PRIVATE JOINT-STOCK COMPANY UKRHYDROENERGO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Together with Independent Auditor's Report

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of Private Joint Stock Company "Ukrhydroenergo"

To the National Securities and Stock Market Commission

Report on the audit of the financial statements

Qualified opinion

We have audited the financial statements of Private Joint-Stock Company Ukrhydroenergo (EDRPOU code is 20588716, location: 07300, Ukraine, Kyiv region, Vyshgorod city; further – the "Company"), which comprise:

- statement of financial position as at December 31, 2022;
- statement of comprehensive income for the year ended December 31, 2022;
- statement of cash flows (under direct method) for the year ended December 31, 2022;
- statement of changes in equity for the year ended December 31, 2022;
- Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible impact of the matter described in the "Basis for qualified opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, its financial performance and cash flows for the year then ended, in accordance with the requirements of International Financial Reporting Standards (IFRS) 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

Determining the provision for expected credit losses on receivables for products, goods, works and services

As at December 31, 2022, the Company determined the provision for expected credit losses in respect of receivables for products, goods, works and services in the amount of UAH 995 821 thousand (SE Energorynok in the amount of UAH 991 967 and other debtors in the amount of UAH 3 854 thousand). The provision for expected credit losses in respect of receivables for products, goods, works and services was calculated in accordance with the Decree of the Cabinet of Ministers of Ukraine No. 1673 dated November 29, 2006 (as amended by the Decree of the Cabinet of Ministers of Ukraine No. 458 dated May 12, 2021). The methodology for determining the allowance for expected credit losses prescribed by these decrees does not comply with the methodology prescribed by IFRS 9 Financial Instruments. If the allowance for expected credit losses had been measured in accordance with the methodology prescribed by IFRS 9 "Financial Instruments", the allowance for expected credit losses could have been higher than the amounts recognised as at December 31, 2022, and therefore the carrying amount of trade receivables in the statement of financial position, the impairment loss on financial assets in the statement of comprehensive income and the related deferred tax effect would have been different.

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 Financial Statements section of our report. We are independent of the Enterprise in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA's 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's 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

We draw your attention to Notes 2, 48 and 49 to these financial statements, which state events and conditions that occurred as a result of the military invasion into Ukraine by the Russian Federation on February 24, 2022, which has unpredictable consequences for the Company's operations. As described in Note 2, these events or conditions, together with other matters described in Notes 48 and 49, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion has not been modified in respect of this matter.

Other matters

The Company's financial statements for the year ended December 31, 2021 were audited by another auditor, RSM UKRAINE LLC, who expressed an unmodified opinion on April 15, 2022, with a material uncertainty paragraph related to going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's financial statements for the current period. These matters were considered in the context of our audit of the Company's financial statements as a whole and were considered in forming our qualified opinion thereon, and we do not express a separate opinion thereon. In addition to the matter described in the going concern section, we determined that the following matters are key audit matters that should be included in our report.

Key audit matter	Description of Audit Procedures Performed
1 Assessment of impairment of capital investments in progress and property, plant and equipment	
As at December 31, 2022 the total carrying amount of the Company's capital investments in progress and property, plant and equipment amounted to UAH 42 987 405 thousand, which is 71% of the total value of the Company's assets. Management has assessed the value in use of non-current assets by cash-generating units. As a result of the test performed by the management, impairment in the amount of UAH 2 236 277 thousand was identified and recognised in these financial statements of the Company.	We obtained and analysed the financial models used by management to assess the impairment of capital investments in progress and property, plant and equipment. We engaged our valuation specialists to form an opinion on the assumptions and methodology used in the impairment testing. Our audit procedures in relation to management's assessment of impairment of capital investments in progress and property, plant and equipment comprised the following:

We paid particular attention to the assessment of impairment of capital investments in progress and property, plant and equipment as at December 31, 2022 because the assessment process is complex, involves significant judgement by management and is based on assumptions that are affected by projected future market and economic conditions that are by their nature uncertain.

The impairment test is sensitive to a reasonably possible change in the assumptions. The most significant judgements relate to the discount rate applied, together with the assumptions underlying the respective projected cash flows, growth rates and key planning periods.

See Notes 3, 7 and 8 to the accompanying financial statements.

- review the methodology used by the Company's management in performing the impairment test;
- review, on a sampling basis, the key assumptions used in the financial models and their consistency with the approved financial plan, externally available and reliable information and our industry-specific expertise;
- review the accuracy and appropriateness of inputs used by management in the financial models for the impairment assessment of capital investments in progress and property, plant and equipment;
- obtain management's explanations for the performed assessment of capital investments in progress and property, plant and equipment for impairment.

In addition, we assessed the adequacy of the disclosures in Notes 7 and 8 to the Company's financial statements.

Key audit matter	Description of Audit Procedures Performed

2 Disclosure of events after the reporting date

The Company's management is required to identify significant events after the reporting date and make appropriate adjustments to the Company's financial statements, if any, or provide appropriate disclosures.

The Company's management concluded that the full-scale invasion into the territory of Ukraine by the russian federation, which began on February 24, 2022 and is ongoing, did not affect the application of the going concern basis of accounting in the preparation of the 2022 financial statements and is not adjusting event after the reporting period, but is an event that should be disclosed in events after the reporting period.

Given the materiality of the impact of these events on the Company, we have identified the adequacy and compliance of the information disclosed in Note 49 "Events after the reporting date" with the requirements of IFRS as a significant risk for our audit. Accordingly, we planned additional procedures to review management's statements, the internal control system, and the completeness and accuracy of the information disclosed in the notes to the financial statements.

See Note 49 of the accompanying financial statements.

Our audit procedures in respect of events after the reporting date included the following:

- Meetings, interviews and receiving detailed analyses of the situation from the Company's representatives;
- Conducting sampling reviews of the Company's property, plant and equipment;
- Reconciliation of information in the notes with information from the Company's accounting system;
- Reviewing publicly available information and comparing it, as well as our overall understanding of the situation, with the disclosures in the notes to the financial statements;
- Reviewing other internal sources of information regarding possible events that have not been disclosed, including minutes of the Shareholders' meetings, interim financial information of the Company.

In addition, we assessed the appropriateness of the disclosures in Note 49 to the Company's financial statements.

Other Information

Management of the Company is responsible for other information prepared as at and for the year ended December 31, 2022.

Other information consists of the following reports:

- Management Report for 2022, 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 2022, prepared in accordance with the requirements of the Regulation on disclosures by issuers of securities, approved by the Decision of the National Securities and Stock Market Commission dated 03.12.2013 No 2826;
- Report on the financial statements prepared on the basis of the IFRS financial reporting taxonomy in a single electronic format (iXBRL) as at and for the year ended December 31, 2022, 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.

Our Qualified opinion on the Company's 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 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 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.

Management Report

The Company has prepared the Management Report, of which the Corporate Governance Report is a part, for 2022 on February 28, 2023 and plans to publish it together with this independent auditor's report. In the 2022 Management Report, we have not identified any material inconsistencies between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated, and we have not identified any facts that should have been included in our Independent Auditor's Report.

Report on annual information of the issuer of securities

The Company plans to prepare and publish the Annual Information of the Issuer of Securities for 2022 after the date of publication of this Independent Auditor's Report. Following receipt and review of the Annual Information of the Issuer of Securities, if we conclude that there is a material misstatement, we will communicate the matter further to those charged with governance.

Report on financial statements prepared on the basis of the IFRS financial reporting taxonomy in a single e-format (iXBRL)

The Company plans to prepare and publish its financial statements prepared on the basis of the IFRS financial reporting taxonomy in a single e-format (iXBRL) for 2022 after the date of publication of this Independent Auditor's Report. After receiving and reviewing the financial statements based on the IFRS financial reporting taxonomy in a single e-format (iXBRL), if we conclude that there is a material misstatement, we will communicate the matter further to those charged with governance.

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

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing its financial statements, Management is responsible for assessing the Company'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 Company 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 Company.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's management.
- Conclude that management uses the going concern assumption as a basis for accounting and, based on the audit evidence obtained, conclude that there is significant uncertainty about events or conditions that would cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance the assertion that we have complied with the relevant ethical requirements for independence, and inform them of all relations and other matters that could reasonably be considered influencing our independence, and, where applicable, of relevant preventive measures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 reasonable 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 mandatory audit of a public interest entity:

- The total duration of the mandatory audit engagement of the financial statements by BDO LLC is 1 (one) year. For BDO LLC, this assignment is also the first year of the statutory audit of the Company's financial statements after the Company was recognised 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 Material Uncertainty Related to the 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 year's financial statements, and that, in our professional judgment, should also be addressed. These matters were considered as part of our audit of the 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 "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 contained in this Independent Auditor's Report on the audit of the Company's financial statements was reconciled with the information in the Additional Report to the Audit Committee dated April 12, 2023.
- During 2022 BDO LLC did not provide to the Company services other than statutory audit services.
- BDO LLC and its Key Audit Partner are independent in relation to the Company according to the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA's 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 Company with other services prohibited in accordance with the requirements of Article 6 of the Law of Ukraine "On audit of financial reporting and auditing activities" dated 21.12.2017 No. 2258-VIII during 2022 and in the period from January 01, 2023 until the date of signing this independent auditor report.

2 Report on the requirements of the NSSMC's decision dated 22.07.2021 No. 555 "On approval of the Requirements for information related to the audit or review of financial statements of participants in capital markets and organized commodity markets supervised by the NSSMC"

The financial statements of Private Joint Stock Company "Ukrhydroenergo" were audited in accordance with the agreement No. 768B/2022 on the provision of audit services dated November 17, 2022 for the period from November 16, 2022 to the date of this report. The Company is a public interest entity in accordance with the Law of Ukraine "On Accounting and Financial Reporting" dated 16.07.1999 No. 996-XIV. The Company is not a controller/participant of a non-banking financial group.

Information on the ultimate beneficial owner and ownership structure

In our opinion, the information disclosed in Note 1 in these financial statements is consistent with the information on the ultimate beneficial owner and ownership structure of the Company as disclosed in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Formations.

Information about the Company's parent and subsidiaries

As disclosed in Note 1 to these financial statements, the Company has no parent company and no subsidiaries at the beginning and end of the reporting period.

Reporting on the corporate governance report as part of the separate Management Report

The information set out in this report is the result of our procedures performed as part of our audit of the Company's financial statements for the year 2022 and procedures on the corporate governance report as an integral part of the Management report, as set out in the Other Information section of this Independent Auditor's Report. These procedures included a review of whether the information in the corporate governance report is consistent with the financial statements and a review of 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".

The Company's management is responsible for the preparation of the corporate governance report in accordance with the requirements of part three of Article 127 of the Law of Ukraine "On Capital Markets and Organised Commodity Markets".

Based on the results of our audit procedures, considering the knowledge and understanding of the Company's activities formed during the audit, in all material aspects:

- The information required by paragraphs 1-4 of part three of Article 127 of the Law of Ukraine "On Capital Markets and Organised Commodity Markets" is disclosed in Section 10. Corporate Governance Report, which is an integral part of the Management Report (Management Report) of PrJSC Ukrhydroenergo for 2022;

- In Section 10, Corporate Governance Report, which is an integral part of the Management Report (Management Report) of PrJSC Ukrhydroenergo for 2022, the information required by paragraphs 5-9 of part three of Article 127 of the Law of Ukraine On Capital Markets and Organised Commodity Markets is disclosed. This information is consistent with the information on corporate management obtained during the audit and complies with the requirements of the applicable law.

Summary of the audit committee's review

- The Audit Committee establishment is not provided for in the Company's Charter.

The audit was performed under the supervision of the Key Audit Partner Alexander Mykolaiovych Nikolaenko.

Key Audit Partner A. M. Nikolaenko

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

Kyiv, April 14, 2023

PrJSC Ukrhydroenergo

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

The management is responsible for the preparation of the financial statements that present fairly, in all material respects, the financial position of the Private Joint-Stock Company Ukrhydroenergo (further — the Company) as at December 31, 2022 and the results of its operations, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" on the preparation of financial statements (further — the "Law on Accounting and Financial Reporting").

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

- Selecting suitable accounting principles and applying them consistently;
- 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 is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the Company's financial position and financial performance; and
- Making an assessment of the Company's ability to continue as a going concern.

The Company management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining accounting records in accordance with Ukrainian legislation and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The financial statements of the Company for the year ended December 31, 2022, were approved on February 23, 2023 by the Company's management.

On behalf of Company's management:

General Director	Igor SYROTA
Deputy General Director	Svitlana KHRAPOVA
Chief Accountant	Ellina TRUBAKOVA

In thousands of Ukrainian hryvnias

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

Asset	Note	As at 31.12.2022	As at 31.12.2021
I. Non-current assets			
Intangible assets	6	278 968	114 493
Historical cost	6	402 839	194 795
Accumulated amortization	6	(123 871)	(80 302)
Capital investments in progress	7	21 673 522	12 428 383
Property, plant and equipment	8	21 313 883	25 246 330
Historical cost	8	29 420 484	31 225 154
Depreciation	8	(8 106 601)	(5 978 824)
Other financial investments	9	38 147	49 506
Long-term accounts receivable	10	30 961	114 369
Deferred income tax	43	-	330 799
Other non-current assets	11	8 921	9 623
Total in Section I		**43 344 402**	**38 293 503**
II. Current assets			
Inventories	12	234 208	159 873
Production inventories		232 686	158 753
Goods		1 522	1 120
Accounts receivable for products, goods, works and services	13	8 019 513	2 835 085
Accounts receivable on settlements:			
On advances paid	14	78 763	411 765
With budget	15	285 549	236 990
From accrued income	16	81 339	37 156
Other current accounts receivable	17	63 263	54 465
Current financial investments	18	4 513 615	4 216 122
Cash and cash equivalents	19	2 723 988	2 745 050
Cash on hand		6	5
Bank accounts		2 723 982	2 745 045
Deferred expenses		1 671	3 110
Other current assets	20	812 740	332 768
Total in Section II		**16 814 649**	**11 032 384**
III. Non-current assets available for sale and disposal groups		-	-
Balance		**60 159 051**	**49 325 887**

Notes on pages 8-70 are an integral part of the financial statements

In thousands of Ukrainian hryvnias

Liability	Note	As at 31.12.2022	As at 31.12.2021
	I. Equity		
Registered (share) capital	21	1 118 553	1 118 553
Revaluation surplus	21	(16 420)	(5 061)
Additional capital	21	6 592 202	6 548 157
Capital reserves		155	155
Retained earnings (uncovered loss)		38 673 555	31 393 767
Total in Section I		**46 368 045**	**39 055 571**
	II. Long-term liabilities and provisions		
Deferred tax liabilities	43	115 605	-
Pension obligations	22	145 217	178 571
Long-term bank loans	23.1.	5 621 661	4 403 299
Other long-term liabilities	24	825 912	922 200
Long-term provisions	22	10 025	10 851
Long-term liabilities on employee benefits	22	10 025	10 851
Target financing	25	28 098	28 098
Total in Section II		**6 746 518**	**5 543 019**
	III. Current liabilities and provisions		
Current accounts payable on:			
Long-term liabilities	26	1 279 063	827 425
Goods, works, services	27	4 086 927	1 542 179
Settlements with budget	28	101 261	779 580
Including income tax	28	28 500	728 119
Insurance payments		15	175
Remuneration of labor		1 332	2 330
Advances received	29	56	361 120
Current liabilities	30	154 417	121 584
Deferred income	31	10 784	4 880
Other current liabilities	32	1 410 633	1 088 024
Total in Section III		**7 044 488**	**4 727 297**
IV. Liabilities related to non-c available for sale and disposal		-	-
Balance		**60 159 051**	**49 325 887**

General Director ______________ Igor SYROTA

Deputy General Director ______________ S. Khrapova

Chief Accountant ______________ E. Trubakova

Notes on pages 8-70 are an integral part of the financial statements

In thousands of Ukrainian hryvnias

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

I. FINANCIAL RESULTS

Item	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
Net income from sale of products (goods, works, services)	33	37 235 547	23 437 680
Cost of sold products (goods, works, services)	34	(5 207 760)	(4 213 123)
Gross:			
Profit		**32 027 787**	**19 224 557**
Other operating income	35	3 840 104	346 804
Administrative expenses	36	(819 467)	(730 127)
Distribution expenses	37	(15 470 649)	(3 505 573)
Other operating expenses	38	(235 972)	(2 607 381)
Financial result from operating activity:			
Profit		**19 341 803**	**12 728 280**
Other financial income	39	1 090 372	474 250
Other income	40	46 980	690 841
Financial expenses	41	(179 608)	(142 618)
Other expenses	42	(5 761 068)	(3 184)
Financial result before tax:			
Profit		**14 538 479**	**13 747 569**
Income tax expenses (gain)	43	(2 754 369)	(2 486 764)
Net financial result:			
Profit		**11 784 110**	**11 260 805**

II. COMPREHENSIVE INCOME

Item	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
Revaluation surplus (loss) of financial instruments	9, 21	(11 359)	277
Other comprehensive income	21, 22	53 714	14 510
Other comprehensive income before tax		**42 355**	14 787
Income tax related to other comprehensive income	21	9 669	2 612
Other comprehensive income after tax		**32 686**	12 175
Comprehensive income		**11 816 796**	**11 272 980**

In thousands of Ukrainian hryvnias

III. ELEMENTS OF OPERATING EXPENSES

Item	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
Material costs		98 263	82 268
Remuneration costs		1 423 621	1 334 722
Social deductions		272 185	253 639
Amortization		977 268	842 998
Other operating expenses	38	18 962 216	8 493 270
Total		**21 733 553**	**11 006 897**

IV. PROFITABILITY OF SHARES

Item	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
Average annual number of ordinary shares	21	111 855 295	111 855 295
Adjusted average annual number of ordinary shares		111 855 295	111 855 295
Net profit (loss) per one ordinary share		105,35138	100,67297
Adjusted net profit (loss) per one ordinary share		105,35138	100,67297
Dividends per one ordinary share		40,26919	11,09547

General Director ____________ Igor SYROTA

Deputy General Director ____________ S. Khrapova

Chief Accountant ____________ E. Trubakova

In thousands of Ukrainian hryvnias

STATEMENT OF CASH FLOWS (UNDER DIRECT METHOD) FOR THE YEAR ENDED 31 DECEMBER 2022

Item	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
I. Cash flow from operating activity			
Inflows from:			
Sale of products (goods, works, services)		29 218 879	22 555 215
Return of taxes and levies		-	-
Target financing		19 538	22 381
Advances from buyers and customers		690	62 310
Inflows from debtors of forfeits (fines,		20 753	85
Inflows from operational leases		2 449	1 104
Other inflows		11 165	12 114
Expenses to pay:			
Goods (works, services)		(5 992 624)	(5 764 719)
Remuneration of labor		(1 142 096)	(1 081 151)
Social deductions		(268 068)	(252 290)
Taxes and levies payable		(5 872 983)	(5 271 433)
Income tax liabilities		(3 017 253)	(2 523 335)
Value added tax liabilities		(2 265 922)	(2 204 199)
Other taxes and levies payable		(589 808)	(543 899)
Advances		(14 565)	(3 822)
Other expenses		(133 773)	(148 081)
Net cash flow from operating activity		**15 849 365**	**10 131 713**
II. Cash flow from investment activity			
Inflows from sale of:			
Financial investments		13 620 464	950 000
Non-current assets		-	-
Inflows from received:			
Dividends		192	153
Expenses to purchase:			
Financial investments		(13 750 999)	(4 426 037)
Non-current assets		(11 999 235)	(5 110 916)
Net cash flow from investment activity		**(12 129 578)**	**(8 586 800)**

In thousands of Ukrainian hryvnias

Item	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
III. Cash flow from financial activity			
Inflows from:			
Loans received	23.2	803 771	533 752
Other inflows		811 120	531 254
Expenses to:			
Repay loans	23.3	(882 090)	(792 247)
Pay dividends	21	(4 504 322)	(1 241 087)
Pay interest		(108 186)	(81 802)
Other payments		-	-
Net cash flow from financial activity		**(3 879 707)**	**(1 050 130)**
Net cash flow for the reporting period		**(159 920)**	**494 783**
Opening cash balance	19	2 745 050	2 329 969
Effect of changes in exchange rates on cash balances		138 858	(79 702)
Closing cash balance	19	**2 723 988**	**2 745 050**

General Director	Igor SYROTA
Deputy General Director	S. Khrapova
Chief Accountant	E. Trubakova

In thousands of Ukrainian hryvnias

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

Item	Note	Registered (share) capital	Revaluation surplus	Additional capital	Capital reserves	Retained earnings (uncovered loss)	Total
Balance as at 31.12.2020		**1 118 553**	**(5 338)**	**6 536 259**	**155**	**21 374 049**	**29 023 678**
Net profit (loss) for the reporting period		-	-	-	-	**11 260 805**	**11 260 805**
Other comprehensive income for the reporting period	9, 21	-	**277**	**11 898**	-	-	**12 175**
Revaluation surplus (loss) of financial instruments	9, 21	-	277	-	-	-	277
Other comprehensive income	21	-	-	11 898	-	-	11 898
Profit distribution:							
Payments to owners (dividends)	21	-	-	-	-	(1 241 087)	(1 241 087)
Other changes in equity		-	-	-	-	-	-
Total changes in equity		-	**277**	**11 898**	-	**10 019 718**	**10 031 893**
Balance as at 31.12.2021		**1 118 553**	**(5 061)**	**6 548 157**	**155**	**31 393 767**	**39 055 571**
Net profit (loss) for the reporting period		-	-	-	-	**11 784 110**	**11 784 110**
Other comprehensive income for the reporting period	9, 21	-	**(11 359)**	**44 045**	-	-	**32 686**
Revaluation surplus (loss) of financial instruments	9, 21	-	(11 359)	-	-	-	(11 359)
Other comprehensive income	21	-	-	44 045	-	-	44 045
Profit distribution:							
Payments to owners (dividends)	21	-	-	-	-	(4 504 322)	(4 504 322)
Other changes in equity		-	-	-	-	-	-
Total changes in equity		-	**(11 359)**	**44 045**	-	**7 279 788**	**7 312 474**
Balance as at 31.12.2022		**1 118 553**	**(16 420)**	**6 592 202**	**155**	**38 673 555**	**46 368 045**

General Director ______________ Igor SYROTA
Deputy General Director ______________ S. Khrapova
Chief Accountant ______________ E. Trubakova

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. Introduction

Private Joint-Stock Company Ukrhydroenergo (hereinafter - the Company) is registered under the laws of Ukraine and is located in Vyshgorod, 07300, Ukraine. Contact information: official site: https://uhe.gov.ua/.

The Company is a successor of OJSC Ukrhydroenergo incorporated by reorganization and merger pursuant to the Order of the Ministry of Fuel and Energy of Ukraine dated 31.12.2003 No 831 of the State Joint Stock Company Dniprohydroenergo (SJSHC Dniprohydroenergo) and the State Joint Stock Company Dnistrohydroenergo (SJSEC Dnistrohydroenergo), based on which the State Joint Stock Company "State Joint-Stock Company Ukrhydroenergo" was established, which according to the order of the National Joint Stock Company Energy Company of Ukraine dated 30.07.2004 No. 3 was renamed to Open Joint Stock Company Ukrhydroenergo. According to the decision of the General Shareholders' Meeting held on June 9, 2011, Open Joint Stock Company Ukrhydroenergo changed its name to Public Joint Stock Company Ukrhydroenergo in accordance with the Law of Ukraine "About Joint Stock Companies".

On the basis of the order of the Ministry of Energy and Coal Mining of Ukraine dated May 31, 2017 and in compliance with the requirements of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on the Protection of the Rights of Investors", the Private Joint-Stock Company "Ukrhydroenergo" is a new name of the Public Joint-Stock Company "Ukrhydroenergo".

In accordance with paragraph 2 of the order of the Cabinet of Ministers of Ukraine dated 15.11.2019 No. 1084-r, 100% of the shares in the authorized capital of the Company are transferred to the Ministry of Energy and Environmental Protection of Ukraine. In accordance with the resolution of the Cabinet of Ministers of Ukraine dated 27.05.2020 No. 425, the Ministry of Energy and Environmental Protection of Ukraine was renamed the Ministry of Energy of Ukraine, which as of 31.12.2020 had the authority to manage corporate rights of the state in relation to PJSC "Ukrhydroenergo".

The order of the Cabinet of Ministers of Ukraine dated 20.01.2021 No. 50 determined that the functions of corporate rights management owned by the state in the authorized capital of PJSC "Ukrhydroenergo" are performed by the Cabinet of Ministers of Ukraine.

The Company is not a controller / member of a non-bank financial group. According to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" of 16.07.1999 No. 996-XIV the Company is a public interest entity. The Company has no parent or subsidiary companies.

According to the Charter, the Supervisory Board consists of 7 members, of which: independent members - 4 persons, representatives of the state - 3 members, which meets the requirements for the supervisory board of a company, in the authorized capital of which more than 50% of shares (stocks) belong to the state according to Art. 11^2 of the Law of Ukraine "On Management of State Property".

The Supervisory Board of PJSC "Ukrhydroenergo" is a collegial body that protects the rights of shareholders of the Company and within the competence defined by the Charter and legislation, carries out strategic management of the Company, as well as analyzes and evaluates the Executive Body of PJSC "Ukrhydroenergo". The Supervisory Board reports to the General Meeting on its activities and the measures taken by it to achieve the goals of the Company.

During the reporting period, the Supervisory Board of "Ukrhydroenergo" was re-elected in its entirety by the Cabinet of Ministers of Ukraine dated 15.07.2022 No. 696-r "Some Issues of the Supervisory Board of the Private Joint Stock Company Ukrhydroenergo".

The key activities of the Company are the production and sale of electric energy; the Company is the largest hydro power generating companies in Ukraine, which consists of eight branches:

- Kyiv Chain of HPP and PSPP
- Kanivska HPP

- Kremenchutska HPP
- Serednyodniprovska HPP
- Dniprovska HPP
- Kahovska HPP named after P.S. Neporozhniy
- Dnistrovska HPP
- Directorate of construction of Dnistrovska PSPP

Each branch is a separate business unit.

As of 01.07.2019 in accordance with the Law of Ukraine "On the New Electricity Market" the Company buys and sells electricity in organized segments of the new market:

- the market for bilateral contracts at electronic auctions of the Ukrainian Energy Exchange LLC;
- day-ahead market;
- intra-day market;
- balancing market.
- the ancillary services market.

In addition, pursuant to Article 62 of the Law of Ukraine "On the Electricity Market" dated 13.04.2017 No. 2019-VIII and Resolution of the Cabinet of Ministers of Ukraine dated 05.06.2019 No. 483 (as amended) "On Approval of the Regulation on the Imposition of Special Obligations on Electricity Market Participants to Ensure Public Interest in the Operation of the Electricity Market", the Company is entrusted with the performance of special obligations to ensure public interest in the operation of the electricity market.

The Company's financial statements for the year ended December 31, 2022 were authorized to the issue on February 23, 2023.

2. Basis of preparation of financial statements

Statement of compliance

The financial statements of the Company are prepared in accordance with IFRS as approved by the International Accounting Standards Board (IASB) and posted on the website of the Ministry of Finance of Ukraine.

Principles of preparation of financial statements

These financial statements have been prepared on the historical value basis, except for certain financial instruments that are accounted for at the fair value. Initial (or historical) cost is usually determined based on the fair value of the consideration paid in exchange for assets.

These financial statements are not consolidated and are represented in Ukrainian hryvnia with all amounts rounded to whole thousands, unless otherwise stated.

Company's ability to continue as a going concern

On February 24, 2022, russian troops launched a military invasion of Ukraine, which led to a full-scale military aggression on the territory of Ukraine. Since the beginning of the military aggression, the Company has focused on the following key areas: the safety of its employees and the security of the IPS of Ukraine.

Russia's full-scale invasion of Ukraine on February 24, 2022, led to a decline in the country's economy and made significant adjustments towards further development of the energy sector. The development of energy companies in the coming years will depend on the duration of martial law, the pace of Ukraine's post-war recovery, and financial assistance to stabilize the economy and achieve energy independence.

In thousands of Ukrainian hryvnia, unless otherwise stated

Management has prepared updated financial forecasts, including cash flow forecasts, for twelve months from the date of authorization of these financial statements, taking into account the most probable and possible negative scenarios of the consequences of military aggression on the Company's operations. Management determined the following scenarios for modeling:

- Baseline scenario. Military aggression and active hostilities will continue for twelve months from the date of authorization of these financial statements; the geographical extent of the temporarily uncontrolled territories will not change significantly from the situation as at the date of authorization of these financial statements; there will be no intensive return of people to Ukraine.
- Optimistic scenario. The military aggression ends by the end of 2023; Ukraine regains control of at least all the territories it controlled before February 24, 2022; the population actively returns to Ukraine.
- Negative scenario. Significant increase in hostilities with the expansion of the combat zone on the territory of Ukraine; significant reduction in international support for Ukraine; easing of sanctions against the russian federation; intensive outflow of labor abroad.

According to the Company's management, the negative scenario is unlikely to occur, and therefore the forecasts for 2023 are based on the assumptions of the baseline and optimistic scenarios.

In the course of modeling based on the baseline and optimistic scenarios to assess the Company's ability to continue as a going concern in the foreseeable future, the management prepared an updated financial plan for 2023 and a strategic development plan for 2022-2026 (taking into account the current situation in Ukraine as of the date of approval of these financial statements), which show that the Company will be able to balance the sources of receipts and use of funds to finance its operating and investment activities, continue to implement the investment program, implement anti-terrorism protection measures and ensure timely payments to domestic manufacturers and contractors.

While acknowledging the existence of significant uncertainty related to the consequences of a full-scale military aggression that may affect the Company's ability to continue as a going concern, and taking into account management's expectations set out in the forecast scenarios, management believes that it is appropriate to prepare the accompanying financial statements on the basis of the going concern assumption. Therefore, it is assumed that the Company has neither the intention nor the need to liquidate or significantly reduce the scale of its operations.

Detailed information on the impact of the military aggression on the operating environment and activities of the Company is described in Note 48.

Functional and presentation currency

The functional and presentation currency of the Company's financial statements is the Ukrainian hryvnya. Transactions in currencies other than the Company's functional currency are foreign currency transactions.

Foreign currency transactions

Transactions in currencies other than the Ukrainian hryvnia are initially recorded at exchange rates that have been enacted at the transaction dates. Monetary assets and liabilities denominated in such currencies are translated at the exchange rates prevailing at the reporting date. All realized and unrealized gains and losses arising on exchange differences are recognized in profit or loss of the period.

Exchange rates of major currencies against the hryvnya used in the preparation of these financial statements are as follows:

	As at December 31, 2022	As at December 31, 2021
USD	36,5686	27,2782
EUR	38,9510	30,9226

As of December 31, 2022, the Company's foreign currency borrowings, debts to foreign suppliers, and foreign currency account balances were translated, which, due to fluctuations in the exchange rate, reduced the Company's net profit by UAH 1,446,178 thousand.

- non-operating exchange loss on cash transactions in the amount of UAH 1,585,110 thousand. (Note 42)
- operating exchange gain on debt on loans received in foreign currency and debt to foreign suppliers in the amount of UAH 138,932 thousand. (Note 35)

As of December 31, 2021, the Company's foreign currency borrowings, debts to foreign suppliers, and foreign currency account balances were translated, which, due to fluctuations in the exchange rate, increased the Company's net profit by UAH 554,597 thousand:

- non-operating exchange gain on cash transactions in the amount of UAH 634,894 thousand. (Note 40)
- operating exchange loss on debt on loans received in foreign currency and debt to foreign suppliers in the amount of UAH 80,297 thousand. (Note 38)

3. Summary of significant accounting policies

The accounting policies set out below apply necessarily to all periods presented in these financial statements.

Cash

Cash and cash equivalents in the statement of financial position include cash at banks and on hand and short-term deposits with an original maturity of less than 3 months.

In the statement of cash flows, cash or cash equivalents include cash and short-term deposits as defined above.

Property, plant and equipment

The unit of accounting of fixed assets is an item of property, plant and equipment. Items of property, plant and equipment are recognized as assets when it is probable that:

- The Company will obtain future economic benefits from the use of the asset;
- The cost of the asset can be reliably estimated.

Items of property, plant and equipment are accounted for on the relevant sub accounts if the above recognition criteria are met, taking into account the fact that the cost of such assets must be equal to/ or more than 20 000 UAH without VAT.

Assets that meet the criteria for recognition of fixed assets and used in the Company during more than one period, but the cost of which is less than 20 000 UAH without VAT are recognized as low-value non-current tangible assets (LVNTA).

Fixed assets of the Company are recognized at the acquisition or creation cost, including non-refundable taxes and any additional costs associated with bringing the assets in good working condition and their delivery.

The Company has selected the cost model as its accounting policy. After recognition as an asset, the Company accounts for property, plant and equipment at cost less accumulated depreciation and impairment losses.

Construction in progress includes costs directly associated with new construction, reconstruction, capital repair and technical re-construction of building projects, including properly allocated direct and overhead expenses. Construction in progress is not depreciated.

Spare parts and standby equipment are recognized as capital investments in progress, if they can be used only in connection with an item of property, plant and equipment and in the future the Company plans to capitalize costs associated with these objects.

In thousands of Ukrainian hryvnia, unless otherwise stated

Where a fixed asset comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

If replacement of major components of fixed assets is needed at regular intervals the Company derecognizes the component being replaced and recognizes new components with appropriate useful lives and depreciation. All other expenses for repairs and maintenance are recognized in the statement of comprehensive income.

Depreciation of property, plant and equipment is designed for the systematic distribution of value of the asset over its useful life and is calculated by the Company using the straight-line method. Depreciation commences from the date these assets are ready for use, i.e., when they are in the place and condition required for their use for the purpose specified by the management, i.e., from the date of commissioning.

The useful lives of groups of fixed assets are as follows:

Group of property, plant and equipment	Useful lives
Buildings and structures	15-100 years
Machinery and equipment	2-40 years
Vehicles	5-10 years
Instruments, implements, fixtures	4-25 years
Other property, plant and equipment	5-12 years

Depreciation of low value non-current tangible assets is charged in amount of 100% in the first month of the asset operation, i.e., the month of its commissioning.

Depreciation charges for each period are recognized in the Statement of comprehensive income if not included in the carrying amount of another asset.

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, in accordance with IAS 23, Borrowing Costs and what are those borrowing costs that would have been avoided had not expenses for a qualifying asset been incurred, in accordance with IAS 23, Borrowing costs.

The key period for the creation of a qualifying asset under IAS 23, Borrowing Costs is the period of over six months.

When creating some qualifying assets in accordance with IAS 23, Borrowing Costs, borrowing costs are allocated in proportion to the costs incurred in creating these assets.

Interest is not capitalized if active creation of a qualifying asset is suspended in accordance with IAS 23, Borrowing Costs for long periods (more than 6 months).

The liquidation value, useful lives and depreciation method are reviewed at the end of each fiscal year.

The gain or loss arising from the disposal or removal of an item of property, plant and equipment is determined as the difference between the proceeds from sale and the carrying amount of the asset and is recognized in the statement of comprehensive income.

Intangible assets

Assets meet the definition of intangibles, is the following conditions are met:

- Possibility of identification;
- Control over the resource;
- Possibility to obtain future economic benefits associated with an intangible asset.

The Company initially estimates an intangible asset at cost.

After initial recognition, intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses.

Accounting for intangible assets is based on its useful life. Intangible assets with finite useful lives are amortized, while intangible assets with an indefinite useful life are not amortized, but tested for impairment not less than once a year.

Useful life of an intangible asset that derives from contractual or other legal rights does not exceed the term of the contractual or other legal rights but may be shorter than the term of their validity depending on the period during which the use of the asset is expected. If the contractual or other legal rights are granted for a limited period which can be extended the useful life of intangible assets includes the following period(s) of renovation, only if there is evidence confirming the possibility of renovation without significant costs.

In determining the useful life of intangible assets, the following factors are considered:

- Useful lives of similar assets;
- Moral amortization that is provided;
- Legal or similar limits on the terms of use and other factors.

The useful life is determined by a committee established in each branch and at the Company's Head Office for each intangible asset.

Amortization of intangible assets is charged under the straight-line method based on their useful lives.

Inventories

Unit of accounting for inventories is a separate stock item.

The initial cost of inventories includes the cost of raw materials and, when applicable, direct labor costs and those overheads that have been incurred in connection with bringing the inventories to their present condition and location.

Inventories are stated at the lower of the original cost and net realizable value. The net realizable value is determined based on the expected sales price as part of the operating costs of normal activities, less estimated costs of bringing inventories to finished state and costs to sell.

For a fair presentation of inventories, the difference between the accounting (initial) cost of inventories and the net realizable value in the Company's financial statements is accounted for through the charge of the provision for impairment of inventories. The provision is charged on the basis of the decision of the commission of structural units on inventories that were not used in operating activities during the last 12 months, in amount of 100% of the book value of inventories provided that they meet the following criteria:

- Inventories were damaged and not used due to this damage;
- Inventories are obsolete and cannot be used in future;
- Inventories are already used, but their write-off was not recorded in the accounting systems.

Formula of the cost of inventories written off during sales or use is the specific identification of their individual cost. Specific identification means that specific costs are the same as identified items of inventory.

Cost formula for inventories that are used by the Company for the catering and retail trade is the average-weighted cost.

Transportation and procurement costs from purchase of inventories include the cost of inventories in connection with the acquisition of which they were incurred. If transportation and procurement costs cannot be personalized, they are record as the total amount shown on a separate sub account of inventory accounting. The expenses collected in the account are allocated monthly between the amount of remaining stock at the end of the reporting month and the cost of inventories disposed of during the reporting month.

Accounts receivable

Trade receivables include amounts receivable for electricity sold, ancillary services, maintenance of technological electric power grids for common use and other services related to the electricity market.

Other accounts receivable include accounts receivable from sale of other goods, works and services.

The Company applies the following business model for trade receivables - an asset is held only for repayment, that is, to obtain contractual cash flows from the counterparty.

The terms of this trade receivable meet the criterion of contractual cash flows that only contain repayment of principal and respective interest.

Based on the business model and contractual terms of this trade receivable, the asset is classified as an asset at amortized cost.

To determine the expected credit losses for this trade receivable, the Company uses a matrix of provisions, which provides for the accrual of expected credit losses based on historical debt repayment data by calculating coefficients based on the debt's overdue status and forecast estimates of default.

Settlements with suppliers and other creditors

Accounts payable are recognized as liabilities, whenever it is probable that future economic benefits will decrease due to their repayment.

Short-term payables are carried at amortized cost. Short-term payables are debts with maturities less than 12 months and their amortized cost is equal to the historical cost, i.e., amortization is not charged.

Long-term payables are estimated and recognized in the Statement of financial position at amortized cost using the effective interest rate. Amortization calculated on the basis of the effective interest rate is recognized in financial expenses in the statement of comprehensive income.

Lease

At the time of the conclusion of the contract, the Company evaluates whether it is a lease or whether it contains a lease. A contract is a lease if the contract transfers the right to control the use of the identified asset for a certain period in exchange for consideration.

(a) Company as a lessee

The Company applies a single approach to the recognition and measurement of all leases. The Company recognizes lease payments related to such leases as straight-line costs over the lease term.

Exceptions are short-term leases and leases under which the underlying asset is a low-value asset (the value of a new asset is less than UAH 120 thousand).

Under short-term leases and leases under which the underlying asset is a low-value asset:

- at the time of the contract - leased assets and liabilities are not recognized;
- costs are attributed to production, administrative or marketing costs in accordance with the intended use of fixed assets by the Company as regular payments are accrued.

(b) Right-of-use assets

At the date of the lease commencement, the Company estimates the right-of-use assets at cost. The cost of right-of-use assets consists of:

a) the amount of the initial estimate of the lease liability;

b) any lease payments made on or before the lease commencement date, less the lease incentives received;

c) any initial direct costs incurred by the lessee (except when the initial cost does not exceed UAH 5,000; and

d) an estimate of the costs to be incurred by the lessee in the process of dismantling and moving the underlying asset, restoring its location, or restoring the underlying asset to the condition required by the lease.

(c) Initial estimate of the lease liability

At the commencement date of the lease, the Company estimates the lease liability at the present value of the lease payments not paid at that date. Lease payments are discounted using the applicable rental interest rate, if such a rate can be easily determined. If such a rate cannot be easily determined, the lessee applies the Company's incremental borrowing rate.

At the commencement date of the lease, the lease payments included in the estimate of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that were not paid at the commencement date of the lease:

a) fixed payments, including substantially fixed payments, net of any lease incentives to be received;

b) changes in rental payments that depend on an index or a rate initially estimated using that index or rate at the date of lease commencement;

c) the amounts that are expected to be paid by the Company under the liquidation guarantees;

d) the price of fulfillment of the purchase option, if the management of the Company is reasonably convinced that the Company will use it; and

e) payments for termination penalties if the term of the lease reflects the Company's ability to terminate the lease.

When calculating a lease liability, all the above elements of the lease are taken into account, except for variable lease payments.

(d) Subsequent measurement of lease liability

After the commencement date, the lessee measures the lease liability by:

(a) increasing the carrying amount to reflect the interest on the lease liability;

(b) reducing the carrying amount to reflect lease payments made; and

(c) remeasuring the carrying amount to reflect any reassessments or modifications of the lease, or to reflect the renegotiation of substantially fixed lease payments.

After the lease commencement date, the Company recognizes expenses in accordance with the intended use of the asset, unless those expenses are included in the carrying amount of another asset, applying other relevant standards:

a) interest on the lease liability; and

b) variable lease payments that are not included in the measurement of the lease liability in the period in which an event or conditions that give rise to the payments occur.

(e) Company as a lessor

Income from operating leases is recognized on a straight-line basis over the lease term. Initial direct costs associated with the agreement of conditions of operating leases and their execution are included in the carrying amount of the leased asset and transferred to its expenses on a straight-line basis over the lease term.

Settlements with personnel

The procedure for accounting by an employer for employee benefits and disclosure of such payments in the financial statements is determined in IAS 19, Employee Benefits.

Employee benefits include:

- Short-term employee benefits, such as indicated further, if it is expected that they will be fully paid in full within twelve months after the end of the annual reporting period in which the employees rendered the related services:
- Post-employment benefits,
- Other long-term employee benefits,
- Termination benefits.

Post-employment benefits, other long-term employee benefits and termination benefits relate to long-term benefits.

(a) Short-term employee benefits

Short-term benefits are employee benefits (other than termination benefits) that are to be paid in full in up to twelve months after the period in which employees render the related services.

Benefits for non-worked hours to be accumulated are recognized as liabilities through the provision charge in the reporting period (provision for vacation).

The Company charges and adjusts the allowance for unused vacations monthly. This allowance is calculated for even (progressive) allocation of the vacation costs.

(b) Long-term payments

Due to the long-term and probabilistic nature of these obligations, these benefits require actuarial assessments of a person performing economic and mathematical calculations using probabilistic and statistical methods and actuarial assumptions.

The types of payments that are subject to actuarial assessment are the following benefits:

- Post-employment benefits – namely:
  - obligations to compensate the costs of the Pension Fund of Ukraine for the payment and delivery of privileged pension to employees who were employed full time in hazardous and difficult conditions on the list No 1, No 2 of productions, jobs, professions, positions and indicators, approved by the Cabinet of Ministers of Ukraine, and based on the results of appraisal of jobs (further - Program No 1),
  - one-time payment to retiring employees (hereinafter - the Program No 2);
- Other long-term employee benefits, such as one-time payments to employees upon reaching a certain age (Program No 3).

Program No 1 is classified as a defined benefit plan, which is not covered by the Fund assets. Separate funds are not created for these obligations.

Obligations under the programs No 2 and 3 are determined based on the conditions of the Collective Agreement of the Company. These programs are classified as defined benefit plans.

The Company recognizes the components of the costs of defined benefit plans as follows:

- Cost of services (current, past):

a) Program No1, Program No2 in other operating income or expenses,

b) Program No3 in expenses depending on the division to which a specific employee belongs (production, administrative, other operating, expenses for capital construction);

- Net amount of interest in respect of the net liability for all the Programs – in financial income or expenses;
- Revaluation of the net liability – in other comprehensive income.

The liability for long-term employee benefits is distinguished by the Company for the current portion (planned to be repaid within 12 months) and non-current.

Financial instruments

The Company recognizes financial assets and liabilities in its Statement of financial position when it becomes a party to the contractual relationship concerning a particular instrument.

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 financial assets or financial liabilities, respectively, at the time of initial recognition.

Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately as part of the Statement of comprehensive income.

(a) Financial assets

Financial asset is any asset that is:

- Cash;
- An equity instrument of another business entity;
- Contractual right to:
    - Obtain cash or other financial asset from other business entity, or
    - Exchange financial instruments with other business entity under conditions that are potentially favorable
- Contract for which payments will be made or may be made with equity instruments of the entity.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at bank and deposits on demand and a period of repayment of up to three months.

The Company applies the following business model for deposits: the asset is held only for repayment, i.e., to obtain contractual cash flows from the counterparty. Deposit terms correspond to the criterion of contractual cash flows, which contain only repayment of principal and respective interest. Based on the business model and the contractual terms of deposits, they relate to an asset that is accounted for at amortized cost.

Equity instruments of other business entity

Investments in equity instruments that are equity investments and are not traded at initial recognition are classified as those at fair value through other comprehensive income (equity in the revaluation surplus). Dividends are recognized in profit or loss unless these dividends are a return of the value of the investment.

Impairment of financial assets

As at each reporting date, the Company assesses the change in the credit risk (default risk) of a financial asset using:

- internal / external ratings;
- information about credit losses of other entities;
- information about past periods' loss;
- macroeconomic data;
- factors specific to an individual borrower;

- other available information without undue costs and efforts.

Expected credit losses are estimated based on:

- credit losses expected within 12 months, or
- credit losses expected for the entire period of the financial instrument.

The estimation basis is selected depending on whether there has been a significant increase in credit risk since the initial recognition of the financial asset.

The Company applies a simplified approach to trade and other receivables that fall within the scope of IFRS 15, according to which credit losses are always measured over the lifetime of the financial instrument.

The amount of expected credit losses is determined as:

- the difference between contractual cash flows and cash flows that the Company expects to receive (the amount of cash "shortfall");
- weighted by the degree of probability of possible results of loss;
- discounted by the initial EIR.

Expected credit losses on the financial asset are recognized by charging the provision for impairment.

Derecognition of financial assets

The Company derecognizes a financial asset when, and only when:

- the contractual rights to cash flows from the financial asset expire; or
- it transfers the financial asset in accordance with the provisions of paragraphs 3.2.4 and 3.2.5 of IFRS 9, Financial Instruments and such transfer meets the criteria for derecognition.

(b) Financial liabilities

A financial instrument is a financial liability if there is a contractual obligation of the entity that is the issuer, whether to pay cash or other financial instruments to holders of financial instruments or exchange other financial instruments with the holder under potential unfavorable conditions to the entity issuing financial instruments.

The Company's financial liabilities include trade and other accounts payable, loans and borrowings and other current liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognized, when they are settled, cancelled or expired.

If an existing financial liability is replaced by another liability to the same lender on substantially different terms, or the terms of an existing liability significantly changed, then the change or changes are recorded as derecognition of the initial liability and the recognition of a new liability and the difference in their carrying amounts is recognized in the statement of comprehensive income.

Equity

The Company fully belongs to the state. Assets, transferred by the Government of Ukraine for the Company's operating activities, are recognized in equity as statutory capital of the Company and additional capital.

Assets transferred by the Government of Ukraine for the operating activities of the Company, which cannot be privatized and not included in the statutory fund are recognized in additional capital.

Statutory distribution of profits (dividends, etc.) is performed annually by the decision of the Supreme Body of the Company. The amount of accruals and unpaid dividends is included in current liabilities.

Income tax

Income tax expenses are the amounts of current and deferred taxes.

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company's liability for current income tax is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

(b) Deferred tax

Deferred tax is recognized in respect of differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for calculating taxable profits. Deferred tax liabilities are recognized for all deductible temporary differences, to the extent for which it is probable that there will be taxable profits against which it will be possible to realize these temporary deductible differences. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that there is no likelihood of obtaining sufficient taxable profit that will allow recovering all or part of the amount of that asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset will be realized, or the liability will be settled based on the enacted or substantively enacted tax rates (and tax laws) on the reporting date. Assessment of deferred tax liabilities and assets reflects the tax consequences that may result from use by the Company at the reporting date of a particular method for the recovery or settlement of the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities when they relate to income taxes levied by the same taxation authority and the Company intends to offset current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized directly in equity or other comprehensive income (in which case taxes are also recognized directly in equity or other comprehensive income).

Grant funds

Grant funds under the Agreement between the government of Ukraine and the European Bank for Reconstruction and Development for cooperation and activities of the Permanent Establishment of EBRD in Ukraine dated 12.06.2007, which was ratified by the Law of Ukraine "On ratification of Agreement between Ukraine and the European Bank for Reconstruction and Development for cooperation and activities of the Permanent Establishment of EBRD in Ukraine" dated 04.06.2008 No 319-VI and Contracts with Electricite de France Hydro Engineering Centre for provision of consulting services NoC21239/ ECHR-2010-11-02 dated 24.11.2010 and with Fichtner GmbH & Co.KG for consulting services No C21273/ECHR-2010-11-01 dated 02.12.2010 regarding PrJSC Ukrhydroenergo are accounted for in accordance with the requirements of International Accounting Standard 20, Accounting for Government Grants and Disclosure of Government Assistance (hereinafter - IAS 20).

In accordance with paragraph 3 of IAS 20 receiving of consulting services according to the above-mentioned Contract relates to the definition of "Grant related to an asset". Namely, these are government grants whose primary condition is that an entity that meets the criteria for grants provision, will acquire, build or obtain long-term assets otherwise. There may be also determined additional conditions that restrict the type or location of the assets or the periods during which the assets should be purchased or retained.

In accordance with paragraph 24 of IAS 20, government grants related to assets are recognized in the statement of financial position by determining the grant as deferred income.

In accordance with paragraph 17 of IAS 20, government grants related to depreciable assets are recognized in profit or loss over the periods and in the proportions in which depreciation charges are recognized on these assets.

Income

The Company applies five-step model provided for by IFRS 15 Revenue from Contracts with Customers. The Company recognizes revenue when (or as) it satisfies performance obligations, i.e., control over goods or services related to the performance obligation was transferred to the customer. The following steps should be performed:

1. Identifying the contract;

2. Identifying of performance obligations

3. Determining the transaction price;

4. Allocating the transaction price to performance obligations;

5. Revenue recognition to an extent performance obligations are satisfied.

The Company's main revenue source is the sale of electricity, ancillary services and other revenues, which are included in revenue from sales of products. Revenue from electricity sales is measured at the fair value of the consideration received or receivable and represents the amount of accrued receivables for electricity sold, net of value added tax.

Revenues from the sale of electricity, provision of ancillary services and other revenues are determined on the basis of acts of sale and purchase of electricity and provision of services for the relevant month.

Revenues from sale of other goods, works and services are determined by the degree of completion of the transaction. The degree of completion of the transaction is estimated by visual inspection and confirmed by primary documents (works (services) acceptance acts, etc.).

Revenue arising from the use by other organizations of the Company assets, in the form of interest and dividends shall be recognized on the following bases:

- Interest is recognized in the reporting period to which it belongs taking into account the accrual basis and term of use by respective assets;
- Dividends are recognized in the period the decision was made to pay those.

Bank interest for allocation of funds on current accounts of the Company is included in financial income.

Expenses

For effective management solutions the Company maintains accounting of expenses by their functional purpose and allocates the costs by economic elements.

By economic elements expenses are divided into material costs, labor costs, contributions to social programs, depreciation and other operating expenses.

Material costs include the expenses associated solely with the use of inventory items. The fee for special use of water (charged as tax), production services and expenses for the purchase of electricity refer to the economic cost element "Other operating expenses".

All direct production costs and general production costs of the Company are fully allocated on a monthly basis and charged to the costs of electricity generation, ancillary services, and other expenses.

Production expenses are accounted for and allocated in accordance with the Company's Procedure for Accounting for Income and Allocation of Expenses.

Financial expenses are expenses related to the attraction of additional financial resources.

Financial expenses include:

- Interest expense for the credit use;

- Expense for bonds issued;
- Financial lease expenses;
- Other expenses related to borrowings.

Interest expenses are recognized based on the contractual interest rate and the amount of debt in the period in which they are incurred.

Changes in accounting policies and disclosure principles

Overall, accounting policies are consistent with those applied in the previous reporting year. Some new standards and interpretations have become mandatory on or after January 1, 2022, but the Management estimates that they have not had a material impact on the Company's financial statements (Note 5).

4. Significant accounting judgments, estimations and assumptions

When applying the Company's accounting policies the management should make professional judgments, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be obtained from other sources. These estimates and associated assumptions are based on historical experience and other facts that are considered important. Actual results could differ from those estimates. These estimates and associated assumptions are reviewed on an ongoing basis. According to the results of the review, accounting estimates are recognized in the period of the revision of assessment if the revised estimate affects only that period or in the period of revision and future periods if the revised estimate affects both current and future periods.

Significant judgments in the process of applying accounting policies

In the process of applying the Company's accounting policies, management has adopted the following judgments, apart from those that require the use of estimates that had a significant effect on the amounts recognized in the financial statements.

Allowance for losses on trade accounts receivable

In accordance with IFRS 9, the Company determines a provision for losses in the amount equal to the expected credit losses for the whole term in relation to trade receivables that are subject to IFRS 15. The Company uses a provision matrix based on the use of historical defaults during the estimated term of trade receivables and is adjusted by the value of forecast estimations.

Under the requirements of International Financial Reporting Standards, the allowance for expected credit losses is provided by International Financial Reporting Standard 9, Financial Instruments. This standard regulates the classification and measurement of financial assets and liabilities, impairment of financial assets and the charge of an allowance for credit losses.

Estimates and assumptions

The following are the key assumptions concerning 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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a) *Allowance for expected credit losses on trade receivables, other receivables* - The Company applies a simplified approach to trade receivables and other receivables that fall within the scope of IFRS 15, according to which credit losses are always measured over the lifetime of the financial instrument.

The amount of expected credit losses is determined as:

- the difference between contractual cash flows and cash flows that the Company expects to receive (the amount of cash "shortfall");
- weighted by the degree of probability of possible results of loss;
- discounted by the initial EIR,

Expected credit losses on the financial asset are recognized by charging the provision for impairment.

b) *Useful lives of property, plant and equipment*. Evaluation of the useful life of fixed assets depends on management's judgment, based on experience with similar assets. In determining the useful life of the asset management considers the conditions of the expected use of the asset and its technological age, physical deterioration and working conditions, in which the asset will be used. Changing any of these conditions or estimates may, ultimately, lead to an adjustment of future depreciation amounts.

c) *Estimation of book value of inventories* - Management conducts checks of inventories to identify the possibility of selling inventories at a price exceeding their book value or equal to it plus the cost of sale. Such inspections include the detection of obsolete and obsolete stocks. The Company assesses obsolete and illiquid inventories to reflect them at net realizable value. The assessment of the possible net realizable value of inventories is made based on the most reliable data at the time of such assessment. The identification process involves an analysis of the historical dynamics of the stock, current operational plans for the stock, as well as industry trends and more.

d) *Taxes*. The Company is a payer of income tax and other taxes. In determining the amount of liabilities for income tax and other taxes it is required to apply significant estimates because of the complexity of Ukrainian tax legislation and its ambiguous interpretation by tax authorities at the regional and national levels. There are various transactions in respect of which there is uncertainty regarding the final determination of amounts due. The Company recognizes a liability in respect of assessments of the possibility of incurring additional taxes. Where the final tax outcome of these matters is different from the amounts previously recorded, such differences will impact the amount of tax and tax liabilities in the period in which this result is determined.

e) *Pension obligations and other lump sum payments for the achievement of a certain age* - Expenses for pension obligations in a defined benefit plan are determined using actuarial valuations. The actuarial method of calculation involves assumptions about the discount rate, the expected rate of return on assets, future salary increases, and the level of staff turnover, mortality rates and future pension increases. Since these programs are long term in nature, made assumptions include substantial uncertainty.

5. Adoption of new and revised standards

The Company has not applied in advance any standards, interpretations or amendments that have been issued, but at the date of preparation of these financial statements have not yet entered into force.

In general, the accounting policies are consistent with those adopted in the previous reporting year. Certain new standards and interpretations became mandatory on or after January 1, 2022. The following is a summary of the new and revised standards and interpretations.

Amendments to IFRS 3 Business Combinations — Reference to the Conceptual Framework

These amendments replace the reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

These amendments did not have any impact on the Company's financial statements.

Amendments to IAS 16 — Property, Plant and Equipment — Proceeds before Intended Use

The amendments to IAS 16 prohibit entities from deducting from the cost of an item of property, plant and equipment any proceeds from sale of products manufactured during the delivery if the item to its location and bringing it to condition for use in the manner specified by management. Instead, entities recognize the proceeds from sale of such products, together with the cost of production, in profit or loss.

These amendments did not have any impact on the Company's financial statements.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts — Cost of Fulfilling a Contract

The amendments to IAS 37 clarify what costs an entity should consider when assessing whether a contract is onerous or loss-making. The amendments require an entity to consider costs that are directly attributable to a contract for the provision of goods or services, including both incremental costs to fulfill the contract and allocated costs that are directly attributable to fulfilling the contract. General and administrative expenses that are not directly attributable to the contract are excluded unless they are clearly recoverable from the contracting party.

These amendments did not have any impact on the Company's financial statements.

Annual IFRS Improvements (2018-2020 period):

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards — Subsidiary as a First-time Adopter.

Under the amendment, subsidiaries, associates and joint ventures are permitted to measure accumulated foreign currency differences using the amounts reported in the parent's financial statements based on the date of transition to IFRS.

These amendments did not have any impact on the Company's financial statements.

Amendment to IFRS 9 Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

The amendment clarifies which fee and commission amounts an entity considers when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These amounts include only fees paid or received between a specific lender and borrower and fees paid or received by a lender or borrower on behalf of another party

This amendment did not have any impact on the Company's financial statements.

Amendment to IAS 41 Agriculture — Taxation in Fair Value Measurements

The amendment requires that taxation be included in the calculation of cash flows when measuring the fair value of assets within the scope of IAS 41.

This amendment did not have any impact on the Company's financial statements.

IFRS and Interpretations not yet effective

The Company has not applied the following IFRSs, IFRS Interpretations and IASs, amendments and modifications thereto that have been issued but are not yet effective. The Company plans to adopt these amendments when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 is a new standard of financial reporting for insurance contracts that addresses the recognition and measurement, presentation and disclosure. IFRS 17 will replace IFRS 4 Insurance Contracts issued in 2005.

IFRS 17 is effective for reporting periods beginning on or after January 01, 2023, and requires comparative information. Early application is permitted, provided that an entity also applies IFRS 9 and IFRS 15 on or before the date of first-time adoption of IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1 Presentation of Financial Statements – Classifying Liabilities as Current and Non-current

The amendments specify that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must be substantive and must exist at the end of the reporting period. The classification of a liability is not affected by the likelihood that an entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period.

The amendments are effective for periods beginning on or after January 1, 2024. The amendments are to be applied retrospectively, with early adoption permitted.

The amendments may have an impact on the classification of liabilities in the Company's statement of financial position.

Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants

After the publication of the amendments to IAS 1 on the classification of liabilities as current or non-current, the IASB made additional amendments to IAS 1 in October 2022. Under these amendments, only covenants that an entity must comply with at or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity is required to provide disclosures in notes that enable users of financial statements to understand the risk that non-current covenant liabilities may be settled within twelve months.

The amendments are effective for annual periods beginning on or after January 1, 2024. The amendments are to be applied retrospectively, with early adoption permitted.

The amendments may have an impact on the classification of liabilities in the Company's statement of financial position.

Amendments to IAS 8 — Definition of Accounting Estimates

Amendments introduce a definition of "accounting estimates". The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and corrections of errors. In addition, the document explains how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after January 01, 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is permitted if disclosure of this fact is made.

These amendments are not expected to have any impact on the Company's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 — Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement No. 2 — "Making Materiality Judgements", which provide guidance and examples to help companies apply materiality judgements when disclosing accounting policies. The amendments are intended to help companies provide useful accounting policy disclosures by replacing the requirement for companies to disclose "significant accounting policies" with a requirement to disclose "material accounting policies" and by adding guidance on how companies should apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are effective for annual periods beginning on or after January 01, 2023, with earlier application permitted.

These amendments are not expected to have a material impact on the Company's financial statements.

Deferred tax related to assets and liabilities arising from a single transaction — amendments to IAS 12

The amendments clarify that the initial recognition exemption does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences (e.g., leases, decommissioning obligations). The amendments to IAS 1 are effective for annual periods beginning on or after January 01, 2023, with earlier application permitted.

These amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

In June 2020, the IFRS Interpretations Committee adopted an agenda decision on "Sales and leaseback with variable payments". This issue was referred to the IASB, which issued amendments to IFRS 16 in September 2022. The amendments require a seller-lessee to define "lease payments" or "revised lease payments" in such a way that the seller-lessee does not recognize any amount of gain or loss related to the right of use retained by the seller-lessee.

The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted.

These amendments are not expected to have a material impact on the Company's financial statements.

In thousands of Ukrainian hryvnia, unless otherwise stated

6. Intangible assets

Intangible assets of the Company mainly include software and licenses.

Information on the initial cost, accumulated amortization, their movement for the reporting periods and the net book value of intangible assets as of December 31, 2022 and December 31, 2021, is presented as follows:

	Intangible assets
Historical cost	
As at December 31, 2021	**194 795**
Additions	208 333
Disposals	(289)
As at December 31, 2022	**402 839**
Accumulated depreciation and impairment losses	
As at December 31, 2021	**(80 302)**
Amortization charges	(42 172)
Impairment	(1 686)
Disposals	289
As at December 31, 2022	**(123 871)**
Net carrying amount	
As at December 31, 2021	**114 493**
As at December 31, 2022	**278 968**

Information on the initial cost, accumulated amortization, their movement for the reporting periods and the net book value of intangible assets as of December 31, 2021 and December 31, 2020, is presented as follows:

	Intangible assets
Historical cost	
Historical cost	
As at December 31, 2020	**147 585**
Additions	49 388
Disposals	(2 178)
As at December 31, 2021	**194 795**
Accumulated depreciation and impairment losses	
As at December 31, 2020	**(59 005)**
Amortization charges	(23 475)
Disposals	2 178
As at December 31, 2021	**(80 302)**
Net carrying amount	
As at December 31, 2020	**88 580**
As at December 31, 2021	**114 493**

As at December 31, 2022 and December 31, 2021, the Company had intangible assets with indefinite useful lives, namely a license to conduct business activities for the supply of electricity.

In thousands of Ukrainian hryvnia, unless otherwise stated

7. Capital investments in progress

Movements in capital investments in progress for the year ended December 31, 2022 were as follows:

	Capital investments in progress		
	Property, plant and equipment	**Intangible assets**	**Total**
As at December 31, 2021	**11 682 753**	**460**	**11 683 213**
Additions	5 819 280	300 069	6 119 349
Disposals (including recognition as assets)	(652 517)	(208 333)	(860 850)
Write-off*	(359)	-	(359)
Impairment	(512 742)	(312)	(513 054)
As at December 31, 2022	**16 336 415**	**91 884**	**16 428 299**
	Advances made for non-current assets		
	Property, plant and equipment	**Intangible assets**	**Total**
As at December 31, 2021	**745 170**	-	**745 170**
As at December 31, 2022	**5 245 223**	-	**5 245 223**
	Total capital investments and advances made for non-current assets		
	Property, plant and equipment	**Intangible assets**	**Total**
As at December 31, 2021	**12 427 923**	**460**	**12 428 383**
As at December 31, 2022	**21 581 638**	**91 884**	**21 673 522**

* including the write-off of the value of capital investments destroyed as a result of the military aggression of the russian federation against Ukraine.

The increase in capital investments as at 31.12.2022 compared to 31.12.2021 was due to capital expenditures in the areas of investment, namely Stage two of Reconstruction of Ukrhydroenergo's HPPs and Construction of the first and second stages of the Dniester PSPP.

Movements in capital investments in progress for the year ended December 31, 2021 were as follows:

	Capital investments in progress		
	Property, plant and equipment	**Intangible assets**	**Total**
As at December 31, 2020	**12 064 461**	**871**	**12 065 332**
Additions	4 371 219	48 977	4 420 196
Disposals (including recognition as assets)	(4 752 927)	(49 388)	(4 802 315)
As at December 31, 2021	**11 682 753**	**460**	**11 683 213**
	Advances made for non-current assets		
	Property, plant and equipment	**Intangible assets**	**Total**
As at December 31, 2020	**616 660**	-	**616 660**
As at December 31, 2021	**745 170**	-	**745 170**
	Total capital investments and advances made for non-current assets		
	Property, plant and equipment	**Intangible assets**	**Total**
As at December 31, 2020	**12 681 121**	**871**	**12 681 992**
As at December 31, 2021	**12 427 923**	**460**	**12 428 383**

The Company capitalizes accrued interest on loans that are directly attributable to the acquisition, construction or production of an asset that meets certain requirements in accordance with IAS 23 Borrowing Costs.

Information on accrued interest on loans, namely their capitalization or reflection in financial expenses, for 2022 and 2021, can be presented as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Capitalized loan interest	117 603	95 214
Reported in financial expenses (Note 41)	93 562	77 633
Total accrued interest on loans and borrowings:	**211 165**	**172 847**

In thousands of Ukrainian hryvnia, unless otherwise stated

8. Property, plant and equipment

Information on the initial cost, accumulated depreciation, movements for the reporting periods and the net book value of property, plant and equipment right-of-use assets as of December 31, 2022 and December 31, 2021, is presented as follows:

	Land plots	Buildings and structures	Machinery and equipment	Vehicles	Instruments tools, implements	Right-of-use assets	Other assets	Total
Historical cost								
As at December 31, 2020	400	14 875 609	11 273 698	156 794	111 521	6 564	80 941	26 505 527
Additions	-	1 929 052	2 752 143	28 841	7 806		38 447	4 757 066
Disposals	-	(3 406)	(26 421)	(235)	(377)	(4 251)	(2 749)	(37 439)
As at December 31, 2021	400	16 801 255	13 999 420	185 400	118 950	3 090	116 639	31 225 154
Additions	-	88 579	461 584	20 320	15 788	-	77 013	663 284
Disposals*	-	(1 673 993)	(791 358)	(450)	(414)	591	(2 330)	(2 467 954)
As at December 31, 2022	400	15 215 841	13 669 646	205 270	134 324	3 681	191 322	29 420 484
Accumulated depreciation and impairment loss								
As at December 31, 2020	-	(1 702 343)	(3 332 999)	(46 720)	(50 726)	(373)	(56 107)	(5 189 268)
Depreciation charges	-	(252 593)	(526 547)	(14 898)	(11 351)	(125)	(14 442)	(819 956)
Disposals	-	988	26 060	235	370		2 747	30 400
As at December 31, 2021	-	(1 953 948)	(3 833 486)	(61 383)	(61 707)	(498)	(67 802)	(5 978 824)
Depreciation charges	-	(271 397)	(593 720)	(16 861)	(12 319)	(369)	(40 928)	(935 594)
Impairment	-	(1 127 940)	(585 298)	(7 751)	(1 174)	-	(1 060)	(1 723 223)
Disposals*	-	104 975	423 008	450	365	-	2 242	531 040
As at December 31, 2022	-	(3 248 310)	(4 589 496)	(85 545)	(74 835)	(867)	(107 548)	(8 106 601)
Net carrying amount								
As at December 31, 2020	400	13 173 266	7 940 699	110 074	60 795	6 191	24 834	21 316 259
As at December 31, 2021	400	14 847 307	10 165 934	124 017	57 243	2 592	48 837	25 246 330
As at December 31, 2022	400	11 967 531	9 080 150	119 725	59 489	2 814	83 774	21 313 883

* Included in the disposal is the write-off of property, plant and equipment destroyed as a result of the military aggression of the russian federation against Ukraine.

As of December 31, 2022 and December 31, 2021, property, plant and equipment were not provided as collateral for loans and borrowings.
The Company has certain land lease agreements, which in accordance with IFRS 16 Leases are recognized as a right-of-use asset and reflected in the statement of financial position in property, plant and equipment. A lease is recognized a right-of-use asset, reflecting the related obligation, from the date on which the leased asset is available for use by the Company.

In thousands of Ukrainian hryvnia, unless otherwise stated

Information about the historical cost of groups of property, plant and equipment, whose depreciated cost equals zero, is summarized as follows:

	December 31, 2022	December 31, 2021
Buildings and structures	539	445
Machinery and equipment	21 111	18 056
Vehicles	3 795	3 842
Instruments, implements and fixtures	5 634	4 477
Other assets	408	398
Total	**31 487**	**27 218**

9. Other financial investments

As of December 31, 2022 and December 31, 2021, the Company has a 11.4797% stake in PrJSC Nyzhnyodniprovska PSPP of ordinary nominal shares in amount of 5 456 639 pieces at the par value of 10 UAH each.

The information on the change in the book value of the block of shares of PrJSC Nyzhnyodniprovska PSPP for the year ended December 31, 2022 is stated as follows:

	Book value of the block of shares of PrJSC Nyzhnyodniprovska PSPP
As at December 31, 2021	**49 506**
Revaluation surplus (loss) of financial investments	(11 359)
As at December 31, 2022	**38 147**

The information on the change in the book value of the block of shares of PrJSC Nyzhnyodniprovska PSPP for the year ended December 31, 2021 is stated as follows:

	Book value of the block of shares of PrJSC Nyzhnyodniprovska PSPP
As at December 31, 2020	**49 229**
Revaluation surplus (loss) of financial investments	277
As at December 31, 2021	**49 506**

After initial recognition, a financial asset is measured at fair value. To determine the fair value at each reporting date, the Company uses an expert assessment performed by a professional appraiser. In accordance with the requirements of IFRS 13 Fair Value Measurement, the fair value of shares is determined using calculations based on the DCF method.

10. Long-term accounts receivable

As at December 31, 2022 and December 31, 2021, long-term accounts receivable comprised of:

	December 31, 2022	December 31, 2021
Advances made for non-current assets	22 430	105 024
Other long-term accounts receivable	8 531	9 345
Total long-term accounts receivable	**30 961**	**114 369**

11. Other non-current assets

As of December 31, 2022 and December 31, 2021, other non-current assets are stated as follows:

	December 31, 2022	December 31, 2021
One-time loan utilization fee (EIB loan No. 31.177 dated 21/09/2012)	8 921	9 623
Total	**8 921**	**9 623**

In thousands of Ukrainian hryvnia, unless otherwise stated

12. Inventories

As at December 31, 2022 and December 31, 2021, inventories were stated as follows:

	December 31, 2022	December 31, 2021
Materials from disassembly (metal scrap, spent fuel)	101 900	68 034
Spare parts	36 287	39 928
Raw materials and supplies	65 566	24 158
Fuel	21 298	21 483
Low value and fast wearing items	4 794	2 717
Goods	1 522	1 120
Other inventories	2 841	2 433
Total	**234 208**	**159 873**
including:		
Accounting (initial) value	*257 813*	*163 166*
Difference between accounting and net realizable value	*23 605*	*3 293*

As of December 31, 2022 and December 31, 2021, inventory is reflected in the statement of financial position at the net realizable value, net of selling costs.

The Company's stocks, as of December 31, 2022 and December 31, 2021, are not pledged by banks as collateral of credit obligations and have no other encumbrances.

13. Accounts receivable for products, goods, works, services

Trade receivables consist of the amount of receivables for sold electricity and supply of ancillary services and services for the maintenance of technological power grids for common use.

As of December 31, 2022 and December 31, 2021, trade receivables are presented as follows:

	December 31, 2022	December 31, 2021
Trade accounts receivable (gross value)	**9 015 334**	**7 478 652**
Allowance for expected credit losses	(995 821)	(4 643 567)
Carrying amount	**8 019 513**	**2 835 085**

As at December 31, 2022, allowance for expected credit losses on trade receivables amounted to UAH 995,821 thousand (as at December 31, 2021 - UAH 4,643,567 thousand), including UAH 991,967 thousand for SE Energorynok (as at December 31, 2021 - UAH 995,114 thousand), other counterparties under contracts concluded in connection with the operation of the electricity market - UAH 3,854 thousand (as at December 31, 2021 - UAH 3,648,453 thousand). In assessing the risks of credit losses from debt repayment, changes in the status of SE Energorynok and the special procedure for making settlements with SE Energorynok established by the Rules of the Wholesale Electricity Market and SE Energorynok for purchased electricity were taken into account.

The following table presents information about the Company's exposure to credit risk on trade receivables:

As at December 31, 2022	**Current debt**	**Up to 180 days**	**180 - 360 days**	**Over 360 days**	**Total**
Trade receivables (gross value), thous. UAH	3 583 409	3 496 816	936 718	998 391	**9 015 334**
Allowance for expected credit losses, thous. UAH	-	-	-	(995 821)	**(995 821)**
Ratio of expected credit losses, %	-	-	-	99,7%	-
As at December 31, 2021					
Trade receivables (gross value), thous. UAH	934 422	4 574 411	974 705	995 114	**7 478 652**
Allowance for expected credit losses, thous. UAH	(254 618)	(2 688 439)	(705 396)	(995 114)	**(4 643 567)**
Ratio of expected credit losses, %	27,2%	58,8%	72,4%	100,0%	-

In thousands of Ukrainian hryvnia, unless otherwise stated

Movements in allowance for expected credit losses on trade receivables for 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
At the beginning of the reporting period	**(4 643 567)**	**(2 587 488)**
Changes in the allowance for expected credit losses	3 647 746	(2 056 079)
At the end of the reporting period	**(995 821)**	**(4 643 567)**

14. Current accounts receivable on advances made

As at December 31, 2022 and December 31, 2021, accounts receivable on advances made comprised of:

	December 31, 2022	December 31, 2021
Electricity billing	76 086	410 995
Other	2 677	770
Total	**78 763**	**411 765**

Debts for electricity consist of settlements under contracts concluded in connection with the functioning of the new electricity market.

15. Receivables on settlements with budget

As of December 31, 2022 and December 31, 2021, accounts receivable from settlements with budget consisted of:

	December 31, 2022	December 31, 2021
Value added tax	285 453	236 763
Income tax	-	-
Other settlements	96	227
Total	**285 549**	**236 990**

Accounts receivable for value added tax settlements, as of December 31, 2022 in the amount of UAH 285 453 thousand and as of December 31, 2021 in the amount of UAH 236 763 thousand, were formed as a result of excess of tax credit over tax liabilities, on reporting dates, caused by the Company's application of the "cash method of VAT taxation" and increased settlements with counterparties in December 2022 and in December 2021 for purchased goods, works, services.

16. Receivables from settlements on income accrued

As of December 31, 2022 and December 31, 2021, accounts receivable from settlements on income accrued consisted of:

	December 31, 2022	December 31, 2021
Accrued income on cash on security accounts	-	15 935
Accrued income from cash on deposit accounts	25 469	7 566
Accrued income from cash on current accounts	55 870	13 655
Total initial cost	**81 339**	**37 156**
Allowance for expected credit losses	-	-
Total carrying amount	**81 339**	**37 156**

In thousands of Ukrainian hryvnia, unless otherwise stated

Movements of the allowance for expected credit losses on receivables from settlements on accrued income are as follows:

	December 31, 2022	December 31, 2021
At the beginning of the reporting period	-	(37)
Changes in the allowance for expected credit losses	-	37
At the end of the reporting period	-	-

17. Other current accounts receivable

Other current receivables as of December 31, 2022 and December 31, 2021 consisted of:

	December 31, 2022	December 31, 2021
Accounts receivable on other settlements	**103 522**	**94 637**
Allowance for expected credit losses	(40 259)	(40 172)
Carrying amount	**63 263**	**54 465**

Other accounts receivable of the Company were revised for impairment and allowance for expected credit losses was charged.

The movements of the allowance for credit losses on other accounts receivable were as follows:

	December 31, 2022	December 31, 2021
At the beginning of the reporting period	**(40 172)**	**(42 941)**
Charge of the allowance for expected credit losses	(87)	(24)
Use of the allowance for expected credit losses (reversal of impairment)	-	2 793
At the end of the reporting period	**(40 259)**	**(40 172)**

18. Current financial investments

As of December 31, 2022 and December 31, 2021, the current financial investments of the Company are presented as follows:

	% rate	December 31, 2022	% rate	December 31, 2021
Current financial investments,		4 513 615		4 216 122
- bank deposits	19,95%	*2 500 000*	8,0-10,2%	*1 200 000*
- domestic government bonds	14%	*2 013 615*	10,55%	*3 016 122*
Allowance for expected credit losses		-		-
Carrying amount		**4 513 615**		**4 216 122**

Current financial investments include bank deposits placed for not longer than one year, and according to concluded deposit agreements there is no possibility of early receipt of certain amount of money on deposit.

As at 31.12.2022, short-term discount registered domestic government loans of Ukraine of the Ministry of Finance of Ukraine (short-term discount uncertificated registered bonds) are accounted for in the amount of 2,112,757 pieces with a nominal value of UAH 1,000.00 each and maturing within twelve months from the balance sheet date.

As of 31.12.2021, domestic government bonds (DGB) of Ukraine issued by the Ministry of Finance of Ukraine were accounted for in the amount of 3,000,000 pieces with a nominal value of UAH 1,000.00 each, and payable less than twelve months from the balance sheet date. In June 2022, domestic government bonds were redeemed to pay annual dividends (Note 21).

In thousands of Ukrainian hryvnia, unless otherwise stated

Information on the movement of DGB for the year ended December 31, 2022 is presented as follows:

	Carrying amount of DGB
As at December 31, 2021	**3 016 122**
Acquisition	2 112 757
Disposal (repayment)	(3 000 000)
Discount amortization	(115 264)
As at December 31, 2021	**2 013 615**

Information on the fair value of DGB is represented in Note 47.

The result of changes in the fair value of DGB is recognized in income and expense and disclosed in Note 39.

Information about changes of the allowance for expected credit losses on current financial investments is as follows:

	December 31, 2022	December 31, 2021
Opening balance	-	(373)
Change of the allowance for expected credit losses	-	373
Closing balance	-	-

19. Cash and cash equivalents

Balances of cash and cash equivalents as at December 31, 2022 and December 31, 2021 are presented as follows:

	December 31, 2022	December 31, 2021
Cash in national currency, including:	2 292 786	2 250 965
- Bank deposits	*181 800*	*700 000*
Cash in foreign currency, including:	431 202	494 085
- Bank deposits	-	-
Total initial cost	**2 723 988**	**2 745 050**
Allowance for expected credit losses	-	-
Carrying amount	**2 723 988**	**2 745 050**

Cash on bank deposits is placed for a term not exceeding one year, and according to concluded deposit agreements, the possibility is provided for early receipt of certain amounts of money and characterized by an insignificant risk of changes in value.

Information about changes of the allowance for expected credit losses on cash on deposits is as follows:

	December 31, 2022	December 31, 2021
Opening balance	-	(454)
Change of the allowance for expected credit losses	-	454
Closing balance	-	-

20. Other current assets

As of December 31, 2022 and December 31, 2021, other current assets are stated as follows:

	December 31, 2022	December 31, 2021
VAT on non-received tax invoices	66 504	91 933
VAT on tax credit under the cash basis	746 208	240 805
Other current assets	28	30
Total	**812 740**	**332 768**

In thousands of Ukrainian hryvnia, unless otherwise stated

21. Equity

Share capital

As of December 31, 2022, the shareholder of the Company is the state represented by the Cabinet of Ministers of Ukraine (100% of shares).

	December 31, 2022	December 31, 2021
Authorized capital	**1 118 553**	**1 118 553**

As of December 31, 2022 and December 31, 2021, the authorized capital of the Company is divided into 111,855,295 ordinary registered shares with a nominal value of UAH 10 each.

In January 2021, the order of the Cabinet of Ministers of Ukraine dated 20.01.2021 No. 50-r determined that the functions of corporate rights management owned by the state in the authorized capital of PJSC "Ukrhydroenergo" are performed by the Cabinet of Ministers of Ukraine. Before January 2021, the state, represented by the Ministry of Energy of Ukraine, was the Company's shareholder (100% of shares).

Accrual and payment of dividends

In accordance with the requirements of the Laws of Ukraine "On Joint Stock Companies" and "On Management of State Property", the decision to pay dividends is made by the shareholder. The base rate for calculating the amount of dividends paid to the budget is set by the Cabinet of Ministers of Ukraine.

Resolution of the Cabinet of Ministers of Ukraine No. 230 dated 08.03.2022 approved the basic standard for the allocation of a share of profit allocated to pay dividends based on the results of financial and economic activities in 2021, including for Ukrhydroenergo in the amount of 40%. The CMU Resolution No. 330-r dated 29.04.2022 "On the Issues of the Annual General Meeting of the Private Joint Stock Company Ukrhydroenergo" approved the annual report of Ukrhydroenergo for 2021. Thus, the amount of dividends for 2021 payable in 2022 comprised UAH 4,504,322 thousand.
According to the Order No. 264-r dated 01.04.2022 "On Amendments to the Order of the Cabinet of Ministers of Ukraine dated 25.03. 2022" No. 244-r, the Cabinet of Ministers of Ukraine obliged Ukrhydroenergo to ensure an advance transfer to the State Budget of annual dividends in the amount of 15 percent of net profit within one day, and to pay the balance of annual dividends in the amount of UAH 2,815,201 thousand within one day after the redemption of domestic government bonds purchased by Ukrhydroenergo at the auction on 23. 11.2021, which was held by the National Bank of Ukraine at the initiative of the Ministry of Finance of Ukraine and with the participation of the primary dealer bank JSC Ukreximbank to support the State Budget with funds in the amount of UAH 3,000 million maturing on June 15, 2022.
In the reporting period, Ukrhydroenergo ensured timely and full transfer of annual dividends to the State Budget in the amount of 40% of net profit for 2021 in the amount of UAH 4,504,322 thousand.

Revaluation surplus

Revaluation surplus reflects the change in the fair value of financial instruments, namely the shareholding in Nizhnednistrovska HPP.

	December 31, 2022	December 31, 2021
Revaluation surplus	**(16 420)**	**(5 061)**

Movements in revaluation surplus for the years ended December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Opening balance	**(5 061)**	**(5 338)**
Revaluation surplus (loss) of financial investments	(11 359)	277
Closing balance	**(16 420)**	**(5 061)**

In thousands of Ukrainian hryvnia, unless otherwise stated

Additional capital

As of December 31, 2022 and December 31, 2021, the additional paid-in capital (capital contributions made by the Government of Ukraine to support the operational activities of the Company) is:

	December 31, 2022	December 31, 2021
Additional capital	6 592 202	6 548 157

Changes of additional capital for 2022 and 2021 are the following:

	Additional contributions by shareholder (state)	Actuarial profit (loss) on pension plans and like liabilities	Income tax expenses	Total
As at December 31, 2020	6 615 524	(97 955)	18 690	6 536 259
Additional contributions by shareholder (state) in form of target financing	-	-	-	-
Actuarial profit/(loss)	-	14 510	-	14 510
Income tax expenses attributable to actuarial profit (loss)	-	-	(2 612)	(2 612)
As at December 31, 2021	6 615 524	(83 445)	16 078	6 548 157
Additional contributions by shareholder (state) in form of target financing	-	-	-	-
Actuarial profit/(loss)	-	53 714	-	53 714
Income tax expenses attributable to actuarial profit (loss)	-	-	(9 669)	(9 669)
As at December 31, 2022	6 615 524	(29 731)	6 409	6 592 202

22. Long-term provision for employee benefits

Long-term provisions for employee benefits include pension provisions under the defined payment plans (for workers with harmful and severe labor conditions) and other one-time benefits to employees upon the attainment of a certain age and are presented as follows:

	December 31, 2022	December 31, 2021
Retirement liabilities		
Harmful pension benefits (Program No. 1)	20 467	26 998
Retirement benefits (Program No. 2)	124 751	151 573
Total pension liabilities	145 218	178 571
Long-term staff costs (Program No. 3)	10 024	10 851
Total long-term debt	155 242	189 422
Current portion of arrears (Note 30 (balance of Programs No.1, No.2 and No. 3))	28 324	25 271
Total provisions for employee benefits	183 566	214 693

In thousands of Ukrainian hryvnia, unless otherwise stated

Changes in pension obligations and other payments in 2022 and 2021 comprise:

	Retirement payments	Other long-term employee benefits	Total
Pension obligations as at December 31, 2020	**195 710**	**12 756**	**208 466**
Interest expenses	20 549	1 340	21 889
Cost of current services	10 718	2 440	13 158
Cost of previously performed works	-	-	-
Payments	(12 355)	(2 259)	(14 614)
Actuarial profit/(loss)	(14 510)	304	(14 206)
Pension obligations as at December 31, 2021	**200 112**	**14 581**	**214 693**
Interest expenses	26 013	1 896	27 909
Cost of current services	8 923	2 370	11 293
Cost of previously performed works	-	-	-
Payments	(11 468)	(3 172)	(14 640)
Actuarial profit/(loss)	(53 714)	(1 975)	(55 689)
Pension obligations as at December 31, 2022	**169 866**	**13 700**	**183 566**

Liabilities on defined benefit plans were determined using the following actuarial assumptions:

	December 31, 2022	December 31, 2021
Discount rate	18,0%	13,0%
Salary gain	6,0-20,0%	6,0-20,0%
Staff turnover	1,0-8,0%	1,0-8,0%

The sensitivity of the provision for employee benefits to changes in key assumptions is as follows:

December 31, 2022	Change of assumption	Programs No.1 and No. 2	Program No.3	Increase/ (decrease) of provisions
Discount rate	+1%	(13 471)	(308)	(13 779)
Discount rate	-1%	35 523	954	33 477
Staff turnover	+25%	(19 272)	(434)	(19 706)
Staff turnover	-25%	26 138	822	26 960
Expected salary growth rate	+1%	31 719	1 018	32 737
Expected salary growth rate	-1%	(14 021)	(242)	(14 263)
December 31, 2021				
Discount rate	+1%	(11 141)	(349)	(11 490)
Discount rate	-1%	12 492	72	12 564
Staff turnover	+25%	(4 732)	(448)	(5 180)
Staff turnover	-25%	5 322	202	5 524
Expected salary growth rate	+1%	11 207	414	11 621
Expected salary growth rate	-1%	(10 195)	(404)	(10 599)

The sensitivity analysis above may not be indicative of actual changes in the defined benefit obligation as it is unlikely that changes in assumptions would occur separately from each other as some assumptions may be interrelated. In addition, in the above sensitivity analysis, the present value of the employee benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same as the method used to calculate the obligation recognized in the statement of financial position.

In thousands of Ukrainian hryvnia, unless otherwise stated

Expenses reflected in the statement of comprehensive income, section II. COMPREHENSIVE INCOME, in 2022 and 2021:

	Cost of current services and previously	**Interest expenses**	**Actuarial profit/(loss)**	**Total**
Retirement payments	(8 923)	(26 013)	53 714	**18 778**
Other long-term employee benefits	(2 370)	(1 896)	1 975	**(2 291)**
Total for the year ended December 31, 2022 (Note 41)	**(11 293)**	**(27 909)**	**55 689**	**16 487**
Retirement payments	(10 718)	(20 549)	14 510	**(16 757)**
Other long-term employee benefits	(2 440)	(1 340)	(304)	**(4 084)**
Total for the year ended December 31, 2021 (Note 41)	**(13 158)**	**(21 889)**	**14 206**	**(20 841)**

In thousands of Ukrainian hryvnia, unless otherwise stated

23. Loans and borrowings

23.1 Long-term bank loans and borrowings

Information on loans and borrowings that were outstanding as at December 31, 2022 and December 31, 2021 is as follows:

		December 31, 2022			December 31, 2021		
			Outstanding balance			Outstanding balance	
	Loan currency	% rate	Contract currency, thous. unit of exchange	UAH equivalent, thous. UAH	% rate	Contract currency, thous. unit of exchange	UAH equivalent, thous. UAH
Long-term portion of debt:							
Loans, including				**5 621 661**			**4 403 299**
MFU – IBRD loan No47950-UA dated 19.09.2005	USD	-	-	-	2,93%	8 872	242 025
MFU – EBRD loan No.40518 dated 29.09.2011	EUR	5,11%	5 778	225 056	2,98%	7 704	238 225
MFU – EBRD loan No.47947 dated 30.12.2015	EUR	2,00%	74 242	2 891 791	2,00%	61 533	1 902 772
MFU – EIB loan No.31.177 dated 21.09.2012	EUR	2,98%	63 733	2 482 477	2,98%	65 333	2 020 277
MFU – IBRD loan No.9284-UA dated 13.09.2021	USD	2,56%	455	16 652	-	-	-
MFU – CTF loan No.TF0B5994 dated 13.09.2021	USD	0,75%	155	5 685	-	-	-
Other borrowed funds, including:				-			**149 956**
Agreement of the Ministry of Energy and Mining Industry No41/13 dated 16.10.2013 (see Note 24)	UAH	-	-	-	9,50%	149 956	149 956
Total long-term debt				**5 621 661**			**4 553 255**
Short-term part of the debt:							
Loans, including				**874 907**			**584 608**
MFU – IBRD loan No47950-UA dated 19.09.2005	USD	6,59%	8 872	324 454	2,93%	8 715	237 730
MFU – EBRD loan No.40518 dated 29.09.2011	EUR	5,11%	1 926	75 019	2,98%	1 926	59 556
MFU – EBRD loan No.47947 dated 30.12.2015	EUR	2,00%	10 606	413 113	2,00%	7 692	237 846
MFU – EIB loan No.31.177 dated 21.09.2012	EUR	2,98%	1 600	62 321	2,98%	1 600	49 476
Other borrowed funds, including:				**149 956**			**150 000**
Agreement of the Ministry of Energy and Mining Industry No41/13 dated 16.10.2013 (see Note 26)	UAH	25,50%	149 956	149 956	9,50%	150 000	150 000
Total short-term part of the debt				**1 024 863**			**734 608**
Total long-term and short-term debt				**6 646 524**			**5 287 863**

The table represents the weighted average interest rates on loans of IBRD, CTF, EBRD, EIB, JSC "Oschadbank".

In thousands of Ukrainian hryvnia, unless otherwise stated

23.2 Inflows of loans and other borrowings

For the year ended December 31, 2022 and December 31 2021, the Company received the following loans:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Loans	**803 771**	**533 752**

23.3 Repayment of loans and other borrowings and interest payment

Repayment of loans and other borrowings and interest payments are as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Debt repayment	**Interest payment**	**Debt repayment**	**Interest payment**
Loans	732 090	186 529	642 247	140 228
Other borrowed funds	150 000	37 883	150 000	29 113
Total	**882 090**	**224 412**	**792 247**	**169 341**

The Company capitalizes accrued interest on loans that are directly related to the acquisition, construction or production of an asset that meets certain requirements in accordance with IAS 23, Borrowing Costs.

Information for the year ended December 31, 2022 and December 31, 2021, on interest paid by the Company, which is included in the value of non-current assets, can be presented as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Reported in investing activity (line 3260 of the "Statement of cash flows")	116 226	87 539
Reported in the financial statements (line 3360 of the "Statement of cash flows")	108 186	81 802
Total	**224 412**	**169 341**

The amount of interest paid, in terms of inclusion in the value of non-current assets, is reflected in the statement of cash flows in the section on investment activities.

In thousands of Ukrainian hryvnia, unless otherwise stated

Information on the fulfilment of loan contracts as at December 31, 2022 is presented as follows:

	Loan currency	Principal amount of the loan agreement as at 31.12.2022, thousands of c.u.	Actual funds received as at 31.12.2022, thousands of c.u.	Actual funds received as at 31.12.2021, thousands of c.u.	Balance of unused loan funds as at 31.12.2022	
					In contract currency, thousands of c.u.	UAH equivalent, thousands of UAH
MFU – IBRD loan No 47950-UA dated 19.09.2005	USD	96 408	96 408	96 408	-	-
MFU – EBRD loan No 40518 dated 29.09.2011	EUR	19 984	19 984	19 984	-	-
MFU – EBRD loan No 47947 dated 30.12.2015	EUR	180 000	100 919	75 947	**79 081**	**3 080 284**
MFU – EIB loan No 31.177 dated 21.09.2012	EUR	200 000	67 000	67 000	**133 000**	**5 180 483**
MFU – IBRD borrowing No 9284-UA dated 13.09.2021	USD	177 000	455	-	**176 545**	**6 456 003**
MFU – CTF borrowing No TF0B5994 dated 13.09.2021	USD	34 000	155	-	**33 845**	**1 237 664**
Total						

23.4 Changes of liabilities resulted from financial activity

Changes during 2022 and 2021 are stated as follows:

	Long-term loans	Other borrowed funds	Settlements with participants (actual and payment of dividends)	Settlements from accrued income (other inflows – interest on deposit and current accounts)	Other current liabilities (Interest on loans and other borrowings)	Total
Outstanding balance as at December 31, 2020	5 670 045	449 956	-	(16 399)	28 189	6 131 791
Cash flows	(108 495)	(150 000)	(1 241 087)	531 254	(81 802)	(1 050 130)
Non-cash changes:						
Acquisitions (accruals)	-	-	1 241 087	(552 012)	77 633	766 708
Exchange difference	573 643	-	-	-	3 575	577 218
Fair value changes	-	-	-	-	-	-
Outstanding balance as at December 31, 2021	**4 987 907**	**299 956**	-	**(37 157)**	**20 445**	**5 271 151**
Cash flows	71 681	(150 000)	(4 504 322)	811 120	(82 555)	(3 854 076)
Non-cash changes:						
Acquisitions (accruals)	-	-	4 504 322	(855 301)	85 352	3 734 373
Exchange difference	(1 436 980)	-	-	-	(13 735)	(1 450 715)
Fair value changes	-	-	-	-	-	-
Outstanding balance as at December 31, 2022	**6 496 568**	**149 956**	-	**(81 338)**	**36 977**	**6 602 163**

Loan agreement (Hydropower Rehabilitation Project) dated 19.09.2005 No 47950-UA.

On September 19, 2005, the Government of Ukraine received a loan from the International Bank for Reconstruction and Development (hereinafter — IBRD) for the implementation of the Hydropower Rehabilitation Project (Loan Agreement No 47950-UA dated 19.09.2005 concluded between Ukraine and the International Bank for Reconstruction and Development). In pursuance of the Loan Agreement dated 19.09.2005 No 47950-UA, the Agreement for the Sub-loan dated 07.11.2005 No 28000-04/80 between the Ministry of Finance of Ukraine, the Ministry of Energy and Coal Mining of Ukraine, NERC and the Company was concluded for the amount of USD 100 474 thousand. Initially, the loan was available for withdrawal for the period from 2006 to 30.06.2012 in the amount of USD 100 474 thousand (equivalent to UAH 507 391 thousand at the date of signing the agreement), and subsequently the loan withdrawal was extended until June 30, 2016, and the amount of USD 29 thousand was canceled, which was used by NERC. The loan for withdrawal was available in the amount of USD 100 445 thousand. On 02 August 2017 the Additional Agreement No. 28000-04/80-5 on amendments to the Sub-loan Agreement No. 28000-04/80 dated 07.11.2005 was signed between the Ministry of Finance of Ukraine, the Ministry of Energy and Coal Mining of Ukraine, NERC and the Company, which adjusted the amount of the loan of USD 96 407, 5 thousand.

The loan has an interest rate SOFR + variable spread and is set by IBRD (changes during the payment period). At the reporting date, the loan had an interest rate of SOFR + variable spread of 4.59%. The Ministry of Finance of Ukraine additionally levies from the Company a margin of 2,00% of the outstanding loan amount.

According to the Sub-Loan Agreement, interest is payable starting since 15 August 2006, every six months for the previous period on 15 February and 15 August each year until 15 August 2023. The loan body is due since 15 February 2012, with half-yearly payments until 15 August 2023.

In accordance with the terms of this Loan Agreement, the Company is obliged to comply with certain conditions regarding the financial ratios and operations specified in the Project Agreement between the Company and the IBRD (as amended by the IBRD letter dated 16.10.2015):

- The Company does not undertake any debt obligations, except when a substantiated forecast of income and expenditure shows that the estimated net income of the Company for each fiscal year during the life of the debt is at least 1.5 times more than the requirements for maintenance of the Company debt in that year in respect of all debt obligations of the Company, including those that will be undertaken;
- The Company shall provide, at the expense of internal sources, for the financial year of 2022, funds equivalent to at least 15% of the annual value of incurred capital expenditures (self-financing ratio).

Compliance with the established covenants:

- The indicator, which is defined in Section 4.03(a) of the Project Agreement under Loan No 47950-UA is 6,3 (the indicator is calculated in accordance with the amended financial plan of the Company for 2023).

  The calculation of this indicator, which is made on the basis of planned indicators of income and expenses of the Company in 2023, the estimated requirements for the repayment of interest on loans and current liabilities of the Company as of 31.12.2023, testifies that the Company using such projected figures may borrow in 2023 funds, as the forecast of revenues and expenses will not exceed the expected requirements for annual debt repayment 1.5 times.
- According to the calculation of the self-financing ratio (according to the conditions set out in the IBRD letter dated 16.10.2015), the Company was able to provide funds from domestic sources in the 2022 financial year, equivalent to 168,0% of capital expenditures.

Loan agreement (Hydropower Rehabilitation Project) dated 29.09.2011 No 40518.

The Government of Ukraine and the European Bank for Reconstruction and Development (the "EBRD") signed a Loan Agreement No. 40518 dated September 29, 2011 in the amount of EUR 200 000 thousand (equivalent to UAH 2 173 763 thousand as at the date of signing) to finance the Hydropower Rehabilitation Project. The Ministry of Finance of Ukraine, the Ministry of Energy and Coal Industry of Ukraine, the NERC and the Company entered into Sub-loan Agreement No. 15010-03/56 dated 16.05.2012.

Dates of payment of interest in accordance with the Loan Agreement No. 40518 dated September 29, 2011, are 20 March and 20 September of each year.

The dates of payment of interest by the Company under the Sub-loan agreement are 15 March and 15 September of each year. Interest is payable from March 15, 2013. The first payment of the principal amount of the debt must be made by March 15, 2015, the last – March 15, 2026. Loan interest is charged at a rate determined by the EBRD (EURIBOR+1) every six months for each payment separately. For the period from 20.09.2022 to 20.03.2023 the interest rate was set at 2,608%. The Ministry of Finance of Ukraine additionally levies from the Company a commission in the amount of 0.5% from the unused amount of the loan and a margin of 2.00% from the used and outstanding amount of the loan for granting the guarantee in favor of the EBRD.

On December 28, 2012, a one-time fee of EUR 2 000 thousand was written off (equivalent at the date of write-off: UAH 21 207 thousand).

In pursuance of the Law of Ukraine No. 906-VIII dated 24.12.2015 "On Amendments to Article 6 of the Law of Ukraine "On the State Budget of Ukraine for 2015" in order to continue the implementation of the Hydropower Rehabilitation Project, the EBRD loan No. 40518 has been reduced by EUR 180 000 thousand through signing of the Loan Agreement No. 47947 dated 30.12.2015 between PrJSC "Ukrhydroenergo" and EBRD for EUR 180 000 thousand with prolongation of the term of the Project.

Upon the completion under the Loan Agreement dated September 29, 2011 No. 40518 of the loan funds sampling period on March 28, 2018 and in order to make the final payment for the advisory services rendered under the Contract dated 19.11. 2014 No. UHE/CS/6-14 (EDF), the Ministry of Energy and Coal Industry of Ukraine (by the letter dated 22.03.2018 No. 15-3/1436) and PrJSC Ukrhydroenergo (by the letter dated 27.03.2018 No. 15-3/1539) requested the EBRD to extend the term of the loan disbursement by 60 days. The term was extended to 30.06.2018. By the letter of the EBRD dated 10.07.2018, the last date of availability of credit funds under the loan was extended to 13.07.2018. By the letter of the EBRD dated 31.01.2019, the share of unused funds under the loan No. 40518 was cancelled and the loan amount was adjusted by EUR 19 983,98 thousand.

Under the terms of the Project agreement No 40518 dated 29.09.2011, the Company shall comply with certain conditions regarding financial ratios and operations:

- Continuously maintain the Debt Service Ratio at the level above 1.2;
- Continuously maintain the Current Liquidity Ratio at a level not lower than 1.2 until full repayment of the Loan;
- Continuously maintain the debt-to-EBITDA ratio at a level not exceeding 3 until the full repayment of the Loan.

Compliance with established covenants:

The debt service ratio calculated in accordance with Section 1.02 of the Project Agreement based on the financial statements for 2022 is 3.3.

- The current liquidity ratio calculated on the basis of the financial statements for 2022 is C. L. R. = 2.387.
- The debt-to-EBITDA ratio, calculated on the basis of these financial statements for 2022 is 0,679.

The requirements of the Project Agreement have been met.

Loan agreement (Hydropower Rehabilitation Project) No 47947 dated December 30, 2015.

The EBRD and the Company signed the Loan Agreement dated 30 December 2015, No 47947 in the amount of 180 000 thousand EUR. This Loan Agreement is entered into in pursuance of the Law of Ukraine No 906-VIII dated 24.12.2015 to continue the implementation of the Hydropower Rehabilitation project. More to that, on December 30, 2015, a Guarantee agreement was signed between Ukraine and the EBRD.

In pursuance of the guarantee obligations of the Company to the state on 30 December 2015, the Contract No13010-05/171 for repayment of the Company's debt to the state for performance of the guarantee obligations was signed.

Dates of interest payment and principal payments by the Company in accordance with the Loan Agreement dated December 30, 2015, No. 47947, Agreement No. 13010-05/171 for debt repayment are 20 March and 20 September of each year. The initial principal repayment date is 20 March 2021. The deadline for repayment of the principal amount of debt is 20 September 2030. Loan interest is charged at a fixed interest rate determined by EBRD (EURIBOR+1). The interest rate was set at 1.0%. The Company pays to the EBRD an obligation fee of 0,5% per annum.

The Ministry of Finance of Ukraine additionally levies from the Company a margin of 0.5% of the used and unpaid amount.

The EBRD's letter of agreement dated 09.12.2021, which entered into force on 14.12.2021, extended the last date of availability of funds under Loan No 47947 until June 30, 2022.

The EBRD's letter of agreement dated 28.06.2022, which entered into force on 30.06.2022, extended the last date of availability of funds under Loan No 47947 until June 30, 2023.

In accordance with the terms of the Loan Agreement No 47947 dated December 30, 2015 the Company is required to comply with certain conditions regarding financial ratios and transactions:

- Continuously maintain the Debt Service Ratio at the level above 1,2;
- Continuously maintain the Current Liquidity Ratio at a level not lower than 1,2 until full repayment of the Loan;
- Continuously maintain the debt-to-EBITDA ratio at a level not exceeding 3 until the full repayment of the Loan.

Compliance with the established covenants:

- The debt service ratio calculated in accordance with Section 1.02 of the Project agreement on the basis of financial reporting data for 2022 is 3,3.
- The current liquidity ratio, calculated on the basis of financial reporting data for 2022, is C. L. R. = 2,387.
- The debt-to-EBITDA ratio, calculated on the basis of these financial reporting data for 2022 is 0,679.

The requirements of the Loan agreement have been met.

Financial Agreement between Ukraine and EIB (Hydropower Rehabilitation Project) No 31.177 dated September 21, 2012.

On September 21, 2012, the Government of Ukraine and the European Investment Bank ("EIB") signed the Financial Agreement No 31.177 for the amount of EUR 200 000 thousand (equivalent of UAH 2 070 826 thousand at the date of signing the agreement) to finance the Hydropower Rehabilitation Project. The Loan includes 10 tranches of EUR 20 000 thousand each.

In accordance with the Financial Agreement No. 31.177 dated 21.09.2012, interest is payable on 15 March and 15 September of each year.

The Ministry of Finance of Ukraine, the Ministry of Energy and Coal Mining of Ukraine, NERC and the Company entered into the Sub-loan agreement No. 15010-03/130 on 12.12.2012.

The dates of payment of interest and principal of the debt by the Company under the Sub-loan agreement are 15 March and 15 September of each year. The initial principal repayment date is September 10, 2021. Interest is charged on the loan at a rate determined by the EIB (EURIBOR+1). The Ministry of Finance of Ukraine pays a fee for the provision of the Sub-loan in the amount of 2,0% from the selected and outstanding loan amount. The Company pays to the Ministry of Finance of Ukraine in favor of the EIB a commission fee of 0,10% of the unused part of the Sub-loan.

On April 29, 2016, 1st tranche of EUR 2 000 thousand was transferred from the EIB account to the account of the Ministry of Finance of Ukraine, opened at JSC Ukreximbank. EUR 1 500 thousand was credited to that account; the remaining amount of EUR 500 thousand (equivalent to UAH 14 303 thousand at the date of write-off) is drawn down as a one-time fee.

On February 14, 2017, the EIB transferred 2nd tranche of EUR 22 000,0 thousand to a special account of the Ministry of Finance of Ukraine, opened with JSC Ukreximbank.

On January 16, 2018, the Letter of Amendments to the Financial Agreement No. 31.177 dated September 21, 2012 was signed between Ukraine and the European Investment Bank (EIB), which adjusted the last sampling date of the Loan as at December 31, 2020.

On September 10, 2019, the EIB transferred 3rd tranche of EUR 20 000,0 thousand (equivalent to UAH 552 236,22 thousand as of the date of crediting funds) to a special account of the Ministry of Finance of Ukraine opened with JSC Ukreximbank.

On November 17, 2020, the EIB transferred 4th tranche in the amount of EUR 23 000,0 thousand (equivalent to UAH 764 543,0 thousand as of the date of crediting the funds) to a special account of the Ministry of Finance of Ukraine opened with JSC Ukreximbank.

The Letter of Amendment No. 3 between Ukraine and the EIB dated 24.11.2021, which became effective on 03.01.2022, extended the term of the Financial Agreement dated 21.09.2012 No. 31.177 until 31.12.2023 and the last date of the Loan sampling until December 31, 2022.

Following clause 39 of the Procedure for the preparation, implementation, monitoring and completion of economic and social development projects of Ukraine supported by international financial organisations, approved by the Cabinet of Ministers of Ukraine on 27.01.2016 No. 70, the Enterprise agreed the draft letter to the EIB to amend the Financial Agreement from No. 31.177 21.09.2012 to 31.12.2024 and the last date of the Loan sampling to December 31, 2023 and forwarded it to the Ministry of Energy, the Ministry of Foreign Affairs and the Ministry of Finance. On 18.08.2022, the Ministry of Finance submitted an official request to the EIB. The bank's response is expected.

As of the beginning of the day on 01.01.2023, the balance of funds on the special account UA683223130000002523815004932 is EUR 11 054,7 thousand (UAH 430 593,4 thousand equivalent) and UAH 7 490,1 thousand.

Loan of PJSC "State Savings Bank of Ukraine" No 743/31/2 dated October 16, 2013.

Contract of the Ministry of Energy and Coal Mining of Ukraine No 41/13 dated 16.10.2013

In accordance with the Decree of the CMU No 521 dated 17.07.2013 "On approval of the project of socio-economic development "Construction of the first stage of the Dniester HES, consisting of three units", and approval of the conditions for the provision in 2013 of state guarantees to ensure fulfillment of the obligations of the Ministry of Energy and Coal Mining of Ukraine for borrowing, which is involved in its implementation" the Agreement was concluded for the procedure for obtaining, using, reporting on the return of funds involved in state guarantees for the implementation of the project of socio-economic development "Construction of the first stage of the Dniester HES, consisting of three units" dated 16.10.2013, No 41/13 amounting to UAH 1 500 000 thousand, term of use — 10 years, the interest rate does not exceed 9,5%.

The Ministry of Energy and Coal Mining of Ukraine, as the main administrator of budget funds for the implementation of the development project, has attracted funds under the state guarantees by issuing a loan.

The Company is the Development Project's Executor.

The loan was provided during October 2013 - January 2014 in the national currency of Ukraine — UAH, in separate parts. In accordance with the terms and conditions of the Agreement for the procedure for obtaining, using and reporting on the repayment of funds raised under state guarantees for the implementation of the project of socio-economic development "Construction of the first stage of the Dniester HES, consisting of three units" dated 16.10.2013, No. 41/13 as of the date of preparing the statements the Company actually received and directed funds in the amount of UAH 1 499 956 thousand for the construction of the first stage of the Dniester HES consisting of three units.

Following the Decree of the CMU No. 707 dated 24.12. 2014 "On certain aspects of the socio-economic development project" "Construction of the first stage of the Dniester HES, consisting of three units" dated January 1, 2015, an effective interest rate for borrowing that was involved in the implementation of the project of socio-economic development "Construction of the first stage of the Dniester HES, consisting of three units", to an effective interest rate of 17% per annum, and since January 2016 until the full repayment of liabilities — to the NBU discount rate, increased by 0.5 percentage points.

As at the reporting date, under the Agreement on pledge of property rights No. 15010-03/95 dated 16.10.2013, property rights under the agreement No. 3304/01 dated 31.01.2006 to receive funds from repayment of the debt of SE Energorynok for electricity sold in previous periods produced by PrJSC Ukrhydroenergo are pledged.

Loan Agreement No. 9284-UA dated September 13, 2021 (Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo)"

On September 13, 2021, PrJSC Ukrhydroenergo and the International Bank for Reconstruction and Development signed the Loan Agreement No. 9284-UA for the implementation of the Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo)" in the amount of USD 177 million. Pursuant to the obligations of the parties under the Loan Agreement No. 9284-UA, the Ministry of Finance of Ukraine and PrJSC Ukrhydroenergo entered into an agreement No. 13110-05/422 dated September 10, 2021 on repayment of the debt to the state for the fulfilment of guarantee obligations under the Guarantee Agreement ("Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo)") between Ukraine and the International Bank for Reconstruction and Development (further — the "Bank").

The Loan Agreement No. 9284-UA was ratified on May 22, 2022 by the Verkhovna Rada of Ukraine and the President of Ukraine signed the Law of Ukraine No. 2278-IX on the ratification of the Guarantee Agreement (Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo) between Ukraine and the International Bank for Reconstruction and Development and the Guarantee Agreement (Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo) between Ukraine and the International Bank for Reconstruction and Development, acting as an executor on behalf of the Clean Technology Fund.

On 10.06.2022, by letter No. 45067/12.2.2/30-22, the Ministry of Justice provided a legal opinion to the IBRD; copies of the letter were sent to the Cabinet of Ministers of Ukraine, the Ministry of Finance of Ukraine, and the Ministry of Foreign Affairs of Ukraine.

On 10.06.2022, a declaration letter was received from the IBRD concerning the entry into force of the Loan Agreement, and the letter of the IBRD dated 28.06.2022 added that the Guarantee Agreement entered into force on 10.06.2022 on the same date as the Loan Agreement.

Pursuant to Article 2.03 of the Loan Agreement No. 9284-UA, on June 10, 2022, an initial one-off fee in the amount of USD 442 500,00 (equivalent to UAH 12 945 thousand as at the date of write-off) was written off, which is equal to one fourth of one per cent (0.25%) of the amount of the Loan, financed by the proceeds of the Loan.

In accordance with the terms of the Loan No. 9284-UA, PrJSC Ukrhydroenergo is required to pay a reservation fee equal to zero point twenty-five percent (0,25%) per year of the outstanding balance of the Loan.

In accordance with the terms of the Loan No. 9284-UA, PrJSC Ukrhydroenergo is required to pay an interest rate equal to the Base Rate plus the Variable Spread. As at the reporting date, the interest rate was calculated on an average basis based on IBRD data and amounts to 5 19831527%.

In accordance with the terms of the agreement dated September 10, 2021 No. 13110-05/422 between the Ministry of Finance of Ukraine and PrJSC "Ukrhydroenergo" on repayment of the debt to the state for the fulfilment of guarantee obligations under the Guarantee Agreement, PrJSC "Ukrhydroenergo" is obliged to pay to the state budget of Ukraine a fee for the provision of the state guarantee, which is accrued in US dollars for each interest period in the amount of 0,5% per year of the selected and outstanding amount of the Loan.

In accordance with the Loan Agreement No. 9284-UA, interest on the withdrawn balance is payable starting from August 15, 2022 and is accrued from the date of writing off the one-time fee (from June 10, 2022). The payment dates are February 15 and August 15 of each year. The loan principal is payable starting from August 15, 2029. The final maturity date of the Loan is February 15, 2041.

In accordance with the terms of the Loan Agreement No. 9284-UA, PrJSC Ukrhydroenergo is required to maintain financial covenants:

- debt coverage ratio (projected cash flows): Unless the Bank agrees on a different basis, the Borrower — PrJSC Ukrhydroenergo (the "Borrower") will not incur any debt unless a reasonable forecast of the Borrower's revenues and expenses demonstrates that the Borrower's estimated net income for each financial year during the term of the debt will be at least 1,2 times higher than the Borrower's debt coverage requirements for the respective year for all of the Borrower's debt obligations, including debt to be incurred.

Loan Agreement No. TF0B5994 dated September 13, 2021 (Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo)"

On September 13, 2021, PrJSC Ukrhydroenergo and the International Bank for Reconstruction and Development, acting as an executor on behalf of the Clean Technology Fund, signed the Loan Agreement No. TF0B5994 for the implementation of the Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo) in the amount of USD 34 million. Following the parties' obligations under the Loan Agreement No. TF0B5994, Agreement No. 13110-05/421 dated September 10, 2021 was concluded between the Ministry of Finance of Ukraine and PrJSC Ukrhydroenergo on repayment of the debt to the state for the fulfilment of guarantee obligations under the Guarantee Agreement ("Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo) between Ukraine and the Clean Technology Fund (further — the "Bank").

The Loan Agreement No. TF0B5994 was ratified on May 22, 2022 by the Verkhovna Rada of Ukraine and the President of Ukraine signed the Law of Ukraine No. 2278- IX on the ratification of the Guarantee Agreement (Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo) between Ukraine and the International Bank for Reconstruction and Development and the Guarantee Agreement (Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo)" between Ukraine and the International Bank for Reconstruction and Development, acting as executor on behalf of the Clean Technology Fund.

On 10.06.2022, by letter No. 45067/12.2.2/30-22, the Ministry of Justice of Ukraine provided a legal opinion to the IBRD; copies of the letter were sent to the Cabinet of Ministers of Ukraine, the Ministry of Finance of Ukraine, and the Ministry of Foreign Affairs of Ukraine.

On 10.06.2022, a declaration letter was received from the IBRD concerning the entry into force of the Loan Agreement, and the letter of the IBRD dated 28.06.2022 added that the Guarantee Agreement entered into force on 10.06.2022 on the same date as the Loan Agreement.

Pursuant to Article 2.04 of the Loan Agreement No. TF0B5994 on June 10, 2022, the fee for cash management in the amount of USD 153 000,00 (equivalent to UAH 4 476 thousand as at the date of write-off) was written off, which is zero point forty-five percent (0,45%) of the amount of the Loan financed by the proceeds of the Loan.

Under the terms of the Loan No. TF0B5994, PrJSC Ukrhydroenergo is required to pay a service fee in the amount of one fourth of one per cent (0,25%) of the withdrawn balance of the Loan per annum.

Under the terms of the agreement No. 13110-05/421 dated September 10, 2021 between the Ministry of Finance of Ukraine and PrJSC "Ukrhydroenergo" on repayment of the debt to the state for fulfilment of the guarantee obligations under the Guarantee Agreement, PrJSC "Ukrhydroenergo" is required to pay to the state budget of Ukraine a fee for the provision of the state guarantee, which is accrued in US dollars for each interest period in the amount of 0,5% per annum from the selected and outstanding amount of the Loan.

Under the Loan Agreement No. TF0B5994, interest on the withdrawn balance is payable from August 15, 2022 and is calculated from the date of debiting the management fee (from June 10, 2022). The payment dates are February 15 and August 15 of each year. The principal is payable starting from August 15, 2031. The final repayment date of the Loan is February 15, 2061.

Under the terms of the Loan Agreement No. TF0B5994, PrJSC Ukrhydroenergo is required to maintain financial covenants:

- debt coverage ratio (projected cash flows): Unless the Bank agrees on a different basis, the Borrower — PrJSC Ukrhydroenergo (the "Borrower") will not incur any debt unless a reasonable forecast of the Borrower's revenues and expenses demonstrates that the Borrower's estimated net income for each financial year during the term of the debt will be at least 1,2 times higher than the Borrower's debt coverage requirements for the respective year for all of the Borrower's debt obligations, including debt to be incurred.

The Grant Agreement provided by the Clean Technology Fund dated September 13, 2021 No. TF0B5724 (Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo)")

On September 13, 2021, PrJSC Ukrhydroenergo and the International Bank for Reconstruction and Development, acting as the Clean Technology Fund Manager, signed a CTF Grant Agreement No. TF0B5724 for the implementation of the Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo") in the amount of USD 1 million.

The Grant Agreement entered into force on June 10, 2022 upon submission to the Bank of evidence acceptable to the Bank that the conditions were met and receipt of a declaration letter from IBRD on the entry into force of the Loan Agreements and a letter from IBRD dated 28.06.2022, which added that the Guarantee Agreements also entered into force on 10.06.2022 on the same date as the Loan Agreements.

The closing date (end of availability of funds) of the CTF Grant Agreement No. TF0B5724 is December 31, 2026.

Financing terms — 100% of the expenditures are financed from a trust fund for which the International Bank for Reconstruction and Development receives periodic contributions from the donor of the Clean Technology Fund of the trust fund.

In thousands of Ukrainian hryvnia, unless otherwise stated

According to the terms of the CTF Grant Agreement No. TF0B5724, PrJSC Ukrhydroenergo is required to maintain the following financial ratios:

- debt coverage ratio (projected cash flows): Unless the Bank agrees on a different basis, the Recipient — PrJSC Ukrhydroenergo (the "Recipient") will not incur any debt unless a reasonable forecast of the Recipient's revenues and expenses demonstrates that the Recipient's estimated net income for each financial year during the term of the debt will be at least 1,2 times higher than the Recipient's debt coverage requirements for the respective year for all of the Recipient's debt obligations, including debt to be incurred.

24. Other long-term liabilities

As at December 31, 2022 and December 31,2021 other long-term liabilities are stated as follows:

	December 31, 2022	December 31, 2021
Accounts payable for non-current assets	779 568	734 843
Other borrowings (agreement with Ministry of Energy and Coal Mining dated 16.10.2013 №41/13) (see Note 23.1)	-	149 956
Long-term portion of deferred income	43 357	34 644
Long-term lease obligations	2 987	2 757
Total	**825 912**	**922 200**

Long-term payables for non-current assets (property, plant and equipment) exist at the expense of guarantees for the execution of contracts equal to a certain percentage of the contract price for all assets or part of the assets, in relation to which a separate term of completion is provided.

Deferred revenue arose from grant funds in accordance with the Agreement between the Government of Ukraine and the EBRD for cooperation and activities of the EBRD Permanent Establishment in Ukraine dated 12.06.2007, ratified by the Law of Ukraine "On ratification of the Agreement between the Government of Ukraine and the European Bank for Reconstruction and Development for Cooperation and Activities of the EBRD Permanent Establishment in Ukraine" dated 04.06.2008 No 319-VI and contracts with Electricite de France Hydro Engineering Center for the provision of consulting services No C21239/ECHR-2010-11-02 dated 24.11.2010. Current portion of the deferred income is disclosed in Note 31.

Long-term lease liabilities resulted from the Company's application of IFRS 16 "Leases". At the date of commencement of the recognition of an asset for use, the Company estimates the lease liability at the present value of the lease payments not paid at that date. The current portion of non-current lease liabilities is disclosed in Notes 26 and 28.

25. Target financing

Capital expenditure of past years was reported under the project "Arrangement of the combined power supply system of Zmeiniy Island of capacity of 1.7 MW", financed from the state funds in accordance with the Decree of the Cabinet of Ministers No 330 dated 08 April 2009 "On approval of the list of power generators of nuclear, hydro-accumulating plants and other electric plants, substations, thermal power plants and power lines, construction, reconstruction and repair of which will be carried out in 2009 at the expense of special fund of the state budget". The Company has no assurance that the relevant objects will remain available to the Company; therefore refers financing of the project to targeted financing rather than additional capital.

	December 31, 2022	December 31, 2021
Target financing	**28 098**	**28 098**

In thousands of Ukrainian hryvnia, unless otherwise stated

26. Current payables on non-current liabilities

The current payables on other non-current liabilities as at December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Current payables on long-term loans (see Note 23.1)	874 907	584 608
Other borrowings (agreement with Ministry of Energy and Coal Mining dated 16.10.2013 No 41/13)	149 956	150 000
Accounts payable for non-current assets	253 912	92 599
Current portion of non-current lease liabilities	288	218
Total	**1 279 063**	**827 425**

27. Current accounts payable for goods, works. services

As at December 31, 2022 and December 31, 2021 current accounts payable for goods, works and services are as follows:

	December 31, 2022	December 31, 2021
Current payables for electricity	2 569 060	159 096
Current payables for non-current assets	1 449 286	1 342 705
Other current payables	68 581	40 378
Total	**4 086 927**	**1 542 179**

Current accounts payable for non-current assets (property, plant and equipment) are current and comply with the terms of the contract, which provide for phased payments for equipment supplied and works performed, financed by international financial institutions (EBRD, EIB).

28. Current accounts payable on settlements with budget

Current payables on settlements with budget as at December 31, 2022 and December 31, 2021 are as the following:

	December 31, 2022	December 31, 2021
Income tax	28 500	728 119
Rent for special water use	68 540	45 769
Land payment	3 335	4 859
Other taxes and levies	852	806
Payment for the right-of-use the asset (current portion of long-term liabilities of lease asset)	34	27
Total	**101 261**	**779 580**

29. Current accounts payable on advances received

As at December 31, 2022 and December 31, 2021 current accounts payable on advances received are stated as follows:

	December 31, 2022	December 31, 2021
Advances received for electricity	-	361 067
Other advances	56	53
Total	**56**	**361 120**

In thousands of Ukrainian hryvnia, unless otherwise stated

30. Current provisions

Changes in current provisions and their movement for 2022 and 2021 are presented as follows:

	Provision for unused leaves	Provision for pension payments (Program No 1 and No 2)	Other provision for staff costs (Program No 3)	Total
As at December 31, 2020	**82 051**	**15 384**	**3 331**	**100 766**
Created	133 215	18 512	2 658	154 385
Used	(118 953)	(12 355)	(2 259)	(133 567)
As at December 31, 2021	**96 313**	**21 541**	**3 730**	**121 584**
Created	134 204	14 576	3 117	151 897
Used	(104 424)	(11 468)	(3 172)	(119 064)
As at December 31, 2022	**126 093**	**24 649**	**3 675**	**154 417**

31. Deferred income

As at December 31, 2022 and December 31, 2021 deferred income is presented as follows:

	December 31, 2022	December 31, 2021
Deferred income, incl:	10 784	4 880
current portion of deferred income on financing at the expense of grant funds	*4 881*	*4 880*
Total	**10 784**	**4 880**

Deferred income from grant funding is presented in the amount of the current portion. Recognition of the long-term portion in accordance with the expected date of commissioning of capital investments is disclosed in Note 24.

32. Other current liabilities

Other current liabilities as at December 31, 2022 and December 31, 2021 are stated as follows:

	December 31, 2022	December 31, 2021
Amount of VAT in the cost of electricity sold, the date of occurrence of tax liabilities for which is determined by the cash method	1 346 520	1 040 747
Amount of VAT in other receivables by which the tax liability is reduced	1 868	1 868
Liabilities for accrued interest on loans	62 007	44 800
Settlements with employees and persons responsible for reporting	82	449
Settlements with other creditors	156	160
Total	**1 410 633**	**1 088 024**

In thousands of Ukrainian hryvnia, unless otherwise stated

33. Net income from sales of products (goods, works, services)

Revenues from electricity sales and sales of ancillary services for frequency and active power control for the year ended December 31, 2022 and December 31, 2021 are as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	million kWh	thousand UAH	million kWh	thousand UAH
Generated electricity	10 169,877	29 983 727	9 597,913	18 947 987
Purchased electricity	1 475,363	4 206 872	976,874	1 697 530
Total income from the sale of electricity	**11 645,240**	**34 190 599**	**10 574,787**	**20 645 517**

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	MW	thousand UAH	MW	thousand UAH
Ancillary services for frequency and active power control	3 976 525	3 036 934	3 939 756	2 787 793
Total income from the sale of ancillary services for frequency control and active power	**3 976 525**	**3 036 934**	**3 939 756**	**2 787 793**

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	service	thousand UAH	service	thousand UAH
Provision of services for the maintenance of technological power grids of common use	-	8 014	-	4 370
Total revenue from provision of services for the maintenance of common technological power grids	**-**	**8 014**	**-**	**4 370**
Total		**37 235 547**		**23 437 680**

34. Cost of products (goods, works, services) sold

Cost of goods sold for the year ended December 31, 2022 and December 31, 2021 is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Labour costs and expenses	723 826	699 761
Social security contributions	154 975	150 456
Amortisation	902 054	799 174
Material costs, including:	53 985	60 215
material costs for the liquidation of consequences related to military actions	*1 487*	-
Purchased electricity	1 260 517	800 737
Other expenses, incl:	2 112 403	1 702 780
Electricity for own needs, pumping of reservoirs	*1 557 897*	*1 243 392*
Rent for special use of water	*285 293*	*226 378*
production services, incl.:	*189 900*	*149 429*
services to eliminate the consequences of related to military operations	*17 536*	-
taxes and other mandatory payments	*41 411*	*55 308*
business trip expenses	*1 573*	*2 847*
regulatory fees	*24 498*	*14 140*
other expenses	*11 831*	*11 286*
Total	**5 207 760**	**4 213 123**

In thousands of Ukrainian hryvnia, unless otherwise stated

35. Other operating income

Other operating income for the year ended December 31, 2022 and December 31, 2021, comprises:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Sale of current assets (scrap metal and used oil, etc.)	690	61 954
Gains from operating foreign exchange differences	138 932	-
Income from housing and communal facilities and social and cultural facilities	5 380	7 626
Income from operating lease of assets	1 106	1 077
Reversal of provision for expected credit losses	3 651 600	269 360
Recognised fines and penalties	20 171	2 349
Other operating income	22 225	4 438
Total	**3 840 104**	**346 804**

Gains from operating foreign exchange differences for 2022 are calculated as follows:

- operating foreign exchange gain in the amount of UAH 212 087 thousand;
- operating foreign exchange loss in the amount of UAH 73 155 thousand.

According to the results of 2021, the reduced result from operating exchange differences was the loss from operating exchange differences — see Note 38 for more details.

36. Administrative expenses

Administrative expenses for the year ended December 31, 2022 and December 31, 2021 comprise:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Remuneration of labor	596 961	553 274
Social activities	95 329	85 313
Amortisation	64 393	37 316
Material costs	8 734	10 311
Expenses for heating, lighting, water supply, security	4 669	3 670
Expenses for repair of property, plant and equipment and other non-current assets for general business purposes	1 915	2 423
Business trips	2 347	3 374
Consulting, information and audit services	3 114	2 989
Payment for cash services of banks	4 689	2 339
Communication	4 054	3 481
Organisational and technical services	7 086	6 274
Other administrative expenses	26 176	19 363
Total	**819 467**	**730 127**

37. Distribution expenses

Selling and distribution expenses for the year ended December 31, 2022 and December 31, 2021 comprise:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Services to ensure electricity access for household consumers	14 704 020	3 043 062
Remuneration of labor	51 305	50 939
Social activities	7 900	7 492
Dispatch (operational and technological) management costs	638 279	378 253
Expenses related to operations in the electricity market	62 716	20 094
Other sales expenses	6 429	5 733
Total	**15 470 649**	**3 505 573**

In thousands of Ukrainian hryvnia, unless otherwise stated

38. Other operating expenses

Other operating expenses for the year ended December 31, 2022 and December 31, 2021 comprise:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Maintenance of housing and utility and social and cultural facilities	39 000	35 097
Contributions to the Trade Union Committee	50 796	48 331
Allowance for expected credit losses (Note: 13, 16, 17, 18 and 19)	3 941	2 324 598
Sale of current assets (metal scrap and waste oils etc.)	295	49 307
Operating exchange loss	-	80 297
Remuneration of first 5 days of disability	13 075	12 763
Loss from recognition of inventories at the least cost	20 343	540
Fines, penalties, forfeits	9 416	24 754
Other operating expenses, including	99 106	31 694
Maintenance of non-production objects	*5 707*	*1 975*
Mobilization expenses	*25 571*	*1 765*
Operating lease of assets	*699*	*705*
One-time payments to personnel according to the collective agreement	*9 894*	*11 148*
other	*57 235*	*16 101*
Total	**235 972**	**2 607 381**

According to the results of 2022 the reconciled result from operating foreign exchange differences is a gain from operating foreign exchange differences. See Note 35 for more details.

Foreign exchange losses for 2021 are calculated as follows:

- operating foreign exchange loss in the amount of UAH 108 993 thousand;
- income from operating exchange rate differences in the amount of UAH 28 696 thousand.

For 2022, accrued depreciation of right of use assets for land in the amount of UAH 94 thousand (2021: UAH 79 thousand) is recognised as expenses:

- maintenance of housing and utility facilities and social and cultural facilities in the amount of UAH 63 thousand (2021: UAH 48 thousand);
- other operating expenses in the amount of UAH 31 thousand (2021: UAH 31 thousand).

Elements of operating expenses of Section III Statement of comprehensive income

Other operating expenses for the year ended December 31, 2022 and December 31, 2021 comprise:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Electricity for own needs, pumping of reservoirs	1 558 323	1 243 651
Purchased electricity	1 260 517	800 737
Taxes, levies and other payments provided by the legislation	330 274	284 717
Production services	172 364	149 429
Dispatching (operational-technological) management expenses	638 279	378 253
Expenses associated with operating in the electricity market	62 716	20 094
Operating exchange losses	-	80 297
Allowance for expected credit losses (Note: 13, 16, 17, 18 and 19)	3 940	2 324 598
Contributions to the Trade Union Committee	50 796	48 331
Services to ensure electricity access for household consumers	14 704 020	3 043 062
Expenses for liquidation of consequences related to military actions	17 959	-
Other operating expenses	163 028	120 101
Total	**18 962 216**	**8 493 270**

In thousands of Ukrainian hryvnia, unless otherwise stated

39. Other financial income

Finance income for the year ended December 31, 2022 and December 31, 2021 comprise:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest received on cash on deposit accounts	514 542	160 295
Interest received on cash on current accounts	350 908	199 532
Income from present value of long-term liabilities	80 536	82 001
Interest on DGB	144 193	32 269
Other	193	153
Total	**1 090 372**	**474 250**

40. Other income

Other income for the year ended December 31, 2022 and December 31, 2021 comprise:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Profit from non-operating exchange differences	-	634 894
Write-off of non-current assets	45 041	51 244
Other non-operating income	1 939	4 703
Total	**46 980**	**690 841**

According to the results of 2022 the reconciled result from non-operating foreign exchange differences is a gain from non-operating foreign exchange differences. See Note 42 for more details.

Non-operating foreign exchange gains for 2021 are reported reduced:

- income from non-operating exchange rate differences in the amount of UAH 885 925 thousand;
- losses from non-operating exchange rate differences in the amount of UAH 251 031 thousand.

41. Financial expenses

Finance expenses for the year ended December 31, 2022 and December 31, 2021 comprise:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest charged (Note 7)	93 562	77 633
Loss (gain) on recognition of the present value of long-term debt	57 701	42 791
Financial costs of the right to use the asset (Note 22)	436	290
Interest on actuarial payments	27 909	21 889
Other	-	15
Total	**179 608**	**142 618**

In 2022, accrued interest expense on loans in the amount of UAH 93 562 thousand (2021: UAH 77 633 thousand) was recorded in the period's expenses due to the commissioning of certain facilities of the first stage of the Dniester HES, financed by borrowed funds under the agreement with the Ministry of Energy and Coal Industry No. 41/13 dated 16.10.2013, and part of the facilities of the second stage of the HES reconstruction, financed by borrowed funds under the agreements:

- with IBRD: No. 47950-UA dated September 19, 2005 and No. 77910-UA dated February 03, 2010;
- with the EBRD: No. 40518 dated September 29, 2011 and No. 47947 dated December 30, 2015;
- with the EIB: No. 31.177 dated September 21, 2012.

In thousands of Ukrainian hryvnia, unless otherwise stated

And the costs of the project "P176114 — Enhancing the resilience of the power system for European grid integration", which were financed by borrowed funds under the agreements:

- with IBRD: No. 9284-UA dated September 13, 2021;

- with CTF No. FT0B5994 dated September 13, 2021.

42. Other expenses

Other expenses for the year ended December 31, 2022 and December 31, 2021 comprise:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Non-operating exchange loss	1 585 110	-
Cost of written-off of non-current assets	1 937 867	2 817
Losses from impairment of assets	2 237 963	-
Other non-operating expenses	128	367
Total	5 761 068	3 184

Non-operating foreign exchange losses for 2022 are presented reduced:

- losses from non-operating exchange rate differences in the amount of UAH 2 422 466 thousand;

- income from non-operating exchange rate differences in the amount of UAH 837 356 thousand.

According to the results of 2021, the reduced result from non-operating exchange rate differences is a gain from non-operating exchange rate differences. See Note 40 for more details.

In 2022, other non-operating expenses increased:

- by recognizing the cost of written-off non-current assets in the amount of UAH 1 937 867 thousand, including those destroyed as a result of rocket attacks caused by the military actions of the russian federation against Ukraine in the amount of UAH 1 933 418 thousand.

- by recognising expenses to reduce the recoverable amount of non-current assets in the amount of UAH 2 237 963 thousand. Based on internal sources of information in accordance with IFRS 36, namely, evidence that the asset is impaired as a result of the military aggression of the russian federation against Ukraine, the Group recognised impairment charges.

43. Income tax

The Company is a general corporate income taxpayer and does not have any tax benefits.

As at December 31, 2022 and December 31, 2021 deferred tax liabilities and assets were as follows:

	December 31, 2022	December 31, 2021
Deferred tax assets	181 561	843 584
Deferred tax liabilities	(297 166)	(512 785)
Total	**(115 605)**	**330 799**

Income tax expense recognised in the statement of comprehensive income is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current income tax	(2 317 634)	(2 880 758)
Deferred income tax	(436 735)	393 994
Total	**(2 754 369)**	**(2 486 764)**

The income tax expense recognised in the Statement of comprehensive income differs from the estimated income tax expense calculated based on the financial result before taxation of this statement at the statutory rate of 18%.

In thousands of Ukrainian hryvnia, unless otherwise stated

The differences are presented as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Loss /(profit) before tax (line 2290) of Statement of comprehensive income	14 538 479	13 747 569
Income tax at rate of 18%	2 616 926	2 474 562
Expenses not included in expenses for tax accounting	139 542	14 497
Expenses not included in expenditure in accounting	(2 064)	(2 267)
Income not included in income of the tax accounting	(35)	(28)
Income tax expenses (line 2300 of the Statement of comprehensive income)	2 754 369	2 486 764

The ratio between income tax expense and the amount of tax before tax (effective rate for 2022 is 18.9%, for 2021 — 18.1%).

Deferred tax assets and liabilities in the financial statements for the year ended December 31, 2022 are as follows:

	December 31, 2021	Recognized in Part I Financial results	Recognized in Part II Comprehensive income	December 31, 2022
Assets				
Provisions for vacations	-	-	-	-
Pensions and other provisions to personnel	36 020	4 225	(9 669)	30 576
Allowance for expected credit losses	807 564	(656 579)	-	150 985
Total assets	**843 584**	**(652 354)**	**(9 669)**	**181 561**
Liabilities				
Property, plant and equipment — residual value	(512 743)	215 342	-	(297 401)
Intangible assets — residual value	(42)	277	-	235
Total liabilities	**(512 785)**	**215 619**	-	**(297 166)**
Total	**330 799**	**(436 735)**	**(9 669)**	**(115 605)**

Deferred tax assets and liabilities in the financial statements for the year ended December 31, 2021 are as follows:

	December 31, 2020	Recognized in Part I Financial results	Recognized in Part II Comprehensive income	December 31, 2021
Assets				
Provisions for vacations	-	-	-	-
Pensions and other provisions to personnel	35 228	3 404	(2 612)	36 020
Allowance for expected credit losses	437 984	369 580	-	807 564
Total assets	**473 212**	**372 984**	**(2 612)**	**843 584**
Liabilities				
Property, plant and equipment — residual value	(533 762)	21 019	-	(512 743)
Intangible assets — residual value	(33)	(9)	-	(42)
Total liabilities	**(533 795)**	**21 010**	-	**(512 785)**
Total	**(60 583)**	**393 994**	**(2 612)**	**330 799**

In thousands of Ukrainian hryvnia, unless otherwise stated

44. Risks management

Capital management

The objective of the Company in the capital management is to safeguard the Company's ability to continue operations as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to ensure compliance with the requirements of Ukrainian legislation and regulatory requirements of NERC, national regulatory authority in power sector.

The Company must comply with certain requirements regarding capital, made by the outside organizations. According to the Ukrainian legislation, the net assets of the joint stock company shall not be less than the amount of its registered share capital.

As at December 31, 2022 and December 31, 2021 the Company met these requirements as to the amount of capital.

Financial assets and liabilities

Basic financial liabilities of the Company include loans and borrowings, trade and other payables. The main purpose of these financial instruments is to attract funding for operating and investment activities of the Company. The Company has various financial assets such as cash and cash equivalents, trade and other receivables and other financial investments.

Financial assets and liabilities as at December 31, 2022 and as at December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Cash and cash equivalents (Note 19)	2 723 988	2 745 050
Current financial investments (Note 18)	4 513 615	4 216 122
Trade accounts receivable (Note 13)	8 019 513	2 835 085
Other current accounts receivable (Note 16 and 17)	144 602	91 621
Total financial assets at amortized cost	**15 401 718**	**9 887 878**
Other financial investments (Note 9)	38 147	49 506
Total financial assets at fair value through other comprehensive income	**38 147**	**49 506**
Loans and borrowings (Note 23.1)	5 621 661	4 403 299
Other long-term liabilities (Note 24)	825 912	922 200
Current debt on other long-term liabilities (Note 26)	1 279 063	827 425
Trade accounts payables (Note 27)	4 086 927	1 542 179
Other short-term liabilities	1 566 397	1 212 113
Total financial liabilities at amortized cost	**13 379 960**	**8 907 216**

The main risks that the Company takes on as a result of its holdings of financial instruments are those related to currency risk, liquidity risk, credit risk and interest rate risk. These risk management policies are set out below.

The Company's activities result in a variety of financial risks, including changes in tariffs, concentration, credit risk, liquidity risk, foreign exchange and interest rate risks. The Company does not have a risk management policy to hedge its financial risks.

Credit risk

Credit risk is the risk that the customer may not fulfill its obligations to the Company in full or partially in due time, resulting in financial losses of the Company.

The electricity produced by the Company prior to the introduction of the new electricity market was sold exclusively by SE "Energorynok", which was a national company providing the activity of the wholesale electricity market. Due to the launch of the new electricity market in July 2019, the Company has been operating in several market segments, which in some way differed in the nature of the relationship. In this regard, the Company has a concentration of credit risk. As at December 31, 2022 it is advisable to allocate trade receivables to the following counterparties:

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- SE "Energorynok";
- SE "Guaranteed Buyer";
- SE "Market Operator";
- PrJSC Ukrenergo.

Expected credit losses are estimates of the present value of future undelivered cash, weighted against probability (ie, the weighted average amount of credit losses using the appropriate risks of default over a period of time as weighting factors). The estimate of the expected credit losses is objective and is determined by setting a range of possible consequences. Expected credit losses are estimated on the basis of the components used by the Company: probability of default, amount of debt at the time of default, loss in case of default.

To assess the likelihood of default, the Company defines default as a situation in which the risk meets one or more of the following criteria:

- ✓ late payment by the borrower of contractual payments exceeds 180 days;
- ✓ the borrower meets the following criteria for probable insolvency:
  - the borrower cuts / ceases operations;
  - the borrower is insolvent;
  - the borrower has violated the financial condition(s);
  - the likelihood that the borrower will begin bankruptcy proceedings.

Maximum credit risk is represented as the carrying amount of financial assets. Maximum credit risk as at December 31, 2022 and 31 December 31, 2021 was presented as follows:

Financial assets as at December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Cash and cash equivalents (Note 19)	2 723 988	2 745 050
Current financial investments (Note 18)	4 513 615	4 216 122
Trade accounts receivable (Note 13)	8 019 513	2 835 085
Other current accounts receivable (Note 16 and 17)	144 602	91 621
Total financial assets at amortized cost	**15 401 718**	**9 887 878**
Other financial investment (Note 9)	38 147	49 506
Total financial assets at fair value through other comprehensive income	**38 147**	**49 506**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its obligations when they arise. The Company provides careful monitoring and management of its liquidity position. The Company has established a process of detailed budgeting and forecasting of cash flows in order to provide sufficient funds to meet its payment obligations. Management approach to solving the problems of liquidity is to improve its operations and to attract loans and borrowings with clearly defined maturity terms, which would be beneficial for it and meet the Company's needs for working capital. In doing so, the liquidity ratio is one of the covenants that are controlled by international financial institutions.

	December 31, 2022	December 31, 2021
Borrowings	6 646 524	5 287 863
Cash and cash equivalents (Note 19)	(2 723 988)	(2 745 050)
Current financial investments (Note 18)	(4 513 615)	(4 216 122)
Net borrowings	**(591 079)**	**(1 673 309)**

In thousands of Ukrainian hryvnia, unless otherwise stated

The amount of the liabilities of the Company as at December 31, 2022 comprise:

	Total	On demand	1 - 3 months	3 months - 1 year	1 year - 5 years	Over 5 years
Loans and borrowings*	**7 375 317**	-	474 249	540 691	2 396 401	3 963 976
Other borrowings**	**167 028**	-	45 383	121 645	-	-
Accounts payable for PPE***	**2 482 766**	-	475 237	1 227 961	779 568	-
Trade payables	**2 637 641**	-	62 373	2 575 268	-	-
Other current liabilities****	**2 271 633**	-	427 683	1 843 950	-	-
Total	**14 934 385**	-	**1 484 925**	**6 309 515**	**3 175 969**	**3 963 976**

The amount of the liabilities of the Company as at December 31, 2021 comprise:

	Total	On demand	1 - 3 months	3 months - 1 year	1 year - 5 years	Over 5 years
Loans and borrowings*	**5 700 508**	-	348 026	292 020	2 105 080	2 955 382
Other borrowings**	**329 314**	-	44 218	127 719	157 377	-
Accounts payable for PPE***	**2 170 138**	-	1 342 705	92 599	734 834	-
Trade payables	**199 474**	-	199 278	196	-	-
Other current liabilities****	**1 451 649**	-	152 424	1 299 225	-	-
Total	**9 851 083**	-	**2 086 651**	**1 811 759**	**2 997 291**	**2 955 382**

* The amount of loans and borrowings consists of the amounts of loans and borrowings, the amount of interest that will be required to be paid before the end of loan repayment and other payments that arise when servicing these loans and borrowings.
** The amount of other borrowed funds consists of the amount of the loan, the amount of interest to be paid before the end of loan repayment loan and other payments that arise when servicing this loan.
*** Including long-term payables for non-current assets presented in other long-term liabilities in the report.
**** Net of accrued interest on loans presented in other lines of the table.

Calculated according to the financial statements of the Company for 2022; the ratio of total liquidity is 2,39 (for 2021 – 2,33).

In thousands of Ukrainian hryvnia, unless otherwise stated

Currency risk

Currency risk is the risk that the financial results of the Company will be affected by changes in foreign exchange rates relating to the Company operations. The Company has certain transactions denominated in foreign currencies. The Company does not use any derivative financial instruments to manage its currency risk.

The amount of currency risk as at December 31, 2022 and December 31, 2021 is as follows:

	December 31, 2022		December 31, 2021	
	USD	EUR	USD	EUR
Cash and cash equivalents	450	430 751	1 014	493 071
Loans and borrowings	(362 100)	(3 710 750)	(497 684)	(5 202 823)
Accounts payable on settlements with foreign suppliers	-	(643 424)	-	(166 794)
Net position	**(361 650)**	**(3 923 423)**	**(496 670)**	**(4 876 546)**

The following table presents information about the sensitivity of the Company to the weakening of the Ukrainian hryvnia to the US dollar (by 10 %), EUR (by 10%) to the respective currencies for the year ended December 31, 2021. The calculation is made on the condition that the Ukrainian hryvnia according to currencies devaluates by 10% to USD and by 10% to EUR. These sensitivity rates represent the management assessment of the possible changes in foreign exchange rates.

	For the year ended December 31, 2022			For the year ended December 31, 2021		
Currency	**Change of exchange rate**	**Effect on profit before tax**	**Effect on equity**	**Change of exchange rate**	**Effect on profit before tax**	**Effect on equity**
USD	-10%	(36 165)	(29 655)	-10%	(49 667)	(40 727)
USD	+10%	36 165	26 655	+10%	49 667	40 727
EUR	-10%	(392 342)	(321 721)	-10%	(487 655)	(399 877)
EUR	+10%	392 342	321 721	+10%	487 655	399 877

Analysis is applied to currency denominated monetary items at the reporting dates.

In thousands of Ukrainian hryvnia, unless otherwise stated

The risk of interest rate changes

Interest rate risk is the risk that floating interest rates will adversely affect the Company's financial performance. The Company does not use any derivative financial instruments to manage its interest rate risk. At the same time, most of the Company's financial assets and liabilities are at fixed rates, therefore, this risk is limited.

The Company manages its interest rate risk by using a combination of floating rate loans and short-term fixed rate deposits and by entering into new loan agreements with interest rates that do not differ significantly from market rates. As at December 31, 2022 and December 31, 2021, the Company had no financial instruments with non-fixed interest rates.

	Increase / (decrease) in basis points	Impact on profit before tax USD	EUR
For the year ended December 31, 2022			
Changes in interest rates	+1%	+ 2 969	+ 35 704
Changes in interest rates	-1%	- 2 969	- 35 704
For the year ended December 31, 2021			
Changes in interest rates	+1%	+ 4 081	+ 44 031
Changes in interest rates	-1%	- 4 081	- 44 031

45. Commitments and contingencies

Taxation

As a result of overall unstable economic situation in Ukraine tax authorities are paying more attention to the business communities. In this regard, local and state tax laws are constantly changing. In addition, there are cases of its inconsistent application, interpretation and enforcement. Non-compliance with Ukrainian laws and regulations may result in the imposition of significant fines and penalties accruing. As a result of future tax audits additional obligations could be detected that do not meet the tax reporting of the Company. These obligations can be in form of taxes, as well as fines and penalties, the amount of which can be significant. Management believes that the Company operates in accordance with local tax laws; however, there are many new laws on taxation, as well as in foreign exchange transactions, taken recently, the interpretation of which is not always unambiguous.

Management believes that the Company properly fulfilled all tax liabilities based on its understanding of the tax law; however, the above facts indicate the existence of tax risks for the Company.

Social obligations

The Company makes contributions to mandatory and voluntary social programs. Social assets of the Company, as well as local social programs, in general, benefit to the society, and usually are not limited to its employees. The Company has transferred certain social operations and assets to local governments; however, the management believes that the Company will continue to fund these social programs in the near future. These costs are expensed in the year in which they are incurred.

Obligations to comply with covenants under loan agreements

As at December 31, 2022 and as at December 31, 2021 the Company complied with all covenants under loan agreements (Note 23.4).

Obligations for electricity generation

According to the Forecast Electricity Balance of the UPS of Ukraine for 2022, the planned electricity generation by PrJSC Ukrhydroenergo for the twelve months ended December 31, 2022 was 10 093,6 million kWh, including 8 833,7 million kWh at the Dnipro River Cascade and Dniester River HES and 1 259,9 million kWh at PSH.

PrJSC Ukrhydroenergo's actual electricity generation for twelve months of the current year was 10 415,0 million kWh, which is 321,4 million kWh more than planned, including:

- at Dnipro River Cascade and Dniester River Cascade HES — 9 311,8 million kWh, which is 478,1 million kWh more than planned;

- at PSH — 1 103,2 million kWh, which is 156,7 million kWh less than planned.

The increase in generation at the Dnipro cascade of HES and Dniester HES in the IV quarter of 2022 was due to an increase in the water level of the Dnipro, Desna and Dniester rivers in November-December and due to hydroelectric power plants covering the power shortage in the Unified Power System of Ukraine during the response to the consequences of missile attacks. The decline in generation at PSH is due to damage to the plants during missile attacks in November-December 2022.

From 01.07.2019, guided by the Law of Ukraine "On Electricity Market" of April 13, 2017 № 2019-VIII PJSC "Ukrhydroenergo" has been operating in the electricity market in all its segments. The Company has concluded all the necessary agreements to work in such market model, established uninterrupted transmission of data on commercial electricity metering, schedules of physical leave / selection, the results of trade operations in the market and other necessary data in accordance with the law. The Company's divisions ensured continuous trade in market segments with prompt response to any changes in supply and demand.

The Company operates based on market and transparent principles:

- sells the electricity it generates and purchases at the established segments of the electricity market and for export;
- provides balancing services in the amounts and cases determined by the Law of Ukraine "On the Electricity Market" and market rules, and is the party responsible for the balance;
- provides auxiliary services to NPC Ukrenergo (as the Transmission System Operator) to ensure reliable operation of the UPS of Ukraine and proper quality of electricity;
- provides services for the maintenance of technological power grids of common use.

The Company sells electricity in all market segments:

- the market of bilateral contracts at e-auctions of the Ukrainian Energy Exchange LLC,
- in the market of "a day in advance";
- in the domestic daily market;
- in the balancing market;
- in the market of ancillary services.

Insurance

The Company does not have full insurance coverage for their production capacity, loss of business or termination of third party liability in respect of damage to property or the environment as a result of accidents at facilities owned or in connection with operating activities.

Contingent liabilities related to environmental protection

The Company has been working for many years in the energy sector of Ukraine. Damage to the environment may be caused as a result of the Company's usual activities. In Ukraine legislation on environmental protection is continuing to develop, and the government's position in ensuring compliance with this legislation is constantly reviewed. The Company periodically evaluates its obligations under the legislation on environmental protection.

If obligations are determined, they will be recognized immediately. If no current or future reimbursements are expected, the costs associated with commitments to environmental protection are expensed. Costs for extending the useful life of the related property or reducing or preventing pollution of the environment in the future are capitalized. Contingent liabilities that may arise as a result of adoption of stricter legal requirements as a result of civil litigation or legislative changes are not possible to assess. With current law enforcement under existing legislation, management believes that the Company has no significant obligations with regard to the environmental protection, which require accrual in these financial statements.

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Legal obligations

In the ordinary course of business, the Company deals with lawsuits and claims. The Company's management believes that the maximum liability for liabilities arising from such lawsuits or claims, in the event of such, in addition to those already recognized in the financial statements, will not have a material adverse effect on the financial position or results of future operations of the Company.

46. Related parties

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence on the other party in making financial or operational decisions.

Related parties may enter into transactions that are not always available to unrelated parties, and the terms and amount of transactions between related parties may not be consistent with those terms and amounts of transactions that take place between unrelated parties.

As the de facto controlling party of the Company is the Government of Ukraine, the Company uses the exception specified in paragraph 25 of IAS 24 "Related Party Disclosures". According to this, the Company has the right not to disclose information about settlements and transactions with related parties, if such parties are the government controlling the Company and other companies controlled or significantly influenced by the same government.

Legal entities and individuals that are considered to be the Company's related parties:

- Cabinet of Ministers of Ukraine (relations of control and significant influence);
- Ministry of Energy of Ukraine (relations of control and significant influence);
- The Ministry of Energy of Ukraine (is the main body in the system of central executive bodies, which ensures the formation and implementation of state policy in the electricity sector and the field of supervision (control) in the electricity sector);
- The National Commission for Energy and Utilities Regulation (relations of control);
- Individuals belonging to the Company's key management personnel:
  - ✓ Director General;
  - ✓ Head of the Scientific and Technical Board of the Company;
  - ✓ Deputy General Director for Administrative Management, Personnel Provision and Management;
  - ✓ Deputy director general for strategy and investments;
  - ✓ Deputy director general for economy and finance;
  - ✓ Deputy director general for commercial affairs;
  - ✓ Chief Engineer;
  - ✓ Chief Accountant;
  - ✓ Directors of branches;
  - ✓ Chairman, Deputy Chairman and members of the Supervisory Board.

Significant accounts payable with related parties as at December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Ministry of Energy of Ukraine	149 956	299 956
Total	**149 956**	**299 956**

In thousands of Ukrainian hryvnia, unless otherwise stated

The total amount of mutual settlements represents funds received on a repayable basis with maturity until 2023. The funds are targeted and are used to implement the social and economic development project "Construction of the first stage of the Dniester PSH in three units".

The remuneration of the Company's key management personnel, consisting of 21 persons, for 2022 amounted to UAH 97 237 thousand (for 2021, consisting of 22 persons, the remuneration amounted to UAH 119 074 thousand).

47. Fair value of financial instruments

IFRS 13 determines fair value as the price that would have been received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants at the measurement date. Expected fair value of financial instruments is determined by the Company using available market information, when available, as well as appropriate valuation methods. In estimating the fair value of an asset or liability, the Company considers those characteristics of the asset or liability that market participants would consider when pricing the asset or liability at the measurement date.

It should be noted that the estimates presented in these financial statements don't necessarily indicate the amounts that the Company could realize in the market exchange from the sale of the full share in a particular instrument or pay at the time of transfer of the obligation.

Depending on the inputs used to measure fair value, are subject to observation and the significance of such inputs to estimate fair value as a whole, the Company uses the following hierarchy to determine the fair value of financial instruments and information disclosure about it in terms of valuation models:

(a) Financial instruments included in Level 1.

Fair value of financial instruments traded in active markets is based on quoted market prices at the close of trading in the near to closing reporting date.

(b) Financial instruments included in level 2.

Presented by input data (other than quotation prices classified as Level 1) that can be observed for the asset or liability, directly or indirectly.

If all essential outputs for the measurement of financial instruments at fair value are based on observable market prices, such an instrument is included in Level 2.

(c) Financial instruments included in Level 3.

Presented by input for an asset or liability that is not publicly available.

As at December 31, 2022 and December 31, 2021 The fair values of financial assets and financial liabilities at the end of the year were as follows.

(a) Assets and liabilities not measured at fair value, whose fair value is disclosed

Analysis of financial instruments carried at amortized cost as at December 31, 2022 and December 31, 2021:

	Carrying amount	
	December 31, 2022	**December 31, 2021**
Cash and cash equivalents (Note 19)	2 723 988	2 745 050
Current financial investments (Note 18)	4 513 615	4 216 122
Trade receivables (Note 13)	8 019 513	2 835 085
Other current receivables (Note 17 and 16)	144 602	91 621
Total financial assets at amortized cost	**15 401 718**	**9 887 878**
Interest loans and borrowings (Note 23.1)	6 646 524	5 287 863
Trade accounts payable (Note 27)	4 086 927	1 542 179
Other financial liabilities (Note 32)	62 007	44 800
Total financial liabilities at amortized cost	**10 795 458**	**6 874 842**

In thousands of Ukrainian hryvnia, unless otherwise stated

Fair value analysis by the levels of the hierarchy of financial instruments that are not measured at fair value as at December 31, 2022:

	Fair value by different valuation models				
	Level 1	Level 2	Level 3	**Fair value**	**Carrying amount**
Cash and cash equivalents (Note 19)	-	2 723 988	-	2 723 988	2 723 988
Current financial investments (Note 18)	-	4 513 615	-	4 513 615	4 513 615
Trade receivables (Note 13)	-	8 019 513	-	8 019 513	8 019 513
Other current receivables Note 17 and 16)	-	144 602	-	144 602	144 602
Total financial assets	-	**15 401 718**	-	**15 401 718**	**15 401 718**
Interest loans and borrowings (Note 23.1)	-	5 568 854	-	5 568 854	6 646 524
Trade accounts payable (Note 27)	-	4 086 927	-	4 086 927	4 086 927
Other financial liabilities (Note 32)	-	62 007	-	62 007	62 007
Total financial liabilities	-	**9 717 788**	-	**9 717 788**	**10 795 458**

Fair value analysis by the levels of the hierarchy of financial instruments that are not measured at fair value as at December 31, 2021:

	Fair value by different valuation models				
	Level 1	Level 2	Level 3	**Fair value**	**Carrying amount**
Cash and cash equivalents (Note 19)	-	2 745 050	-	2 745 050	2 745 050
Current financial investments (Note 18)	-	4 216 122	-	4 216 122	4 216 122
Trade receivables (Note 13)	-	2 835 085	-	2 835 085	2 835 085
Other current receivables (Note 17 and 16)	-	91 621	-	91 621	91 621
Total financial assets	-	**9 887 878**	-	**9 887 878**	**9 887 878**
Interest loans and borrowings (Note 23.1)	-	4 699 053	-	4 699 053	5 287 863
Trade accounts payable (Note 27)	-	1 542 179	-	1 542 179	1 542 179
Other financial liabilities (Note 32)	-	44 800	-	44 800	44 800
Total financial liabilities	-	**6 286 032**	-	**6 286 032**	**6 874 842**

Bank deposits are represented by short-term deposits. Due to the short-term nature of these financial instruments and the corresponding actual interest rates set on such financial instruments, the carrying amount of the bank balances is approximately equal to their fair value.

Accounting for financial liabilities measured at amortized cost is similar to accounting for financial assets measured at amortized cost. As with financial assets, financial liabilities measured at amortized cost are held-to-maturity financial liabilities. The only difference is that at initial recognition of financial liabilities measured at amortized cost, they are deducted from the amount of their fair value directly attributable to the occurrence of such financial liabilities.

Interest loans and borrowings are represented by the long-term loan of JSC "State Savings Bank of Ukraine" and loan agreements with international financial institutions. These loans are held to maturity by the Company and accounted for as financial liabilities measured at amortized cost.

The fair value of a long-term loans and borrowings at 31.12.2022 is estimated as the present value of all future cash payments discounted at the prevailing market interest rate on such an instrument (cost of loans according to the statistical reporting of banks of Ukraine).

(б) Financial instruments at fair value

Other financial investments are represented as shares of PrJSC "Nizhnednistrovskaya HES". Due to the fact that the market of a financial instrument represented by shares of PrJSC "Nizhnednistrovskaya HES" is not active. Upon initial recognition, a financial asset is measured at fair value as follows. To determine the fair value at each reporting date, the Company uses an expert valuation performed by a professional appraiser. Under the requirements of IFRS 13 "Fair Value Measurement", the fair value of shares is determined using calculations based on the income measurement method.

In thousands of Ukrainian hryvnia, unless otherwise stated

Based on the conclusion on the value of the property provided by the appraiser, the fair value of ordinary registered shares of PrJSC "Nyzhniodnistrovska HES" in the amount of 5 456 639 shares as at 31.12.2022 amounted to UAH 38 147 thousand (net of VAT).

Analysis of financial instruments accounted for at fair value as at December 31, 2022:

	Fair value by different valuation models			
	Level 1	Level 2	Level 3	Fair value
Other financial investments (Note 9)	-	38 147	-	38 147
Total financial assets at fair value	**-**	**38 147**	**-**	**38 147**

Analysis of financial instruments accounted for at fair value as at December 31, 2021:

	Fair value by different valuation models			
	Level 1	Level 2	Level 3	Fair value
Other financial investments (Note 9)	-	49 506	-	49 506
Total financial assets at fair value	**-**	**49 506**	**-**	**49 506**

There were no transfers of financial instruments between Levels 1, 2 and 3 during the reporting period.

48. Operating environment

The Company operates in Ukraine. As at the date of approval of the financial statements, the Ukrainian economy is under the influence of both external and global factors.

Starting from February 24, 2022, a new stage of the russian-Ukrainian war (further 0 the military aggression) began with a full-scale invasion of the russian army. The government immediately imposed martial law across the country, which has now been extended until May 19, 2023. The Russian invasion is causing serious economic and humanitarian damage to the country, which is reflected in financial pressure on the budget, disruption of trade, displacement of millions of people and significant damage to infrastructure with potentially long-term macroeconomic and social consequences. Currently, the government has prioritised expenditures on defence and social resources and keeps meeting its external debt obligations. Companies pay taxes, and money fuels the financial system.

At the beginning of the military aggression, the NBU postponed the decision to increase the key policy rate, which was 10% at the time, imposed restrictions on hryvnia withdrawals by customers, and switched from a flexible regime to a fixed exchange rate of UAH 29,2549/USD in the foreign exchange market to ensure a more reliable and stable functioning of the country's financial system.

Effective June 03, 2022, the Board of the National Bank of Ukraine approved a key policy rate increase up to 25% by its Resolution No. 262-rh "On the Key Policy Rate" dated June 02, 2022. The increase in the key policy rate will revive interest in hryvnia assets, reduce pressure on international reserves, and have a restraining effect on inflation.

Starting from July 21, 2022, the National Bank of Ukraine adjusted the official UAH/USD exchange rate by 25% to UAH 36,5686 to balance the foreign exchange market and maintain the resilience of the economy in times of war. Fixing the exchange rate from the first hour of the full-scale war at UAH 29,2549/USD from the first hour of the full-scale war helped to ensure the stable operation of the financial system.

In 2022, inflation pressures in Ukraine increased significantly due to the effects of the full-scale war. In 2022, inflation reached 26,6%, driven by both global trends, in particular high energy prices, and internal factors, primarily related to military aggression. These included disruptions in supply chains, destruction of businesses' assets, increased production costs, and increased demand for certain goods and services from the population amid insufficient supply.

Russia's targeted attacks on Ukraine's energy infrastructure have resulted in a significant electricity shortage. At the same time, given the extent of the damage, the energy system has demonstrated high flexibility and adaptability. Thanks to business adjustments, the economy is still operating, although at lower capacity levels.

The electricity shortage results in lower production and reduced consumer demand.

Despite the current volatile situation, the banking system is stable, with sufficient liquidity even during the martial law period. All banking services are available to both legal entities and individuals.

In response to russia's actions, the European Union, the United States, the United Kingdom, Japan and many other countries have imposed unprecedented sanctions against individuals involved, including the aggressor country's top leadership, and businesses in various sectors of its economy.

Impact of military aggression on the operating environment

The main and key factors that influenced the Company's activities in the electricity market in 2022 were:

- the invasion of russian troops into the territory of Ukraine and the imposition of martial law in accordance with the Decree of the President of Ukraine dated 24.02.2022 No. 64 "On the introduction of martial law in Ukraine";
- ensuring the Company's operation in the electricity market in the context of reduced electricity consumption, constant attacks on critical infrastructure facilities and occupation of some energy facilities;
- fulfilment of special obligations imposed on electricity market participants to ensure the public interest in the operation of the electricity market;
- start of commercial electricity exports after the integration of the unified Ukrainian power system into ENTSO-E;
- getting ready for the autumn-winter period 2022/2023 and ensuring the security of electricity supply.
- adoption, amendment of legal and regulatory acts affecting the Company's activities in the electricity market.

Pursuant to the Decree of the Cabinet of Ministers of Ukraine "On Imposing Special Obligations on Electricity Market Participants Engaged in Electricity Export Operations to Ensure Public Interest in the Operation of the Electricity Market during the Martial Law" No. 775 dated 07.07.2022, the Government imposed special obligations on electricity exporters exporting to EU Member States during the martial law period.

According to this decree, exporters are obliged to pay to the SE "Guaranteed Buyer" for the service of ensuring the security of electricity supply (further - PSO) in the amount of 80% of their electricity export revenues. This financial burden on exporters covered a small share of PSO costs until its termination on October 10, 2022.

Following the successful completion of the programme of testing the operation of the Ukrainian power system in isolation from the power systems of russia, belarus and the ENTSO-E network, the Ukrainian power system officially completed the integration with the European one and became part of ENTSO-E. The relevant decision was made by the ENTSO-E system operators on March 11, 2022, and physical transactions were carried out on March 16, 2022.

PrJSC Ukrhydroenergo positively assesses its export potential and the ability to supply electricity on a flexible schedule to the EU power systems, has experience in export transactions and is open to cooperation with European partners, but the priority is to ensure the balance reliability and operational security of the Ukrainian power system.

In 2022, the Company has already gained experience in supplying electricity to Moldova. PrJSC Ukrhydroenergo also carried out test electricity supplies to Slovakia.

The development of PrJSC Ukrhydroenergo's export potential will contribute to the efficient use of hydro resources and improve the company's financial position.

At the time of the full-scale invasion into Ukraine by russian troops, certain solutions in the energy sector had already been worked out in certain areas of Ukraine where active hostilities had previously been conducted and in the temporarily occupied territories. At the same time, the Ukrainian energy sector has faced new, even more threatening challenges, such as nuclear terrorism, the seizure of a number of energy facilities (AES, TPS, HES), numerous damages to critical infrastructure, a significant decrease in demand due to the displacement of people and business interruption, etc. The country is still experiencing negative economic consequences due to the invasion of the russian federation, with electricity consumption falling by more than 40%.

The challenges faced by Ukraine as a result of full-scale military actions on the territory of our country are particularly significant and serious for the energy sector, and this also applies to ensuring the completion of the autumn-winter period of 2022/2023, which is expected to be the most difficult for both Ukraine and the entire European continent..

Since the beginning of the autumn-winter period of 2022/2023, the Ukrainian power system has been hit by more than 10 massive hostile missile strikes, which resulted in a shortage of capacity in the UPS of Ukraine. Twice, on 23.11.2022 and 16.12.2022, the transmission system operator determined the onset of a systemic failure and declared an emergency in the UPS of Ukraine. To ensure the security of electricity supply to all regions, consumption limits were set, and emergency blackouts were applied when exceeded.

Under such difficult conditions, the Company played a particularly important role in ensuring the reliability of the power system. To do this, the Company's hydroelectric power plants and pumped storage power plants, despite the occupation of Kakhovka HES and damage to HES and PSH equipment by missile attacks, actively participated in the balancing market, namely in regulating the daily load schedule to cover peaks and drops (in compliance with the established reservoir operating modes) and participated in frequency/power regulation (secondary regulation). In addition, when unloading nuclear and thermal units during missile attacks, PjSC Ukrhydroenergo replaced the missing generating capacity in the power system under the commands of the central dispatcher.

The Company's sustainable operations in all segments of the Ukrainian electricity market allowed it to fully function and meet its obligations during such adverse factors.

Whilst management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances, a further unstable business environment could negatively affect the Company's results and financial position in a manner not currently determined as at the date of approval of the financial statements. The financial statements reflect management's current assessment of the Ukrainian business environment and the impact of the Ukrainian business climate on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

The changes made to the approved financial plan of PrJSC Ukrhydroenergo for 2022 are related to the following:

increased electricity generation compared to the approved plan due to favourable hydrological conditions. In 2022, the spring floods on the Dnipro cascade occurred in two periods: the first was in March and the second was in May and June. The second spring flood period was much higher and more unpredictable than the previous one.

- the Ministry of Energy of Ukraine approved on 26.10.2022 the Forecast Electricity Balance of the UPS of Ukraine for 2022, considering the actual figures for 9 months of 2022.
- in this context, the expected volumes of electricity sales by the Company for 2022 were increased from 8 596,8 to 11 315,5 million kWh and the volumes of capacity reserves sales in the ancillary services market from 3 312,0 thousand MW to 3 685,0 thousand MW.
- the Cabinet of Ministers of Ukraine adopted Decree No. 1206 dated 28.10.2022 "On Amendments to the Decree of the Cabinet of Ministers of Ukraine dated June 5, 2019 No. 483", which extended the term for assigning special obligations to electricity market participants to ensure the public interest in the operation of the electricity market until March 31, 2023. The approved financial plan for 2022 provides for the expenditure on services to ensure the availability of electricity for

household consumers until 30.04.2022.

- Decree of the Cabinet of Ministers of Ukraine No. 230 dated 08.03.2022 "On Approval of the Basic Rate of Deduction of the Share of Profit Allocated to Pay Dividends Based on the Results of Financial and Economic Activities in 2021 of Business Companies with State Corporate Rights in the Authorised Capital" (as amended) established the basic rate for PrJSC Ukrhydroenergo at 40%. The approved financial plan for 2022 uses a 30% ratio.
- Pursuant to the Decree of the Cabinet of Ministers of Ukraine No. 458 dated 12.05.2021 "On Amendments to the Decree of the Cabinet of Ministers of Ukraine No. 1673 dated November 29, 2006", the amended financial plan for 2022 reflects income from the restoration of the previously created provision for expected credit losses on receivables generated in the balancing electricity market.
- by the decision of the Board of the National Bank of Ukraine No. 262-rh "On the Discount Rate" dated June 2, 2022, the NBU discount rate was increased from 10% to 25% per annum, which had an impact on the interest rate on the loan from the State Savings Bank of Ukraine, as well as on the interest rates on placement of funds on current and deposit accounts.
- due to the military aggression of russia against Ukraine, which resulted in a significant risk of physical damage to the Company's assets, expenses were provided for to reduce the amount of expected recovery of non-current assets and inventories (impairment losses).
- during 2022, the official exchange rate of the hryvnia depreciated against foreign currencies, which resulted in significant non-operating foreign exchange losses.

The adoption of the Decree of the Cabinet of Ministers of Ukraine "On Amendments to the Financial Plan of Private Joint Stock Company Ukrhydroenergo for 2022" allowed the Company to balance the sources of funds to finance its core and investment activities, continue construction of the Dniester PSH, implement the hydroelectric power plant reconstruction programme, and anti-terrorism measures, and also enabled timely payments to domestic manufacturers and contractors.

In October-December 2022, the russian federation carried out a massive shelling of the territory of Ukraine, in particular, missile strikes were launched at the territories of the Company's stations, which caused significant damage and partial destruction of the property. The Company records the facts of destroying, destruction and damage to property. In accordance with the procedure established by the current legislation of Ukraine and internal documents, contracts are concluded to inspect the destroyed property and bring it back to a usable/working condition, which will inevitably lead to unplanned expenses, namely: the need to conduct technical expertise, purchase services for the assessment of damaged property, cleaning up debris (ammunition, remnants of construction waste, dismantling of damaged property, etc.).

Based on all the expertise, the Company will calculate the material damage caused to the Company and the amount of compensation for lost profits to be submitted to the relevant courts to obtain compensation from the aggressor state.

The amount of these expenses is currently estimated at UAH 1 933 418 thousand, as disclosed in Note 42.

Impact of COVID-19

The global pandemic of coronavirus disease (COVID-19) and the introduction of quarantine and restrictive measures by the Cabinet of Ministers of Ukraine aimed at counteracting its further spread in Ukraine have led to additional risks for business entities.

The Company keeps taking measures to prevent the spread of the COVID-19 virus and ensure the safety of its personnel. The Company is trying to mitigate the impact of the global COVID-19 pandemic on its employees and operations through various measures. The risk management measures taken by the Company's management include, among other things, remote work of administrative staff, regular temperature checks for employees at all production sites, provision of personal protective equipment, testing and vaccination. At the same time, all the Company's internal controls continue to operate effectively. However, there are factors beyond the Company's knowledge and control, including the duration and severity of the outbreak, any similar outbreaks, and further governmental and regulatory actions taken.

The ultimate impact of COVID-19 will depend on future events, including, but not limited to, the ultimate geographic spread and severity of the virus, the effects of governmental and other measures to prevent the spread of the virus, the development of effective treatments, the duration of the outbreak, actions taken by governmental authorities, customers, suppliers and other third parties, labour availability, and the timing and extent of the return to normal economic and operating conditions.

49. Events after the reporting date

Impact of military aggression on the Company's operations and financial position.

The main macroeconomic forecast is for the end of hostilities by the end of 2023 and the beginning of the restoration of lost civilian infrastructure, production facilities, other objects and valuables at the expense of the blocked international reserves of the aggressor country and funds of international investors. At the same time, the key conditions for this are a comprehensive solution to the situation with russia's aggressive policy and further cooperation with international financial organisations, including the international monetary Fund, the world Bank, the EBRD, as well as financial partners from the European Union, the United States, the United Kingdom and a number of other leading countries in accordance with their decisions. The implementation of the recovery programme will help to restore the macroeconomic stability necessary for the steady and continuous growth of the Ukrainian economy.

Given the significant uncertainty of the future conditions for the development, operation of the country's economy and energy sector, especially under martial law due to the military aggression of the russian federation against Ukraine, PrJSC "Ukrhydroenergo" identifies risks that may affect its future performance. These primarily include:

– - As a result of the armed aggression and constant missile attacks on critical infrastructure, PrJSC Ukrhydroenergo has already incurred losses from damage and loss of assets due to the occupation of the territories, and for which the damage will be assessed by an independent appraiser in accordance with the established procedure. At the same time, there is a huge risk of additional damage to property and additional losses due to the ongoing missile attacks by the aggressor country.

– - Financial imbalance in the electricity market and the imposition of special obligations on state-owned electricity producers. The low level of payments for electricity sold and ancillary services provided in the electricity market affects the fulfilment of the Company's obligations due to insufficient funds. Changes in the timing and amount of the financial PSO increase PrJSC Ukrhydroenergo's expenses, result in a shortage of cash for current payments to support operations, and pose risks to the implementation of the Company's ambitious projects to ensure the reconstruction and construction of new manoeuvring capacities.

– - Increased investment risks in the implementation of traditional energy development projects in the context of martial law and the new model of the Ukrainian electricity market, which makes it difficult to predict the consequences of its implementation, in particular, the participation of power plants in the balancing market and the ancillary services market.

– - imperfection and incompleteness of the legislative and regulatory framework in terms of guaranteeing the return on investment in the construction and reconstruction of facilities, especially given the existing obligations of PrJSC Ukrhydroenergo to pay off loans granted by IFS in previous years.

– - the need to improve the Methodology for setting prices for ancillary services both in terms of the mechanism for calculating prices for ancillary services and in approaches to determining prices for SE, which do not consider the specifics of PSH in the OES of Ukraine to maintain generation capacity at the level necessary to meet the requirements of balance sheet reliability.

– - the possibility of shifts in the timing of commissioning of capacities at PSH and HES, and incomplete implementation of planned hydropower development measures.

In thousands of Ukrainian hryvnia, unless otherwise stated

PrJSC Ukrhydroenergo plans to join the cross-border sale of reserves and balancing electricity in the operation model: OCP-OCP. This sale will be possible after the relevant e-auction platforms of ENTSO-E are put into operation and the Ukrainian system operator NPC Ukrenergo joins these platforms.

Other events after the reporting date.

In accordance with the loan repayment schedules, from 1 January to 23 February 2023, the Company repaid the debt and interest on loans from the International Bank for Reconstruction and Development for the implementation of the hydroelectric power plant rehabilitation project and other borrowed funds from PJSC State Savings Bank of Ukraine for the implementation of the project for the construction of the first stage of the Dniester PSH consisting of three units, repaid interest on loans from the International Bank for Reconstruction and Development and the Clean Technology Fund for the implementation of the Project "Ukraine — Enhancing Power System Resilience for European Grid Integration (Installation of Hybrid Electricity Generation Systems at PrJSC Ukrhydroenergo)":

	Debt repayment	Interest payment	Total
Loans	160 719	20 277	**180 996**
Other borrowings	37 500	6 365	**43 865**
Total	**198 219**	**26 642**	**224 861**

General Director Igor SYROTA

Deputy General Director Svitlana KHRAPOVA

Chief Accountant Ellina TRUBAKOVA