monthly consumption exceeds 250 kWh).
 - From June 1, 2023, to May 31, 2024 – UAH 2.64 per kWh incl. VAT.
 - From June 1, 2024, to April 30, 2025 – UAH 4.32 per kWh incl. VAT.
- USPs should buy electricity for supply to household consumers in organized market segments at market prices.
- SE "Guaranteed Buyer" will compensate USPs for the difference between the market price of electricity and the fixed price for household consumers at the expense of funds received from SE "NAEC "Energoatom" and PJSC "Ukrhydroenergo".

Additionally, according to the CMU No.483 the Group, as a transmission system operator, was imposed on a special obligation to purchase a service to ensure the operation of the "last resort" supplier. By the order of the Cabinet of Ministers of Ukraine dated 12 December 2018 No.1023-r (as amended) the "last resort" supplier for the period from 1 January 2019 to 31 December 2025 is determined SE "Ukrinterenergo".

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands, unless otherwise indicated

The cost of the service to ensure the operation of the "last resort" supplier is calculated as 1/12 of the annual costs required by SE "Ukrinterenergo" for its operational activities to perform the function of "last resort" supplier, estimated by the NEURC and formed in accordance with the financial plan for the financial year.

Other legislative changes in the electricity market

The ITC mechanism

From July 1, 2024, the ENTSO-E General Assembly decided to approve the Group's accession to the ITC mechanism. The ITC mechanism aims to compensate for the costs incurred by TSOs due to interstate electricity flows. The mechanism is operated by ENTSO-E based on the multilateral ITS Agreement.

Main advantages of the ITC mechanism are:

- from January 1, 2024, importers and exporters are exempt from paying tariffs for electricity transmission and dispatch (operational and technological) control services;
- TSOs will be able to receive compensation for grid losses and for the operation of interconnectors in commercial exchanges and invest it in the development of interstate networks;
- Transparent and objective mechanism of cost compensation, which meets European rules, more equal conditions for cross-border trade;
- A pan-European approach to calculating and financing the costs of developing and operating interstate power networks.

Participation in the ITC mechanism will also improve the Group's financial stability, promote the development of interstate trade and the integration of the Ukrainian energy market with the European one.

Export/import of electricity

The massive missile attacks on Ukraine's energy infrastructure that began in October 2022 led to electricity shortages in Ukraine's power system during certain periods. As a result, Ukraine has increased its electricity import from the EU to partially cover this deficit.

On November 28, 2023, ENTSO-E announced the successful completion of the synchronization of the Ukrainian and European power systems. Starting from December 1, 2023, the import capacity from continental Europe to Ukraine and Moldova was 1,700 MW. Since March 1, 2024, the export capacity from Ukraine and Moldova to the continental Europe has been 550 MW.

Starting from June 2024, after the destruction of many power plants in Ukraine and in expectation of a possible significant electricity shortage during winter 2024-2025, the technical feasibility of increasing the capacity to supply electricity from neighboring EU countries to Ukraine and Moldova was assessed. Starting from December 1, 2024, the limit on electricity imports from continental Europe to Ukraine and Moldova was increased to 2,100 MW.

In accordance with the Regulation on the peculiarities of electricity imports under the legal regime of martial law in Ukraine, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1127 dated October 27, 2023, the forced shortages of electricity supply are not applied to companies that import 60% of their electricity consumption.

It is worth noting that the synchronization of Ukraine's power system with the ENTSO-E Continental Europe power grid significantly improves the reliability of Ukraine's power system by allowing to receive timely assistance from Europe in case of emergency power plant outages, import European electricity and reduce the number of disconnected consumers. And if necessary, and if there is a surplus of generating capacity, Ukraine can provide emergency assistance to European power systems and export electricity.

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands, unless otherwise indicated

Distribution of income from the distribution of the transmission capacity of interstate power networks in 2023-2024

The Law of Ukraine dated 21 August 2024 No. 3915-IX "On Amendments to Certain Laws of Ukraine on the Settlement of Certain Issues of the Use of Terminology in the Energy Sector" allowed the Group to use the funds received from the granting access to the transmission capacity of interstate power networks in 2024 to repay the following debts of the Group:

- 50% – on the balancing market;
- 50% – for the RES PSO to the SE "Guaranteed Buyer" and the USPs.

In 2023, the Group could use the funds received from the granting access to the transmission capacity of interstate power networks as follows:

- 10% – to guarantee the actual availability of the distributed transmission capacity, maintenance and increase of transmission capacity by investing in the transmission system, repayment of debt under the agreements on access to the transmission capacity of interstate power networks;
- 45% – to repay the Group's debt on the balancing market;
- 45% – to repay the Group's debt for the RES PSO to SE "Guaranteed Buyer".

Distribution of excess income received from dispatch (operational and technological) control activities in 2023 and 2024

The Law of Ukraine dated 14 January 2025 No. 4213-IX "On Amendments to Certain Laws of Ukraine in the Fields of Energy and Heat Supply to Improve Certain Provisions Related to the Conduct of Business and the Effect of Martial Law in Ukraine", among other things, provided the possibility for the Group to use the total amount of excess income received from dispatching (operational and technological) control services in 2023 and 2024 to repay the following debts of the Group:

- 45% - on the balancing market;
- 45% - for the RES PSO to SE "Guaranteed Buyer";
- 10% - for the RES PSO to the USPs.

These legislative changes will improve the situation with the Group's overdue trade accounts payable (Note 17).

Application assumptions about the Group's ability to continue as a going concern

On 24 February 2022 Russia initiated a full-scale military invasion of Ukraine, which was followed up 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.

As a result of the war, the Group has suffered a number of changes in its activities, the consequences of which are described below.

PRIVATE JOINT STOCK COMPANY "NATIONAL POWER COMPANY "UKRENERGO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In Ukrainian Hryvnias and in thousands, unless otherwise indicated

Impact on the Group's financial results

Based on the results of its operations in 2024, the Group incurred a net loss of UAH 38.0 billion (2023: net profit of UAH 0.4 billion). The key factors that negatively impacted the Group's financial result in 2024 were:

- Temporary suspension of payments on the Ukrenergo Green and Sustainability-linked Eurobond (hereinafter - the "Eurobonds 2028") starting from November 9, 2024, due to the adoption of several regulations that make it impossible to make payments under the Eurobonds 2028 (Note 14). Eurobonds 2028 were reclassified to current liabilities, as event of default gave creditors the right to demand its early repayment. As a result, the carrying value of financial liabilities under the Eurobonds 2028 was adjusted to its nominal value with accrued and unpaid interest, that was recognized in the consolidated financial statements as additional finance costs in the amount of UAH 25.0 billion (Note 27).
- Decrease in revenues from electricity transmission and dispatch (operational and technological) control services compared to the plan by UAH 3.8 billion, or 5%. The main reason for the decrease in revenue subject to tariff regulation is a decrease in the actual volume of electricity transmission and electricity supplied in 2024 compared to the planned figures by 4% and 8%, respectively. Such decrease is explained by the Russian attacks on Ukraine's energy infrastructure that began in March 2024 and were carried out in different regions of Ukraine against thermal and hydroelectric power plants, as well as substations operated by the Group.
- Increase in actual PSO RES expenses compared to the planned and included in the tariffs values by UAH 11.6 billion, or 72%, due to an increase in the actual weighted average "green tariff", a decrease in the selling price on the market by the Guaranteed Buyer of electricity produced from RES, and an increase in the volume of electricity production from RES by private households compared to the planned volumes (Note 22).
- Expenses for accrual of expected credit losses on trade accounts receivable in the amount of UAH 14.5 billion, mainly due to increase in overdue receivables and delayed payments on the balancing market (Note 9).
- The increase in depreciation costs in 2024 resulted from the revaluation of property, plant and equipment as of 31 December 2023, which was conducted as part of an independent assessment of their fair value. At the same time, in accordance with the methodology established by the regulator, the Group's tariffs include tax depreciation, which does not reflect changes in the fair value of property, plant and equipment. The difference between accounting and tax depreciation in 2024 amounted to approximately UAH 6.0 billion.
- Foreign exchange losses in the amount of UAH 4.5 billion from loans and borrowings denominated in foreign currencies, caused by the devaluation of the Ukrainian Hryvnia in 2024: the UAH/USD exchange rate increased by UAH 4.1 or 10.7%, and the UAH/EUR exchange rate increased by UAH 1.7 or 4.1%.

Meanwhile, the following factors positively influenced the Group's financial result in 2024:

- Reduction in actual expenses for procurement of auxiliary services compared to the planned and included in the tariff's values by UAH 9.0 billion, due to a decrease in the volume of such procurement (Note 22).
- Revenue received from granting access to the transmission capacity of interstate power networks amounted to UAH 1.9 billion (Note 21). This resulted from increased electricity imports from the EU during the period of electricity shortage in the IPS of Ukraine caused by the Russian missile attacks on the energy infrastructure of Ukraine in 2024.
- Income from assets received free-of-charge through grants, international and humanitarian aid in the form of energy equipment, assets received free-of-charge in the amount of UAH 3.3 billion (Note 23) to eliminate the consequences of enemy shelling and destruction of energy infrastructure facilities and to maintain the IPS of Ukraine in a functioning state.

Despite a significant net loss in 2024, the Group fully ensures its current operations, continues and plans in the future to provide sustainable services for electricity transmission, dispatch (operational and technological) control services, carry out power system balancing activities, and implement measures related to the most efficient use of existing capacity and capacity building of the Group, including integration into ENTSO-E and expansion of Ukraine's export and import opportunities.

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In addition, the tariffs for the Group's services approved by the NEURC for 2025 can ensure the Group's profitable operation if other market participants fulfill their obligations.

Impact on the condition of the Group's assets

In 2022-2024, 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. According to data of Ministry of Energy of Ukraine, over the three years of full-scale war, Russia has carried out more than 30 massive attacks on Ukraine's energy infrastructure and occupied/destroyed generation facilities with a total capacity of 18 GW.

From 22 March 2024, Russia began to carry out new attacks on the energy infrastructure of Ukraine with the use of combined arms. Attacks are carried out in various regions of Ukraine on thermal, hydroelectric power stations, as well as major substations operated by the Group. The purpose of these attacks is to cause a failure of the country's energy system. According to official data, in 2024, the IPS of Ukraine lost about 10 GW of generating capacity.

Due to the lack of generating capacity and the increase in demand for electricity in warm weather in summer of 2024, the Group applied schedules of forced reduction of consumption and schedules of emergency shutdowns for domestic and industrial consumers throughout the country.

At the same time, given the scale of the damage, Ukrainian power system has demonstrated high flexibility, resilience and adaptability. Ukrainian power engineers have gained unique experience in maneuvering low-voltage power grids, and the physical protection of power facilities has been strengthened. Businesses are also adapting to such conditions: many enterprises have provided themselves with autonomous generation, so the economy partially works even during interruptions in the supply of electricity.

The energy system continues to operate steadily and balanced. The Group, in collaboration with other companies and the government, is developing and implementing measures for the restoration and expansion of capacities. Repairs to what has been damaged are being actively carried out, and there are also plans to increase capacity for importing electricity. Also, it is planned to expand and scale up maneuvering capacities and distributed generation to ensure the resilience of the energy system. At the same time, it is crucial to increase the capabilities of Ukrainian air defense and to improve the physical protection of the energy infrastructure to strengthen the security of power capacities.

According to preliminary estimates, the main consequences of the war on the Group's assets are the following:

- As a result of numerous missiles strikes, starting in October 2022, a part of the Group's energy infrastructure, especially high-voltage substations, was damaged. Additionally, as of 31 December 2024 part of Group's assets were located on temporary uncontrolled territory. The Group does not disclose the total carrying value of the destroyed or damaged assets of the Group because of missile strikes and information about assets on temporary uncontrolled territory, as this information is sensitive and may be classified as information with limited access, including regarding critical infrastructure facilities.
- Electricity is not supplied to the temporarily occupied territory of Ukraine, except for powering the Zaporizhzhia NPP for the purpose of preventing emergency situations at the nuclear generation facility. It is impossible to assess the condition of power transmission lines and substations located in the temporarily uncontrolled territory due to the lack of access to them.
- The Group's repair crews and contractors continue to promptly restore damaged equipment. Reserve power grids are used, and new power schemes are created. Repairs of damaged equipment were accelerated 3-4 times compared to peacetime due to consolidation of efforts, concentration of repair personnel on key facilities and availability of sufficient financial and material resources for restoration.

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- In cases of electricity deficits in the system, its import is prioritized. From December 1, 2024, the import capacity from continental Europe to Ukraine and Moldova was increased from 1,700 MW to 2,100 MW. The Group and the government are actively working to further increase the import capacity. Additionally, the Group (as a transmission system operator) engages emergency assistance from the transmission system operators of neighboring countries, as well as applies emergency disconnections of consumers in the most critical situations.
- The Group is actively working to create attractive conditions for investors in the electricity market. The aim is to develop own generation and energy storage systems, which will enhance the security and resilience of the Ukrainian energy system. Securing the system from such missile terror involves decentralization of generating capacities, which would be more resilient to these attacks due to their dispersed nature. These capacities should also consist of a combination of different types of generation. In addition to solar and wind power plants, which heavily rely on weather conditions, technologies for balancing are needed - highly maneuverable gas power plants, energy storage systems, and modern thermal generation using biogas and other renewable fuels.
- In 2024, the Group held three special auctions for the long-term purchase of ancillary services. This secured the construction of over 400 MW of new generation capacity. The winners of the auction will have a fixed-term contract with the Group, denominated in euros, for 5 years term, with a service provision start delay of one year since the execution. This will strengthen the power system and reduce electricity shortages during peak hours, which will reduce the volume of emergency assistance and reduce number of consumption restrictions.
- During 2023-2024, the Group implemented projects to construct physical protection of energy facilities, i.e., engineering fortifications. This can significantly improve resilience to missile and drone strikes. The consequences of attacks on substations of the Group were reduced by at least two times due to the creation of two levels of protection. The third level, the most extensive, requires significant investments and time for construction, so construction work is still underway.
- The Ukrainian energy sector has received and continues to receive humanitarian and technical aid in the form of energy equipment from international partners. Strong grant support is provided by partners from USAID, the United Nations Development Program, the Energy Community, and the Japan International Cooperation Agency (JICA), which finances the purchase of the most important equipment for the restoration of networks. Now, there is still a great need for additional equipment supplies to ensure the stable functioning of the power sector.
- During 2022-2024, the Group cooperated with international financial institutions to effectively use previously raised funds to restore damaged networks and facilities and support the Group's liquidity, through repurposing the existing loan agreements, as well as through attracting additional financial resources for the rapid restoration of the network and for enhancing the stability of the power system. The total amount of loan and grant funds raised, together with repurposed existing loans, in 2022-2024 reached approximately EUR 1.3 billion, and mainly were used for the purchase of equipment for the restoration and modernization of the power system (Notes 14 and 16).
- The Group records all damage to fixed assets and assesses the damage because of military aggression. The Group is developing a legal mechanism through which the Group will be able to protect its interests in compensation for damages. One of the most influential international energy organizations in Europe - the Energy Community, of which Ukraine has been a member since 2010 - will help sue Russia and demand compensation for damages caused to the Group's main networks. The relevant Memorandum on this was signed between the Group and the Secretariat of the Energy Community.

Impact on the financial condition of the Group

Trade accounts receivable

With the beginning of the full-scale war, the solvency of many consumers has deteriorated or lost. The level of settlements in the electricity market deteriorated significantly. There was a shortage of funds in the electricity market due to the deterioration of solvency, bankruptcy of end consumers, and the destruction of their infrastructure.

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In 2024, the Group's gross accounts receivable decreased by UAH 1.4 billion, or 2% (from UAH 67.9 billion to UAH 66.5 billion). At the same time, in 2024, an expected credit losses on trade accounts receivable were accrued in the amount of UAH 14.5 billion, mainly due to an increase in overdue receivables and delayed payments on the balancing market from different categories of market participants (Note 9).

At the same time, during martial law, the Group has limited instruments to stimulate the collection of receivables from market participants. This has significantly affected the deterioration of the level of settlements and led to the increase in Group's accounts receivable during 2022-2024. For instance, the Group does not have the opportunity to disconnect from the energy supply some categories of protected consumers due to the risks of a social and environmental catastrophe, in accordance with the Procedure for Ensuring the Supply of Electricity to Protected Consumers, approved by the Resolution of the Cabinet of Ministers of Ukraine dated December 27, 2018, No. 1209.

Also, in accordance with the Resolution of the NEURC No. 332 from February 25, 2022 "On ensuring the stable functioning of the electricity market, including the financial condition of electricity market participants during martial law in Ukraine", to ensure the operational security of the functioning of the main part of the Integrated Power System of Ukraine, among other measures, for the period of martial law in Ukraine and within 30 days after its termination or cancellation, the accrual and collection of penalties according to agreements concluded in accordance with the Law of Ukraine "On the Electricity Market" between electricity market participants was suspended.

To resolve the settlement crisis and reduce debt between electricity market participants, the Group, market participants, and government agencies are implementing the following measures:

- Active work with the NEURC to set tariffs for 2026 and future years at the level that will allow to fully cover all economically justified costs, including residual deficit amounts subject to compensation based on the results of revisions in 2023-2024 and not taken into account in the tariffs for 2024-2025, which will allow the Group to fully pay for goods and services to market participants, increasing overall liquidity in the electricity market.
- Implementation of the following mechanisms by introducing the Law of Ukraine No. 4213-IX dated January 14, 2025:
 - Improving the interaction of the last resort supplier with consumers, including protected consumers or consumers whose facilities are designated as critical infrastructure facilities:
 - the "last resort" supplier is obliged to terminate the supply of electricity in the event of the consumer's failure to fulfill the terms of the electricity supply agreement with the "last resort" supplier regarding the full and timely payment by the consumer of the cost of electricity and/or the debt restructuring agreement (except for a protected consumer and a consumer whose facilities are designated as critical infrastructure facilities);
 - the "last resort" supplier is obliged to initiate the disconnection of a protected consumer or a consumer whose facilities are designated as critical infrastructure facilities, from the first day (inclusive) of the current period of electricity supply to the consumer if such consumer does not have an account with a special usage regime and/or violates other requirements;
 - the requirement for protected consumers or consumers whose facilities are designated as critical infrastructure facilities to open current accounts with a special use regime and the possibility of introducing an appropriate algorithm for distributing funds from such accounts.
 - Establishing the possibility for the Group to use the total amount of excess income received from dispatch (operational and technological) control services in 2023 and 2024 to repay its trade accounts payables, which in turn will increase liquidity in the electricity market and increase settlements between market participants.

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- Temporarily, for the period of the legal regime of martial law in Ukraine, upon the proposal of the transmission system operator, electricity suppliers (except for the universal service provider and the supplier of "last resort") acquire the status of "pre-default" and "default" in the event of non-payment for electricity transmission services provided by the transmission system operator during the period of martial law by the 15th day of the month following the billing month.
- Amendments to the Resolution of the NEURC No. 332 dated February 25, 2022, on the offset of counter claims between market participants. In particular, the transmission system operator and balancing market participants may, by mutual agreement, offset counter-homogeneous claims in the event of mutual debt formed under an agreement on the settlement of electricity imbalances or an agreement on participation in the balancing market.

The Group continues to assess and manage its credit risks, analyze the condition of receivables and actively cooperate with counterparties, the regulator and the Ministry of Energy of Ukraine. Management expects that in future periods it may revise its assessment of the probability of repayment of receivables by market participants, taking into account the constant volatility of the course of military aggression, changes in the economic environment, international support and other factors.

Trade accounts payable

In 2024, the Group's trade accounts payable to market participants decreased by UAH 8.9 billion, or 16% (from UAH 56.1 billion to UAH 47.2 billion).

The main factor of such decrease in trade accounts payable is a decrease in RES PSO debts in 2024 by UAH 7.9 billion, or 24%, partly as a result of the repayment of this debt using loan funds received in the amount of EUR 150 million under loan agreement No. 54649 between the Group and the EBRD, which was signed in December 2023.

In addition, as a result of the legislative changes described above, the Group is able to use the funds received from the granting access to the transmission capacity of interstate power networks and the total amount of excess income received from the dispatching (operational and technological) control services in 2023 and 2024 to repay its trade accounts payable.

Loans and borrowings

The main effects of the war on loans and borrowings received by the Group were as follows:

- As a result of the events described in Note 14, on November 9, 2024, due to the adoption of several regulations that make it impossible for the Group to make the payment of the next and deferred coupons on the Eurobonds 2028 that constitutes an event of default (technical default) under respective obligations. As a result of the technical default on the Eurobonds 2028, as of 31 December 2024, part of the long-term liabilities of loans and borrowings was reclassified from non-current to current liabilities, namely:
 - UAH 34.7 billion of obligations under Eurobonds 2028, as an event of default gives creditors the right to demand early repayment of the full amount of the debt under Eurobonds 2028, and the Group did not have the right to postpone the repayment of these obligations for at least twelve months after the reporting period;
 - UAH 41.2 billion of obligations on some loans from IFIs and state-owned banks due to the application of cross-default provisions.

As of 31 December 2024, the total carrying amount of loans and borrowings in technical default or cross-default, which fully classified as current liabilities, is UAH 90.0 billion.

As of the date of approval of these consolidated financial statements, the Group has not received any notice from creditors regarding the immediate payment of any debt under the Eurobonds 2028 or loans from IFIs and state-owned banks. The Group communicates with creditors regarding the restructuring process of the Eurobonds 2028 on a regular basis and assures its operational and financial stability.

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- As a result of technical default on the Eurobonds 2028, the cash flows under this financial instrument were reviewed, and reflected in the consolidated statement of profit or loss and other comprehensive income additional finance costs in the amount of UAH 25.0 billion. The Group is focusing its efforts on reaching an agreement with the bondholders of the Eurobonds 2028 to successfully complete its restructuring, which will contribute to the long-term financial stability of the Group.
- With the beginning of the war, in March 2022 the Group suspended the payment of the principal debt on UAH-denominated loans from state banks in connection with force majeure circumstances and agreed credit holidays with creditor banks. During 2022-2024, the Group's management agreed with the state banks on the terms of postponing the payment of the residual value of the principal debt on the loans for a later period.
- During 2024, the Group made timely and full repayment of principal and interest on loans with IFIs and state-owned banks in accordance with the agreed terms of loan agreements.
- In December 2023, another long-term loan agreement No. 54649 was concluded between the Group and the EBRD in the amount of EUR 150 million for the implementation of the Ukrenerg Special Capital Structure Support Project. Funds under the Project should be directed to cover the Group's key costs for balancing the energy system and fulfilling the special obligations assigned to the Group by the State. These EUR 150 million, after deducting the commission in the amount of EUR 1.5 million, were received at the beginning of 2024 and were transferred to repay the Group's accounts payable for PSO RES to SE "Guaranteed Buyer" and universal service providers.
- In June 2024, the Group and KfW concluded a long-term loan agreement No. BMZ-No. 2021.6508.2 in the amount of EUR 30.4 million for the implementation of the Project "Increasing the efficiency of electricity transmission (integration of the Ukrainian UES into the European combined energy system) IV". These funds will be aimed at increasing the stability of the Ukrainian energy system and ensuring the stable operation of the Group's main high-voltage network.
- In October 2024, the Group and the EIB signed an agreement to review and amend loan agreement No. FIN 87.554 Separis No. 2017-0155 to allocate EUR 86,000 thousand of loan funds for the construction of infrastructure to protect high-voltage substations from shelling in the territory controlled by the Government of Ukraine. At the end of 2024, the Group made a withdrawal of these funds.
- During 2022-2024, the Group concluded several grant agreements for a total amount of about EUR 540 million in order to attract additional financial resources for the rapid reconstruction of the network and the stability of the power system.
- The Group continues to cooperate and communicate with IFIs regarding the attraction of credits and loans for the needs of working capital and for the restoration of equipment that was damaged or destroyed by missile attacks. The Group actively uses its own status as a transmission system operator, who today is a full member of the European ENTSO-E community, and has unprecedented trust from foreign partners, is successfully engaged in attracting credit resources, which are primarily aimed at restoring equipment that was damaged or destroyed by missile attacks and for repayment debts of the Group to market participants.
- Part of loans and Eurobonds 2028 are denominated in foreign currencies, and changes in exchange rates may have significant effect on the Group's financial performance (Note 32). However, as the Group's foreign currency loans and borrowings are long-term, the impact of changes in exchange rates on the Group's cash flows in the next twelve months from the date of approval of these consolidated financial statements is limited.
- As described in Note 14, as of 31 December 2024, the Group did not comply with certain financial covenants on IFI loans. The Group will take all possible measures to improve its financial condition and, accordingly, financial covenants, however, it is predicted that some financial covenants may not be fulfilled in future periods because of the impact of the war on the Group's activities. The Group intends to proactively obtain similar waivers for further periods, should the need arise, to avoid potential non-compliance with financial covenants under the loans and borrowings of the Group.

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Management's plans and the Group's ability to continue as a going concern

For the purposes of assessing the going concern assumption, management has prepared a cash flow projection scenario for the 12 months period ended April 2026 based on the following key assumptions:

- no further significant progression of Russian troops into the territory of Ukraine and no further escalation of military actions that could severely affect the Group's assets;
- the Group expects to be able to resume electricity transmission on temporarily non-controlled territories after control over the respective territory is restored by Ukraine and the damaged transmission grids are repaired;
- no significant further deterioration as a result of the war on the demand and transmission of electricity in Ukraine;
- increase of transmission capacity of interconnectors, which will allow partially replacing the reduced capacity of Ukrainian generation, and transforming the power transmission network, which will contribute to increasing the power supply of individual regions and the development of decentralized generation;
- strengthening the physical protection of the Group's facilities and reducing the number of missile attacks on the energy infrastructure by the aggressor;
- as required by law, all economically justified expenses of the Group will be covered by tariffs for the electricity transmission and dispatch (operational and technological) control services, which are regulated and approved NEURC. Any differences between the actual and planned expenses of the current periods must be reflected in the tariffs of the following years;
- restoration of damaged and destroyed objects using credit and grant funds from the IFIs and humanitarian aid from international partners;
- implementation of mechanisms on the electricity market that will stop the growth of debt in the market and increase the level of settlements;
- no losses from non-payment by the main customers and return of accounts receivable collection to a pre-war levels by the end of projection period;
- completion in 2025 of the Eurobond 2028 restructuring, which will contribute to the long-term financial stability of the Group;
- agreement with state banks on the further postponement of the loan principal.

Under this scenario, management expects to have sufficient liquidity to settle the external debts according to the agreed schedules during the full projection period. However, it is uncertain how the military situation will further develop and the impact thereof on operations and physical safety of Group's assets, electricity transmission and tariffs on the Group's services. In case the military situation worsens, management still will be able to use mitigating liquidity measures for further uninterrupted operational activities.

As part of management's going concern assessment, the Group continuously adjusts its long-term model in order to reflect the latest developments in terms of possible changes in transmission volumes, tariffs set by NEURC, loans and borrowings repayment schedules, debtors creditworthiness, etc.

The Group also considers a negative scenario of the development of events, which may include a significant increase in the activity of hostilities with the expansion of the hostilities zone on the territory of Ukraine, significant damage to the energy infrastructure, a significant reduction in international support for Ukraine, the easing of sanctions against the Russian Federation, and an intensive outflow of labor force abroad. Given the high degree of uncertainty related to (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; or (ii) the possible political and socio-economic consequences of the war and a significant reduction in international support for Ukraine, the Group's management is unable to assess and calculate all significant consequences for its operations as a result of a negative scenario.

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Given the stabilization of hostilities starting from the second half of 2022 and their territorial location at South and East of Ukraine, the unprecedented political, economic, and military support of Ukraine from foreign partners, the political and economic stability of Ukraine as of the date of approval of these consolidated financial statements, management of the Group believes that the realization of a negative scenario is unlikely.

The results of modeling based on these scenarios indicate that, given established tariffs for the Group's services for 2025, successful postponement of payments on a part of UAH-denominated loans from state banks, potential agreement with current bondholders to restructure Eurobonds 2028, conclusion of new projects for restoration and modernization of assets with IFIs using credit and grant funds, management believes that the Group has sufficient economic resources to continue operating activities in the foreseeable future.

The full extent of the impact of the further development of military aggression on the Group's activities is unknown, but its scale may be significant. However, management notes that the development, duration and consequences of the war are subject to significant uncertainty. In addition to hostilities, the Group's performance may be significantly affected by factors beyond the Group's control and has limited tools to mitigate such risks (approval of tariffs for the Group's services, bankruptcy and insolvency of market participants, changes in exchange rates, changes in electricity consumption energy, changes in the value of goods and services because of inflation, etc.). Therefore, estimates and assumptions made by management to predict the impact of the war on the Group's financial condition and operations may change materially in the future due to possible changes in circumstances.

It is worth noting that in accordance with the legislation and regulatory acts, all economically reasonable costs of the Group must be covered by tariffs for the services of electricity transmission and dispatch (operational and technological) control, which are regulated and approved by the NEURC. Any differences between the actual and planned costs of the current periods should be reflected in the tariffs for the following years.

Management recognizes that the future development and duration of the war, as well as the default on debt obligations, 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. 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 these consolidated financial statements.

In addition, the state, as the owner of the Group, considers its critical importance as the sole transmission system operator in Ukraine to ensure security of electricity supply. Thus, the state is directly interested in the stable work of the Group and will, if necessary, support the activities of the Group in the future.

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3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Adoption of new and revised standards

The Group has adopted such standards and interpretations for the first time beginning or after 1 January 2024:

- Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current and Non-current;
- Amendments to IAS 1 *Presentation of Financial Statements*: Non-current Liabilities with Covenants;
- Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments*: Disclosures: Supplier Finance Arrangements.

The adoption of the amendments to the standards did not have a material impact on the financial position or performance indicators reflected in the consolidated financial statements, and did not result in any changes in the Group's accounting policies and amounts reflected for the current or previous years.

Standards and Interpretations issued but not yet effective

As at the date of approval of these consolidated financial statements for issue, such standards and interpretations that have not been applied by the Group, as well as amendments to the standards, have been issued but have not yet entered into force:

Standards/Interpretations	Become effective for annual accounting periods beginning on or after
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> : Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> : Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> : Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

Management expects that the application of the new standards and interpretations will not have a material impact on the Group's consolidated financial statements in future periods.

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4. MATERIAL ACCOUNTING POLICIES

Statement of compliance

These financial statements are the Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards (hereinafter – the "IFRS") and subject to the requirements of current legislation regarding the formation and presentation of consolidated financial statements.

In accordance with p.5 Article 12-1 of the Law of Ukraine on Accounting and Reporting in Ukraine, all mandatory IFRS reporters should prepare and submit their financial statements based on the taxonomy of financial statements under IFRS in a single electronic format (referred to as "iXBRL"). As of the date of issuing these consolidated financial statements, the 2024 UA XBRL IFRS taxonomy has not been published yet and the process for submitting 2024 financial statements in the single electronic format has not been initiated yet by the National Securities and Stock Market Commission. Management of the Group is planning to prepare the iXBRL report and submit it during 2025.

Basis for preparation of the consolidated financial statements

These consolidated financial statements of the Group were prepared on the basis of the historical value principle, with the exception of items of property, plant and equipment that are measured at revalued cost as explained in the accounting policies below.

Historical value is usually determined based on the fair value of consideration paid in exchange for goods and services.

Fair value is defined as the price that will be obtained as a result of the sale of an asset or paid as a result of the transfer of a liability in a regular transaction between market participants at the measurement date, regardless of whether this price is subject to direct observation or measurement using another valuation methodology. When measuring the fair value of an asset or a liability, the Group takes into account the characteristics of the relevant asset or liability, as if market participants took these characteristics into account when determining the price of the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the following basis, with the exception of share-based payment transactions that fall within the scope of IFRS 2 *Share-based Payment*, leases that fall within the scope of IFRS 16 *Leases*, and measurements that are quite similar to the fair value but are not fair value, such as net realizable value under IAS 2 *Inventories* or value in use under IAS 36 *Impairment of Assets*.

In addition, for the purposes of the consolidated financial statements, fair value measurements are categorized at Levels 1, 2, or 3, depending on the extent to which the inputs used for fair value measurements are observable and the importance of such inputs for the overall fair value measurement, which can be set out as follows:

- Level 1 inputs represent quotation prices (unadjusted) in active markets for identical assets or liabilities available to the entity at the measurement date;
- Level 2 inputs represent input data (other than the quote prices assigned to Level 1) that can be observed for an asset or a liability, directly or indirectly; and
- Level 3 inputs represent inputs for an asset or a liability that are not observable.

These policies have been consistently applied to all presented periods, unless otherwise stated.

Basis for consolidation

Subsidiaries are companies under the Group's control. Control is achieved when the Group has the power over an investee, is exposed to risks, or has rights over variable performance of the investee; and has the ability to use its power over the investee to influence its operating results. Subsidiaries are consolidated from the date when control passes to the Group (on the date of acquisition or establishment) and stop consolidating from the date when control is lost.

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Intragroup transactions, transaction balances and unrealized gains or losses from such transactions are eliminated in full during consolidation. If necessary, the accounting policies of subsidiaries are amended to ensure their compliance with the policy adopted by the Group.

The Group reassesses the presence or absence of control if the facts or circumstances indicate a change in one or more of the above controls.

If the Group has an overwhelming majority of voting rights in the investee, it continues to assess whether these voting rights are sufficient to ensure its practical ability to manage significant activities alone and whether the Group's voting rights are sufficient to grant it authority over the investee.

The Group considers all relevant facts and circumstances when assessing whether the Group's voting rights in the investee are sufficient to grant it power over it, including:

- the size of the package of votes held by the Group in comparison with the size and degree of dispersion of packages of other voting rights holders;
- potential voting rights held by the Group, other holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Group has or does not have the ability to manage significant activities during the period when a decision needs to be made, including the order of distribution of votes during voting at the previous shareholders' meeting.

Functional currency and presentation currency

The functional currency of Ukrainian companies of the Group is the Ukrainian Hryvnia ("UAH"), and the Group's subsidiary EUkrenergo in Belgium is the Euro ("EUR").

The presentation currency of these consolidated financial statements of the Group is the Ukrainian Hryvnia ("Hryvnia" or "UAH"). All amounts reflected in the consolidated financial statements are presented in hryvnias, rounded to thousands, unless otherwise specified.

Foreign currency transactions

Transactions in currencies other than the functional currency of the Group's companies are considered foreign currency transactions and are translated into the functional currency using the currency exchange rate that prevailed on the dates of the corresponding transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates that were in effect at the reporting date. Non-monetary items that are valued at their historical value in a foreign currency are translated using currency exchange rates as of the dates of initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using currency exchange rates at the date of the fair value measurement. Exchange differences are recognized in profit or loss in the period in which they arise. Foreign exchange differences resulting from operating activities are recorded as other operating expenses or income, while other foreign exchange differences are presented separately in the statement of profit or loss.

The exchange rates used in the preparation of these consolidated financial statements were presented as follows:

Currency	As of 31 December 2024	Average currency exchange rate for 2024	As of 31 December 2023	Average currency exchange rate for 2023
UAH / US Dollar	42.04	40.16	37.98	36.58
UAH / Euro	43.93	43.46	42.21	39.56

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Segment reporting

The operating segments presented in these consolidated financial statements are consistent with the structure of financial information, which is regularly reviewed by the Group's management. The Management Board is the main body that makes operational decisions of the Group. Segments whose income, results of operations or assets represent ten percent or more of the results of all segments are shown separately. Segments whose results do not exceed this threshold may be shown separately at the discretion of management.

The Group does not provide information on the assets and liabilities of segments, as the Group's management does not review such information for decision making.

Revenue recognition

The Group generates revenues on varied types of activities, the primary of which include electricity transmission and dispatch (operational and technological) control services, services of granting access to the transmission capacity of interstate power networks, and sale of electricity during cross-border flows. Due to implementation of new electricity market in Ukraine, the Group started to participate in the balancing market and to purchase and sell balancing electricity and electricity to settle imbalances.

The Group's clients are electricity producers, traders, suppliers, distribution system operators, and other electricity market participants that pay the Group for transferred services related to the use of the Group's electricity transmission system.

The Group recognizes revenue in an amount that reflects the amount of consideration to which the Group is expected to be entitled in exchange for these services under the contracts. Such consideration does not include trade discounts and value-added tax ("VAT"). The Group uses a five-step model to recognize revenue:

- identifying a contract with customer;
- identifying performance obligations in the contract;
- determining the transaction price;
- distribution of the transaction price by performance obligations in contracts;
- recognition of sales revenue when (or as) the Group satisfies its performance obligations.

The Group recognizes revenue when (or as) the performance obligation is satisfied, i.e., when control over the goods or services that accompany the fulfillment of specific obligations has been transferred to the customer.

The Group recognizes revenue from the following types of activities as services for sale of goods are provided. In addition, the Group recognizes its obligations as a series of separate services and goods that are in substance the same and are transferred to the customer on the same principle:

- Revenue from electricity transmission and dispatch (operational and technological) control services;
- Revenue from the sale of electricity on the balancing market;
- Revenue for services on granting access to the transmission capacity of interstate power networks;
- Revenue from the sale of electricity during cross-border flows.

The Group uses practical expedient for the above revenue since the Group is entitled to consideration from the customer in an amount that directly corresponds to the value of the obligation for the client performed by the Group, and therefore revenue from ordinary activities is recognized in the amount for which the Group is entitled to issue an invoice.

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Revenue from electricity transmission and dispatch (operational and technological) control services

Revenue from electricity transmission (transportation of electricity from places of generation to places of distribution and consumption) is defined as (i) the sum of the product of volume of transmission (consumption), including the export of electricity and the tariff for electricity transmission services; and (ii) the product of the sum of the volume of transmission (consumption) of electricity, including the export of electricity, the volume of released electricity by producers of electricity, the volume of import of electricity and the tariff for dispatch (operational and technological) control services.

Electricity transmission and dispatch (operational and technological) control services are evaluated according to the transmitted units of electricity and do not depend on the transmission distance, do not contain discounts according to the amount of transmitted electricity, and do not depend on other contracts and services of the Group. Control over the rendered services is transferred as the Group fulfills its obligations, because buyers simultaneously receive and consume benefits from fulfilling the Group's obligations.

Tariffs for electricity transmission and dispatch (operational and technological) control services are approved by the NEURC. Separate contracts are concluded with each participant of the electricity market for the provision of electricity transmission and dispatch (operational and technological) control services.

Payments for the rendered services of electricity transmission and dispatch (operational and technological) control services are made on the terms of advance payments before the delivery date, with the corresponding balance payment immediately after the fulfillment of the obligation and issuing the final invoice.

As described in Note 2, the Group should fulfill public service obligation to ensure the public interest in increasing the share of energy production from alternative sources, which concerns consideration to producers of electricity from renewable sources of the difference between the "green" tariff determined by legislation and the sale price of this electricity on the market. This obligation is included in the tariff for electricity transmission services. The Group recognizes revenue from ordinary activities for such consideration since there is no direct obligation to transfer a portion of the proceeds to third parties from the amount of funds received for electricity transmission services.

Revenue from the sale of electricity on the balancing market

The Group ensures the sufficiency of the volumes of electric capacity and electricity required for real-time balancing, particularly the commercial balance, for which it purchases and sells electricity to balance the volumes of supply and demand of electricity within the current day and in order to resolve the imbalances of electricity of the parties responsible for the balance in the balancing market. The cost of electricity imbalances for the party responsible for the balance is calculated by the Group for each hour of the day based on the volume of electricity imbalances caused by this party and the prices of electricity imbalances determined according to Market Rules. Payments are made on 10-day payment basis immediately after the obligation is fulfilled and invoices are issued.

The Group reflects income and expenses from the purchase/sale of balancing electricity and electricity to settle imbalances on a gross basis, as it considers itself acting as a principal in the sale of electricity on the balancing market. According to the legislation, the Group is ultimately responsible for maintaining the balance in the system.

Revenue for services on granting access to the transmission capacity of interstate power networks

Distribution of the free transmission capacity of interstate power networks is carried out by the Group according to the procedure of electronic auctions using electronic document management and electronic digital signature. Electricity suppliers get access to the transmission capacity of interstate power networks based on the results of annual, monthly and daily auctions.

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If the total demand for the transmission capacity of interstate power networks is lower than the free transmission capacity of interstate power networks, the access service is provided free of charge to all auction participants. Otherwise, the access service is provided on the principle of priority satisfaction of bids from auction participants who offer the highest price. In this case, the price of access to capacity in the corresponding direction is determined at the minimum price from the satisfied bids of auction participants. Revenue from providing services on granting access to the transmission capacity of interstate power networks is determined based on the price set at the auction, the amount of distributed capacity, and the period for granting such access.

Payments for services on granting access to the transmission capacity of interstate power networks are made on the terms of advance payment within 30 days before the delivery date for annual and monthly auctions, and for daily auctions - payment within 30 days from the date of fulfillment of the obligation according to the invoices issued.

Revenue from the sale of electricity during cross-border flows

As a result of the complete synchronization of the energy system of Ukraine with the energy grid of continental Europe ENTSO-E and a significant increase in the commercial export of electricity to Europe in 2022, the Group joined the inter-transmission system operator compensation mechanism (ITC) designated by the EU regulation No 838/2010, in which transmission system operators of over 30 countries participate. The mechanism works under the principle that a transmission system operator of a country compensates, through the ITC fund, the other transmission network operators for additional expenses caused by cross-border energy flows in case if that country has exported or imported electricity during the reporting period, and a transmission system operator receives compensation from the fund if a transit flow caused by market participants of other countries has crossed the country. Such accounting is kept by specifically authorized administrators in Switzerland, who submit to the members of the mechanism the data in the form of amounts to be paid or credited each month.

The Group recognizes revenue from the sale of electricity during cross-border flows as goods are provided. The Group reflects income and expenses from the purchase/sale of electricity during cross-border flows on a gross basis, as it considers itself acting as a principal in the sale of electricity.

Revenue for services of connection to electricity transmission system

When connecting electrical installations to electricity transmission system, customers must pay the connection fee based on the actual construction costs of the infrastructure required to connect to the network. Agreements on connection are qualified as contracts with customers in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Revenue from such services is recognized as the services are rendered. Thus, revenue from agreements on connection is recognized in profit or loss on a straight-line basis over the period of use of the network connection by the customer. This solution corresponds to the economic essence of operations: it is reasonable to recognize revenue from connection services during the period of use of the connection. In addition, the service provided to the customer does not consist in the connection itself, but in its use: the client simultaneously receives and consumes its right to use the connection provided by the Group.

As such, the connection service provided for in the contract is provided to the client continuously, and not on a specific date, and this is the reason why revenue from connection services should be gradually recognized during the period of use of the network connection.

The Group receives a full prepayment for the services provided. Such payments from customers for connection services are reflected in the consolidated statement of financial position as special purpose funding and deferred income. The Group expects that income from assets received for liabilities that have not been fulfilled will be recognized during the term of the Group's liabilities for connected users. The estimated time frame is approximately 20-30 years.

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The Group does not disclose the expected terms of performance of obligations that remained unfulfilled as of the reporting date, because for all obligations under agreement, except for connection services, a practical expedient is used that enables to recognize income in the amount that directly corresponds to the value of the obligation for the customer, fulfilled by the Group at the end of the period.

Expense recognition

Expenditures are recognized as expenses for a certain period simultaneously with the recognition of related revenues. Expenditures that cannot be directly related to the revenues of a certain period are included in the expenses of the period in which they have been incurred.

Finance income and costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned from the temporary investment of specific loans pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Finance income comprises interest income on the funds invested, income on interest on deposit and current accounts. Finance income is recognized as it is accrued, considering the effective yield on the asset.

Grants and assets received free of charge

Grants, assets received free of charge, humanitarian aid, international technical assistance similar funding, which are mainly represented by funding for capital expenditures to construct, modernize, restore or reconstruct certain assets, received from the state, governmental institutions, companies or other organizations, are recognized as special purpose funding (long-term) and deferred income (short-term) in the consolidated statement of financial position, when there is sufficient assurance that the Group will meet the conditions for granting government grants and similar financing, and they will be received.

Such grants and assets received free of charge are recorded in the consolidated statement of financial position at the cost of funds received; if the financing is received in the form of a transfer of a non-monetary asset, it is recognized at its fair value. Income from receiving such grants and assets received free of charge are transferred to profit or loss on a systematic and rational basis over the useful life of the respective assets or fulfillment of specified conditions.

Grants and assets received free of charge in the form of humanitarian, international technical and other assistance, provided to the Group as immediate financial support for eliminating the consequences of enemy shelling and destruction of energy infrastructure facilities and maintaining the Integrated Power System of Ukraine in a functioning state, are recognized as income in profit or loss when the corresponding asset is put into operation.

Regulatory assets and regulatory liabilities

A description of critical accounting judgment regarding the impact of tariff regulation on the Group is described in Note 5.

The Group that (i) is subject to tariff regulation; (ii) which tariff (price) that the Group may charge for goods or services supplied to its customers is set by the regulator; (iii) has the enforceable right to increase / (obligation to decrease) the tariff for future periods by the difference between the economically justified actual and planned (included in the tariff) costs of the reporting period, recognizes regulatory assets and regulatory liabilities in the financial statements.

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The Group recognizes:

- regulatory asset: when the Group has the right to increase the tariff to be charged to customers in future periods by adding to it additional costs incurred in the reporting period that are not covered by the tariff for the reporting period; and
- regulatory liability: when the Group has a current obligation to reduce the tariff to be charged to customers in future periods by reducing it by the amount of costs not incurred in the reporting period but covered by the tariff for the reporting period.

Regulatory assets and liabilities are assessed regularly at the end of the reporting period. Changes in regulatory assets and regulatory liabilities result in regulatory income and expenses.

The recognition of regulatory assets, liabilities, income and expenses meets the definition, recognition criteria and measurement concepts for assets, liabilities, income and expenses set out in the *Conceptual Framework for Financial Reporting*.

The Group discloses the net changes in regulatory assets and liabilities in other operating income or other operating expenses, depending on the net value. Regulatory assets are disclosed in other current assets, and regulatory liabilities are disclosed in other current liabilities in the statement of financial position.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) resulted from circumstances, past events and it is probable that an outflow of resources will be required to repay the obligation, and a reliable assessment of this obligation can be made.

The amount recognized as provision is the best estimate of the consideration required to repay the current liability at the end of the reporting period, considering all the risks and uncertainties inherent in this liability.

Expenses for any provision are presented in profit or loss, net of any consideration. If the impact of the time value of money is significant, the provision is discounted using the current pre-tax rate, which reflects, if appropriate, the risks characteristic of the corresponding liability. If discounting is used, the increase in the provision over time is recognized as finance costs.

Retirement benefit obligations

Defined contribution plan

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. These amounts are included in the expenses of the period in which they were incurred.

Defined benefit plan

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). These programs meet the definition and are included in defined benefit plans.

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These defined benefit plans (hereinafter – the "Plans") do not have a financial fund or related assets to implement thereof. Expenses related to such plans are calculated in these consolidated financial statements using the projected unit credit method for employees who are eligible for such payments.

The Group's net liability for these plans is calculated by estimating the amount of future payments due to employees for services rendered in the current and previous periods. The payment amount is then discounted to determine the present value of the liability, which is reflected in the consolidated statement of financial position. The discount rate is estimated using the actual yield of corporate or government securities that have a high rating and the same maturity as the corresponding pension liability.

The categories of expenses under a defined benefit pension plan are presented as follows:

- cost of current services (including the cost of current and past services, as well as gains or losses from pension plan curtailments and settlements);
- net interest expenses; and
- revaluation.

The Group reflects the cost of current services as part of the gains and losses of the period in which they arise. Net interest expenses are recorded as part of finance costs of the period in which they arise. Revaluation, which includes actuarial gains and losses, is reflected directly in the consolidated statement of financial position with the recognition of the corresponding gain or loss as part of other comprehensive income of the period in which they arise. Revaluation recognized as part of other comprehensive income is reflected directly as part of retained earnings and will not change its classification for profit or loss in subsequent reporting periods.

Income tax

Annual income tax expenses include current tax and deferred tax.

Current tax

The tax payable in the current period is calculated based on the amount of taxable profit for the year. Taxable profit differs from the profit or loss reflected in the consolidated profit or loss and other comprehensive income statement as it does not include items of income or expenses that are taxable or that relate to expenses for tax purposes in other years, and also because it does not include items that will never be taxable or that will never relate to expenses for tax purposes. The Group's current income tax liabilities are calculated using the current tax rates as of the end of the reporting period.

Deferred tax

Deferred tax is recognized in relation to temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used to calculate taxable profits using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all temporary differences that relate to expenses that are taken into account for determining the object of taxation to the extent that it is probable to obtain taxable profits at the expense of which these temporary differences can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is not probable to obtain sufficient taxable profit that will allow full or partial recovery of the amount of this asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the asset will be realized, or the liability will be repaid, based on the tax legislation in force at the end of the reporting period. The assessment of deferred tax liabilities and assets reflects the tax consequences that may arise as a result of the Group's use of a particular method at the end of the reporting period to recover or repay the book value of its assets and liabilities.

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Current income tax and deferred income tax are recognized as expenses or income as part of profit or loss, except when they relate to items that are recorded directly as part of equity or other comprehensive income (in this case, taxes are also recognized directly as part of equity or other comprehensive income).

Property, plant and equipment

The Group uses a revaluation model for all groups of property, plant and equipment, except for construction in progress carried at historical cost. The last independent appraisal of the fair value of the Group's property, plant and equipment was carried out as of 31 December 2023.

The fair value of property, plant and equipment is determined based on the results of an appraisal performed by an external independent appraiser. The frequency of revaluations depends on materiality of changes in the fair value of the assets being measured. The Group uses the "net" approach of adjusting the carrying amount of an asset upon revaluation and eliminates accumulated depreciation against the carrying amount of the asset and then revalues the net carrying amount. Any increase in the carrying amounts resulting from revaluations are credited to revaluation reserve in equity through other comprehensive income. Decreases that offset previously recognised increases of the same asset are charged against revaluation reserve in equity through other comprehensive income; all other decreases are charged to profit or loss. To the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

Subsequent additions of property, plant and equipment are recorded at historical cost. Cost of an item of property, plant and equipment includes (a) the purchase price, including non-recoverable import duties and acquisition taxes after deducting trade and other discounts; (b) any expenses directly related to the delivery of an item of property, plant and equipment to a location and bringing it into a condition ensuring its operation in accordance with the intentions of the Group's management; (c) an initial estimate of the costs of dismantling and removing the item of property, plant and equipment and restoring the area it occupies, the obligations for which the Group assumes either at the time of acquisition of this item, or as a result of its operation for a certain period of time for purposes not related to production activities during this period. The cost of internally created assets includes the cost of materials, direct labor costs, and the respective share of production overheads. The initial cost of qualified assets acquired and internally created includes capitalized borrowing costs.

The cost of property, plant and equipment received free of charge is equal to their fair value on the date of receipt, taking into account the costs included in the cost, as shown above.

Any increase in carrying value resulting from revaluations is reflected in revaluation surplus as part of equity through other comprehensive income. Reductions that offset previously recognized increases in the same asset are recorded as revaluation surplus of equity through other comprehensive income; all other reductions are included in profit or loss. To the extent that the impairment loss of the same impaired asset was previously recognized in profit or loss, the reversal of this impairment loss is also recognized in profit or loss.

Depreciation of property, plant and equipment is calculated for the purpose of writing off the historical (revalued) cost of PPE less their residual value during the useful life of the asset using the straight-line method.

The useful life of property, plant and equipment is determined by an expert method during its putting into operation. The useful life of property, plant and equipment is reviewed in the event of changes in the expected economic benefits from its use, as well as at the end of each reporting period. The useful lives of the groups of property, plant and equipment are presented as follows:

Transmission lines (OHL)	30-50 years
Buildings and structures	20-60 years
Plant and equipment	5-35 years
Vehicles and other	3-10 years

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The residual value, useful lives, and depreciation method are reviewed at the end of each fiscal year. The impact of any changes compared to previous estimates is accounted for as a change in accounting estimates.

Construction in progress includes costs directly related to the construction of property, plant and equipment, considering the appropriately distributed direct variable overhead costs incurred during construction. Construction in progress is not depreciated. Depreciation of construction in progress, similar to other property, plant and equipment, begins when these assets are ready for operation, that is, when they are in the place and condition necessary for using for the purpose determined by the management. Construction in progress also includes prepayments for property, plant and equipment.

Property, plant and equipment are derecognized after the disposal or when future economic benefits from continuing use of the asset are no longer expected. Gains and losses from disposal, which are determined by comparing income with the carrying amount of property, plant and equipment, are recognized in profit or loss. After the sale or write-off of revalued assets, the amounts included in the revaluation reserve are transferred to retained earnings.

Intangible assets

Intangible assets include mainly software and right-of-use assets. The Group uses a cost model for all groups of intangible assets.

Intangible assets are recorded at their cost, less accumulated amortization and accumulated impairment losses, if any. Subsequent costs of intangible assets are capitalized only if they increase the future economic benefits embodied in the specific assets to which they relate. All other expenses are attributed to expenses in the period in which they were incurred.

Amortization is charged on a straight-line basis over their useful life, which is not expected to exceed a period of ten years.

The Group has the right to use the land on which its production facilities are located and pays a land tax, which is estimated annually based on the total area of land and its use according to the area to which it is assigned. Expenses for the acquisition and registration of land use rights are capitalized as intangible assets.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amount of its assets to determine whether there is any evidence that these assets have suffered an impairment loss. If such signs are present, the Group evaluates the recoverable amount of the relevant asset to determine the amount of impairment loss (if such impairment has occurred). If it is not possible to estimate the recoverable amount of an individual asset, the Group evaluates the recoverable amount of the cash-generating unit to which the asset belongs.

The estimated recoverable amount represents the higher of the fair value less costs to sell and the value in use. When assessing the value in use, the amount of expected future cash flows is discounted to their present value using the pre-tax discount rate, which reflects current market estimates of the time value of money and asset-specific risks for which future cash flow estimates have not been adjusted.

If, according to estimates, the recoverable amount of an asset (or a cash generating unit) is less than its carrying value, the carrying value of the asset (the cash generating unit) is reduced to the expected recoverable amount. Impairment losses are recognized directly in profit or loss.

In cases where the impairment loss is further reversed, the carrying amount of the asset (or the cash generating unit) is increased to a revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would be determined provided that there are no impairment losses of the asset (or the cash generating unit) recognized in previous years.

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Leases

Group as a lessee

At the lease commencement, the Group recognizes the right-of-use asset and the lease liability in relation to all leases, except for short-term leases (with a lease term of 12 months or less) and leases under which the underlying asset is of low value. The Group recognizes such lease payments on the straight-line basis over the lease term.

At the commencement date, the Group evaluates the lease liability at present value of rental payments discounted at the rate stipulated in the relevant agreement. If this rate is not determined by the terms of the agreement, the incremental borrowing rate of the lessee is used.

The Group reflects amortization of the right-of-use assets and interest on lease liabilities in profit or loss. The amount of the principal share of the lease liability paid is presented as part of the financial activities in the consolidated statement of cash flows (under direct method), and interest is presented as part of financing activities.

Group as a lessor

The Group classifies each of its leases either as an operating lease or as a financial lease.

The lease is classified as a financial lease, if it transfers substantially all the risks and rewards of ownership of the underlying asset. The lease is classified as an operating lease, if it does not transfer substantially all the risks and rewards of ownership of the underlying asset.

The Group recognizes lease payments from operating leases as income on a straight-line basis.

Inventories

Inventory is recorded at the lower of cost and net realizable value.

The cost of inventory includes:

- purchase costs that are paid in accordance with the agreement with the supplier (net of indirect taxes);
- import duties;
- amounts of indirect taxes related to the acquisition of inventory that are not reimbursed to the Group;
- transportation and procurement costs;
- other expenses that are directly related to the acquisition of inventory and bringing it to the condition and location in which it is suitable for use for the planned purposes.

The initial cost of inventory received for free is recognized as its fair value, taking into account other costs associated with bringing it to the condition and location in which it is suitable for use for the planned purposes.

Transportation and procurement costs that can be attributed to a specific unit of inventory are reflected directly in the initial cost. Transportation and procurement costs that cannot be attributed to a specific unit of inventory are distributed as of the date of initial recognition of the corresponding inventory.

When writing off inventory into production, sale, and other disposal, the value of inventory is determined based on the specific identification method for all inventory, except fuel, which are disposed of using the "First In - First Out" method.

Net realizable value is defined as the selling price less costs to sell. The carrying amount of inventory should be reduced to the net realizable value if there is physical damage, complete or partial obsolescence, or a drop in the realizable price. Inventory impairment is reducing their carrying amount to the net realizable value.

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Financial instruments

Initial recognition of financial instruments

With the exception of trade receivables, which are valued at the price of the transaction (according to the definition given in IFRS 15 *Revenue from Contracts with Customers*), financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The Group's main financial instruments include cash and cash equivalents, accounts receivable and payable, loans and borrowings.

All transactions of purchase and sale of financial instruments that require their delivery within a period defined by regulatory or market conditions ("regular" purchase and sale operations) are accounted for as of the transaction date, i.e., the date on which the Group undertakes to transfer the financial instrument. All other purchase and sale transactions are recognized as of the settlement date.

Financial assets

Classification and subsequent valuation of financial assets

Financial assets are subsequently measured at amortized or fair value. In particular, investments in debt instruments that are held under a business model that aims to collect contract cash flows, and that have contract cash flows that are payments only of a principal and interest on the outstanding amount of debt, are generally estimated at amortized cost. Debt instruments that are held within a business model, the purpose of which is achieved by both collecting contract cash flows and selling financial assets, and that have contractual terms under which cash flows arise on certain dates, which are payments only of a principal and interest on outstanding principal, are measured at fair value through other comprehensive income. All other investments in debt instruments are measured at fair value at the end of subsequent reporting periods.

The amortized cost is calculated using the effective interest rate method and is determined less any impairment loss. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the corresponding instrument and amortized on the basis of the effective interest rate for the corresponding instrument.

The Group uses a practical expedient that assumes that the amortized cost of financial assets with maturities of up to one year, less any expected credit losses, is equal to their nominal value.

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and allocating interest income or expenses over the corresponding period. The effective interest rate is the rate discounting the expected future cash inflows over the expected useful life of the financial instrument or, if appropriate, a shorter period to the net book value of the instrument at the initial recognition. Income or expenses are recognized using the effective interest rate method for financial instruments.

Accounts receivable

Accounts receivable are derivative financial assets with fixed or determinable payments that are not quoted in the active market. Accounts receivable that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Accounts receivable (including other non-current assets, trade and other accounts receivable) are measured at amortized value using the effective interest rate method, less any impairment loss.

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Interest income is recognized using the effective interest rate method, with the exception of short-term accounts receivable, for which the recognition of interest will not have material impact.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank accounts, deposits with an initial maturity of up to three months plus one week, and cash in special accounts.

Impairment of financial assets

The Group reflects expected credit losses and changes therein at each reporting date to reflect changes in credit risk after initial recognition.

The expected credit losses of accounts receivables are estimated on a portfolio basis using the provision matrix and on an individual basis using different scenarios of the probability of default.

The provision matrix is used with reference to the historical information of debtors' default and analysis of the debtor's forecast condition, adjusted for factors specific to debtors, general economic conditions of the industry in which debtors work, assessment of current and forecast events that may significantly affect future payments, credit terms, and available market information on the solvency of debtors. Individual assessment is used for individually significant debtors or groups of debtors with credit risk characteristics that are different from others.

Assessing expected credit losses on trade accounts receivables, the Group takes into account the cash flows expected from credit enhancements, which are an integral part of the contract. Such credit enhancements are accounts payable of the counterparties owed to the Group, which are usually settled on a net basis together with accounts receivable, but do not meet the offsetting criteria, and financial guarantees arising under of the same contract.

The carrying amount of the asset is reduced by the provision, and the amount of the loss is recognized in profit or loss. If accounts receivable are uncollectible, it is written off through usage of previously recognized expected credit losses. Subsequent reimbursement of previously written off amounts is included in profit or loss.

For other financial instruments, the Group recognizes expected credit losses for the lifetime of the financial instrument when there has been a significant increase in credit risk since the initial recognition. However, if the credit risk to the financial instrument has not increased significantly since the initial recognition, the Group estimates expected credit losses for the financial instrument at an amount equal to the expected credit losses over 12 months.

Expected credit losses for the lifetime of a financial instrument represent credit losses that will arise from all possible default events during the expected term of the financial instrument. Conversely, the expected credit losses for 12 months represent a portion of the expected credit losses for the lifetime of the financial instrument, which are expected to arise as a result of events of default on the financial instrument, the occurrence of which is possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since the initial recognition, the Group compares the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition. During the assessment, the Group takes into account both quantitative and qualitative information that is reasonable and useful, including historical experience and forecast information that is available without excessive cost or effort.

Forecast information that is taken into account includes future forecasts for the industries in which the Group's debtors conduct their operating activities, obtained from economic reports of experts, financial analysts, government agencies, relevant think tanks and other similar organizations, as well as an assessment of various external sources of actual and forecast economic information related to the main operating activities of the Group.

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A significant increase in credit risk is the delayed debt repayment for a period of more than 30 days.

In particular, such information is taken into account when assessing whether there has been a significant increase in credit risk since the initial recognition:

- actual or expected significant deterioration in external (if available) or internal credit rating of a financial instrument;
- a significant deterioration in external market indicators of credit risk for a particular financial instrument, such as a significant increase in the credit spread, credit default swap prices for the debtor, or the length of time or volume by which the fair value of the financial asset has become less than its amortized cost;
- current or projected negative changes in business, financial and economic conditions, which are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- actual or expected significant deterioration of the debtor's operating results;
- significant increase in credit risk in relation to other financial instruments of the same debtor;
- actual or expected significant negative changes in the debtor's regulatory, economic, or technological environment that result in a significant decrease in the debtor's ability to meet its debt obligations.

Default definition

The Group considers the following factors to be components of a default event for internal credit risk management, as historical experience shows that financial assets that meet any of the following criteria are generally not recoverable:

- when there was a violation of financial conditions by a debtor; or
- internal or external information indicates that the debtor will most likely not be able to make payments to its creditors, including the Group, in full (without taking into account any provision held by the Group).

Regardless of the above analysis, the Group believes that a default occurred when a financial asset is more than 90 days overdue, unless the Group has reasonable and useful information to demonstrate that it would be more appropriate to apply the default criterion with a longer delay.

Estimation and recognition of expected credit losses

Estimating expected credit losses is a function of determining the probability of default, the level of losses in the event of default (i.e., the amount of losses in the event of default), and the risk of losses in the event of default. The assessment of the probability of default and the level of losses in the event of default is based on historical data adjusted using forecast information, as described above. As for the risk of loss in the event of default, for financial assets, it represents the gross carrying amount of assets at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contract cash flows due to the Group under the contracts and all cash flows that the Group expects to receive, discounted at the initial effective interest rate. The Group recognizes gains or losses from impairment in profit or loss for all financial instruments, with appropriate adjustments to their carrying amount against the provision for loss.

Derecognition of financial assets

The Group derecognizes financial assets when (i) the assets have been repaid or the contractual rights from the assets to cash flows expire, or (ii) the Group has transferred all significant risks and rewards of ownership of the assets, or (iii) the Group has neither transferred nor retained all significant risks and rewards of ownership but has lost control of the asset. Control is retained if the counterparty does not have the practical ability to sell the asset in full to an unrelated third party without the need to impose additional restrictions on the sale operation.

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Financial liabilities and equity instruments

Classification of debt instruments or equity instruments

Debt instruments and equity instruments are classified as either financial liabilities or equity, depending on the nature of the contractual relationship and the definitions of the financial liability and equity instrument.

Share capital

Ordinary shares are classified as equity. Additional expenses that directly relate to the issue of new shares are recorded in equity as a deduction from income, excluding tax.

Dividends

Dividends are recognized as liabilities and deducted from equity at the reporting date only when they are declared before or on the reporting date. Information about dividends is disclosed when they are offered before the reporting date or offered or announced after the reporting date, but before the consolidated financial statements are approved to the issue.

Classification and subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortized cost or fair value through profit or loss.

Financial liabilities that are not (i) a conditional compensation of the buyer in a merger transaction, (ii) are not held for trading, or (iii) are not defined as being measured at fair value through profit or loss, are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate is the rate discounting expected future cash payments (including fees paid or received, transaction costs, and other premiums or discounts) over the expected term of the financial liability or, if appropriate, a shorter period to the amortized value of the financial liability.

If the Group revises its estimates of payments or receipts under a financial instrument, the amortised cost of a financial liability is adjusted to reflect actual and revised estimated contractual cash flows. The Group recalculates the amortised cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

Derecognition of financial liabilities

The Group recognizes financial liabilities if and only if the Group's obligations are fulfilled, cancelled, or expire. The difference between the carrying amount of a financial liability that has been derecognized and the compensation paid is recognized as part of profit or loss.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. While assessing if modification is substantial, management considers both quantitative and qualitative factors. Under quantitative assessment it is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Qualitative factors include change of form of the instrument, interest rate, maturity, risk factors, change in covenants and guarantors. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss.

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Prepayments

Prepayments to suppliers are recorded at their cost, excluding VAT, less provisions for impairment losses. A prepayment is classified as a non-current asset when goods or services related to that prepayment are expected to be received after one year, or when the prepayment relates to an asset that is classified as non-current after initial recognition.

If there is an indication that assets, goods or services related to prepayment will not be received, the Group charges a provision for impairment for the corresponding prepayment, while simultaneously recognizing expenses in profit or loss.

Taxes receivable

Taxes receivable (prepayment for corporate income tax, VAT to be reimbursed, and prepayment for other taxes) are reflected at the actual value of the funds paid.

Trade accounts payable

Trade accounts payable are recognized and initially assessed in accordance with the stated policy regarding financial instruments. In the future, fixed-maturity instruments are revalued at amortized cost using the effective interest rate method. The amortized cost is calculated taking into account any transaction costs and any discount or premium at the time of repayment.

Advances received

Advances received are reflected in the amount of the original amounts received, excluding VAT. The amounts of advances received are expected to be realized by receiving income from the Group's ordinary activities.

Contingent liabilities and assets

Contingent liabilities are not recognized in the consolidated financial statements, except in cases where the outflow of economic resources for the settlement of the liability is probable and their amount can be estimated reliably. Contingent liabilities are disclosed, except in cases where the possibility of outflow of resources that embody economic benefits is unlikely.

Contingent assets are not recognized in the consolidated financial statements. They are disclosed in notes, if the inflow of economic benefits is highly probable.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The application of the Group's accounting policies as set out in Note 4 requires management to make professional judgments, estimates and assumptions about the carrying amount of assets and liabilities that cannot be obtained explicitly from other sources. Estimates and related assumptions are based on historical experience and other factors that management considers appropriate in these circumstances. Actual results may differ from these estimates. Management also makes certain judgments, other than those relating to estimates, in the process of applying accounting policies.

Estimates and related assumptions are reviewed on an ongoing basis. The results of revisions of accounting estimates are recognized in the period of such revision, if the result of revision affects only this period, or in the period of revision and future periods, if the result of revision affects the current and future periods.

Critical professional judgments when applying accounting policies

The following are critical judgments, other than those requiring to perform estimates, made by management in applying the Group's accounting policies and which have the most significant impact on the amounts recognized in the consolidated financial statements.

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(i) Revenue recognition – receiving full consideration

At the inception of contracts with customers for provision of services and sale of goods, the Group is likely to expect to receive full consideration in exchange for goods or services that will be transferred by customers and for which the corresponding invoices will be issued. In assessing whether the probability of receiving the amount of compensation is high enough, the Group considers the customer's ability and intention to pay the full amount of consideration when it becomes due.

As part of its operations, the Group provides services and sells goods to various counterparties, including protected consumers, which cannot be disconnected from the energy supply due to the risks of social and environmental catastrophe. Such companies are financed not only through revenues from the sale of goods and services, but also through other mechanisms of subsidies and compensations provided by Ukrainian legislation. The Group's management believes that such enterprises have sufficient sources of income to conclude that the Group is likely to recover full compensation under its sales agreements. In addition, the Group may receive compensation for services provided and sales of goods from third parties, rather than directly from customers, which also increases the likelihood of receiving compensation in full.

Additionally, with the beginning of the war, some of the Group's clients stopped their activities or reduced the level of production, and some enterprises are located in the temporarily occupied territory. However, the supply of electricity to the temporarily occupied territory of Ukraine does not take place, and, accordingly, the Group does not provide services and sell goods to counterparties located there. The war affected the volume of electricity consumption in Ukraine, and, accordingly, the volume of sales of services and goods by the Group, however, the management believes that such enterprises have sufficient sources of income to make payments to the Group in full under its sales agreements.

Thus, management has concluded that revenue recognition criteria are met when services and goods are delivered to the consumer. Losses from changes in the creditworthiness of customers in subsequent periods are recognized as expected credit losses (Note 9).

(ii) Property, plant and equipment on the right of operational management

According to the Order of the Cabinet of Ministers of Ukraine of 22 November 2017 No.829-r "On Approval of the Transformation of the State Enterprise National Power Company Ukrenergo into Private Joint Stock Company" property that ensures the integrity of the IPS of Ukraine and dispatch (operational and technological) control, trunk and interstate power grids, which were on the balance of the state enterprise "National Energy Company "Ukrenergo", are assigned to a private joint stock company formed in the process of transformation of the enterprise, on the right of operational management and are not subject to disposal.

On 27 May 2021 the Company and the Ministry of Finance of Ukraine concluded an agreement on the transfer of state-owned property used in the electricity transmission activities on the right of operational management. On 8 December 2021 amendments were made to this agreement in terms of establishing the Ministry of Energy of Ukraine as the body of management of state-owned property used in the electricity transmission activities.

The right of operational management allows to own and use property, plant and equipment (until its full amortization, depreciation or destruction – the government does not have any risk elements associated with the residual value of assets at the end of their useful life), except for actions to dispose of property, plant and equipment that may lead to dispossession of such property, plant and equipment. The Group freely 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.

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In accordance with the Resolution of the National Energy and Utilities Regulatory Commission dated 17 December 2021 No.2589, a final decision was made on the certification of NPC "Ukrenergo" as a transmission system operator according to the ISO (Independent System Operator) model. The ISO model regulates the relationship between the Group and the transmission system owner so that the Group uses state-owned property (trunk and interstate electricity networks) to ensure the integrity of IPS of Ukraine.

Management believes that the terms of the agreement on the perpetual transfer of state-owned facilities used in electricity transmission on the right of operational management give the Group control over the defined properties, all economic benefits from the use of assets belong to the Group, and therefore these properties meet the definition of an asset, namely an item of property, plant and equipment in accordance with the IAS 16 *Property, Plant and Equipment* definition. As such, the state properties received on the right of operational management are carried on the Group's balance sheet at fair value as part of corresponding groups of property, plant and equipment.

In addition, operations to assign to the Group property that ensures the integrity of the IPS of Ukraine and dispatch (operational and technological) control, trunk and interstate power grids, which were on the balance of the state enterprise "National Energy Company "Ukrenergo" according to the Order of the Cabinet of Ministers of Ukraine of 22 November 2017 No.829-r, as well as the conclusion of the abovementioned agreement on its perpetual transfer on the right of operational management, are recognized as transactions with shareholder acting on behalf of the owner.

(iii) Presentation of impact of tariff regulation on financial statements

Tariff regulation can have a significant impact on the long-term financial results of companies. However, existing IFRS standards do not contain comprehensive guidelines and rules for the presentation of the impact of tariff regulation on accounting and financial reporting.

The application of only existing IFRS increases the volatility of gross profit and financial results between the reporting periods of the Group, which is subject to tariff regulation. Financing of actual expenses in one period is carried out by increasing the tariff and income of another period, which contradicts the principle of matching income and expenses, and, accordingly, may mislead users of financial statements by reflecting overstated or understated financial results in certain reporting periods.

To ensure that the Group's consolidated financial statements present fairly the financial position, financial performance and cash flows of the Group, and reflect the economic substance of transactions and events rather than legal form, the Group has developed and applied accounting policies to reflect the impact of tariff regulation on financial statements (Note 4).

As a result, the Group's total income is consistent with its "total allowable compensation" - the amount that the Group is entitled to collect in accordance with the tariff set by the regulator. This, in turn, will reduce the volatility of financial results between reporting periods, which will improve the relevance and truthfulness of the information in the financial statements for its users.

As described in Note 12, as of 31 December 2024 the Group recognized regulatory assets in the amount of UAH 2,603,276 thousand (2023: UAH 6,817,939 thousand).

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Key sources of estimation uncertainty

The following are the main assumptions for the future and other key sources of estimation uncertainty at the end of the reporting period, for which there is a significant risk that they will cause material adjustments to the carrying amount of assets and liabilities during the next fiscal year.

(i) Revaluation of property, plant and equipment

As stated in Note 4, the Group applies the revaluation model to its property, plant and equipment. At each reporting date, the Group performs an analysis to assess whether the carrying amount of property, plant and equipment, carried at revalued cost, differs significantly from its fair value. This assessment is performed annually and is based on an analysis of prices, price indices, technological changes, changes in exchange rates, and other relevant factors. If the results of the analysis indicate that the carrying amount of property, plant and equipment differs significantly from their fair value at the reporting date, management engages independent appraisers to assess the fair value of property, plant and equipment.

The last independent appraisal of the fair value of the Group's property, plant and equipment was carried out as of 31 December 2023. The main assumptions for revaluation are disclosed in Note 31.

As most of the Group's property, plant and equipment is of specialised nature, its fair value is determined using depreciated replacement cost (Level 3) or, where it is available, the market value (Level 2).

When performing valuation using these methods, the key estimates and judgments applied by the independent valuers, in discussion with the Group's internal valuation team and technicians, are as follows:

- choice of information sources for construction costs analysis (actual costs recently incurred by the Group, specialized reference materials and handbooks, estimates for cost of construction of various equipment etc.);
- determination of similar items for replacement cost of certain equipment, as well as corresponding adjustments required to take into account differences in technical characteristics and condition of new and existing equipment;
- determination of physical wear and tear, which depends on the chronological age of the asset and its remaining useful life;
- determination of the functional depreciation of assets, which was calculated on the basis of the optimization coefficient, which ensures the distribution of the level of depreciation of specialized assets depending on the level of real use of the relevant assets;
- selection of market data when determining market value where it is available as well as corresponding adjustments required to take into account differences in technical characteristics and the condition of new and existing equipment;
- use of directories of per-unit replacement cost for buildings and constructions, assuming that all buildings and constructions of similar type and nature within industry have similar replacement costs; and
- liquidation value for items, which are expected to be realized, less cost to sell.

The fair values obtained using depreciated replacement cost and indexation of carrying amounts are validated using discounted cash flow models (income approach, Level 3), and are adjusted if the values obtained using income approach are lower than those obtained using depreciated replacement cost or indexation of carrying amounts (i.e. there is economic obsolescence).

As of 31 December 2024, management has performed an analysis to assess whether the carrying amount of property, plant and equipment, carried at revalued cost, differs materially from their fair value:

- the depreciated replacement cost of property, plant and equipment was assessed, taking into account their depreciated replacement cost at the date of preliminary valuation by an independent appraiser, changes in price indices, physical wear and tear;

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- the income approach is applied by discounting a series of expected future cash flows of the Group to determine the economic obsolescence. The assumptions used to estimate expected cash flows are consistent with the assumptions used for impairment testing of assets. The discount rate was defined as the weighted average cost of capital after tax.

Based on the results of the analysis as of 31 December 2024, management concluded that the carrying amount of property, plant and equipment, carried at revalued cost, does not differ significantly from their fair value, and no revaluation of property, plant and equipment was performed on the reporting date.

The management believes that in the situation of significant uncertainty of the military and economic environment in Ukraine revaluation unlikely to result in substantial uplift in fair value in excess of carrying value. At the same time, the calculated fair value of property, plant and equipment may differ significantly depending on the underlying assumptions used, which are affected by uncertainty regarding the further development of military aggression and changes in the operating environment.

(ii) Impairment of property, plant and equipment, construction in progress, and intangible assets

At the end of each reporting period, the Group reviews the carrying amount of its property, plant and equipment, construction in progress, and intangible assets to determine whether there is any indication that those assets may be impaired.

As of 31 December 2024, the Group determined the existence of certain indications that the recoverable amount of property, plant and equipment, construction in progress and intangible assets might fall lower than their carrying amounts. The Group assessed recoverable value of property, plant and equipment, construction in progress and intangible assets (at the level of the cash generating unit) for impairment considering the Group as one cash-generating unit. Value-in-use of the Group's assets was calculated by preparing the analysis of discounted cash flows based on the assumptions of estimated income and expenses, as well as the discount rate. Based on this assessment, the Group determined that the recoverable amount of the assets exceeded their carrying amount, i.e. there was no impairment of the assets.

The key assumptions used in the calculation of the value in use are those related to the discount rate, growth rate, and estimated changes in income and operating expenses. The Group's management has determined the discount rate using the weighted average cost of capital before tax, which reflects the current situation in the country and the impact of the war on a significant increase in the country risk premium. The discount rate is floating over the forecast period, which depends on the assumption of the duration of hostilities. It is expected that after the end of the active phase of hostilities, the risks of investments in Ukraine, i.e. the perception of country risks by investors, will decrease.

The growth rate is based on the growth of the consumer price index and the producer price index. Expected changes in income and operating expenses are based on historical experience and expectations regarding future changes in the market, the date of transition to incentive tariff regulation (RAB regulation).

Cash flow forecasts are developed based on the most recent financial budgets for the next five years, considering the various probabilities of their realization. Beyond this period, the Group's management extrapolated cash flows based on expected growth levels below the average long-term growth rate for the respective markets. When making calculations, the legislation was used that was in force on assessment date.

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The table below shows the key assumptions based on which management built its projections of cash flows to assess the recoverable value of property, plant and equipment, construction in progress and intangible assets as of 31 December 2024 and 2023:

	31 December 2024	31 December 2023
Average discount rate for the forecast period of 5 years	18.8%	19.7%
Regulatory rate of return on the regulatory asset base (RAB)	14.4%	14.6%
Average growth rate of the consumer price index	5.8%	5.0%
Date of transition to incentive tariff regulation	1 January 2030	1 January 2029

The numerical values of the main assumptions reflect the Group management's assessment of future business trends and are based on both external and internal sources of information.

Below is an analysis of the sensitivity of the results of the discounted cash flow model to possible changes in the main assumptions used during its preparation as of 31 December 2024:

	Change of assumptions	Increase/ (Decrease) of value
Pre-tax discount rate	+1%	(3,648,777)
Pre-tax discount rate	-1%	3,821,885
Regulatory rate of return on the regulatory asset base (RAB)	+1%	(3,121,239)
Regulatory rate of return on the regulatory asset base (RAB)	-1%	3,275,014
Average growth rate of the consumer price index	+1%	2,796,376
Average growth rate of the consumer price index	-1%	(2,720,227)

Another impairment assessment will be performed at the end of any subsequent reporting periods. If there are positive changes in the Group's future cash flows and macroeconomic indicators, and restoration of control over assets, then part of the impairment loss may be reversed in future periods. Conversely, an adverse change in the above key assumptions would further reduce the expected recoverable value of the Group's non-current assets.

Additionally, as disclosed in Note 2, because of missile and drone attacks conducted by the Russian Federation, part of the Group's energy infrastructure, in particular high-voltage substations, was damaged or destroyed. Accordingly, in 2024, the Group assessed the impairment of property, plant and equipment, construction in progress and intangible assets on an individual basis and recorded the following results (Notes 7 and 8):

	Impairment of assets	incl. decrease in the revaluation reserve	incl. impairment loss in profit or loss
Property, plant and equipment	1,712,275	1,236,683	475,592
Construction in progress	1,006,699	-	1,006,699
Intangible assets	286	-	286
Total	2,719,260	1,236,683	1,482,577

(iii) Expected credit losses on trade accounts receivable

Expected credit losses on trade accounts receivables is based on an analysis of historical and current information on debtors. Factors considered include an analysis of the repayment of trade accounts receivable compared to the payment history, credit conditions provided to customers, and available market information about the counterparty's ability to make payments. If the actual recovery is less than management's estimates, the Group may be forced to reflect additional impairment charges. If there is a deterioration in the creditworthiness of the main customers or the actual non-fulfillment of their obligations exceeds acceptable estimates, actual results may differ from such estimates.

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The expected credit losses on trade accounts receivable are estimated on a portfolio basis using the provision matrix and on an individual basis using different scenarios of the probability of default. During the creation of portfolios, trade accounts receivable are grouped according to similar credit risk characteristics: by types of services or goods provided, by the level of payments, by the geographical location of the operational activities of counterparties (for example, in areas bordering the front line of military operations).

With the onset of war, the solvency of many consumers has deteriorated or lost. The level of settlements in the electricity market has significantly deteriorated. Since the beginning of the military aggression on the electricity market, there has been a shortage of funds due to deteriorating solvency, bankruptcy of end customers, and destruction of their infrastructure, which also resulted in significant increase of gross accounts receivable to the Group compared to the pre-war level.

At the same time, as a result of the implementation of measures by the regulator and state authorities to improve settlements in the electricity market, the regulatory impact on market pricing has decreased and the liquidity of market participants has increased. Such measures include, but are not limited to, increasing of price caps, improving the interaction of the supplier of last resort with consumers, including protected consumers or consumers whose facilities are designated as critical infrastructure facilities, and agreeing on other sources of debt repayment. This allowed reducing the gross accounts receivables of market participants to the Group in 2024.

Despite this, in 2024, due to an increase in the level of overdue accounts receivables, the Group accrued expected credit losses on trade accounts receivables in the amount of UAH 14,494,153 thousand (2023: UAH 3,706,605 thousand).

As of 31 December 2024 and 2023, the Group's management assessed trade accounts receivable for their recoverability and recognized expected credit losses in the amount of UAH 34,944,675 thousand and UAH 20,450,522 thousand, respectively. More detailed information is provided in Note 9.

(iv) Temporary suspension of payments on the Eurobonds 2028

As described in Note 2, in August-September 2024, Ukraine restructured its government Eurobonds. In the course of such restructuring, among other things, a number of regulatory and legal acts were adopted that made it impossible for the Group from November 9, 2024 to make payments on the Ukrenergo Sustainability-Linked Green Bonds, issued in 2021 (hereinafter – Eurobonds 2028), which is an event of default under respective obligations (technical default). More detailed information is set out in Note 14.

Event of default under the Eurobonds 2028 gives creditors a right to demand early repayment of the full amount of the debt and the Group has not a right to defer the repayment of these liabilities for at least twelve months after the reporting period. Thus, due to a technical default as of 31 December 2024, a portion of the non-current liabilities under the Eurobonds 2028 in the amount of UAH 34,689,518 thousand was reclassified from non-current to current liabilities.

Additionally, the Group revised the estimated contractual cash flows and adjusted the amortized cost of the Eurobonds 2028 financial liability to their full nominal value with all accrued and unpaid interest. The adjustment was recognized in profit or loss in finance costs as the effect of cash flows revision on the Eurobonds 2028 as a result of the technical default in the amount of UAH 24,975,279 thousand (Note 27).

As of 31 December 2024, the carrying amount of the Eurobonds 2028 was UAH 41,920,152 thousand (31 December 2023: UAH 10,374,481 thousand).

As of the date of approval of these consolidated financial statements, the Group has not received any notice from creditors regarding immediate payment of the Eurobonds 2028. The Group is focusing its efforts on reaching agreements with the bondholders of the Eurobonds 2028 in order to successfully complete restructuring process, which will contribute to the long-term financial stability of the Group.

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(v) Useful lives of property, plant, and equipment and intangible assets

The estimation of the useful life of an item of property, plant, and equipment and intangible assets is a matter of management's judgment based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear, and the physical environment in which the asset is operated. The Group reviews useful lives of property, plant, and equipment and intangible assets at the end of each annual reporting period. Changes in any of these conditions or estimates may result in adjustments for future depreciation and amortization rates. Changes in estimated useful lives are accounted for on a prospective basis.

As of 31 December 2023, the Group reviewed the remaining useful lives of property, plant and equipment based on their assessment by professional independent appraisers when determining the fair value of property, plant and equipment (Note 7). As of 31 December 2024, there were no significant changes in the assumptions, and accordingly, the expected useful lives of such assets.

(vi) Retirement benefit obligations

In determining the ultimate cost of providing post-employment and other long-term employee benefits (hereinafter – "Retirement benefit obligations"), the Group's management performs the best estimate of the variables used to assess the liability at the end of each reporting period.

The present value of retirement benefit obligations depends on several factors that are determined on an actuarial basis using several assumptions. The main assumptions used in determining the present value of obligations include the discount rate, the expected level of wage growth in future periods, staff turnover. Any changes in these assumptions may affect the carrying amount of the liability in the statement of financial position and the corresponding accruals in the statement of profit or loss and other comprehensive income, as disclosed in the sensitivity analysis in Note 15.

The Group determines the appropriate discount rate at the end of each year, which is the interest rate that should be used to determine the present value of expected future cash outflows that are expected to be required to settle pension and other long-term employee benefits. In determining the appropriate discount rate, the Group considers the interest rates on government bonds denominated in the currency in which the payments will be made, and the maturity of which is close to the maturity of the relevant obligation.

As of 31 December 2024, the consolidated financial statements of the Group included a retirement benefit obligations in the amount of UAH 256,561 thousand (2023: UAH 321,719 thousand). More detailed information is provided in Note 15.

(vii) Recoverability of deferred tax assets

Deferred tax assets, including those arising from carried forward tax losses and temporary differences, are recognized only when it is probable that they will be recovered, which depends on the sufficient future taxable income. Deviations between expected and actual future taxable income may have a negative impact on the recognized deferred taxes in the Group's consolidated financial statements. Assumptions about the formation of profit before tax in the future depend on management's estimates of future cash inflows. These estimates depend on estimates of future tariffs and volumes of services, material prices, and operating costs.

Judgments are also required applying tax legislation. These judgments and assessments are subject to risks and uncertainties; as such, it is possible that changes in circumstances will affect expectations, which will change the amount of deferred tax assets and deferred tax liabilities recognized as of the reporting date. In such a situation, some or all the amounts of recognized deferred tax assets and liabilities may need to be adjusted, which will result in an increase or decrease in the net profit.

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As of 31 December 2024, based upon projections for future taxable income over the periods in which the taxable temporary differences are anticipated to reverse, management believes it is probable that the Group will realize the benefits of deferred tax assets of UAH 2,191,184 thousand recognized mainly with respect to tax losses carried forward. There is no expiration date of accounting tax losses according to Tax Code of Ukraine. Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable; future taxable profits are estimated using the cash flow forecasts consistent with those used for impairment testing of non-current assets. However, the amount of the deferred tax asset considered realizable could be adjusted in the future if estimates of taxable income are revised. For more information, see Note 28.

(viii) Provision for litigation costs

The Group acts as a plaintiff in several legal proceedings with its counterparties. A provision for litigation costs is management's estimate of possible losses that may be incurred as a result of negative court rulings (Notes 19 and 30).

6. SEGMENT INFORMATION

The operating segments presented in these consolidated financial statements are consistent with the structure of financial information, which is regularly reviewed by the Group's management. The Management Board is the main body that makes operational decisions of the Group.

Segment information is analyzed on the basis of the types of goods supplied by the Group's operating divisions. The Group's reportable segments under IFRS 8 *Operating segments* are as follows:

- Transmission system operator ("TSO") – comprising the operation, maintenance and dispatch (operational and technological) control of the Integrated Power System of Ukraine, electricity transmission via high voltage lines from generation to distribution networks based on tariffs approved by the regulator NEURC. Additionally, it includes activities for connection to electricity transmission system and sales of reactive energy.
- Energy system balancing – comprising purchase/sale of electricity to ensure a real-time balance of production, import, export, consumption of electricity and settlement of imbalances, cross-border flows and provision of emergency assistance to neighbouring countries.
- Access to the transmission capacity of IPN (interstate power networks) – comprising activities of granting access to the transmission capacity of interstate power networks.
- Other – comprising activities for development of special purpose software for transmission system operator, administrative and corporate functions and other activities, whose individual share of the Group's revenue is immaterial.

The segment result represents operating profit or loss under IFRS before unallocated other operating expenses.

For the year ended 31 December 2024, the Group's revenue from one customer amounted to UAH 25,109,107 thousand (2023: UAH 20,407,878 thousand) and was included in first three operating segments. Information on revenue from customers under control of the State is disclosed in Note 29. Revenue from other customers does not exceed 10% of the total revenue.

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Segment information for the year ended 31 December 2024 was as follows:

	TSO	Energy system balancing	Access to the transmission capacity of IPN	Other	Elimination	Total
Revenue - external	69,912,744	29,324,582	1,901,797	-	-	101,139,123
Revenue - inter-segment	-	-	-	131,483	(131,483)	-
Total revenue	69,912,744	29,324,582	1,901,797	131,483	(131,483)	101,139,123
Segment operating expenses, net	(63,898,331)	(30,440,213)	-	(24,553)	-	(94,363,097)
Impairment of financial assets, net	(5,306,368)	(9,186,725)	-	-	-	(14,493,093)
Impairment of property, plant and equipment and intangible assets, net	(1,482,577)	-	-	-	-	(1,482,577)
Segment result	(774,532)	(10,302,356)	1,901,797	106,930	(131,483)	(9,199,644)
Unallocated other operating expenses, net						(16,966)
Finance income						1,183,812
Finance costs						(33,733,419)
Foreign exchange loss, net						(4,451,201)
Loss before tax						(46,217,418)
Income tax benefit						8,230,517
LOSS FOR THE PERIOD						(37,986,901)

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Segment information for the year ended 31 December 2023 was as follows:

	TSO	Energy system balancing	Access to the transmission capacity of IPN	Other	Elimination	Total
Revenue - external	58,961,503	23,918,651	131,091	-	-	83,011,245
Revenue - inter-segment	-	-	-	148,247	(148,247)	-
Total revenue	58,961,503	23,918,651	131,091	148,247	(148,247)	83,011,245
Segment operating expenses, net	(44,015,929)	(22,485,956)	-	(34,963)	-	(66,536,848)
Impairment of financial assets, net	(444,455)	(2,998,977)	-	-	-	(3,443,432)
Impairment of property, plant and equipment and intangible assets, net	(2,788,047)	-	-	-	-	(2,788,047)
Segment result	11,713,072	(1,566,282)	131,091	113,284	(148,247)	10,242,918
Unallocated other operating expenses, net						(13,893)
Finance income						654,161
Finance costs						(7,592,043)
Foreign exchange loss, net						(2,683,932)
Profit before tax						607,211
Income tax expenses						(230,573)
PROFIT FOR THE PERIOD						376,638

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7. PROPERTY, PLANT, AND EQUIPMENT

The movement of property, plant and equipment for the year ended 31 December 2024 is presented as follows:

	Transmission lines (OHL)	Buildings and structures	Plant and equipment	Vehicles and other	Construction in progress	Total
Cost/Revalued cost						
As of 31 December 2023	53,338,026	4,744,871	30,432,767	807,300	21,125,868	110,448,832
Reclassification between groups	-	(126)	(13)	139	-	-
Additions	-	2,751	58	-	17,469,853	17,472,662
Internal transfers	41,560	364,240	5,251,319	862,835	(6,519,954)	-
Transfer to inventories	-	-	-	-	(5,730)	(5,730)
Disposals	-	(833)	(1,295)	(3,066)	(1,315)	(6,509)
Other changes	12,270	-	-	-	-	12,270
As of 31 December 2024	53,391,856	5,110,903	35,682,836	1,667,208	32,068,722	127,921,525
Accumulated depreciation and impairment losses						
As of 31 December 2023	-	-	-	1,816	2,227,034	2,228,850
Depreciation expenses	3,443,704	339,137	2,970,401	356,952	-	7,110,194
Disposals	-	(173)	(131)	(2,204)	-	(2,508)
Charge of impairment losses	17,715	13,577	1,668,111	12,873	1,006,615	2,718,891
As of 31 December 2024	3,461,419	352,541	4,638,381	369,437	3,233,649	12,055,427
Net book value						
As of 31 December 2023	53,338,026	4,744,871	30,432,767	805,484	18,898,834	108,219,982
As of 31 December 2024	49,930,437	4,758,362	31,044,455	1,297,771	28,835,073	115,866,098

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The movement of property, plant and equipment for the year ended 31 December 2023 is presented as follows:

	Transmission lines (OHL)	Buildings and structures	Plant and equipment	Vehicles and other	Construction in progress	Total
Cost/Revalued cost						
As of 31 December 2022	21,770,043	4,020,372	26,069,545	781,742	12,986,300	65,628,002
Reclassification between groups	-	372	(850)	478	-	-
Additions	-	-	2,423	-	10,628,099	10,630,522
Internal transfers	387,219	318,482	1,487,848	223,378	(2,416,927)	-
Revaluation / (impairment losses)	31,180,764	406,766	2,893,293	(176,888)	-	34,303,935
Transfer to inventories	-	-	-	-	(37,001)	(37,001)
Transfer of equipment as a returnable commodity loan	-	-	-	-	(24,839)	(24,839)
Disposals	-	(1,121)	(19,492)	(21,410)	(9,764)	(51,787)
As of 31 December 2023	53,338,026	4,744,871	30,432,767	807,300	21,125,868	110,448,832
Accumulated depreciation and impairment losses						
As of 31 December 2022	4,567,070	1,203,115	9,197,881	398,145	1,298,568	16,664,779
Reclassification between groups	-	26	(615)	589	-	-
Depreciation expenses	558,385	215,675	1,917,643	70,222	-	2,761,925
Disposals	-	(599)	(18,502)	(17,441)	-	(36,542)
Elimination upon revaluation	(5,124,979)	(1,404,904)	(10,916,289)	(450,785)	-	(17,896,957)
Reversal of impairment losses as a result of revaluation	(476)	(13,125)	(83,468)	(19)	-	(97,088)
Charge / (reversal) of impairment losses	-	(188)	(96,650)	1,105	928,466	832,733
As of 31 December 2023	-	-	-	1,816	2,227,034	2,228,850
Net book value						
As of 31 December 2022	17,202,973	2,817,257	16,871,664	383,597	11,687,732	48,963,223
As of 31 December 2023	53,338,026	4,744,871	30,432,767	805,484	18,898,834	108,219,982

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Revaluation and impairment

The Group engaged independent professional appraisers to determine the fair values of its property, plant, and equipment as of 31 December 2023. The fair value was determined in accordance with International Valuation Standards. The methodology and main assumptions of revaluation are disclosed in Note 5 and 31.

The Group did not conduct a revaluation of property, plant and equipment as of 31 December 2024 because it concluded that the carrying value of property, plant and equipment, carried at revalued cost, at the reporting date does not differ significantly from their fair value (Note 5). The management believes that in the situation of significant uncertainty of the military and economic environment in Ukraine revaluation unlikely to result in substantial uplift in fair value in excess of carrying value. At the same time, the calculated fair value of property, plant and equipment may differ significantly depending on the underlying assumptions used, which are affected by uncertainty regarding the further development of the war and changes in the operating environment.

As a result of the revaluation of property, plant and equipment as of 31 December 2023 the increase in value of property, plant and equipment in the amount UAH 54,180,768 thousand was recognized in other comprehensive income and impairment losses in amount of UAH 1,882,788 thousand was recognized in profit or loss. Additionally, during 2023 the Group recognized impairment losses of property, plant and equipment and construction in progress in the amount of UAH 833,302 thousand, including reversal of impairment losses in the amount of UAH 45,356 thousand recognized as increase in the revaluation reserve in other comprehensive income and impairment losses of UAH 878,658 thousand recognized in profit or loss.

As described in Note 5, during 2024, as a result of the destruction and damage of the Group's energy infrastructure, impairment losses on property, plant and equipment were recognized in the amount of UAH 2,718,974 thousand, including UAH 1,236,683 thousand - impairment losses recognized as a decrease in the revaluation reserve in other comprehensive income, and UAH 1,482,291 thousand - impairment losses recognized in profit or loss.

Had the Group's property plant and equipment been measured on a historical cost basis, their carrying amount would have been as follows:

	Net book value under revaluation model		Net book value if carried at cost	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Transmission lines (OHL)	49,930,437	53,338,026	5,850,371	5,981,138
Buildings and structures	4,758,362	4,744,871	1,821,089	1,515,643
Plant and equipment	31,044,455	30,432,767	14,874,969	11,028,708
Vehicles and other	1,297,771	805,484	1,199,306	519,260
Total	87,031,025	89,321,148	23,745,735	19,044,749

Depreciation expenses

In 2024, the depreciation expenses of UAH 7,067,729 thousand (2023: UAH 2,739,535 thousand) were included in cost of sales, UAH 37,499 thousand (2023: UAH 20,092 thousand) in administrative expenses, UAH 4,824 thousand (2023: UAH 1,926 thousand) in other operating expenses, UAH 142 thousand (2023: UAH 372 thousand) were capitalised.

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Capitalized borrowing costs

In 2024 additions to construction in progress included capitalized interests in the amount of UAH 498,186 thousand (2023: 380,316 thousand). During 2024 and 2023, interests were capitalized only for loans obtained exclusively for the implementation of construction of qualifying assets projects.

Prepayments for property, plant and equipment

Construction in progress as of 31 December 2024 included prepayments for property, plant and equipment with carrying amount UAH 9,531,275 thousand, excluding accumulated impairment losses in amount of UAH 159,111 thousand (2023: carrying amount – UAH 5,360,934 thousand, accumulated impairment losses – UAH 159,194 thousand).

Fully depreciated assets

As of 31 December 2024 the cost of fully depreciated property, plant and equipment that are still in use by the Group amounted to UAH 43,345 thousand (2023: UAH 414 thousand).

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8. INTANGIBLE ASSETS

	Computer software	Right-of-use asset	Other intangible assets	Capital investment in intangible assets	Total
Cost					
As of 31 December 2022	812,593	14,209	1,351	296,136	1,124,289
Additions	-	-	-	175,373	175,373
Internal transfers	239,959	-	41	(240,000)	-
Disposals	(2,388)	(3,978)	(49)	(40)	(6,455)
Other changes	(1,310)	-	-	-	(1,310)
As of 31 December 2023	1,048,854	10,231	1,343	231,469	1,291,897
Additions	117	5,693	-	458,691	464,501
Internal transfers	370,081	-	102	(370,183)	-
Disposals	(10,929)	-	(31)	(18,465)	(29,425)
As of 31 December 2024	1,408,123	15,924	1,414	301,512	1,726,973
Accumulated amortization and impairment losses					
As of 31 December 2022	245,945	7,304	422	5,657	259,328
Amortization expenses	81,019	2,545	38	-	83,602
Disposals	(2,404)	(2,960)	(32)	-	(5,396)
Impairment losses	2,490	-	-	24,217	26,707
Other changes	(1,310)	-	-	-	(1,310)
As of 31 December 2023	325,740	6,889	428	29,874	362,931
Amortization expenses	103,147	2,479	15	-	105,641
Disposals	(10,928)	-	(31)	-	(10,959)
Reversal of impairment losses	-	-	-	(18,189)	(18,189)
As of 31 December 2024	417,959	9,368	412	11,685	439,424
Net book value					
As of 31 December 2023	723,114	3,342	915	201,595	928,966
As of 31 December 2024	990,164	6,556	1,002	289,827	1,287,549

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Impairment of intangible assets

During 2024 the Group recognized losses on impairment of intangible assets in the amount of UAH 286 thousand (2023: UAH 26,601 thousand) in profit or loss. At the same time, in 2024, there was a reversal of impairment losses on capital investment in intangible assets in the amount of UAH 18,465 thousand as a result of their disposal (2023: nil).

Amortization expenses

In 2024, the amortization expenses of UAH 95,624 thousand (2023: UAH 76,915 thousand) were included in cost of sales, UAH 9,726 thousand (2023: UAH 6,241 thousand) in administrative expenses, UAH 1 thousand (2023: UAH 1 thousand) in other operating expenses, UAH 290 thousand (2023: UAH 445 thousand) were capitalised.

Capitalized borrowing costs

In 2024 additions to capital investment in intangible assets included capitalized interests in the amount of UAH 22,316 thousand (2023: UAH 14,342 thousand). During 2024 and 2023 interests were capitalized only for loans obtained exclusively for the implementation of construction of qualifying assets projects.

Prepayments for intangible assets

Capital investment in intangible assets as of 31 December 2024 included prepayments for intangible assets with carrying amount UAH 15,716 thousand, excluding accumulated impairment losses in amount of UAH 1,456 thousand (2023: carrying amount – UAH 8,169 thousand, accumulated impairment losses – UAH 1,466 thousand).

9. TRADE ACCOUNTS RECEIVABLE

	31 December 2024	31 December 2023
Electricity to settle imbalances	38,252,975	32,778,454
Electricity transmission services	17,101,678	24,611,286
Dispatch (operational and technological) control services	8,988,765	9,099,466
Balancing electricity	1,220,068	741,475
Electricity from cross-border flows	653,346	542,136
Services on granting access to the transmission capacity of interstate power networks	312,772	125,014
Reactive energy	10,828	7,059
Electricity in the framework of providing emergency assistance	-	9,280
Other goods, works, services	6,613	6,627
Total gross amount	66,547,045	67,920,797
Less: Expected credit losses on trade accounts receivable	(34,944,675)	(20,450,522)
Total carrying amount	31,602,370	47,470,275

No credit limits are applied to the Group's customers. The average credit period for the Group's customers did not exceed 30 days. No interest is charged on trade accounts receivable that are not repaid within credit limits.

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Expected credit losses on trade accounts receivable

With the onset of the war, the solvency of many consumers has deteriorated or lost. The level of settlements in the electricity market has significantly deteriorated. On the electricity market, there has been a shortage of funds due to deteriorating solvency, bankruptcy of end customers, and destruction of their infrastructure, which also resulted in a significant increase of gross accounts receivable to the Group in comparison to pre-war level.

At the same time, as a result of the implementation of measures by the regulator and state authorities to improve settlements in the electricity market, the regulatory impact on market pricing has decreased and the liquidity of market participants has increased. Such measures include, but are not limited to, increasing of price caps, improving the interaction of the supplier of last resort with consumers, including protected consumers or consumers whose facilities are designated as critical infrastructure facilities, and agreeing on other sources of debt repayment. This allowed reducing the gross accounts receivables of market participants to the Group in 2024.

Despite this, in 2024, due to an increase in the level of overdue accounts receivables, the Group accrued expected expected credit losses on trade accounts receivables in the amount of UAH 14,494,153 thousand (2023: UAH 3,706,605 thousand).

The movements in expected credit losses on trade accounts receivable for the years ended 31 December 2024 and 2023 were as follows:

	Portfolio assessment	Individual assessment	Total
Balance at 1 January 2023	4,430,571	12,313,346	16,743,917
Charge	2,423,405	1,283,200	3,706,605
Balance at 31 December 2023	6,853,976	13,596,546	20,450,522
Charge	986,639	13,507,514	14,494,153
Balance at 31 December 2024	7,840,615	27,104,060	34,944,675

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Analysis of credit quality of trade accounts receivable for the years ended 31 December 2024 is as follows:

31 December 2024	<u>Not past due</u>	<u>Past due from 1 to 30 days</u>	<u>Past due from 31 to 90 days</u>	<u>Past due from 91 to 120 days</u>	<u>Past due from 121 to 180 days</u>	<u>Past due from 181 to 365 days</u>	<u>Past due for more than 365 days</u>	<u>Total</u>
Portfolio assessment								
Gross amount	5,154,191	1,776,606	2,148,610	863,987	1,128,110	3,591,890	8,141,775	22,805,169
Expected credit losses	-	(74)	(70,600)	(42,883)	(54,193)	(320,813)	(7,352,052)	(7,840,615)
<i>Ratio of expected credit losses, %</i>	<i>0.00%</i>	<i>0.00%</i>	<i>3.29%</i>	<i>4.96%</i>	<i>4.80%</i>	<i>8.93%</i>	<i>90.30%</i>	
Individual assessment								
Gross amount	2,180,463	1,513,089	1,319,996	1,193,879	3,441,349	5,636,913	28,456,187	43,741,876
Expected credit losses	(64,640)	(109,817)	(169,375)	(148,746)	(399,939)	(1,945,038)	(24,266,505)	(27,104,060)
<i>Ratio of expected credit losses, %</i>	<i>2.96%</i>	<i>7.26%</i>	<i>12.83%</i>	<i>12.46%</i>	<i>11.62%</i>	<i>34.51%</i>	<i>85.28%</i>	
Total gross amount								66,547,045
Total expected credit losses								(34,944,675)

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Analysis of credit quality of trade accounts receivable for the years ended 31 December 2023 is as follows:

31 December 2023	<u>Not past due</u>	<u>Past due from 1 to 30 days</u>	<u>Past due from 31 to 90 days</u>	<u>Past due from 91 to 120 days</u>	<u>Past due from 121 to 180 days</u>	<u>Past due from 181 to 365 days</u>	<u>Past due for more than 365 days</u>	<u>Total</u>
Portfolio assessment								
Gross amount	6,442,273	5,042,387	6,228,427	2,160,753	3,564,541	8,958,239	5,802,110	38,198,730
Expected credit losses	(33,016)	(22,225)	(44,451)	(29,043)	(58,087)	(1,318,094)	(5,349,060)	(6,853,976)
<i>Ratio of expected credit losses, %</i>	0.51%	0.44%	0.71%	1.34%	1.63%	14.71%	92.19%	
Individual assessment								
Gross amount	1,853,741	1,680,411	1,471,621	855,185	1,490,763	6,510,965	15,859,381	29,722,067
Expected credit losses	(177,126)	(194,248)	(388,495)	(133,028)	(266,055)	(1,939,182)	(10,498,412)	(13,596,546)
<i>Ratio of expected credit losses, %</i>	9.56%	11.56%	26.40%	15.56%	17.85%	29.78%	66.20%	
Total gross amount								67,920,797
Total expected credit losses								(20,450,522)

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The reconciliation of expected credit losses on trade accounts receivables for the years ended 31 December 2024 and 2023 with the balance at the beginning of the year was as follows:

	Portfolio assessment	Individual assessment	Total
Balance at 1 January 2023	4,430,571	12,313,346	16,743,917
Increase in gross value of trade accounts receivable	5,269,566	3,593,749	8,863,315
Change in assumptions, estimates and risk parameters	(2,659,165)	(2,497,545)	(5,156,710)
Transfer of separate financial assets between types of assessment	(186,996)	186,996	-
Balance at 31 December 2023	6,853,976	13,596,546	20,450,522
Increase in gross value of trade accounts receivable	3,570,147	8,025,536	11,595,683
Change in assumptions, estimates and risk parameters	192,293	2,706,177	2,898,470
Transfer of separate financial assets between types of assessment	(2,775,801)	2,775,801	-
Balance at 31 December 2024	7,840,615	27,104,060	34,944,675

The Group, assessing expected credit losses on trade accounts receivables, takes into account the cash flows expected from credit enhancements, which are an integral part of the contract. Such credit enhancements are accounts payable of the counterparties owed to the Group, which are usually settled on a net basis together with accounts receivable, but does not meet the offsetting criteria, and financial guarantees received by the Group from the customers for electricity to settle imbalances and balancing electricity arising under of the same contract (Notes 17 and 20).

As of 31 December 2024, 6% of gross trade accounts receivable are covered by credit enhancements that are an integral part of contracts (2023: 8%). These credit enhancements resulted in a decrease in the expected credit losses on trade accounts receivable in the amount of UAH 1,704,052 thousand as of 31 December 2024 (2023: UAH 1,166,041 thousand).

10. TAXES RECEIVABLE, OTHER THAN INCOME TAX

As of 31 December 2024 and 2023 taxes receivable, other than income tax consisted mainly of VAT receivable in amount of UAH 1,907,256 thousand and UAH 2,767,332 thousand respectively.

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11. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash on current bank accounts	11,322,807	7,317,832
Cash on special purpose accounts	4,193,167	513,133
Cash on hand	1	1
Total	15,515,975	7,830,966

Special purpose accounts are accounts with a special use regime, in particular for receiving funds under loan agreements with international financial institutions, settlements on the purchase and sale of electricity on the balancing market and others. Increase of cash on special purpose accounts in 2024 is explained by received loans and grants for construction of infrastructure to protect high-voltage substations from missile and drone attacks.

In accordance with the international rating agencies of Moody's or Fitch, the credit ratings of the banks with which the Group had cash and cash equivalents accounts opened as of 31 December 2024 and 2023 were as follows:

	31 December 2024	31 December 2023
Ukrainian state banks with CCC rating	15,311,844	7,749,731
Ukrainian commercial banks with CCC rating	1	9
Subsidiaries of international banks with AA rating	185,274	49,159
Other banks without ratings	18,856	32,067
Total	15,515,975	7,830,966

12. OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
Regulatory asset	2,603,276	6,817,939
One-time commission on loans from banks	19,257	13,010
VAT amounts for which deadline or right to declare is not due	283	364,672
Other	288	201
Total	2,623,104	7,195,822

The regulator NEURC based on the results of the inspection of the Group's licensed activities, provided in the 2025 and 2024 tariffs for electricity transmission and dispatch (operational and technological) control services for costs in the total amount of UAH 2,740,290 thousand and UAH 7,475,304 thousand as compensation for the costs incurred in previous periods, but not fully covered by tariffs for those periods. Thus, the regulator increased the future tariffs for the services of the Group due to the difference between economically justified actual and planned (approved in the tariffs of past periods) costs, which indicates about existence of regulatory asset as of 31 December 2024 and 2023 and its probable full recover in future.

Having applied the accounting policy for reflecting the impact of tariff regulation on financial statements, and having adjusted the expected cash flows from the recovery of the regulatory asset for credit risk (the expected level of non-receipt of cash for the services provided), since the regulations does not treat uncollected amounts as allowable in determining tariffs for a later future period, as of 31 December 2024 and 2023, the Group recognized a regulatory asset and respective regulatory income in the amount of UAH 2,603,276 thousand and UAH 6,817,939 thousand respectively (Note 23).

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In 2024, the Group received revenue from electricity transmission and dispatch (operational and technological) control services, offsetting part of the costs incurred in previous periods that were not financed by the tariffs of those periods. Accordingly, during 2024, the Group recognized regulatory expenses in the amount of UAH 6,817,939 thousand, fully recovering the regulatory asset that was recognized as of 31 December 2023 (Note 25).

13. EQUITY

Share capital

In July 2019, NPC "Ukrenergo" was registered as a private joint stock company with 100% of its shares owned by the state of Ukraine. The private joint stock company NPC "Ukrenergo" is the legal successor of the State Enterprise "National Power Company "Ukrenergo".

As of 31 December 2024 and 2023 the nominal value of registered, issued and fully repaid share capital of the Company amounted to UAH 37,160,209 thousand, consisting of 37,160,209 ordinary registered shares with nominal value of UAH 1,000 per share.

The shares of the Company are not subject to dispossession, they are not registered on a stock exchange and are not traded in the market. The Decree of the Cabinet of Ministers of Ukraine date 28 July 2021 No.833-r "Certain issues of management of state property" approved the transfer of management of corporate rights owned by the state in share capital of the Company 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% of the Company's shares.

Corporatization effect

The value of shares of Company during corporatization was assessed by engaging an independent appraiser who assessed the fair values of the Company's assets and liabilities in accordance with the rules developed for valuation of shares by the State Property Fund of Ukraine. The fair value measurement of non-current assets is required by corporatization rules so that the Government could determine the share capital value of a new business entity. Since the new entity, Private Joint Stock Company NPC "Ukrenergo", is the continuation of the existing business, as well as assets and liabilities of the previous legal entity, the above fair value of assets and liabilities could not be reflected in the financial statements. Through the reorganization ("corporatization") the Company's share capital was increased in the amount of UAH 35,933,854 thousand which has been reflected as increase in share capital, consistent with the legal form of the shares. However, as the shareholder of the Company did not contribute additional capital through the reorganization, the increase in equity has been reflected as a corporatization in the amount of UAH 35,933,854 thousand, as separate reserve in equity.

	Number of ordinary shares	Share capital	Corporatization effect	Total
31 December 2024	37,160,209	37,160,209	(35,933,854)	1,226,355
31 December 2023	37,160,209	37,160,209	(35,933,854)	1,226,355

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Revaluation reserve

Based on revaluation of property, plant and equipment as of 31 December 2023 the increase in the value of property, plant and equipment in the amount of UAH 44,476,571 thousand was recognized in other comprehensive income, net of income tax benefit in the amount of UAH 9,749,553 thousand (Notes 5 and 7).

During 2024, as a result of the destruction and damage of the Group's energy infrastructure, impairment losses on property, plant and equipment were recognized in the amount of UAH 1,014,063 thousand as a decrease in the revaluation reserve in other comprehensive income, net of income tax benefit in the amount of UAH 222,620 thousand.

As of 31 December 2024 and 2023 revaluation reserve amounted to UAH 67,467,606 thousand and UAH 68,496,965 thousand respectively.

Reserve capital

In accordance with the Company's Charter, the Company shall form a reserve capital in the amount of 15% of the registered authorized/share capital of the Company to cover losses from its business activities. To achieve this amount of reserve capital, the amount of annual charges should be not less than 5% of the net Company's profits for the year.

For the year ended 31 December 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, which is required by the statutory documents and legislation. For the year ended 31 December 2023, the Group made charges to the reserve capital in the amount of UAH 41,921 thousand.

As of 31 December 2024 and 2023 reserve capital amounted to UAH 139,111 thousand and UAH 142,183 thousand respectively.

Dividends

The decision on payment of dividends and their amount is made by the shareholders meeting of the Company taking into account the requirements stipulated by the legislation of Ukraine, the indicators of financial statements and the structure of the tariffs for electricity transmission and dispatch (operational and technological) control services. Profit of each reporting period available for distribution to owners is determined on the basis of consolidated financial statements prepared in accordance with IFRS. The Group pays dividends exclusively in cash.

According to Part 5, Article 11 of the Law of Ukraine "On Management of State-Owned Properties" No 185-V dated 21 September 2006, in its effective version, it is determined that the general meeting of shareholders (participants) of state-owned company, approve the amount of the part of the net profit, which is directed to the payment of dividends based on the results of the company's financial and economic activity in the relevant year, in accordance with the State Dividend Policy approved by the Cabinet of Ministers of Ukraine.

In accordance with the State Dividend Policy, approved by the Resolution of the Cabinet of Ministers of Ukraine dated November 29, 2024 No. 1369, the highest management body of the enterprise shall make a decision on the payment of dividends (deduction of part of net profit) in the amount of not less than 75% of the net profit of the company for the relevant reporting period. Special laws or decisions of the Cabinet of Ministers of Ukraine may determine another amount of dividend payment of part of the net profit of the company in favor of the state, but not less than 30%.

As of 31 December 2024, no provision for dividend payment was accrued due to the loss on the results of the Group's activities for 2024.

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Resolution of the Cabinet of Ministers of Ukraine dated 9 February 2024 No. 129 approved the basis for deducting a share of the profit, which is directed to the payment of dividends based on the results of financial and economic activity in 2023 of state-owned companies in the amount of not less than 80%. As of 31 December 2023, the Group made an accrual of provision for dividends in the amount of UAH 207,883 thousand.

In June 2024, the Group made payment of dividends in amount of 90% of the consolidated profit for 2023 in amount of UAH 338,974 thousand. The payment of dividends was made partly using a provision in the amount of UAH 207,883 thousand, and through retained earnings in the amount of UAH 131,091 thousand.

14. LOANS AND BORROWINGS

	31 December 2024	31 December 2023
Non-current		
Loans	10,315,876	37,635,019
Eurobonds 2028	-	9,490,399
Total non-current loans and borrowings	10,315,876	47,125,418
Current		
Loans*	48,821,727	8,805,669
Eurobonds 2028**	41,920,152	884,082
Total current loans and borrowings	90,741,879	9,689,751
Total loans and borrowings	101,057,755	56,815,169

* As of 31 December 2024, long-term part of loans in the amount of UAH 41,225,327 thousand were reclassified to current liabilities due to technical default on Eurobonds 2028, and the corresponding application of cross-default provisions, and non-fulfilment of financial covenants under certain loan agreements.

** As of 31 December 2024, the long-term part of Eurobonds 2028 in the amount of UAH 34,689,518 thousand was reclassified to current liabilities due to technical default.

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As of 31 December 2024 and 2023, the weighted average effective interest rates and balances on loans and borrowings were presented as follows:

	Creditor	Currency	31 December 2024		31 December 2023	
			% annual	Balance	% annual	Balance
European Bank for Reconstruction and Development, No. 54138	EBRD	EUR	5.34%	9,987,484	4.43%	6,840,579
European Bank for Reconstruction and Development, No. 54649	EBRD	EUR	5.35%	6,585,698	-	-
Ministry of Finance of Ukraine, No. 8462-UA	IBRD	USD	6.42%	6,473,810	6.07%	5,441,122
European Investment Bank, No. 87.554	EIB	EUR	4.34%	5,974,018	3.78%	2,110,395
European Bank for Reconstruction and Development, No. 49235	EBRD	EUR	4.32%	5,300,163	3.12%	6,288,978
Oshchadbank, No. 1372/31/2	Oshchadbank	UAH	20.71%	4,583,333	20.09%	4,583,333
Ukreximbank, No. 20-1KV0016	Ukreximbank	UAH	24.25%	3,666,000	24.73%	3,666,000
Ministry of Finance of Ukraine, No. 24668-UA	EIB	EUR	3.86%	2,681,261	3.93%	2,971,876
Ministry of Finance of Ukraine, No. 27406	KfW	EUR	4.42%	2,607,576	4.28%	2,505,550
Ministry of Finance of Ukraine, No. FIN 31.143 SEPARIS No.20090117	EIB	EUR	4.32%	2,501,327	5.22%	2,590,158
Ministry of Finance of Ukraine, No. 4868-UA	IBRD	USD	3.83%	2,192,151	3.81%	2,573,936
Ministry of Finance of Ukraine, No. TF017661	IBRD	USD	2.81%	1,886,646	2.81%	1,516,764
KfW, No. 2016.6520.7	KfW	EUR	2.43%	1,378,473	2.51%	1,128,492
Oshchadbank, No. 1427/31/2	Oshchadbank	USD	5.50%	1,019,971	5.72%	1,228,731
Ukrgasbank, No. 20-K/20-VIP	Ukrgasbank	UAH	20.69%	865,885	21.29%	865,885
Ministry of Finance of Ukraine, No. 40147-UA	EBRD	EUR	3.57%	800,238	3.57%	1,523,496
Ministry of Finance of Ukraine, No. 2006 66 537	KfW	EUR	2.77%	633,569	2.78%	605,393
Total loans				59,137,603		46,440,688
Eurobonds 2028	-	USD	7.34%	41,920,152	50.44%	10,374,481
Total loans and borrowings				101,057,755		56,815,169

As of 31 December 2024, accrued interests on loans amounted to UAH 1,180,157 thousand (2023: UAH 1,005,627 thousand), of which UAH 284,488 thousand are long-term as a result of changes in the terms of certain loan agreements (2023: nil), as described below, and UAH 895,669 thousand are current (2023: UAH 1,005,627 thousand) (Note 20).

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Loans from international financial organizations

Ministry of Finance of Ukraine, loan No. 4868-UA

Creditor: International Bank for Reconstruction and Development

In 2007, the long-term loan agreement No.4868-UA for the total amount of USD 200,000 thousand was concluded between the Government of Ukraine and the International Bank for Reconstruction and Development (hereinafter – "IBRD") to implement the Power Transmission Project. The sub-loan agreement between the Group and the Ministry of Finance of Ukraine was concluded on 23 August 2007. The interest rate of the loan is a floating interest rate based on SOFR¹ plus a variable spread, plus a margin of 2.00% payable to the Ministry of Finance of Ukraine. The loan is repayable in accordance with the settlement schedule specified in the agreement, starting from 15 March 2013 to 15 September 2027.

As of 31 December 2024 and 2023, there was no undrawn balance under the loan.

Ministry of Finance of Ukraine, loan No. 8462-UA

Creditor: International Bank for Reconstruction and Development

In 2015, long-term loan agreement No.8462-UA for the total amount of USD 330,000 thousand was concluded between the Government of Ukraine and the IBRD to implement the Second Power Transmission Project. In accordance with the sub-loan agreement between the Group and the Ministry of Finance of Ukraine concluded on 25 May 2015, the sub-lender re-credited a portion of funds in the amount of USD 327,494 thousand. The interest rate of the loan is a floating interest rate based on SOFR plus a variable spread. In addition, the Group is charged a commission of 0.25% for the undrawn loan amount and a margin of 2.00% payable to the Ministry of Finance of Ukraine. In May 2019, amendments were made to Loan Agreement No.8462-UA, according to which was agreed to reduce the amount of borrowing funds by USD 60,000 thousand. The project completion date – 30 June 2025. The loan is repayable in accordance with the settlement schedule specified in the agreement, starting from 15 January 2020 to 15 July 2032.

As of 31 December 2024, the undrawn balance under the loan amounted to USD 54,620 thousand (2023: USD 81,895 thousand).

Ministry of Finance of Ukraine, loan No. TF017661

Creditor: International Bank for Reconstruction and Development

In 2015, long-term loan agreement No.TF017661 for the total amount of USD 48,425 thousand was concluded between the Government of Ukraine and the IBRD to implement the Second Power Transmission Project. The sub-loan agreement between the Group and the Ministry of Finance of Ukraine was concluded on 25 May 2015. The interest rate of the loan is a fixed interest rate of 0.75%. In addition, the Group is charged a margin of 2.00% payable to the Ministry of Finance of Ukraine. The project completion date – 30 June 2025. The loan is repayable in accordance with the settlement schedule specified in the agreement, starting from 15 January 2025 to 15 July 2034.

In addition, as part of additional financing for the implementation of this Project, grant agreement No. TF0C819 for the total amount of EUR 37,739 thousand was concluded between the Group, the IBRD and the International Development Association (Note 16).

As of 31 December 2024, the undrawn balance under the loan amounted to USD 3,547 thousand (2023: USD 8,492 thousand).

¹ 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.

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Ministry of Finance of Ukraine, loan No. 40147-UA

Creditor: European Bank for Reconstruction and Development

In 2010, long-term loan agreement No.40147 for the total amount of EUR 175,000 thousand was concluded between the Government of Ukraine and the EBRD to implement Zaporizka NPP - Kakhovska high voltage line construction project. The sub-loan agreement between the Group and the Ministry of Finance of Ukraine was concluded on 18 November 2010. The interest rate of this loan is a floating interest rate based on EURIBOR + 1.00%, plus a margin of 2.00% payable to the Ministry of Finance of Ukraine. In addition, the Group is charged a commission of 0.50% applied to the undrawn balance of the loan. The loan is repayable in accordance with the settlement schedule specified in the agreement in equal semi-annual instalments starting from 20 April 2014 to 20 October 2025.

As of 31 December 2024, the undrawn balance under the loan amounted to EUR 15,204 thousand (2023: EUR 16,279 thousand).

Ministry of Finance of Ukraine, loan No. FIN 31.143 SEPARIS No.20090117

Creditor: European Investment Bank

In 2011, long-term loan agreement No. FIN 31.143 SEPARIS No.20090117 for the total amount of EUR 175,000 thousand was concluded between the Government of Ukraine and the EIB to implement Zaporizka NPP - Kakhovska high voltage line construction project. The sub-loan agreement between the Group and the Ministry of Finance of Ukraine was concluded on 2 July 2012. The interest rate of this loan is a floating interest rate based on EURIBOR + 0.70%, plus a margin of 2.00% payable to the Ministry of Finance of Ukraine. In addition, the Group is charged a commission of 0.10% applied to the undrawn balance of the loan. The loan is repayable in accordance with the settlement schedule specified for each tranche in semi-annual instalments starting from 20 October 2019. The average period of tranche repayments is 20 years from the date of funds receiving.

As of 31 December 2024 and 2023, the undrawn balance under the loan amounted to EUR 102,300 thousand.

Ministry of Finance of Ukraine, loan No. 24668-UA

Creditor: European Investment Bank

In 2008, long-term loan agreement No.24668-UA for the total amount of EUR 150,000 thousand was concluded between the Government of Ukraine and European Investment Bank (hereinafter – the "EIB") to implement Rivnenska NPP - Kyivska high voltage line construction project. The sub-loan agreement between the Group and the Ministry of Finance of Ukraine was concluded on 8 October 2008. The interest rate of this loan is a floating interest rate based on EURIBOR + 0.787%, plus a margin of 2.00% payable to the Ministry of Finance of Ukraine. In addition, the Group is charged a commission of 0.10% applied to the undrawn balance of the loan. The loan is repayable in accordance with the settlement schedule specified for each tranche in semi-annual instalments starting from 20 February 2016. The average period of tranche repayments is 15 years from the date of funds receiving.

As of 31 December 2024 and 2023, the undrawn balance under the loan amounted to EUR 37,550 thousand.

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Ministry of Finance of Ukraine, loan No. 2006 66 537

Creditor: Kreditanstalt für Wiederaufbau (KfW)

In 2011, long-term loan agreement No.2006 66 537 for the total amount of EUR 65,500 thousand was concluded between the Government of Ukraine and Kreditanstalt für Wiederaufbau Bank (Germany) to implement the Electricity Transmission Efficiency Improvement Project (substation modernization). The sub-loan agreement between the Group and the Ministry of Finance of Ukraine was concluded on 10 July 2012. In 2015, pursuant to the additional letter to the loan agreement, the total amount of the loan was reduced to EUR 40,500 thousand. The loan has a fixed interest rate 0.75%, plus a margin of 2.00% payable to the Ministry of Finance of Ukraine. In addition, the Group is charged a commission of 0.25% applied to the undrawn balance of the loan. The loan is repayable in equal semi-annual installments starting from 30 December 2021 until 30 December 2051.

In April 2024, the government of Ukraine and KfW concluded an additional agreement regarding loan No. 2006 66 537 within the framework of the implementation of the Electricity Transmission Efficiency Improvement Project (substation modernization). The parties agreed to amend the repayment schedule, which provide for the postponement of the payment of the outstanding balance of the principal debt - repayments will be made semi-annually starting from 30 June 2027 until 30 December 2051. In addition, KfW has agreed to defer the repayment of principal debt and interest due and unpaid for the period from 1 January 2024 to 31 March 2027 - to be repaid in equal instalments every six months from 15 June 2032 to 15 December 2036.

As of 31 December 2024, the undrawn balance under the loan amounted to EUR 24,751 thousand (2023: EUR 24,831 thousand).

Ministry of Finance of Ukraine, loan No. 27406

Creditor: Kreditanstalt für Wiederaufbau (KfW)

In 2016, long-term loan agreement No.27406 for the amount not higher than totally EUR 150,000 thousand was concluded between the Government of Ukraine and Kreditanstalt für Wiederaufbau Bank (Germany) to implement the Rehabilitation of Substations in the Eastern Part of Ukraine Project. The sub-loan agreement between the Group and the Ministry of Finance of Ukraine was concluded on 21 March 2017. The interest rate of the loan is a fixed interest rate of 3.97%. In addition, the Group is charged a margin of 2.00% payable to the Ministry of Finance of Ukraine and a commission of 0.25% for the undrawn loan amount. The loan is repayable in accordance with the settlement schedule specified in the agreement starting from 30 December 2021 until 30 December 2031.

In October 2023, the Group and KfW concluded grant agreement No. BMZ-No. 2023 68 652 under the Project "Increasing the efficiency of electricity transmission (integration of the Ukrainian IPS into the European integrated energy system) V" in the amount of EUR 76,352 thousand (Note 16). The German government has agreed that the planned financing will replace loan No. 27406, intended for the implementation of the Rehabilitation of Substations in the Eastern Part of Ukraine. Accordingly, unselected funds under loan No. 27406 in the amount of EUR 76,352 thousand will be provided as grant funds in accordance with the terms of the grant agreement.

In May 2024, the government of Ukraine and the Kreditanstalt für Wiederaufbau (KfW) concluded an additional agreement regarding loan No.27406 as part of the implementation of the Project "Increasing the efficiency of electricity transmission (integration of the Ukrainian IPS into the European integrated energy system) V", and which a new repayment schedule was approved, which provides for the postponement of the payment of the outstanding balance of the principal debt - repayments will be made in equal parts semi-annually starting from 15 June 2032 to 15 December 2036. KfW also agreed to postpone the payment of principal debt and interests, in particular: (i) accrued and unpaid for the period from 30 June 2022 to 31 December 2023 - payment in equal instalments every six months starting from 15 June 2027 until 15 December 2032; (ii) accrued and unpaid for the period from 1 January 2024 to 31 March 2027 - repayment in equal instalments every six months starting from 15 June 2032 to 15 December 2036.

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In addition, the parties agreed to increase the fixed interest rate on the loan from 3.97% per annum to 4.26% per annum starting from 1 January 2024.

As of 31 December 2024 and 2023, taking into account the redistribution of the unused loan balance into the grant, there is no such undrawn balance under the loan.

European Bank for Reconstruction and Development, loan No. 49235

Creditor: European Bank for Reconstruction and Development

In July 2019, long-term loan agreement for the total amount of EUR 149,000 thousand was concluded between the Group and the European Bank for Reconstruction and Development to implement the Project on Modernization of Transmission Network (purchase of new transformers and modernization of twelve substations in key regions of Ukraine). The interest rate of this loan is a floating interest rate based on EURIBOR + 1.00%, plus a margin of 1.00% payable to the Ministry of Finance of Ukraine for the government guarantee granted for the total loan amount. In addition, the Group is charged a commission of 0.50% applied to the undrawn balance of the loan. The loan is repayable in accordance with the repayment schedule defined in the agreement in equal semi-annual installments starting from 20 April 2024 until 20 April 2034.

In May 2022, the Group and the EBRD signed an Amendment to Loan agreement No.49235 (Amendment #1). In particular, the parties agreed to partially change the purpose of the loan, namely: the use of EUR 50,000 thousand (Loan A) for the liquidity needs of the Group and EUR 99,000 thousand (Loan B) - for the implementation of the Project, provided that this amount includes already received loans and already paid a one-time fee in the amount of EUR 1,500 thousand. Loans are repayable in accordance with the settlement schedule specified in the agreement in semi-annual instalments: Loan A - until 20 October 2026 and Loan B - until 20 April 2034.

In August 2022, the EBRD and the Group concluded an Amendment to Loan agreement No.49235 (Amendment #2), which provided for a change in the purpose of credit funds included in Loan B as defined in Amendment #1. In particular, credit funds in the amount of EUR 97,150 thousand (Loan B as defined in Amendment #2) may be disbursed to finance the critical operational costs of the Group, and EUR 1,850 thousand (Loan C) should include a one-time fee paid and the costs of a consultant for the preparation of the Project. The loans are repayable according to the schedule every six months: Loan A - until 20 April 2027, Loan B as defined in Amendment #2 - until 20 April 2028, and Loan C - until 20 April 2034.

As of 31 December 2024 and 2023, there was no undrawn balance under the loan.

European Investment Bank, loan No. FIN 87.554 SEPARIS No.2017-0155

Creditor: European Investment Bank

In 2018, a long-term loan agreement No. FIN 87.554 Separis No.2017-0155 in the amount of EUR 136,000 thousand was concluded between the Group and the EIB for the implementation of the Substation Reliability Project. The EIB provides loans in 13 tranches, each of which is set at a floating interest rate based on the EURIBOR rate or a fixed rate. For each tranche, the EIB and the Group agree on the amount of the tranche, receiving date, repayment terms, and the interest rate. In addition, the Group must pay a margin of 0.20% to the Ministry of Finance of Ukraine for the provided state guarantee for the total loan amount. The loan is repayable in accordance with the settlement schedule specified for each tranche in semi-annual instalments starting from March 2027. The average period of tranche repayments is 15 years from the date of funds receiving.

In August 2022, the Group and the EIB agreed on the reassignment of part of the loan funds under the loan agreement No. FIN 87.554 Separis No. 2017-0155 in the amount of EUR 50,000 thousand to be used to support the financial condition of the Group. During 2022, these funds were received to repay the Group's payables to market participants for ancillary services.

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In October 2024, the Group and the EIB signed an agreement to review and amend loan agreement No. FIN 87.554 Separis No. 2017-0155 to allocate EUR 86,000 thousand of loan funds for the construction of infrastructure to protect high-voltage substations from shelling in the territory controlled by the Government of Ukraine. At the end of 2024, the Group made a withdrawal of these funds.

As of 31 December 2024, there was no undrawn balance under the loan (2023: EUR 86,000 thousand).

Kreditanstalt für Wiederaufbau (KfW), loan No. BMZ-No 2016.6520.7

Creditor: Kreditanstalt für Wiederaufbau (KfW)

In 2022, the Group and KfW signed a long-term loan agreement No. BMZ-No. 2016.6520.7 in the amount of EUR 32,500 thousand for the implementation of the Project to improve the efficiency of electricity transmission. The interest rate on the loan is fixed and amounts to 2.00% per annum. In addition, the Group must pay a margin of 0.50% to the Ministry of Finance of Ukraine for the provided state guarantee for the total loan amount, and a commission of 0.25% applied to the undrawn balance of the loan. The loan is repayable in equal semi-annual installments starting from 15 November 2032 until 15 May 2052.

In October 2024, the Group and KfW signed an agreement amending the loan agreement No. BMZ-No. 2016.6520.7. The parties agreed to amend the repayment schedule, which provides for the deferral of interest payments on the principal amount of the debt in the period from 1 January 2024 to 31 March 2027 - repayment is expected in equal instalments every six months starting from 15 June 2032 to 15 December 2036. The principal debt will then be repaid in equal instalments every six months starting from 15 November 2032 to 15 May 2052, as provided for under the original terms.

As of 31 December 2024, the undrawn balance under the loan amounted to EUR 1,119 thousand (2023: EUR 5,763 thousand).

European Bank for Reconstruction and Development, loan No. 54138

Creditor: European Bank for Reconstruction and Development

In December 2022, the Group and the EBRD signed a long-term loan agreement in the amount of EUR 300,000 thousand with which the parties agreed to direct loan funds in the amount of EUR 150,000 thousand (Loan A) for the implementation of the Project for emergency restoration of the electricity transmission network and EUR 150,000 thousand (Loan B) - to support the Group's capital structure. Amounts of Loans A and B include a one-time fee, which is calculated as 1.00% of the total amount of the loan according to the contract. The interest rate on the loan is floating and is calculated based on the EURIBOR rate. In addition, the Group must pay the Ministry of Finance of Ukraine a margin of 0.10% for the provided state guarantee for the total amount of the loan. In addition, the Group must pay a fee of 0.50% of the unused credit balance. The loans are repayable according to the schedule in semi-annual installments starting from 20 January 2026: Loan A - until 20 January 2038 and Loan B - until 20 January 2033.

In April 2024, the directions for using loan funds under Loan A within the framework of the Project implementation were supplemented, namely, EUR 95,000 thousand out of EUR 150,000 thousand under Loan A were allocated to finance the construction of protective shelters for autotransformers at substations and the purchase of audit services.

Additionally, for this Project, grant agreement No. 54138 for the total amount of EUR 70,560 thousand was concluded between the Group and the EBRD (Note 16).

As of 31 December 2024, the undrawn balance under the loan amounted to EUR 72,628 thousand (2023: EUR 137,931 thousand).

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Kreditanstalt für Wiederaufbau (KfW), loan No. BMZ-No. 2019.6512.8

Creditor: Kreditanstalt für Wiederaufbau (KfW)

In December 2023, long-term loan agreement No. BMZ-No. 2019.6512.8 in the amount of EUR 24,000 thousand was concluded between the Group and KfW for the implementation of the Project on increasing the efficiency of electricity transmission (integration of the Ukrainian IPS into the European integrated energy system) III. The interest rate on the loan is fixed and amounts to 2.00% per annum. In addition, the Group must pay a margin of 0.50% to the Ministry of Finance of Ukraine for the provided state guarantee for the total loan amount, and a commission of 0.25% applied to the undrawn balance of the loan. The loan is repayable in equal semi-annual installments starting from 15 May 2034 until 15 November 2053.

In October 2024, the Group and KfW signed an agreement amending the loan agreement No. BMZ-No. 2019.6512.8. The parties agreed to amend the repayment schedule, which provides for the deferral of interest payments on the principal amount of the debt in the period from 1 January 2024 to 31 March 2027 - repayment is expected in equal instalments every six months starting from 15 June 2032 to 15 December 2036. The principal debt will then be repaid in equal instalments every six months starting from 15 May 2034 to 15 November 2053, as provided for in the original terms.

Additionally, for this Project, grant agreement No. BMZ-No. 2019.7031.8 for EUR 500 thousand was concluded between the Group and KfW (Note 16). Loan funds will be used to finance the restoration of the Group's substation in the western region of Ukraine, whose energy infrastructure was severely damaged by the military aggression of the Russian Federation. The grant funds will be used to increase the institutional capacity of the Group to implement the project. Combined with other recovery measures, this will contribute to the expansion of the export and import of electricity from the IPS of Ukraine to Europe, as well as its full synchronous work with ENTSO-E.

As of 31 December 2023 and 2024, the withdrawal of funds for this loan did not take place and the unused balance of the loan amounted to EUR 24,000 thousand.

European Bank for Reconstruction and Development, loan No. 54649

Creditor: European Bank for Reconstruction and Development

In 2023, the Group and the EBRD signed a long-term loan agreement in the amount of EUR 150,000 thousand for the implementation of the Project of special capital support of NPC "Ukrenergo". Funds under the Project will be directed to cover the Group's key costs for balancing the energy system and fulfilling the special obligations assigned to the Group by the state. The loan includes a one-time commission calculated as 1% of the total amount of the loan according to the agreement. The interest rate on the loan is floating and is calculated on the basis of EURIBOR 6M + 1.00%. In addition, the Group must pay a margin of 0.50% to the Ministry of Finance of Ukraine for the provided state guarantee for the total amount of the loan. In addition, the Group must pay a commission of 0.50% of the undrawn loan balance. The loan is repayable according to the schedule every six months starting from 20 November 2026 until 20 November 2032.

At the beginning of 2024, the Group made a withdrawal of loan funds in the amount of EUR 149,925 thousand, of which EUR 1,500 thousand was a one-time commission of 1% of the total loan amount, and directed them to repay the Group's debts for PSO RES to the SE "Guaranteed Buyer" and universal service providers.

Additionally, under this Project, Grant Agreement No. 54649 for EUR 10,000 thousand was concluded between the Group and the EBRD (Note 16).

As of 31 December 2024, the undrawn balance under the loan amounted to EUR 75 thousand (2023: EUR 150,000 thousand).

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Kreditanstalt für Wiederaufbau (KfW), loan No. BMZ-No.2021.6508.2

Creditor: Kreditanstalt für Wiederaufbau (KfW)

In June 2024, the Group and KfW concluded a long-term loan agreement No. BMZ-No. 2021.6508.2 in the amount of EUR 30,400 thousand for the implementation of the Project "Increasing the efficiency of electricity transmission (integration of the Ukrainian IPS into the European integrated energy system) IV". These funds will be aimed at increasing the stability of the Ukrainian energy system and ensuring the stable operation of the Group's main high-voltage network. The interest rate on the loan is fixed and amounts to 2.00% per annum. In addition, the Group must pay a margin of 0.50% payable to the Ministry of Finance of Ukraine and a commission of 0.25% of the unused amount of the loan. The loan is repayable according to the schedule in equal instalments every six months starting from 15 November 2034 to 15 November 2054.

As of 31 December 2024, the withdrawal of funds under this loan did not take place and the unused balance of the loan amounted to EUR 30,400 thousand.

Loans from state-owned banks

With the beginning of the war, the Group suspended the payment of the principal amount on loans from state-owned banks due to force majeure circumstances and agreed credit holidays with creditor banks. During 2023-2024, the Group's management agreed with state-owned banks on the terms of deferring the payment of the outstanding principal debt on loans to a later period. The process of agreeing with state-owned banks on the deferral of payment continued, and in January-February 2025, the Group agreed with JSC "Ukreximbank" and JSB "Ukrasbank" additional changes to the repayment schedule of the principal debt on loans (Note 33).

Oschadbank, loan No. 1372/31/2

On 30 December 2020, the Group and JSC "Oschadbank" signed a credit line agreement No.1372/31/2 in the amount of UAH 5,000,000 thousand for the purpose of repaying the debt to SE "Guaranteed Buyer". The loan has a floating interest rate linked to NBU key policy rate. Additionally, the Group has to pay a margin of 0.10% to the Ministry of Finance of Ukraine for the provided state guarantee for the total loan amount. The loan is repayable in equal installments on a monthly basis, starting from January 2022 until December 2023.

During 2022-2024, the Group and JSC "Oschadbank" agreed on a new loan repayment schedule and interest rate. In February 2024, the Group and JSC "Oschadbank" agreed on a new loan repayment schedule - repayment of the remaining loan debt in equal monthly instalments over two years - from January 2026 to December 2027. The final loan repayment date is 27 December 2027.

As of 31 December 2024 and 2023, there is no undrawn balance within the current credit limit.

Ukreximbank, loan No. 20-1KV0016

The loan was provided by opening a revolving credit line with a sample of credit funds in tranches and a limit of UAH 4,000,000 thousand. The loan has a floating interest rate linked to NBU key policy rate. Additionally, the Group has to pay a margin of 0.10% to the Ministry of Finance of Ukraine for the provided state guarantee for the total loan amount. The loan is repayable in equal installments on a monthly basis, starting from January 2022. The final repayment date of this loan is 29 December 2023.

During 2022-2025, the Group and JSC "Ukreximbank" agreed on a new loan repayment schedule. In January 2024, the parties agreed on a new loan repayment schedule - repayment of the remaining debt under the loan in equal monthly instalments for two years - from January 2025 to December 2026. The final loan repayment date is 27 December 2026.

In January 2025, the parties again postponed the repayment of the principal debt under the loan for one year - repayment is made in equal monthly instalments for two years - from January 2026 to December 2027. The final loan repayment date is 27 December 2027.

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As of 31 December 2024 and 2023, there is no undrawn balance within the current credit limit.

Ukrgasbank, loan No.20-K/20-VIP

The loan was provided in the form of a non-revolving revocable credit line with a total limit of UAH 1,250,000 thousand. The loan has a floating interest rate linked to NBU key policy rate. Additionally, the Group has to pay a margin of 0.10% to the Ministry of Finance of Ukraine for the provided state guarantee for the total loan amount. Repayment of the loan is performed in accordance with the repayment schedule specified in the agreement in installments on a monthly basis, starting from January 2022. The final repayment date of this loan is 30 December 2023.

During 2022-2025, the Group and JSB "Ukrgasbank" agreed on a new loan repayment schedule, calculation and amount of interest rate. In February 2024, the parties agreed to change the calculation of the loan interest rate to a floating one tied to the NBU discount rate and approved a new loan repayment schedule - repayment of the remaining debt under the loan in equal monthly instalments for two years - from January 2025 to December 2026.

In February 2025, the parties again postponed the repayment of the principal debt under the loan for one year - repayment is made in equal monthly instalments for two years - from January 2026 to December 2027. The final loan repayment date is 30 December 2027.

As of 31 December 2024 and 2023, there is no undrawn balance within the credit limit.

Oschadbank, loan No.1427/31/2

On 30 December 2021, a credit line agreement No.1427/31/2 in the amount of USD 40 million was signed between the Group and JSC "Oschadbank" for the purpose of repaying the debt to SE "Guaranteed Buyer". The loan has a floating interest rate linked to UIRD² index. In addition, the Group must pay the Ministry of Finance of Ukraine a margin of 0.50% for the state guarantee provided for the total loan amount. The loan is repayable in equal installments on a monthly basis, starting from January 2023 until December 2026.

In July 2022, the Group and JSC "Oschadbank" signed an Additional agreement to the Credit line Agreement No.1427/31/2, by which agreed to reduce the maximum credit limit from USD 40 to USD 32.35 million due to the devaluation of the hryvnia. The withdrawal of funds was carried out in September 2022, which were immediately transferred to SE "Guaranteed Buyer" for repayment of the debt for PSO RES. The loan is repaid in equal monthly installments starting from January 2023 to December 2026.

In April 2023, the Group and JSC "Oschadbank" signed an Additional agreement #2 to the Credit line Agreement No.1427/31/2, which agreed on a new loan repayment schedule with a postponement of the initial repayment date of the remaining debt to January 2024. Accordingly, the loan is repaid in equal monthly installments starting from January 2024 to December 2027.

As of 31 December 2024 and 2023, there is no undrawn balance within the credit limit.

² UIRD (Ukrainian Index of Retail Deposit Rates) is a weighted average annual rate calculated on the basis of nominal rates on term deposits of individuals in the currency corresponding to the loan currency for a period of three months with interest payment in the end of agreement, published on the website www.bank.gov.ua, as well as in Thomson Reuters information systems.

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Eurobonds 2028

In November 2021, the Group issued USD 825 million 6.875% Sustainability-Linked Green Bonds due 2026 on the London Stock Exchange (hereinafter - Eurobonds 2028). The maturity date of Eurobonds 2026 is 9 November 2026. The coupon on Eurobonds 2028 is payable every six months in May and November. Eurobonds 2028 have an unconditional and irrevocable state guarantee of Ukraine, for which the Group must pay a margin of 0.5%. The effective interest rate on Eurobonds 2026 is 7.58% per annum, which includes the cost of the state guarantee and direct costs of its issuance. The credit rating of the issue was assessed by rating agencies Moody's and Fitch as B3 and B, respectively, and it was linked to the sovereign credit rating of Ukraine. At the beginning of 2022, the credit rating of Ukraine, and respectively, of Eurobonds 2028, was declined due to the beginning of the war.

The funds received from the Eurobonds 2028 issuance were used to solve settlement problems in the domestic electricity market by repaying the Group's debt to SE "Guaranteed Buyer" for PSO RES costs, which was accumulated during 2020-2021.

The terms of Eurobonds 2028 also contain two Sustainability Performance Targets. Failure to meet one or both may increase the coupon interest rate by 0.35% per annum for the period from May 2025:

- a) SPT 1a - Installed capacity of wind and solar power plants connected to the power systems of Ukraine to achieve 8,900 MW by the end of 2024 from the 2020 baseline of 6,474 MW;
- b) SPT 1b - Share of connected wind and solar energy production capacity of total connected energy production capacity to reach 16.1% by the end of 2024 from the 2020 baseline of 11.8%.

Amendment of terms of Eurobonds 2028

In view of the unprecedented crisis situation caused by the full-scale war between Russian Federation and Ukraine, in order to maintain liquidity and prioritise expenses that are vital for the security of the Ukrainian energy system, the uninterrupted performance of the functions of the Transmission System Operator, the Group's operating performance in general as well as the integration of the Ukraine's energy system into ENTSO-E, on behalf of the Cabinet of Ministers of Ukraine, in July 2022, the Ministry of Finance of Ukraine and the Group addressed investors with a proposal to change the terms of all state Eurobonds and state derivatives of Ukraine, as well as Eurobonds guaranteed by the state, including Eurobonds 2028.

On 11 August 2022, investors consented to the proposal of the Group to amend certain terms of Eurobonds 2028. The main agreed amendments to the terms of Eurobonds 2028 are as follows:

- Push-back of the maturity of Eurobonds 2028 by 24 months - from November 2026 to November 2028;
- Coupon interest payments have been suspended for 24 months starting from next coupon payment date - during the period from November 2022 to November 2024 (hereinafter referred to as the Support Period);
- Coupons that are not paid during the Support Period are capitalized at the coupon rate of Eurobonds 2028 - 6.875%;
- The Group will be able to pay coupon interests accrued during the Support Period earlier;
- Coupons accrued during the Support Period are envisaged to be reaggregate with the bond principal and paid out at the bond's deferred maturity with the capitalization before that date (November 2028).

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Amendments to the terms of Eurobonds 2028 related to sustainability-linked elements were also changed, failure to comply with which may increase the interest rate of the coupon:

- Deferral of the Sustainability Performance Targets (SPTs) testing date by 24 months deadlines for verification and reporting on by 24 months;
- The war event is added for the qualification of Adjustment Event so that the Group could adjust its SPTs as of the earlier of:
 - date when the volume of electricity transmission of the Group for the previous 12 months ending on 30 June or 31 December of a certain year is equal to or exceeds 90% of the volume of electricity transmission for 2021 (pre-war level);
 - 30 September 2026 (three months before the delayed testing date of Sustainability Performance Targets (SPTs).

Considering both quantitative and qualitative factors, including a change of maturity, covenants, operating environment risk, the management considers the change in the terms of Eurobonds 2028, which was agreed on 11 August 2022, as a substantial modification of the financial liability. Such a substantial change in the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value on the date of modification. As a result of a substantial modification, the effective interest rate for Eurobonds 2028 changed from 7.58% to 50.44%.

Temporary suspension of payments on Eurobonds 2028

As described in Note 2, in August-September 2024, Ukraine restructured its government Eurobonds. In the process of such restructuring, the following regulatory legal acts were adopted, among others:

- Law of Ukraine No. 3880-IX of 18.07.2024, which amended Article 1 of the Law of Ukraine "On Peculiarities of Transactions with State, State-Guaranteed Debt and Local Debt and Government Derivatives" and granted the Cabinet of Ministers of Ukraine (hereinafter - the "CMU") the right to make decisions on temporary suspension of payments on all or some of the relevant debt obligations or state guarantee obligations in respect of the relevant debt obligations by October 1, 2024.
- Resolution of the CMU dated July 31, 2024 No. 865 "On the implementation of transactions with state debt and state-guaranteed debt in 2024" and Resolution of the CMU dated August 27, 2024 No. 977 "On Amendments to the Resolution of the Cabinet of Ministers of Ukraine dated July 31, 2024 No. 865", according to which the CMU decided to temporarily suspend payments from November 9, 2024 under the state's guarantee obligations for Eurobonds 2028 issued under a state guarantee in 2021, for a period until the conclusion of such transaction(s) and changes in the terms of the relevant borrowing for all creditors.

It should be noted that in accordance with the second paragraph of Article 1 of the Law of Ukraine "On Peculiarities of Transactions with State, State-Guaranteed Debt and Local Debt", in the event that the CMU adopts a decision to temporarily suspend payments under the state's guarantee obligations for Eurobonds 2028, the Ministry of Energy of Ukraine, as the shareholder of the Group, has the right to make a decision to temporarily suspend payments under such obligations of the Group.

Accordingly, the Ministry of Energy of Ukraine adopted Order No. 421 dated November 4, 2024 "On Certain Debt Obligations of NPC "Ukrenergo" regarding the temporary suspension of payments from November 9, 2024 under Eurobonds 2028, issued under a state guarantee in 2021, for the period until the transaction(s) and changes in the terms of issue of Eurobonds 2028 are concluded with respect to all creditors.

In turn, on November 6, 2024, the Group officially announced the temporary suspension of payments from November 9, 2024 under Eurobonds 2028 on the website of the London Stock Exchange (RNS) and on the official website of the Group. Accordingly, on November 9, 2024, the Group did not have the legal ability to make the payment of the next and deferred coupons on the Eurobonds 2028, which is an event of default (technical default).

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Event of default under the Eurobonds 2028 application of cross-default provisions gives creditors a right to demand early repayment of the full amount of the debt and the Group has not a right to defer the repayment of these liabilities for at least twelve months after the reporting period. As a result, the long-term part of Eurobonds 2028 in the amount of UAH 34,689,518 thousand was reclassified to current liabilities. Due to the application of cross-default provisions long-term part of certain loans from IFIs and state-owned banks in the amount of UAH 41,225,327 thousand additionally was reclassified to current liabilities.

Additionally, the Group revised the estimated contractual cash flows and adjusted the amortized cost of the Eurobonds 2028 financial liability to their full nominal value with all accrued and unpaid interest. The adjustment was recognized in profit or loss in finance costs as the effect of cash flows revision on the Eurobonds 2028 as a result of the technical default in the amount of UAH 24,975,279 thousand (Note 27). As of 31 December 2024, the carrying amount of Eurobonds 2028 was UAH 41,920,152 thousand (2023: UAH 10,374,481 thousand).

As of 31 December 2024, the total carrying amount of loans and borrowings in technical default or cross-default, which fully classified as current liabilities, is UAH 89,968,948 thousand.

As of the date of approval of these consolidated financial statements, the Group has not received any notice from creditors regarding the immediate payment of any outstanding loans and borrowings. The Group is focusing its efforts on reaching agreements with the bondholders of the Eurobonds 2028 with a view to successfully completing their restructuring process, which will contribute to the long-term financial stability of the Group.

Covenants

Loan agreements and Eurobonds 2028 contain financial and non-financial covenants. As of 31 December 2024 and 2023, the Group was in compliance with all terms of the loan agreements and the Eurobonds 2028 except for the event of default on the Eurobonds 2028 described above and certain financial covenants under the agreements with IFIs.

International Bank for Reconstruction and Development (IBRD)

In accordance with the 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%.

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

As of 31 December 2024 and 2023, the values of these financial covenants were as follows:

	31 December 2024	31 December 2023
Debt Service Ratio	1.87	3.28
Self-financing Ratio	634%	106%

As of 31 December 2024 and 2023, the Group complied with the abovementioned financial covenants.

The significant increase in the Self-financing Ratio as of 31 December 2024 is explained by the decrease of the working capital during 2024, the change of which is applied in the calculation, as a result of the increase in current liabilities due to the reclassification of loans and borrowings, the reason for which is the technical default on the Eurobonds 2028.

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Despite compliance with financial covenants, as of 31 December 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 as a result of the technical default on the Eurobonds 2028. As of 31 December 2023, the Group classified these loans as long-term in the consolidated statement of financial position.

European Bank for Reconstruction and Development (EBRD)

According to the terms of the loan agreements with EBRD No. 40147-UA, the Group, inter alia, should comply with the following financial covenants:

- a) Debt Service Coverage Ratio should be not less than 1.20;
- b) Liquidity Ratio should be not less than 1.10; and
- c) Debt to EBITDA Ratio should be not more than 3.00.

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;
- b) Debt to EBITDA Ratio should be not more than 3.00.

According to the terms of the new loan agreement with the EBRD No.54138 and No. 54649, which was concluded in December 2022 and December 2023 respectively, the Group, among other things, is obliged to comply with the aforementioned financial covenants, but starting from the 2024 financial year.

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

As of 31 December 2024 and 2023, the values of these financial covenants were as follows:

	31 December 2024	31 December 2023
Debt Service Coverage Ratio	0.52	0.20
Liquidity Ratio	0.38	0.95
Debt to EBITDA Ratio	-3.25	5.53

As of 31 December 2024 and 2023, the Group failed to comply with the above mentioned ratios. According to the terms and conditions of the loan agreements with the EBRD, in the event of the failure to comply with financial covenants thereunder, the EBRD may suspend further disbursements of the loan and/or require that the Group repay in full the outstanding amounts.

As of 31 December 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 as a result of the technical default on the Eurobonds 2028.

As of 31 December 2023 the Group received a waiver from the EBRD in the period before the reporting date due to non-compliance with the ratios as of that date. Therefore, as of 31 December 2023 the Group classified these loans as non-current in the consolidated statement of financial position.

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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) EBITDA to Debt Service Ratio should be not less than 1.20;
- b) Cashflow to Capital Expenditures Ratio should be not less than 25%.

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

As of 31 December 2024 and 2023, the values of these financial covenants were as follows:

	31 December 2024	31 December 2023
EBITDA to Debt Service Ratio	1.12	1.62
Cashflow to Capital Expenditures Ratio	605%	84%

As of 31 December 2024, the Group did not comply with the EBITDA to Debt Service Ratio. At the same time, the significant increase in the Cashflow to Capital Expenditures Ratio as of 31 December 2024 is explained by the decrease in the working capital during 2024, the change of which is applied in the calculation, as a result of the increase in current liabilities due to the reclassification of loans and borrowings, the reason for which is the technical default on the Eurobonds 2028.

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 in full the outstanding amounts.

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 as a result of the technical default on the Eurobonds 2028.

As of 31 December 2023, the Group was in compliance with the above financial covenants and classified this loan as non-current in the consolidated statement of financial position.

As of 31 December 2024 and 2023 and prior to the date these consolidated financial statements were authorized for issuance, the Group had not received any notice of cessation of further financing or notice requesting immediate repayment of any of the abovementioned loans.

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15. RETIREMENT BENEFIT OBLIGATIONS

Defined contribution pension plans

Employees of the Group's companies in Ukraine are eligible for obtaining pension benefits from the Government in accordance with the pension legislation of Ukraine. The Group's companies in Ukraine pays contributions to the State Pension Fund, which are recognized in the statement of profit or loss and other comprehensive income under accrual basis. Total amount of contributions to the State Pension Fund of Ukraine recognized in the statement of profit or loss and other comprehensive income for the year ended 31 December 2024 amounted to UAH 811,197 thousand (2023: UAH 665,646 thousand).

Defined benefit pension plans

The Group's companies in Ukraine is also obliged to compensate to the State Pension Fund of Ukraine the amounts of additional pensions provided to certain categories of its current and former employees who worked in hazardous environment as defined by the statutory regulations and, therefore, are eligible for early retirement and pensions before the normal retirement age. These additional contributions are reimbursed by the Group in accordance with monthly calculations of actual compensations provided by the State Pension Fund of Ukraine.

In addition, in accordance with the collective employment agreement, the Group has a legal obligation to make cash bonus payments to employees in connection with jubilee dates, regular payments to retired employees in the form of financial aid, non-regular financial aid to close relatives in connection with the death of non-working pensioner and one-time payments upon retirement (in connection with retirement). These programs meet the definition and are included in the defined benefit pension plans.

As of 31 December 2024 and 2023, the present value of defined benefit obligations was UAH 256,561 thousand and UAH 321,719 thousand, respectively.

Reconciliation of the present value of defined benefit obligations for the years ended 31 December 2024 and 2023 was as follows:

	2024	2023
Balance at 1 January	321,719	527,997
Current service cost	6,730	9,689
Interest costs	49,545	88,703
Actuarial gain recognized in other comprehensive income	(103,170)	(288,187)
Actuarial (gain)/loss recognized in profit or loss	(1,604)	3,582
Benefits paid during the year	(16,659)	(20,065)
Balance at 31 December	256,561	321,719

The present value of defined benefit obligations as of 31 December 2024 and 2023 were presented in the consolidated statement of financial position as follows:

	31 December 2024	31 December 2023
Non-current obligations	211,925	279,923
Current obligations (Note 19)	44,636	41,796
Total	256,561	321,719

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Amounts recognized in the consolidated statement of profit or loss for defined benefit obligations were as follows:

	2024	2023
Interest costs (Note 27)	49,545	88,703
Current service cost	6,730	9,689
Actuarial (gain)/loss recognized in profit or loss	(1,604)	3,582
Total	54,671	101,974

During the year ended 31 December 2024, the Group included in other comprehensive income that will not be reclassified subsequently to profit or loss, actuarial gain in the amount of UAH 103,774 thousand, including income tax benefit of UAH 604 thousand (2023: UAH 285,640 thousand, including income tax expense of UAH 2,547 thousand). These actuarial gains were primarily driven by changes in actuarial assumptions.

Key assumptions used for actuarial assessment as of 31 December 2024 and 2023 were as follows:

	31 December 2024	31 December 2023
Discount rate	14.6%	15.4%
Expected salary growth rate	10.0%	12.0%
Staff turnover	9.0%	6.4%

Information on the sensitivity of defined benefit obligations to changes in the underlying assumptions is as follows:

	Change in assumption s	Increase/ (decrease) of obligation
31 December 2024		
Discount rate	+1%	(11,640)
Discount rate	-1%	12,868
Expected salary growth rate	+1%	10,212
Expected salary growth rate	-1%	(9,342)
Staff turnover	+1%	(11,205)
Staff turnover	-1%	12,476
31 December 2023		
Discount rate	+1%	(19,163)
Discount rate	-1%	21,561
Expected salary growth rate	+1%	19,282
Expected salary growth rate	-1%	(17,318)
Staff turnover	+1%	(12,591)
Staff turnover	-1%	13,990

The sensitivity analysis presented above may not represent the actual changes in post-employment and other long-term employee benefit obligation because it is unlikely that changes in assumptions would occur in isolation of one another, as some assumptions may be interrelated. In addition, in the sensitivity analysis presented above, the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, consistent with that used to calculate the benefit recognized in the consolidated statement of financial position.

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16. SPECIAL PURPOSE FUNDING AND DEFERRED INCOME

Special purpose funding and deferred income include the following:

- Grants, assets received free of charge and similar financing of capital expenditures for the construction, modernization or reconstruction of certain assets received from the state, government organizations, companies or other participants;
- Funds or fair value of non-monetary assets received from customers under agreements for connection services to the electricity transmission system;
- Non-current assets received free of charge in the form of humanitarian aid;
- Resources and financing provided by international partners on a free and non-refundable basis as part of the implementation of projects and programs aimed at supporting Ukraine in accordance with international agreements (hereinafter - international technical assistance).

As of 31 December 2024 and 2023 the Group does not have any unfulfilled conditions and other contingencies attaching to special purpose funding and deferred income that has been recognised.

Special purpose funding and deferred income as of 31 December 2024 and 2023 were as follows:

	31 December 2024	31 December 2023
International technical assistance	7,809,501	2,884,102
Grants, assets received free of charge and similar financing	1,731,770	1,028,612
Connection to the electricity transmission system	1,071,642	612,276
Humanitarian aid	520,909	376,108
Total	11,133,822	4,901,098
<i>Including:</i>		
Special purpose funding (non-current liabilities)	11,079,519	4,835,475
Deferred income (current liabilities)	54,303	65,623
Total	11,133,822	4,901,098

International technical assistance

Information about the movement in international technical assistance for the years ended 31 December 2024 and 2023 was as follows:

	2024	2023
Balance at 1 January	2,884,102	-
Received international technical assistance	7,560,413	2,999,623
International technical assistance received for operating expenses	68,461	-
International technical assistance used for operating expenses	(68,461)	-
International technical assistance recognized as income	(2,635,014)	(115,521)
Balance at 31 December	7,809,501	2,884,102

International technical assistance as of 31 December 2024 and 2023 were presented in the consolidated statement of financial position as follows:

	31 December 2024	31 December 2023
Special purpose funding (non-current liabilities)	7,807,556	2,883,844
Deferred income (current liabilities)	1,945	258
Total	7,809,501	2,884,102

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Grants, assets received free of charge and similar financing

Information about the movement in grants, assets received free of charge and similar financing (hereinafter – grants) for the years ended 31 December 2024 and 2023 were as follows:

	2024	2023
Balance at 1 January	1,028,612	723,218
Grants received for modernization of property, plant and equipment	982,296	483,889
Grants received for operating expenses	-	33,704
Grants used for operating expenses	-	(33,704)
Grants recognized as other operating income (Note 23)	(279,138)	(178,495)
Balance at 31 December	1,731,770	1,028,612

Grants, assets received free of charge and similar funding as of 31 December 2024 and 2023 were presented in the consolidated statement of financial position as follows:

	31 December 2024	31 December 2023
Special purpose funding (non-current liabilities)	1,718,059	971,410
Deferred income (current liabilities)	13,711	57,202
Total	1,731,770	1,028,612

Connection to the electricity transmission system

Information about the movements in funding received from customers under agreements for connection services to the electricity transmission system for the years ended 31 December 2024 and 2023 was as follows:

	2024	2023
Balance at 1 January	612,276	693,581
Funding received	501,670	9,876
Funding recognized as revenue from services rendered	(42,304)	(91,181)
Balance at 31 December	1,071,642	612,276

Financing received from customers under agreements for connection services to the electricity transmission system as of 31 December 2024 and 2023 were presented in the consolidated statement of financial position as follows:

	31 December 2024	31 December 2023
Special purpose funding (non-current liabilities)	1,033,370	604,432
Deferred income (current liabilities)	38,272	7,844
Total	1,071,642	612,276

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Humanitarian aid

Information about the movements in non-current assets received free of charge in the form of humanitarian aid (hereinafter - humanitarian aid) for the years ended 31 December 2024 and 2023 was as follows:

	2024	2023
Balance at 1 January	376,108	147,078
Humanitarian aid received	260,231	454,206
Humanitarian aid recognized as income	(115,430)	(225,176)
Balance at 31 December	520,909	376,108

Non-current assets received free of charge in the form of humanitarian aid as of 31 December 2024 and 2023 were presented in the consolidated statement of financial position as follows:

	31 December 2024	31 December 2023
Special purpose funding (non-current liabilities)	520,534	375,789
Deferred income (current liabilities)	375	319
Total	520,909	376,108

Grants from international financial organizations

European Bank for Reconstruction and Development, grant No. 54138

Donor: European Bank for Reconstruction and Development

In December 2022, the Group and the European Bank for Reconstruction and Development (hereinafter – the EBRD) concluded grant agreement No. 54138 for the total amount of EUR 70,560 thousand for the implementation of the Project for emergency restoration of the electricity transmission network and will be directed to the purchase of equipment that is urgently needed for substations that suffered massive rocket attacks. As part of the Project, a credit agreement in the amount of EUR 300,000 thousand was also concluded in December 2022 (Note 14). The last date of availability of grant funding is 30 June 2024. In February 2025, the EBRD agreed to extend the funding period and set 31 December 2025 as the end date.

During 2024, the Group disbursed grant funds in the amount of EUR 33,685 thousand (2023: EUR 36,531 thousand). As of 31 December 2024, the undrawn grant amount was EUR 344 thousand (2023: EUR 34,029 thousand).

International Bank for Reconstruction and Development, grant No. TF0C0424

Donor: International Bank for Reconstruction and Development

In April 2023, Ukraine, the International Bank for Reconstruction and Development (hereinafter - the IBRD) and the International Development Association (hereinafter - the IDA) concluded a grant agreement for the implementation of the Project for the capacity recovery for passing the winter period and energy resources in the amount of USD 200,000 thousand. The agreement on the irrevocable transfer of grant funds between the Group, the Ministry of Finance of Ukraine and the Ministry of Energy of Ukraine was concluded on 20 July 2023. In the grant agreement, the end date of the period for grant funding was agreed to be 30 April 2025. In April 2025, the IBRD agreed to extend the financing period until 30 June 2026.

During 2024, the Group disbursed grant funds in the amount of USD 32,118 thousand (2023: nil). As of 31 December 2024, the undrawn grant amount was USD 167,882 thousand (2023: USD 200,000 thousand).

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International Bank for Reconstruction and Development, grant No. TF0C819

Donor: International Bank for Reconstruction and Development

In July 2023, Ukraine, IBRD and IDA signed a grant agreement as part of additional financing for the implementation of the Second Power Transmission Project in the amount of EUR 37,739 thousand. The initial financing of the Project was carried out at the expense of borrowed loan funds in the total amount of USD 318,000 thousand in accordance with the current loan agreements with the International Bank for Reconstruction and Development signed in 2015 (Note 14). The agreement on the irrevocable transfer of grant funds between the Group, the Ministry of Finance of Ukraine and the Ministry of Energy of Ukraine was concluded on 26 October 2023. In the grant agreement, the end date of the period for grant funding was agreed to be 30 June 2025.

During 2024, the Group disbursed grant funds in the amount of EUR 7,058 thousand (2023: EUR 6,790 thousand). As of 31 December 2024, the undrawn grant amount is EUR 23,891 thousand (2023: EUR 30,949 thousand).

Kreditanstalt für Wiederaufbau (KfW), grant No. BMZ-No. 2023 68 652

Donor: Kreditanstalt für Wiederaufbau (KfW)

In October 2023, the Group and KfW signed a grant agreement under the Project "Increasing the efficiency of electricity transmission (integration of the Ukrainian UES into the European unified energy system) V" in the amount of EUR 76,352 thousand (Note 14). The German government agreed that the planned financing will replace loan No. 27406, intended for the implementation of the Substation Reconstruction Project in the Eastern part of Ukraine. Accordingly, unselected funds under loan No. 27406 in the amount of EUR 76,352 thousand will be provided as grant funds in accordance with the terms of the grant agreement. The bank agreed that the last date of availability of grant funding is 31 December 2028.

During 2024, the Group disbursed grant funds in the amount of EUR 15,500 thousand (2023: EUR 11,421 thousand). As of 31 December 2024, the undrawn grant amount is EUR 49,431 thousand (2023: EUR 64,931 thousand).

Kreditanstalt für Wiederaufbau (KfW), grant No. BMZ-No. 2019.7031.8

Donor: Kreditanstalt für Wiederaufbau (KfW)

In December 2023, a grant agreement was concluded between the Group and KfW as part of the implementation of the Project "Improving the efficiency of electricity transmission (integration of the Ukrainian UES into the European unified energy system) III" in the amount of EUR 500 thousand. As part of the Project, a credit agreement in the amount of EUR 24,000 thousand was also concluded in December 2023 (Note 14). Loan funds will be used to finance the restoration of the Group's substation in the western region of Ukraine, whose energy infrastructure was severely damaged by the military aggression of the Russian Federation. The grant funds will be used to increase the institutional capacity of the Group to implement the project. Combined with other recovery measures, this will contribute to the expansion of the export and import of electricity from the IPS of Ukraine to Europe, as well as its full synchronous work with ENTSO-E. The bank agreed that the last date of availability of grant funding is 31 December 2029.

During 2023-2024, the Group did not make any disbursements of grant funds under this agreement. As of 31 December 2024 and 2023, the undrawn grant amount is EUR 500 thousand.

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Kreditanstalt für Wiederaufbau (KfW), grant No. BMZ-No.2023 68 785

Donor: Kreditanstalt für Wiederaufbau (KfW)

In May 2024, the Group and KfW concluded a grant agreement for the Project "Improving the Efficiency of Electricity Transmission (Integration of the Ukrainian IPS into the European Integrated Power System) VI" in the amount of EUR 45,000 thousand. The Bank agreed that the last date for the availability of grant funding is 31 December 2028.

During 2024, the Group did not make any disbursements of grant funds under this agreement. As of 31 December 2024, the undrawn grant amount is EUR 45,000 thousand.

Kreditanstalt für Wiederaufbau (KfW), grant No. 59708

Donor: Kreditanstalt für Wiederaufbau (KfW)

In June 2024, the Group and KfW signed a grant agreement for the Project "Reconstruction and Rehabilitation of the Electricity Transmission System of Ukraine" in the amount of EUR 15,000 thousand. These funds will be used to purchase critical equipment and restore the high-voltage network after the massive Russian attacks. The Bank agreed that the last date for the availability of grant funding is 22 March 2027.

During 2024, the Group did not make any disbursements of grant funds under this agreement. As of 31 December 2024, the undrawn grant amount is EUR 15,000 thousand.

Kreditanstalt für Wiederaufbau (KfW), No. BMZ-No. grant: 64019/5150 00 930

Donor: Kreditanstalt für Wiederaufbau (KfW)

In June 2024, the Group and KfW signed a grant agreement for the Project "Reconstruction and Rehabilitation of Ukraine's Electricity Transmission Infrastructure II" in the amount of EUR 100,000 thousand. The European Commission authorized KfW to allocate funds from the EU's special budget program "Ukraine Investment Facility" to the Group and to ensure the financing and implementation of a number of priority energy projects, such as:

- Modernization of high-voltage substations in the western regions of Ukraine and the development of interstate interconnectors connecting Ukraine to the power system of continental Europe;
- Repair and restoration of equipment at high-voltage substations destroyed or damaged by Russian shelling, as well as the purchase and supply of new equipment;
- Measures to strengthen the physical protection of substations.

The Bank has agreed that the last date for the availability of grant funding is 16 April 2027.

During 2024, the Group did not make any disbursements of grant funds under this agreement. As of 31 December 2024, the undrawn grant amount is EUR 100,000 thousand.

European Bank for Reconstruction and Development, grant No. 54649

Donor: European Bank for Reconstruction and Development

In October 2024, the Group and the EBRD signed Grant Agreement No. 54649 for a total amount of EUR 10,000 thousand for the implementation of the Special Capital Support Project for NPC "Ukrenergo". A loan agreement for the amount of EUR 150,000 thousand was also signed within the framework of the Project in December 2023 (Note 14). The last date of availability of grant funding is 31 December 2024.

During 2024, the grant funds were disbursed by the Group in full. As of 31 December 2024, there was no undrawn grant amount.

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17. TRADE ACCOUNTS PAYABLE

	31 December 2024	31 December 2023
Services to increase share of electricity production from alternative sources (PSO RES)	24,397,858	32,314,603
Balancing electricity	16,381,967	15,778,497
Electricity to settle imbalances	4,344,454	5,741,754
Acquisition, construction, modernization, reconstruction of non-current assets	910,957	792,672
Electricity from cross-border flows	554,680	593,168
Auxiliary services (frequency and active power management)	299,670	471,155
Curtailment of RES production	79,885	118,294
Services on granting access to the transmission capacity of interstate power networks	16,951	-
Electricity in the framework of providing emergency assistance	5	71,726
Other goods, works, services	208,982	239,126
Total	47,195,409	56,120,995

18. ADVANCES RECEIVED

	31 December 2024	31 December 2023
Electricity to settle imbalances	692,825	162,092
Electricity transmission services	350,696	212,619
Dispatch (operational and technological) control services	199,085	94,573
Services on granting access to the transmission capacity of interstate power networks	209	208
Other goods, works, services	3,835	862
Total	1,246,650	470,354

During 2024 the Group recognized UAH 136,123 thousand as revenue on account of advances received as of 31 December 2023 (2023: UAH 416,037 thousand).

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19. PROVISIONS

	Unused vacations	Additional pension and other benefits	Financial incentives	Provision for dividends	Litigation costs	Other	Total
As of 1 January 2023	295,144	17,272	192,121	-	55,798	767	561,102
Provision for dividends	-	-	-	207,883	-	-	207,883
Charged / (reversed)	276,825	44,589	475,212	-	507,960	7,657	1,312,243
Used or paid	(243,431)	(20,065)	(430,087)	-	-	-	(693,583)
As of 31 December 2023	328,538	41,796	237,246	207,883	563,758	8,424	1,387,645
Dividends paid	-	-	-	(207,883)	-	-	(207,883)
Charged / (reversed)	381,785	19,500	540,797	-	760,497	6,332	1,708,911
Used or paid	(300,717)	(16,660)	(521,727)	-	(616,502)	(13,887)	(1,469,493)
As of 31 December 2024	409,606	44,636	256,316	-	707,753	869	1,419,180

Provision for unused vacations

The Group creates provisions for short-term cumulative reimbursable absences bonuses.

Provision for additional pension and other benefits

Provisions for additional pension and other benefits relate to the current part of the defined benefit obligation (Note 15).

Provision for financial incentives

The Group creates provisions for the annual remuneration based on the terms of the collective employment agreement, in respect of which the Group has a constructive obligation to pay such benefits as a result of past events. Costs on provisions for financial incentives for the year are included in staff costs and related social charges

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Provision for dividends

As described in Note 13, as of 31 December 2024, no provision for dividend payment was accrued due to the loss on the results of the Group's activities for 2024.

As of 31 December 2023 the Group made an accrual of provision for dividends in the amount of UAH 207,883 thousand. In June 2024, the Group made payment of dividends in amount of 90% of the consolidated profit for 2023 in amount of UAH 338,974 thousand. The payment of dividends was made partly using a provision in the amount of UAH 207,883 thousand, and through retained earnings in the amount of UAH 131,091 thousand.

Provision for litigation costs

The Group acts as a plaintiff in several legal proceedings. A provision for litigation costs is management's estimate of probable losses that may be incurred as a result of negative court rulings.

As stated in Note 30, as of 31 December 2024, the Group has accrued provision for litigation costs that could be incurred as a result of legal cases with market participants regarding delayed payments by the Group on the electricity market in the amount of UAH 643,817 thousand (2023: UAH 499,809 thousand), and for other lawsuits in the amount of UAH 63,936 thousand (2023: UAH 63,949 thousand).

20. OTHER CURRENT LIABILITIES

	31 December 2024	31 December 2023
Accrued interest on loans	895,669	1,005,627
Financial guarantees of electricity market participants	741,516	1,485,587
VAT amounts for which deadline or right to declare is not due	596,883	-
Other liabilities	39,522	40,083
Total	2,273,590	2,531,297

21. REVENUE

	2024	2023
Revenue on rendering of electricity transmission services and connection to electricity transmission system	50,372,440	42,607,938
Revenue on electricity sales on the balancing market	26,818,288	21,699,751
Revenue on the sales of dispatch (operational and technological) control services	19,511,103	16,318,563
Revenue on electricity sales from cross-border flows	2,302,387	2,208,417
Revenue on granting access to the transmission capacity of interstate power networks	1,901,797	131,091
Revenue on electricity sales in the framework of providing emergency assistance	203,907	10,483
Revenue on sales of reactive energy	28,603	35,002
Revenue on providing services of data transfer administrator (DTA) and insider information platform administrator (IIPA)	598	-
Total	101,139,123	83,011,245

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22. COST OF SALES

	2024	2023
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
Depreciation and amortization	7,163,353	2,816,450
Procurement of auxiliary services (frequency and active power management)	5,192,700	6,144,249
Staff costs	3,265,997	2,609,578
Procurement of electricity from cross-border flows	2,595,164	2,320,616
Purchase of electricity in the framework of providing emergency assistance	1,914,144	375,844
Curtailement of RES production	1,436,606	2,004,001
Social charges	662,207	537,230
Repairs and maintenance	629,610	807,310
Security expenses	425,420	311,330
Information and consulting services	270,930	165,699
Procurement of services to ensure the uninterrupted functioning of "last resort" supplier	92,867	53,620
Energy and utilities	89,500	77,287
Other expense	343,798	243,484
Total	90,607,782	71,904,327

23. OTHER OPERATING INCOME

	2024	2023
Regulatory income (Note 12)	2,603,276	6,817,939
Income from grants and free-of-charge received property, plant and equipment (Note 16)	3,029,582	519,192
Fines, penalties, forfeits received	2,133,306	495,994
Stock-count results	163,469	146
Current assets received free-of-charge	134,571	387,844
Operating foreign exchange gain, net	110,263	62,549
Recovery of earlier written-off debt	73,905	17,567
Received grants to cover consulting services (Note 16)	68,461	33,704
Income from other sales of works, services	29,803	19,390
Income on sale of inventories and scrap	22,962	11,612
Capitalization of materials after write-offs and repairs	22,485	39,001
Change in allowance for impairment of prepayments, net	90	386
Other income	22,351	7,851
Total	8,414,524	8,413,175

24. ADMINISTRATIVE EXPENSES

	2024	2023
Staff costs	711,007	613,273
Court fees	190,233	229,028
Social charges	116,511	102,028
Depreciation and amortization	47,225	26,333
Expenses for maintenance of NEURC	37,524	35,261
Information and consulting services	27,938	12,589
Legal, audit and other expert services	15,013	74,487
Other costs	71,182	45,268
Total	1,216,633	1,138,267

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In addition to the audit fees related to the compulsory audit as included in the legal, audit and other expert services are fees for other services performed by the Group's auditor in 2024 amounting to UAH 4,449 thousand (2023: UAH 1,996 thousand).

25. OTHER OPERATING EXPENSES

	2024	2023
Regulatory expenses (Note 12)	6,817,939	-
Fines, penalties, forfeitures recognized	2,157,719	834,790
Change in allowance for litigation provision, net (Note 19)	760,497	507,960
Charity	409,010	-
Contributions to labor union	356,546	249,884
Membership fees	95,707	54,785
Staff costs	79,142	66,242
Consulting services at the expense of grant funds	68,461	33,704
Insurance expenses	42,498	33,201
Social charges	32,885	26,418
Liquidation of non-current assets	5,608	28,834
Depreciation and amortization	4,825	1,927
Other costs	139,335	83,577
Total	10,970,172	1,921,322

26. FINANCE INCOME

	2024	2023
Income from interest on current bank accounts	1,183,714	527,670
Income from amortization of discount on financial instruments	98	126
Income from amortization of discount on loans given	-	126,224
Income from discount on long-term liabilities	-	141
Total	1,183,812	654,161

27. FINANCE COSTS

	2024	2023
Effect of cash flows revision on the Eurobonds 2028 as a result of the technical default (Note 14)	24,975,279	-
Interest expense on bonds	4,796,156	3,629,140
Interest expense on loans	4,409,601	4,250,028
Capitalized borrowing costs	(520,502)	(394,658)
Interest expense on defined benefit obligations (Note 15)	49,545	88,703
Interest expense on lease obligations	1,069	502
Interest on discount amortization of non-current liabilities	-	1,846
Other finance costs	22,271	16,482
Total	33,733,419	7,592,043

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28. INCOME TAX

Profits of Group companies are subject to corporate income tax. For the years ended 31 December 2024 and 2023 the Group's companies in Ukraine was subject to corporate income tax in Ukraine at the rate of 18%.

The components of income tax expense for the year ended 31 December 2024 and 2023 were as follows:

	2024	2023
Current income tax expense	1,885	235,516
Deferred income tax benefit	(8,232,402)	(4,943)
Total income tax (benefit)/expense	(8,230,517)	230,573

The reconciliation of profit before tax, multiplied by the statutory income tax rate and income tax expense for the years ended 31 December 2024 and 2023 was as follows:

	2024	2023
(Loss)/profit before tax	(46,217,418)	607,211
Income tax (benefit)/expense at the statutory tax rate of 18%	(8,319,135)	109,298
Assets transferred as humanitarian aid or to non-profit organizations	78,966	63,221
Permanent differences arising from the reversal of impairment of financial assets and prepayments	-	47,377
Effect of expenses not deductible for tax purposes	9,652	10,677
Total income tax (benefit)/expense	(8,230,517)	230,573

As of 31 December 2024 and 2023, deferred tax assets and liabilities related to the following:

	31 December 2024	31 December 2023
Trade and other accounts receivable	6,334,989	3,735,520
Defined benefit obligation	9,387	8,596
Provision for litigation costs	127,395	101,476
Provision for accrued expenses	1,816	1,816
Impairment allowance of inventories and construction in progress	559,832	381,868
Deferred tax asset from tax losses	5,745,340	1,489,643
Deferred tax assets	12,778,759	5,718,919
Property, plant and equipment and intangible assets	(10,587,575)	(11,983,361)
Deferred tax liability	(10,587,575)	(11,983,361)
Net deferred tax assets/(liabilities)	2,191,184	(6,264,442)

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Deferred tax movements for the years ended 31 December 2024 and 2023 were as follows:

	2024	2023
Net deferred tax (liabilities)/assets as of the beginning of the year	(6,264,442)	3,482,715
Deferred income tax benefit for the year recognized in profit or loss	8,232,402	4,943
Deferred income tax benefit/(expense) for the year related to revaluation and/or impairment of property, plant and equipment, recognized in other comprehensive income	222,620	(9,749,553)
Deferred income tax benefit/(expense) for the year related to remeasurement of defined benefit obligation recognized in other comprehensive income	604	(2,547)
Net deferred tax assets/(liabilities) at the end of the year	<u>2,191,184</u>	<u>(6,264,442)</u>

Deferred tax expense from revaluation of property, plant and equipment

When the property, plant and equipment is revalued, the revaluation surplus is recorded in equity (in a revaluation reserve) and reported as other comprehensive income. While the carrying amount of the property, plant and equipment has increased, the tax base of the assets remains the same and so a temporary difference arises.

Tax will become payable on the surplus when the property, plant and equipment is sold and so the temporary difference is taxable. Since the revaluation surplus has been recognised within equity, to comply with matching, the income tax expense on the surplus is also charged to equity.

29. RELATED PARTIES

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operating decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Related parties may enter into 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.

As disclosed in Note 1, the party with ultimate control over the Group is the Government of Ukraine represented by the Ministry of Energy of Ukraine (shareholder of the Company), accordingly, all entities controlled by the State are considered to be related parties under common control. During 2020 and until 16 September 2021 a shareholder of the Company was the Ministry of Finance of Ukraine.

Key management remuneration

As of 31 December 2024 and 2023, the Group's key management consisted of 4 and 5 members of the Management Board respectively. Compensation to key management included in administrative expenses consists of cash payments, contractual salaries, bonuses and other payments provided for in the collective employment agreement. Payments to the Group's key management amounted to UAH 70,117 thousand in 2023 (2023: UAH 32,492 thousand).

During 2024 the Group also incurred UAH 24,233 thousand (2023: UAH 26,458 thousand) of compensation to the members of the Supervisory Board. As of 31 December 2024 and 2023, the Supervisory Board consisted of 7 and 6 members respectively.

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Transactions with state-controlled entities and institutions

Such related parties include SE "Guaranteed Buyer", SE "Ukrinterenergo", Private Joint Stock Company "Ukrhydroenergo", SE "Market Operator", SE "NAEC Energoatom", JSC "State Savings Bank of Ukraine", JSC "State Export-Import Bank of Ukraine", JSB "Ukrgazbank" and other entities.

Transactions with related parties are performed on terms equivalent to those that prevail in arm's length transactions. The amount of outstanding balances is unsecured and will be settled in cash. There have been no guarantees provided or received for any related party receivables or payables, except for state guarantees on loans and borrowings described below.

Balances with state-controlled entities and institutions as of 31 December 2024 and 2023 were as follows:

	31 December 2024	31 December 2023
ASSETS		
Other non-current assets	6,803	6,803
Trade accounts receivable	18,630,189	21,753,426
Prepayments	603,874	582,467
Other accounts receivable	209,662	166,757
Cash and cash equivalents	15,330,698	7,781,797
Total assets from related parties	34,781,226	30,291,250
LIABILITIES		
Trade accounts payable	33,208,398	44,243,303
Advances received	41,961	22,054
Loans received from the Ministry of Finance of Ukraine	19,776,578	19,728,295
Loans received from state-owned banks	10,135,189	10,343,949
Accrued interests on loans	858,123	748,745
Provisions for dividends	-	207,883
Provision for litigation costs	203,325	266,944
Other current liabilities, except accrued interests on loans	10,950	273,623
Total liabilities to related parties	64,234,524	75,834,796

Transactions with state-controlled entities and institutions in 2024 and 2023 were as follows:

	2024	2023
Revenue	37,606,622	31,017,803
Purchases of services to increase the share of electricity production from alternative sources (PSO RES)	(22,645,741)	(21,708,848)
Purchases of electricity and related services in the electricity market	(29,089,762)	(24,721,156)
Purchases of other goods, works, and services	(2,765,435)	(1,478,235)
Change in expected credit losses on financial assets, net	(6,648,590)	(3,467,861)
Fines, penalties, forfeits received	1,480,127	89,533
Fines, penalties, forfeitures recognized	(2,132,848)	(595,521)
Change in allowance for litigation provision, net	(297,026)	(266,944)
Income from interest on current bank accounts	1,183,409	481,193
Interest expense on loans (including capitalized borrowing costs)	(3,284,734)	(3,622,642)
Income from amortization of discount of loans given	-	126,224

As of 31 December 2024, expected credit losses on trade accounts receivable, which were accrued on receivables from related parties, amount to UAH 19,787,045 thousand (2023: UAH 13,138,430 thousand).

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Payment of dividends to the state budget

In June 2024, the Group made payment of dividends in amount of 90% of the consolidated profit for 2023 in amount of UAH 338,974 thousand (Note 13). The payment of dividends was made partly using a provision in the amount of UAH 207,883 thousand, and through retained earnings in the amount of UAH 131,091 thousand.

State guarantees on loans and borrowings

As of 31 December 2024 the amount of state guarantees received from the Government of Ukraine on loans from IFIs and state-owned banks amounted to UAH 59,137,603 thousand (2023: UAH 46,440,688 thousand).

As described in Note 14, according to the Resolution of the Cabinet of Ministers of Ukraine dated July 31, 2024 No. 865 and Resolution of the Cabinet of Ministers of Ukraine dated August 27, 2024 No. 977, the Cabinet of Ministers of Ukraine decided to temporarily suspend payments from November 9, 2024 under the state's guarantee obligations for Eurobonds 2028 issued under a state guarantee in 2021, for a period until the conclusion of such transaction(s) and changes in the terms of the relevant borrowing for all creditors. During 2023 and until the date of adoption of the above-described decisions by the Cabinet of Ministers of Ukraine, the state guarantee for the Eurobonds 2028 was fully valid.

As of 31 December 2024, the carrying amount of Eurobonds 2028 was UAH 41,920,152 thousand (2023: UAH 10,374,481 thousand).

30. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

Taxation

The tax environment in Ukraine is characterized 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 these consolidated financial statements.

Legal issues

Legal proceedings

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 recognized as the provision for litigation costs (Note 19). 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.

Claims of SE "Guaranteed Buyer" regarding delayed payments by the Group

Since the beginning of 2020 crisis signs began to appear on the electricity market: delays in the Group's payments to SE "Guaranteed Buyer" for services to increase the share of electricity production from alternative sources (hereinafter – "PSO RES") and accordingly delays in payments of SE "Guaranteed Buyer" in favor of renewable energy producers. The reason for the delay in the Group's payments for PSO is the insufficiency of funds provided for in the tariff for electricity transmission to cover this type of expenses.

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During 2020-2024, SE "Guaranteed Buyer" initiated lawsuits on payment by the Group of fines and penalties for breach of debt repayment terms between the Group and SE "Guaranteed Buyer" regarding PSO RES. As of 31 December 2024, the total amount of claims in such cases amounted to UAH 15,736,985 thousand of main debt and UAH 16,646,464 thousand of fines and penalties (2023: UAH 9,926,676 thousand of main debt and UAH 18,745,695 thousand of fines and penalties).

It should be noted that the legal relationship between the Group and SE "Guaranteed Buyer" for the payment of PSO RES, establishment of the regulator's tariff for electricity transmission services, which should cover these costs in full, is subject to state regulation and does not depend on the Group's decisions. Also, in accordance with 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" in order to ensure the operational security of the functioning of the main part of the IPS of Ukraine, with among other things, during the period of martial law in Ukraine and within 30 days after its termination or cancellation the accrual and collection of fines provided for by contracts concluded were stopped in accordance with the Law of Ukraine "On the Electric Energy Market" between the participants of the electric energy market. Thus, the amount of claims in the above-mentioned court cases will be significantly reduced in the process of their judicial resolution.

Management believes that, given the nature of the legal relationship between the Group, SE "Guaranteed Buyer", the regulator, the state, reasons of debt accumulation, inability to repay it in time, the impact of court decisions on the net cash flow between the Group and SE "Guaranteed Buyer" is remote and, therefore, and no provision should be made in the Group's consolidated financial statements as of the reporting date.

Claims of other market participants regarding delayed payments in the electricity market

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

As described in Note 19, as of 31 December 2024, the Group created provision for litigation costs that could be incurred as a result of legal cases with market participants regarding delayed payments by the Group on the electricity market in the amount of UAH 643,817 thousand (2023: UAH 499,809 thousand).

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 the Crimea, and the violation of the obligation to guarantee full and unconditional legal protection.

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The Group's claims arose after the Russian Federation seized the Group's assets, property and business as a result of the illegal occupation and attempted annexation of Crimea in 2014.

On 27 March 2020, the composition of the arbitral tribunal was determined. The place of arbitration was determined to be in Paris. 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. In October 2020 the value of the assets on which the claim is based was assessed and amounted to EUR 528 mln including interest (EUR 95 mln as of 20 October 2020).

After the start of Russia's military aggression against Ukraine, the proceedings in this case were suspended. After the appointment of a new arbitrator in November 2022, the proceedings were continued. The court held a jurisdictional hearing in Paris on 6-8 September 2023. On 4 August 2024, a decision was made in favor of the Group. Most of the Russian Federation's objections to the jurisdiction of the arbitral tribunal were rejected. Ultimately, the arbitration court will hear and rule on the Group's lawsuits filed in 2019 against the Russian Federation, in which Ukrenergo demands compensation for illegally expropriated energy assets and investments in Crimea.

Capital commitments

As of 31 December 2024, the Group had contractual capital commitments for the purchase of property, plant, and equipment in the amount of UAH 14,990,385 thousand (2023: UAH 13,365,693 thousand).

Investment program

In accordance with Resolution of the NEURC dated 4 May 2006 No.563 and Resolutions of the NEURC dated 22 April 2019 No.585 and No.586 (as subsequently amended), a part of the tariff calculated by the Group for its electricity transmission and dispatch (operational and technological) control services includes a component allocated to fund the Group's investment program for replacement and modernization of its property, plant, and equipment. In 2024, for the purposes intended by the investment program, the Group effectively used UAH 3,930,520 thousand (2023: UAH 3,913,582 thousand).

In the event of failure to implement the investment program in full, the NEURC has the right to make deductions from the Group's future earnings by reducing the investment component in the tariff applied by the Group in subsequent periods by the total amount for which the program has not been previously fulfilled.

On an annual basis, based on the actual data, the NEURC adjusts income of the planned year (withdrawals and compensations) which considers actual volumes of the investment program fulfilled. In accordance with the Resolution of NEURC No. 399 dated March 18, 2025, the Investment Program of NPC "Ukrenergo" for 2025 was approved in the amount of UAH 2,978,999 thousand.

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 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.

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Environmental contingencies

The Group has been operating in the energy industry of Ukraine in strict compliance with the requirements of environmental legislation for many years. The normal activities of the Group may result in damage to the environment. The enforcement of environmental regulation in Ukraine is evolving and the enforcement stance of government authorities is continually being reconsidered. The Group periodically evaluates its liabilities under environmental regulations. Expenditures which extend the life of the related property or mitigate or prevent future environmental contamination would be capitalized. Potential liabilities, which might arise as a result of stricter enforcement of the existing regulations, civil litigation, or changes in the legislation or regulation, cannot be reliably estimated.

In the current enforcement climate under the existing legislation, management believes that there are no significant liabilities for environmental damage that require accrual in the consolidated financial statements.

31. FAIR VALUE

IFRS determine fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent they are available and relevant valuation techniques. However, in determining the estimated fair value, it is required to apply judgments to interpret market information. Management has used all available market information to measure fair value. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument or pay in the course of transfer of liabilities.

Fair value of the Group's property, plant, and equipment

The Group engaged independent professional appraisers to determine the fair values of its property, plant, and equipment as of 31 December 2023.

The Group did not conduct a revaluation of property, plant and equipment as of 31 December 2024 because it concluded that the carrying value of property, plant and equipment, carried at revalued cost, at the reporting date does not differ significantly from their fair value.

The methodology and results of the revaluation are disclosed in Notes 5 and 7.

The following table summarizes information about property, plant and equipment recognized at fair value upon initial recognition using the fair value hierarchy:

31 December 2024	Level 2	Level 3	Total
Property, plant and equipment*	1,750,305	85,280,720	87,031,025
Total	1,750,305	85,280,720	87,031,025
31 December 2023	Level 2	Level 3	Total
Property, plant and equipment*	2,079,447	87,241,701	89,321,148
Total	2,079,447	87,241,701	89,321,148

* Property, plant and equipment do not include construction in progress that is carried at historical cost.

There were no transfers between fair value measurements during the reporting period.

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Information about the inputs used to measure the Group's property, plant and equipment as of 31 December 2023 is as follows:

Valuation technique	Unobservable inputs	Range of unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Depreciated replacement cost method with the use of income approach to determine economic impairment	Date of implementing incentive tariffs	It is expected that the tariff for electricity transmission services will be formed based on the "costs+" methodology, taking into account the necessary operating costs and capital investments in accordance with the current Procedure for establishing (forming) the tariff for electricity transmission services. The transition to the incentive tariff system will be implemented in 2029.	The later incentive tariffs are implemented, the lower is the fair value
	Optimisation coefficient which represents the effectiveness of utilisation of equipment	As of 31 December 2023 the optimisation coefficient was 78.3%	The higher is coefficient, the higher is the fair value
	Rate of return under RAB	The required level of return on the regulatory asset base in the post-forecast period will be equal to the weighted average cost of capital of the Group - 14.6%	The higher is the rate of return, the lower is the fair value
	Average producer price index in Ukraine	The estimated average value of the producer price index in Ukraine was taken in the range from 7.3% to 13.7%	The higher the inflation, the higher the fair value
	Nominal weighted average cost of capital for cash flows	The weighted average cost of capital for cash flows is 14.6 - 23.1%	The higher is the weighted average cost of capital, the lower is the fair value

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Financial instruments

Fair values of financial instruments are determined and disclosed in accordance with the requirements of IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurement*. As no readily available market exists for a large part of the Group's financial instruments, judgment is necessary to be applied to identify their fair value, based on current economic conditions and the specific risks attributable to the instrument. The estimates presented in these consolidated financial statements are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full package of a particular instrument.

	31 December 2024	31 December 2023
Financial assets		
Trade accounts receivable	31,602,370	47,470,275
Cash and cash equivalents	15,515,975	7,830,966
Other accounts receivable	247,070	211,989
Long-term accounts receivables*	7,458	7,739
Total financial assets	47,372,873	55,520,969
Financial liabilities		
Trade accounts payable	47,195,409	56,120,995
Loans	59,137,603	46,440,688
Eurobonds 2028	28,979,045	9,460,005
Other accounts payables	171,053	125,909
Other non-current liabilities	289,048	2,350
Other current liabilities**	1,639,821	2,492,606
Total financial liabilities	137,411,979	114,642,553

* Long-term accounts receivable are included in Other non-current assets in the consolidated statement of financial position as of 31 December 2024 and 2023.

** Financial instruments include the value only of those Other current liabilities that meet the definition of financial liabilities. The carrying amount of these financial liabilities corresponds to their fair value. As of 31 December 2024 and 2023 Other current liabilities amounted to UAH 2,273,590 thousand and UAH 2,531,297 thousand, respectively.

All of the Group's financial assets and liabilities are carried at amortized cost. The fair value of all financial instruments relates to Level 3 of the fair value hierarchy, except for Eurobonds 2028, the fair value of which relates to Level 1. The fair value of Eurobonds 2028 is measured according to quotations in active markets using interest rates equal to yields at maturity.

	31 December 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Eurobonds 2028	41,920,152	28,979,045	10,374,481	9,460,005

As described in Note 14, the loans received by the Group in 2024 from international financing institutions (the "IFI"s) are a specific financial instrument and have different characteristics, substance, goals and conditions from other types of borrowing capital. Accordingly, such loans form a specific market, the lenders of which are a limited number of international financial organizations, non-governmental organizations and supranational institutions, and access to which is available to a limited number of borrowers who fulfill the conditions for obtaining such loans and implement specific functions and projects. In this market, lenders such as the IFIs act as market makers and offer the same credit terms to all borrowers who have access to it and meet the criteria.

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Thus, the loans received by the Group in 2024 from the IFIs were received on standard terms for such loan capital market and at interest rates that do not significantly differ from similar rates for this market under similar conditions. The management believes that at the date of recognition in 2024, the fair value of loans from the IFIs does not differ significantly from the transaction price and belongs to Level 3 of the fair value hierarchy.

As of 31 December 2024 and 2023, the Group used the following assumptions in assessing the fair value of each class of its financial instruments related to the Level 3 of the hierarchy of fair value:

- the fair value of trade and other accounts receivable, cash and cash equivalents, trade accounts payable, other current liabilities correspond to their book value due to the short-term nature of such instruments;
- the fair value of other non-current liabilities approximates their carrying amounts determined under the effective interest rate method;
- the fair value of financial investments does not differ materially from their market value;
- the fair value of long-term loans corresponds to their carrying value in accordance with the calculation of effective interest rates on loans, taking into account changes in prime rates and the expected terms of use and repayment of loans. Calculated effective interest rates as of the reporting dates were consistent with market rates for similar instruments. Also, some long-term loans have a floating interest rate tied to market indicators that reflect the market value of such instruments.

32. RISK MANAGEMENT

The financial instruments that the Group is using in the course of its business are subject to certain risks, the main ones being credit risk, liquidity risk and market risk, including currency risk and interest rate risk. The Group does not engage in significant transactions involving derivative financial instruments. The Group's overall risk management program focuses on the unpredictability and inefficiency of the Ukrainian financial market and is aimed to minimize potential adverse effects on the Group's financial performance.

During the years ended 31 December 2024 and 2023, there were no significant changes in the objectives, policies and process of managing the following risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation. Credit risk arises from the Group's provision of services and sales on loan terms and other transactions with counterparties giving rise to financial assets. The Group requires bank and financial guarantees from its counterparties.

As of 31 December 2024 and 2023, the maximum exposure to credit risk is represented by the carrying amount of financial assets, net of impairment losses on such assets, was:

	31 December 2024	31 December 2023
Trade accounts receivable	31,602,370	47,470,275
Cash and cash equivalents	15,515,975	7,830,966
Other accounts receivable	247,070	211,989
Long-term accounts receivable	7,458	7,739
Total	47,372,873	55,520,969

For the year ended 31 December 2024, the Group made an accrual of expected credit losses on financial assets in the amount of UAH 14,493,093 thousand (2023: UAH 3,443,432 thousand). The Group, assessing expected credit losses on trade accounts receivables, takes into account the cash flows expected from credit enhancements, which are an integral part of the contract. Information about its influence on credit risk is described in Note 9.

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Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group's liquidity is carefully monitored and managed by management. The Group has a detailed budgeting and forecasting process in place to ensure that it has sufficient cash to meet its liabilities.

The Group manages liquidity risk by complying with the financial discipline in accordance with a financial plan that is approved annually. The Group's key sources of funding are its operating cash flows and borrowings. Funds are used to finance the Group's investment in property, plant and equipment and its working capital needs. In case of any liquidity problems, the level of cash inflows is regulated by increasing tariffs for electricity transmission and dispatch (operational and technological) control services, which are set by NEURC with appropriate amendments to the Group's financial plan.

The table below provides the maturity analysis of financial liabilities based on contractual undiscounted repayment liabilities. The table contains both accrued interest and the principal amount of cash flow arrears as of 31 December 2024 and 2023. The amounts in the table may not be equal to the carrying amount of the related liabilities, as the table includes all cash outflows on a non-discounted basis.

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31 December 2024	Carrying amount	Contractual amounts	Up to 6 months***	6-12 months	1-5 years	More than 5 years
Loans*	60,317,760	64,069,864	49,804,729	974,479	8,954,065	4,336,591
Eurobonds 2028	41,920,152	41,920,152	41,920,152	-	-	-
Trade accounts payable**	47,195,409	47,195,409	46,958,035	237,374	-	-
Other accounts payable	171,053	171,053	171,053	-	-	-
Finance lease liabilities	7,196	9,136	1,892	1,892	5,352	-
Financial guarantees of electricity market participants	741,516	741,516	741,516	-	-	-
Total	150,353,086	154,107,130	139,597,377	1,213,745	8,959,417	4,336,591
31 December 2023	Carrying amount	Contractual amounts	Up to 6 months	6-12 months	1-5 years	More than 5 years
Loans*	47,446,315	63,857,869	5,884,061	6,398,191	32,256,108	19,319,509
Eurobonds 2028	10,374,481	46,768,018	-	6,188,571	40,579,447	-
Trade accounts payable**	56,120,995	56,120,995	55,872,679	248,316	-	-
Other accounts payable	125,909	125,909	125,909	-	-	-
Finance lease liabilities	3,742	4,726	1,203	607	2,916	-
Financial guarantees of electricity market participants	1,485,587	1,485,587	1,485,587	-	-	-
Total	115,557,029	168,363,104	63,369,439	12,835,685	72,838,471	19,319,509

* Including accrued interests on loans.

** Including long-term trade accounts payable presented in Other long-term liabilities in the consolidated statement of financial position.

*** As described in Note 14, event of default under the Eurobonds 2028 application of cross-default provisions gives creditors a right to demand early repayment of the full amount of the debt and the Group has not a right to defer the repayment of these liabilities for at least twelve months after the reporting period. As a result, as of 31 December 2024, loans and borrowings in the amount of UAH 89,968,948 thousand were fully classified as current liabilities. These loans and Eurobonds 2028 were presented in the table above with a maturity up to 6 months.

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Deferral of debt payments for loans from state-owned banks

As described in Note 14, with the beginning of the war between the Russian Federation and Ukraine in February 2022, the Group suspended the payment of the principal amount on loans from state-owned banks due to force majeure circumstances and agreed credit holidays with creditor banks. During 2023-2024, the Group's management agreed with state-owned banks on the terms of deferring the payment of the outstanding principal debt on loans to a later period. The process of agreeing with state-owned banks on the deferral of payment continued, and in January-February 2025, the Group agreed with JSC "Ukreximbank" and JSB "Ukrgasbank" additional changes to the repayment schedule of the principal debt on loans.

The table above provides an analysis of maturity of financial liabilities based on the contractual terms effective as of 31 December 2024 and 2023, not including the deferral of payments for loans from state-owned banks agreed after that date.

Information on the impact of the deferral of payments of the remaining debt on loans from state-owned banks, which existed as of 31 December 2024, on the future cash outflow of the Group (including accrued interest) is presented as follows:

	31 December 2024	
	Initial contractual terms	Amended contractual terms
Loans from state-owned banks		
Up to 6 months	1,535,982	450,947
6-12 months	1,436,633	469,811
1-5 years	2,516,934	5,500,207
More than 5 years	-	-
Total contractual amounts	5,489,549	6,420,965

Information on the impact of the deferral of payments of the remaining debt on loans from state-owned banks, which existed as of 31 December 2023, on the future cash outflow of the Group (including accrued interest) is presented as follows:

	31 December 2023	
	Initial contractual terms	Amended contractual terms
Loans from state-owned banks		
Up to 6 months	3,097,445	1,102,776
6-12 months	2,876,226	966,255
1-5 years	6,573,268	13,093,722
More than 5 years	-	-
Total contractual amounts	12,546,939	15,162,753

Market risks

Risk of changes in tariffs

Tariff risk is the risk that the Group's current or future revenues may be adversely affected by a reduction or non-approval, to the extent necessary to cover costs, of NEURC tariffs for electricity transmission and dispatch (operational and technological) control services. NEURC has the authority to revise tariffs on an annual basis in cases where the Group fails to comply with licensing activities, regulatory requirements of NEURC or other regulatory requirements; and in cases where the Group fails to implement its investment program to an extent that ensures the use of all funds that have been accumulated through the investment component of the tariff.

The Group manages this risk by carrying out its activities in full compliance with all regulatory requirements and full compliance with them, as well as by taking adequate measures to implement the investment program and comply with the approved tariff structures.

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Interest rate risk

The Group normally has no significant interest bearing assets and its income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from loans at floating rates. The primary objective of interest rate risk management is to obtain financing at minimal cost and to match liquidity to the loan proceeds schedule.

As of 31 December 2024 and 2023, the Group had loan liabilities with a floating interest rate pegged to SOFR, EURIBOR, the NBU discount rate, UIRD.

The following table includes information for the year ended 31 December 2024 and 2023, the sensitivity of the Group's pretax earnings to a probable change in interest rates with all other variables held constant:

31 December 2024	Increase "+" / decrease "-" of percentage points	Increase / (decrease) in profit before tax	Increase / (decrease) in equity
SOFR	+0,50%	(41,042)	(41,042)
SOFR	-0,50%	41,042	41,042
EURIBOR	+0,25%	(73,171)	(73,171)
EURIBOR	-0,25%	73,171	73,171
NBU discount rate	+1,00%	(91,523)	(91,523)
NBU discount rate	-1,00%	91,523	91,523
UIRD	+0,1%	(1,153)	(1,153)
UIRD	-0,1%	1,153	1,153
31 December 2023	Increase "+" / decrease "-" of percentage points	Increase / (decrease) in profit before tax	Increase / (decrease) in equity
SOFR	+0,50%	(40,523)	(40,523)
SOFR	-0,50%	40,523	40,523
EURIBOR	+0,25%	(51,369)	(51,369)
EURIBOR	-0,25%	51,369	51,369
NBU discount rate	+1,00%	(91,479)	(91,479)
NBU discount rate	-1,00%	91,479	91,479
UIRD	+0,1%	(1,183)	(1,183)
UIRD	-0,1%	1,183	1,183

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Foreign currency risk

Foreign currency risk is the risk that the financial performance of the Group will be adversely impacted by changes in foreign exchange rates to which the Group is exposed. The Group sells goods and services in the domestic market of Ukraine at prices denominated in hryvnia.

Most of the Group's loans and borrowings are denominated in foreign currencies, as well as certain agreements on the import of equipment for the modernization and construction of property, plant and equipment. The Group does not use any derivatives to manage its foreign currency risk exposure. Carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of the reporting dates were as follows:

	USD		EUR	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Assets				
Cash and cash equivalents	195,792	84,266	4,405,639	362,663
Trade accounts receivable	-	-	846,686	582,993
Other accounts receivable	-	-	88,320	34,492
Liabilities				
Loans	(11,572,578)	(10,760,553)	(38,449,807)	(26,564,917)
Eurobonds 2028	(41,920,152)	(10,374,481)	-	-
Trade accounts payable	(161,233)	(223,397)	(989,640)	(1,032,759)
Other accounts payable	-	-	(2,520)	(344)
Income tax payable	-	-	(371)	-
Accrued interests on loans	(4,526)	(5,354)	(322,033)	(251,529)
Net position	(53,462,697)	(21,279,519)	(34,423,726)	(26,869,401)

The table below provides details of the sensitivity of the Group's profit or loss and equity to a reasonably possible change in foreign exchange rates applied at the reporting date, with all other variables held constant. These sensitivities represent management's assessment at the reporting dates of reasonably possible changes in foreign exchange rates.

	2024		2023	
	USD – impact	EUR – impact	USD – impact	EUR – impact
Profit at strengthening by 10%	5,346,270	3,442,373	2,127,952	2,686,940
Loss at weakening by 10%	(5,346,270)	(3,442,373)	(2,127,952)	(2,686,940)

Capital management

The Group's principal sources of funding are borrowings and equity. The primary objective of the Group's capital management is to ensure that it maintains an adequate credit rating and sufficiency of capital ratios to support its business. The Group monitors its capital using a gearing ratio, which is calculated as net liabilities divided by equity and net liabilities. In calculating net liability, the Group considers loans and borrowings, net of cash and short-term deposits.

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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.

	31 December 2024	31 December 2023
Loans	59,137,603	46,440,688
Eurobonds 2028	41,920,152	10,374,481
Accrued interests on loans	1,180,157	1,005,627
Less: Cash and cash equivalents	<u>(15,515,975)</u>	<u>(7,830,966)</u>
Net liability	<u>86,721,937</u>	<u>49,989,830</u>
Equity	<u>8,488,574</u>	<u>47,515,164</u>
Equity and net liability	<u>95,210,511</u>	<u>97,504,994</u>
Gearing ratio	<u>0.91</u>	<u>0.51</u>

Reconciliation of liabilities arising from financing activities

The table below details the main changes in the Group's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are liabilities in respect of which cash flows were or future cash flows will be classified in the Group's consolidated statement of cash flows (under direct method) as cash flows from financing activities.

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Reconciliation of liabilities arising from financing activities for the year ended 31 December 2024 was the following:

2024	Loans	Accrued interests on loans	Eurobonds 2028	Dividends	Lease and other liabilities	Total
As at 1 January	46,440,688	1,005,627	10,374,481	-	3,743	57,824,539
Cash inflow from loans and borrowings	11,884,483	-	-	-	-	11,884,483
Cash repayments	(4,278,629)	(4,239,608)	-	(338,974)	(3,308)	(8,860,519)
Effect of cash flows revision as a result of the technical default	-	-	24,975,279	-	-	24,975,279
Direct payments of bank to counterparties	2,418,633	-	-	-	-	2,418,633
Recognition of accounts payable	-	-	-	338,974	5,692	344,666
Interest expense	-	4,409,601	4,796,156	-	1,069	9,206,826
Foreign currency exchange differences, net	2,672,428	4,537	1,774,236	-	-	4,451,201
As of 31 December	59,137,603	1,180,157	41,920,152	-	7,196	102,245,108

Reconciliation of liabilities arising from financing activities for the year ended 31 December 2023 was the following:

2023	Loans	Accrued interests on loans	Eurobonds 2028	Dividends	Lease and other liabilities	Total
As at 1 January	37,135,244	591,769	6,370,082	-	7,792	44,104,887
Cash inflow from loans and borrowings	6,104,566	-	-	-	-	6,104,566
Cash repayments	(2,290,949)	(3,849,330)	-	-	(3,081)	(6,143,360)
Extinguishment of liability	-	-	-	-	(1,470)	(1,470)
Direct payments of bank to counterparties	3,196,314	-	-	-	-	3,196,314
Interest expense	-	4,250,028	3,629,140	-	502	7,879,670
Foreign currency exchange differences, net	2,295,513	13,160	375,259	-	-	2,683,932
As of 31 December	46,440,688	1,005,627	10,374,481	-	3,743	57,824,539

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33. EVENTS AFTER THE REPORTING PERIOD

Deferral of debt payments for loans from state-owned banks

In January-February 2025, the Group agreed with JSC "Ukreximbank" and JSB "Ukrigasbank" additional changes to the repayment schedule of the principal on loans with a one-year deferral - the loans will be repaid in equal monthly installments, starting from January 2026 to December 2027.