

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
SE "NNEGC "Energoatom"

	Notes	As at 31 December 2022	As at 31 December 2021 restated*	thousands UAH As at 1 January 2021 restated*
I. Non-current assets				
Intangible assets	6.2	343,016	362,481	318,968
<i>historical cost</i>		711,830	678,929	584,397
<i>amortisation</i>		(368,814)	(316,448)	(265,429)
Construction-in-progress	5, 6.1	21,056,463	20,738,846	19,599,428
Property, plant and equipment	6.1	161,777,037	164,345,424	161,994,862
<i>historical cost</i>		536,488,200	529,524,592	518,416,422
<i>depreciation</i>		(374,711,163)	(365,179,168)	(356,421,560)
Investment property	6.4	48,551	21,692	25,498
Long-term accounts receivable	6.5	222,816	258,724	234,166
Other non-current assets	5, 6.6	4,248,125	4,599,287	4,944,505
Total Section I		187,696,008	190,326,454	187,117,427
II. Current assets				
Inventories	7	24,893,313	27,657,691	26,159,483
<i>including</i>				
production stock		23,791,753	26,824,040	25,653,095
work-in-progress		590,855	383,894	263,068
finished goods		493,364	430,011	231,420
goods for resale		17,341	19,746	11,900
Notes received		21	21	16
Accounts receivable for goods, works and services	8.1	17,876,595	2,623,297	12,129,587
Accounts receivable on settlements:				
on advances issued	8.2	3,313,219	7,393,053	1,494,372
with the budget	5, 15	2,967,990	1,391,000	1,132,130
<i>including corporate profit tax prepaid</i>	5	1,310,937	981	345,112
Accounts receivable for settlements on accrued income		13,477	9,525	2,188
Other current accounts receivable	8.3	1,848,927	1,123,409	168,195
Cash and cash equivalents	9	1,384,005	4,877,684	894,822
<i>including</i>				
cash on hand		32	65	50
cash in banks		1,383,901	4,877,598	894,735
Other current assets	10	4,605,443	1,526,305	1,835,266
Total Section II		56,902,990	46,601,985	43,816,059
III. Non-current assets held for sale and disposal groups	11	-	7	-
Balance		244,598,998	236,928,446	230,933,486

State Enterprise "National Nuclear Energy Generating Company "Energoatom"
Financial statements for the year ended 31 December 2022

	Notes	As at 31 December 2022	As at 31 December 2021 restated*	As at 1 January 2021 restated*
I. Equity				
Registered (share) capital	12.1	164,875,664	164,875,664	164,875,664
Revaluation reserve	5, 12.2	147,799,211	146,246,498	135,891,465
Additional capital	12.3	16,890	16,890	16,890
Retained earnings (accumulated deficit)	5, 12.4	(192,109,711)	(181,589,179)	(183,780,776)
Total Section I		120,582,054	129,549,873	117,003,243
II. Long-term liabilities and provisions				
Deferred tax liabilities	5, 16.9	6,862,611	9,109,546	8,720,210
Long-term bank borrowings	13.1	4,624,328	10,634,370	7,139,646
Other long-term liabilities	13.1	6,230,558	13,291,240	12,260,430
Long-term provisions	5, 14	31,119,269	32,360,651	42,523,427
<i>including post-employment benefit obligations</i>		5,671,120	7,480,957	7,055,699
Non-current deferred income	13.2	2,932,643	1,723,549	1,662,926
Total Section II		51,769,409	67,119,356	72,306,639
III. Current liabilities and provisions				
Short-term bank borrowings	13.1	25,900,975	6,521,493	14,035,176
Notes issued		100	100	100
Current accounts payable on settlements:				
for long-term liabilities	13.1	3,630,044	2,540,676	2,358,925
for goods, works and services	13.3	25,778,779	4,307,112	4,182,565
with the budget	5, 15	799,549	6,360,413	1,372,648
<i>including liability on corporate profit tax</i>	5	-	1,155,883	-
for insurance		177,108	272,220	298,829
on payroll		660,989	1,167,320	1,096,875
Current accounts payable on advances received	13.3	746,666	5,718,950	2,227,972
Current provisions	5, 14	4,381,338	3,107,479	2,901,737
Current deferred income	13.2	95,094	83,732	82,835
Other current liabilities	13.3	10,076,893	10,179,722	13,065,942
Total Section III		72,247,535	40,259,217	41,623,604
Balance		244,598,998	236,928,446	230,933,486

*the basis for restatement is described in Note 5.

President

Petro KOTIN

Chief Accountant

Natalia VASHETINA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

I. STATEMENT OF PROFIT OR LOSS

	Notes	2022	thousands UAH 2021 restated*
Net revenue from sales of products (goods, works and services)	16.1	134,195,984	83,118,205
Cost of sales of products (goods, works and services)	5, 16.2	(47,580,880)	(45,458,207)
Gross: Profit		86,615,104	37,659,998
Service on accessibility of electricity for household consumers (PSO financial model)	1.2, 16.4	(87,643,639)	(23,385,665)
Other operating income	5, 16.5	2,916,550	3,183,725
Administrative expenses	5, 16.3	(1,674,888)	(1,794,278)
Selling expenses	16.4	(553,017)	(147,659)
Gain/(loss) on impairment of financial assets	20	2,412,529	(2,006,011)
Other operating expenses	16.5	(11,511,329)	(1,907,183)
Profit (loss) from operating activities:			
Profit		-	11,602,927
Loss		(9,438,690)	-
Other finance income	16.6	35,094	45,466
Other income	16.7	123,717	92,316
Financial expenses	5, 16.6	(5,627,480)	(5,271,658)
Other expenses	16.7	(85,666)	(53,031)
Profit (loss) before tax:			
Profit		-	6,416,020
Loss		(14,993,025)	-
Income tax (expense) benefit	16.8	2,591,036	(1,263,263)
Net profit (loss) after tax:			
Profit		-	5,152,757
Loss		(12,401,989)	-

II. OTHER COMPREHENSIVE INCOME

Items that cannot be reclassified subsequently to profit or loss

	Notes	2022	2021 restated*
Increase (decrease) in valuation of non-current assets	5, 12.2	1,902,693	12,642,922
Income tax recorded in valuation of non-current assets	5, 16.8	(342,485)	(2,277,927)
Remeasurement of post-employment benefit obligations	14	2,285,320	(62,731)
Income tax recorded on remeasurement of post-employment benefit obligations	16.8	(411,358)	11,291
Other comprehensive income (loss) after tax		3,434,170	10,313,555
Total comprehensive income (loss) after tax		(8,967,819)	15,466,312

III. ELEMENTS OF OPERATING EXPENSES

	Notes	2022	2021 restated*
Material expenses	5	16,891,904	16,328,695
Payroll		15,406,314	15,884,433
Social payments		3,340,031	3,403,721
Depreciation/amortisation		9,826,773	9,329,100
Other operating expenses	5	104,030,034	30,337,768
Total		149,495,056	75,283,717

*the basis for restatement is described in Note 5.

President

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Chief Accountant

Natalia VASHETINA

STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

thousands UAH
2021
restated

	Notes	2022	2021 restated
I. Cash flows from operating activities			
Receipts from:			
Sales of products (goods, works and services)		145,446,487	107,093,892
Return of taxes and levies		527	387
Special-purpose financing		21,295	22,875
including receipts from subsidies and grants received		9	7
Advances from purchasers and customers		850,126	6,758,366
Return of advances		2,644	306
Interest on current account balances		206,582	35,632
Debtors of forfeit (fines and penalties)		75,824	50,164
Leases		1,843	3,369
Other receipts	9.1	590,835	2,204,320
Outflows from payments for:			
Goods, works and services		(95,622,559)	(51,767,001)
Payroll		(12,538,179)	(12,509,438)
Social payments		(3,392,509)	(3,359,993)
Taxes and levies paid		(19,574,583)	(15,144,259)
income tax paid		(1,606,503)	(1,914,499)
value added tax paid		(8,202,659)	(5,434,108)
other taxes and levies paid		(9,765,421)	(7,795,652)
Advances paid		(1,941,163)	(8,484,211)
Return of advances		-	(15)
Special-purpose contributions		(3,960)	(83,702)
Other expenditures	9.2	(2,289,547)	(2,060,114)
Cash flows from operating activities, net		11,833,663	22,760,578
II. Cash flows from investing activities			
Inflows from repayment of loans		2,988	1,960
Other inflows	9.3	600,000	-
Expenditure for purchases of non-current assets	6.1	(9,565,905)	(14,538,766)
Expenditure to provide loans, advances on capital investments*	5, 6.6, 9.4	(760,216)	(1,166,121)
Other payments	9.4	(30,551)	-
Cash flows from investing activities, net		(9,753,684)	(15,702,927)
III. Cash flows from financing activities			
Receipts from:			
Loans received	13.1	8,911,839	25,082,951
Other receipts	9.5	1,343	4,496
Expenditure for:			
Loans repayment	13.1	(10,859,039)	(25,545,250)
Payment of dividends	15	(2,598,170)	(920,428)
Interest paid		(1,314,790)	(1,577,693)
Lease liability settlement		(18,938)	(58,345)
Other payments*	5, 9.6	(61,872)	(69,805)
Cash flows from financing activities, net		(5,939,627)	(3,084,074)
Cash flows for the reporting period, net		(3,859,648)	3,973,577
Cash at the beginning of the year		4,877,684	894,822
Effect of exchange rates change on cash balances		365,969	9,285
Cash at the end of the year		1,384,005	4,877,684

*the basis for restatement is described in Note 5.

President

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STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Notes	Registered capital	Revaluation reserve	Additional capital	Retained earnings (accumulated deficit)	thousands UAH Total
Balance at 31 December 2020		164,875,664	142,099	16,890	(44,149,865)	120,884,788
Correction of errors	5	-	135,749,366	-	(139,630,911)	(3,881,545)
Balance at 1 January 2021, adjusted		164,875,664	135,891,465	16,890	(183,780,776)	117,003,243
Net profit for the year		-	-	-	5,152,757	5,152,757
Other comprehensive income (loss) for the reporting period		-	10,364,995	-	(51,440)	10,313,555
Total comprehensive income (loss) for the year		-	10,364,995	-	5,101,317	15,466,312
Amount of net profit payable to the State Budget according to the legislation		-	-	-	(2,919,682)	(2,919,682)
Other changes in equity		-	(9,962)	-	9,962	-
Balance at 31 December 2021	12.1-12.4	164,875,664	146,246,498	16,890	(181,589,179)	129,549,873
Net loss for the year	12.4	-	-	-	(12,401,989)	(12,401,989)
Other comprehensive income (loss) for the reporting period	12.2, 12.4	-	1,560,208	-	1,873,962	3,434,170
Total comprehensive income (loss) for the year		-	1,560,208	-	(10,528,027)	(8,967,819)
Other changes in equity	12.2	-	(7,495)	-	7,495	-
Balance at 31 December 2022		164,875,664	147,799,211	16,890	(192,109,711)	120,582,054

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Notes to the financial statements of SE NNEGC "Energoatom"

For the year ended 31 December 2022

1. Background

1.1 Organisational structure and operations

State Enterprise "National Nuclear Energy Generating Company "Energoatom" (the "Company" or SE "NNEGC "Energoatom") is an electric power generator. During the reporting period, in accordance with the Decree of the Cabinet of Ministers of Ukraine dated 20 January 2021 No. 50-r "Some Issues of State Property Management", the functions of management of the corporate rights and single property complex of SE "NNEGC "Energoatom" are performed by the Cabinet of Ministers of Ukraine (hereinafter – CabMin, CMU).

The Company was founded on 17 October 1996 in accordance with Resolution No. 1268 issued by the Cabinet of Ministers of Ukraine and appointed as a nuclear operator in charge of all Ukrainian nuclear power plants, where 15 nuclear power units are used, of which 13 are VVER-1000 and two are VVER-440, with a total installed capacity of 13,835 MW. In addition, the Company operates three hydroelectric units of Tashlytska HPSP with installed capacity of 453 MW and two hydroelectric units of the Oleksandrivska HPP with installed capacity of 11.5 MW.

The Company's principal activity is electricity generation at nuclear power plants located in different regions in Ukraine, ensuring safe operation and increasing the efficiency of nuclear power plants, uninterrupted power supply of economic entities and the population, as well as, within its competence, ensuring Ukraine's continued readiness for rapid and effective action in the event of accidents at nuclear power units, radiation accidents in industry. The areas of activity also include construction of new power units and decommissioning of operating power units, purchase of nuclear fuel, physical protection of nuclear installations and training of personnel of nuclear power plants. As at 31 December 2022, the Company's structure consists of the Directorate and separate subdivisions, including four nuclear power plants: Zaporizhzhya, Rivne, South-Ukraine and Khmelnytsk, as well as Atomremontservice, Atomenergomash, Atomprojectengineering, Emergency Service Centre, Avtomatyka ta Mashynobuduvannya, Donuzlavskaya Wind Power Plant (in the occupied territory of the Autonomous Republic of Crimea), CB Atomprylad, Scientific and Technical Centre, Skladske Gospodarstvo, Tsentralizovani Zakupivli, Upravlinnya Spravamy, Energoatom-Trading, and Representative Office of SE NNEGC "Energoatom" in Brussels (the Kingdom of Belgium). During the reporting period, SS "South-Ukraine NPP" was renamed to SS "Pivdennoukrainska NPP".

During the reporting period, certain changes started to be introduced in the organisational structure of the Company: SS "CB Atomprylad" and SS "Avtomatyka ta Mashynobuduvannya" discontinued their operations and assigned their functions to SS "Atomenergomash". As at 31 December 2022, SS "CB Atomprylad" fully assigned its functions to SS "Atomenergomash", however, the legal process of the SS liquidation has not been completed yet. SS "Avtomatyka ta Mashynobuduvannya" is at the stage of reorganisation and assignment of its functions to SS "Atomenergomash".

As part of implementation of the Resolution of the National Security and Defence Council of Ukraine dated 30 July 2021 on Measures to Neutralise Threats in the Energy Sector introduced by the Decree of the President of Ukraine on 28 August 2021 No. 452/2021, in November and December 2021, the Company signed the agreements on purchase and sale of 100% portions in the charter capital of LLC "Khmelnyskenergozbut" and LLC "Mykolaiv Electricity Supply Company" with the estimated value of UAH 69,787 thousand and UAH 105,167 thousand, respectively, and the corporate agreements on management of these companies. Under the terms and conditions of the corporate agreements, the Company has the right to manage the companies, however, according to the Law of Ukraine on Economic Competition Protection, acquiring and gaining management of the companies can be performed only upon authorisation of the Antimonopoly Committee of Ukraine. As at 31 December 2022 and at the date of approval of these financial statements, no necessary authorisations were obtained from the Antimonopoly Committee of Ukraine and, therefore, no control over the above companies was gained.

In addition, in February 2022, the Company signed the agreement on purchase and sale of 100% portion in the charter capital of LLC "Cherkasyenergozbut" with the estimated value of UAH 89,258 thousand

and the corporate agreement on management of this company. As at 31 December 2022 and at the date of approval of the financial statements of SE "NNEGC "Energoatom", no authorisation was obtained from the Antimonopoly Committee of Ukraine and, consequently, no control over the above company was gained.

The legal address of the Company is at 3, Nazarivska Street, Kyiv, 01032.

1.2 Ukrainian business environment

General economic conditions

SE "NNEGC "Energoatom" operates in Ukraine.

The economic situation in Ukraine during 2022 was entirely affected by the full-scale military offensive of the Russian Federation (the "RF"), which started on 24 February 2022, and by an imposition of martial law throughout Ukraine according to the Law of Ukraine No. 2102-IX dated 24 February 2022 on Approval of the Decree of the President of Ukraine on Imposition of Martial Law in Ukraine No 64/2022.

The year 2022 was characterised by a high inflation rate with the inflation index of 26.6 % for 2022 (2021: 10.0%). The discount rate of the National Bank of Ukraine increased from 9.0% to 25.0% during 2022. The National Bank of Ukraine proceeded with regulation of the foreign exchange market to prevent speculations, specifically by fixing the UAH/USD exchange rate at UAH 29.2549 on 24 February 2022. On 21 July 2022, the UAH/USD exchange rate was updated to UAH 36.5686.

	31 December 2021	31 March 2022	30 June 2022	30 September 2022	31 December 2022	31 March 2023
US dollar	27.2782	29.2549	29.2549	36.5686	36.5686	36.5686
Euro	30.9226	32.5856	30.7776	35.5611	38.951	39.7812

A change of the average annual yield rate for the Ukrainian Government bonds placed in the primary market (on all types of borrowings) from 11.34% in December 2021 to 20.84% in December 2022 is indicative of the impact of the military offensive on the economic instability.

According to the Ministry of Economy of Ukraine, the real GDP decline is estimated at 29.2 % in 2022 (2021: a growth of 3.2 %). The key reason of the above decline is certainly the RF military offensive causing, in its turn, numerous negative developments, such as the migration of economically active population from Ukraine, a significant contraction of production and consumer demand, almost complete cessation of foreign and domestic investments, a reduction of export and import of goods and services and, consequently, a decrease of the State budget revenues, an increase in uncertainty and security risks, workforce outflow, etc.

The report of the International Monetary Fund published in January 2023 forecasts a decline in the rate of the global economic growth by approximately 3.4% in 2022 to 2.9% in 2023 followed, however, by its growth up to 3.1% in 2024.

The Russian military aggression across Ukraine and the resulting food crisis, a wave of COVID-19 in China, the monetary policies of the US Federal Reserve System and the European Central Bank – all these placed significant and strong pressure on the global economy and its growth rate. The global inflation is expected to slow down from 8.8% in 2022 to 6.6% in 2023 and to 4.3% in 2024.

In the context of the RF full-scale invasion of Ukraine, one of the key tasks of the country's leadership was to sustain the economic and financial stability and to ensure sufficient financing of military and social needs. During 2022, Ukraine received a substantial amount of international assistance and various financing facilities.

In 2022, the State budget was actually executed with the deficit of UAH 914.9 billion, which is 59.5 per cent of the annual target, with changes, and matches 18.6 per cent of the expected GDP level.

One of the key partners in stabilising the financial system is the International Monetary Fund (the "IMF") Ukraine has been a member of since 1992. Prior to the full-scale invasion, Ukraine was engaged in cooperation under the balance of payments assistance programmes (Stand-by and External Fund Facility).

In June 2020, the IMF approved an 18-month Stand-by programme approximating USD 5 billion, which was aimed at supporting the budget, specifically at dealing with negative consequences of COVID-19. Ukraine

received the first tranche of USD 2,1 billion on 11 June 2020. On 22 November 2021, the IMF approved the first review of the Stand-by programme with Ukraine, which envisages provision of the next tranche approximating USD 700 million, and in February 2022, the IMF mission started to work in Ukraine to assess whether Ukraine is ready to receive this tranche. However, on 10 March 2022, Ukraine and the IMF terminated the Stand-by programme and, instead, the IMF agreed to provide USD 1.4 billion of emergency financing.

Since the beginning of the full-scale invasion by the RF till 31 December 2022, the total amount of funds received by Ukraine from international partners amounted to USD 31.2 billion (UAH 1.046 billion), out of which 45% were in the grant format. International support is crucially important for Ukraine's ability to continue fighting against the aggression and funding the budget deficit and on-going debt repayments.

Under the martial law conditions, the Company management exercises strict control over all production processes, especially security-related issues of nuclear facilities, and takes measures to minimise any negative consequences at all NPPs located on the controlled territory of Ukraine. An uncertainty about further negative developments in the political situation and macroeconomic conditions may adversely affect the Company's operations in a way that cannot yet be determined reliably. Management believes that they are implementing all the measures necessary to maintain the stable operation and development of the Company.

These financial statements do not include any adjustments that may occur as a result of such uncertainty. Such adjustments will be reported if they become known and estimable. Going concern assessment is disclosed in Note 2. 5.

State regulation and energy market model

Starting from 1 July 2019, Ukraine has switched to a new electric energy market, the operation of which is defined by the Law of Ukraine dated 13 April 2017 No. 2019-VIII on Electric Energy Market (as amended) (hereinafter referred to as Law No. 2019), the Market Rules approved by the Resolution of the National Commission for Regulation of Energy and Utilities (the "NCREU") dated 14 March 2018 No. 307 (as amended), and the Day-ahead Market and Intraday Market Rules approved by the NCREU Resolution dated 14 March 2018 No. 308 (as amended), whereby the market switched from the highly regulated pricing to the market model.

SE "NNEGC "Energoatom" sells electricity in the bilateral agreements market, the day-ahead market, the intraday market, the balancing market and the ancillary services market.

In addition, public service obligations are imposed on SE "NNEGC "Energoatom" as an electricity producer to ensure affordable electricity pricing for households as set forth by the Resolution of the Cabinet of Ministers of Ukraine of 5 June 2019 No. 483 on Approval of the Regulation on Imposing Public Service Obligations on the Electric Energy Market Participants to Ensure Public Interests in the Functioning of the Electric Energy Market (as amended) (the "Resolution No. 483").

From the beginning of the electricity market operation and to 30 September 2021, public service obligations (the "PSO") of SE "NNEGC "Energoatom" were defined by the Resolution as the total electricity volume required to meet the households' needs, which is sold under bilateral agreements of SE "Guaranteed Buyer" at marginal prices that were set at different levels during the respective periods, namely, in particular, during the period from 1 January 2021 to 30 September 2021, the maximum price was set at UAH 150.00 per 1 MWh.

On 11 August 2021, the Cabinet of Ministers of Ukraine approved amendments to the Resolution No. 483, whereby the new PSO model was implemented from 1 October 2021 to provide for a transition from the commercial mechanism to the financial mechanism of its implementation.

Based on the PSO financial model, electric energy producers with public service obligations imposed on them to ensure public interests sell 100% of electric energy on arm's length terms and provide the compensation of the difference in tariffs for households and the market price of electric energy from revenues generated to universal service providers. The CMU Resolution dated 28 October 2022 No. 1206 on Amending the Resolution of the Cabinet of Ministers of Ukraine dated 5 June 2019 No. 483 extended the term of the PSO till 31 March 2023, and fixed prices for household consumers remain unchanged. The CMU Resolution dated 25 April 2023 No. 384 on Amending the Resolution of the Cabinet of Ministers of Ukraine dated 5 June 2019 No. 483 extended the PSO till 31 May 2023.

Below are listed the public service obligations of SE NNEGC "Energoatom" under the financial model:

➤ Pay the cost of the electric energy accessibility service for household consumers to SE "Guaranteed Buyer", which is determined as a difference between the cost of the service rendered to universal service providers and the electric energy price for household consumers, multiplied by the volume of electric energy consumption by household consumers as adjusted for a portion of SE NNEGC "Energoatom" compensation between electric energy producers with public service obligations imposed on them;

➤ Sell BASE_M (the base load over a month) standard products to universal service providers (the "USP") operating within the United Energy System of Ukraine for supply to household consumers at the level of their minimum consumption of electric energy in the trade area of the United Energy System of Ukraine per hour in the similar month of the prior year at the price of the BASE DAM index (the price index of the base load at the day-ahead market) in the trade area of the Unified Energy System of Ukraine for the period M-3, where M - the billing month;

➤ Sell BASE_Q (the base load over a quarter) or BASE_Y (the base load over a year) standard products to distribution system operators (the "DSO") till 28 October 2022 and sell BASE_M (the base load over a month) standard product to the DSO till 30 November 2022 for compensation of their technological expenditure of electric energy within the United Energy System of Ukraine at the price of UAH 1,700.00/MWh adjusted for the inflation index. The above price is subject to indexation for the industrial producer price index.

In addition, according to the CMU Resolution dated 7 June 2022 No. 775 on Imposing Public Service Obligations on Electricity Market Participants Engaged in Electricity Export Operations to Insure Public Interests in the Process of Operation of the Electric Energy Market during Martial Law, a mechanism of the PSO financing from funds paid by electricity exporters to the guaranteed buyer was implemented.

The Law of Ukraine dated 8 July 2022 No. 2371-IX introduced amendments in Article 66 of the Law of Ukraine on Electric Energy Market whereby all producers are required to sell electricity under bilateral agreements at electronic auctions solely. As an exception, during the martial law, the Company ensures sales of electricity to the USP under bilateral agreements without conducting electronic auctions according to the Order of the Ministry of Energy of Ukraine dated 13 March 2022 No. 114 on Ensuring Sales of Electricity to Distribution System Operators and Universal Service Providers (as amended).

The Order of the Ministry of Energy of Ukraine No. 132 dated 21 March 2022 on Ensuring Purchases and Sales of Electricity to Universal Service Providers during a Special Period sets forth that, during the martial law period, the Company as a market participant with public service obligations imposed on it in the electric energy market is required to ensure sales of electricity to SE "Guaranteed Buyer" in volumes equalling the difference between the average actual daily volume of electric energy supply and the amount of the daily volume of sales of electric energy in the bilateral agreements market, applications for sales in the day-ahead market and applications for sales in the intraday market.

For the period of the martial law operation in Ukraine and during 30 days after its termination or cancellation (the NCREU Resolution dated 25 February No. 332):

- one UES of Ukraine trading area is defined;
- no measures applied to market participants with the 'Default' status are taken in respect of the service providers in the balancing market;
- the maximum level of electricity sales by producers using D-type generating units with the capacity of 75 MW under BA, to DAM, IDM and exports on the d trading day is determined as the sum of 125% of the average volume of electricity supplied for the period d-3 – d-9 of this electricity producer according to the commercial accounting data available in the risk management system and the accepted volume of ancillary services;
- an imposition and collection of fines envisaged by agreements entered into in accordance with the Law of Ukraine on Electric Energy Market between the market participants are terminated.

A sharp decline in volumes of electricity sales due to the military aggression, a decrease in the level of settlements and, accordingly, an increase in the level of accounts receivable for electricity resulted in a significant deterioration of the Company's balance of payments and a shortage of working capital required

to settle the electric energy accessibility services for household consumers, which is received from SE "Guaranteed Buyer".

To facilitate mutual settlements between the PSO performers (the USP, SE "Guaranteed Buyer" and the Company) under debt liabilities that arose in 2022, according to the Orders of the Ministry of Energy of Ukraine dated 9 May 2022 No. 173 on Settlements in the Electric Energy Market, dated 23 May 2022 No. 180 on Settlements in the Electric Energy Market, dated 23 June 2022 No. 214 on Settlements in the Electric Energy Market, dated 26 August 2022 No. 291 on Settlements in the Electric Energy Market, and dated 18 November 2022 No. 391 on Settlements in the Electric Energy Market, settlements amounting to UAH 24,051,152 thousand have been performed.

On 1 August 2021, the Company entered the ancillary services market as Zaporizhzhya NPP acquired a right to render the Frequency Support Reserve service within the trade area of the United Energy System of Ukraine. Maintaining sufficient volumes of the Frequency Support Reserve is one of the key requirements for synchronisation of the United Energy System of Ukraine and the European ENTSO-E.

In January 2022, PrJSC NPC "Ukrenergo" issued the Certificate of compliance with ancillary service (the AS) requirements to the Zaporizhzhya NPP (the nuclear power unit No. 4), the Pivdennoukrainska NPP (the nuclear power unit No. 1) and the Khmelnytsky NPP (the nuclear power units No. 1 and No. 2) in terms of the frequency support reserves (the "FSR") with the capacity of ± 20 MW for each nuclear power unit. In February 2022, PrJSC NPC "Ukrenergo" certified the nuclear power unit No. 2 of the PNPP to participate in the AS market in terms of provision of the FSR with the capacity of ± 20 MW.

At present, 7 out of 15 NPP nuclear power units are certified to participate in the AS market (the nuclear power units No. 1, 2 and 4 of SS "ZNPP", No. 1 and 2 of SE "PNPP" and No. 1 and 2 of SS "KhNPP").

The total certified capacity of the frequency support reserves is ± 140 MW.

On 31 October 2022, SE NNEGC "Energoatom" joined terms and conditions of the agreement on provision of the ancillary services for frequency and active capacity regulation and was included in the list of ancillary service providers in terms of provision of the mFRR (manual frequency restoration reserve) by an ancillary service unit of the Tashlytska HPSPP of the SS "PNPP" HPP-HPSPP cascade and in the Register of Ancillary Service Units. In January 2023, the THPSPP started to operate in the ancillary service market providing the mFRR services.

Starting from 11 November 2022, SE NNEGC "Energoatom" joined the Agreement on Settlement of Electricity Imbalances within the balancing group of JSC "Energy Company of Ukraine" to pursue financial optimisation of electricity imbalances.

In addition, starting from 11 March 2022, the energy systems of Ukraine and Moldova are fully synchronised with the ENTSO-E power grid of Continental Europe and the relevant decision was approved by ENTSO-E (the European association of transmission system operators). Physical operations on energy systems connection were performed on 16 March 2022.

Electricity export supplies started on 4 June 2022 to Moldova, then on 2 July 2022 – to Romania and on 11 July 2022 – to Slovakia. The export was discontinued on 11 October 2022 to ensure the energy system stabilisation after the beginning of the mass missile strikes on energy infrastructure facilities by the RF on 10 October 2022.

Overall, based on the 2022 results, SE NNEGC "Energoatom" sold 59,317 thousand MWh, which is less by 26.75% compared to 2021 (2021: 80,984 thousand MWh).

Impact of the RF military aggression on the Company's business

The RF full-scale invasion across Ukraine had an impact on all areas of the Ukrainian life and economy. At the beginning of the war, the territories of Kyiv, Chernihiv, Sumy, Kharkiv, Zaporizhzhya and Kherson regions were occupied in part or in whole, however were liberated subsequently (some of them - partially). As at 31 December 2022, the AR of Crimea and most parts of Donetsk, Luhansk, Kherson and Zaporizhzhia regions are still under occupation and active military actions are ongoing there.

Throughout 2022, leadership teams of SE NNEGC "Energoatom" and Ukraine as a whole, in cooperation with international organisations and partners, took steps to mitigate the effects of the military aggression on the Company's business primarily in the area of operation safety and continued operation.

On 24 February 2022, the Russian military offensive resulted in a loss of control over the Chernobyl NPP Exclusion Zone and, therefore, the Company was not able to ensure security of the Central Storage Facility (the "CSF") site and integrity of the buildings, structures and equipment located on the site upon occupation for more than a month. The territory was liberated from the Russian occupying forces on 2 April 2022. An access to assets under construction as part of the investment projects "Construction of Central Storage Facility for Nuclear Fuel of VVER-type Reactors of Ukrainian Nuclear Power Plants" and "Reconstruction of the Rail Track from Vilcha Station to Yaniv Station" was restored. On 16 April 2022, electricity supply to the CSFSF was resumed, and setting of equipment and devices supporting its normal operation commenced.

An impact of the military aggression on the Ukrainian energy system was occurred starting from March 2022. Due to economic recession and a decrease in industrial consumption of electricity, the situation in the electric energy market severely deteriorated – counterparties were unable to fulfil their obligations under bilateral agreements with electricity producers in respect of consumption of the contracted volumes. During March-June 2022, a large number of counterparties began to request to reduce electricity volumes contracted previously. This, in its turn, had an impact on sales volumes and revenues and resulted in a significant growth of accounts receivable.

Since October 2022, the RF began mass missile strikes on the energy infrastructure in Ukraine, such as power generation facilities and distribution grids. The aggressor's missile strikes on critical infrastructure in November 2022 led to blackout of the most UES of Ukraine and disconnection of all NPPs from the energy grid resulting in an emergency situation in the electric energy market.

All this had an impact on the energy system operation: the DSO/USP scheduling process became complicated as part of performance of the PSO. DSO/USP were allowed to provide projected volumes substantially different from actual ones. Projected volumes were provided in delay and were adjusted on numerous occasions.

During the period from October 2022 through January 2023, the whole country operated according to the outage schedules to stabilise the situation in the energy system of Ukraine. Since February 2023, the energy system has been stabilised and a proactive response mechanism has been designed to respond to the aggressor's missile strikes so that losses are minimised to the highest extent possible.

An act of military aggression had a direct impact on electricity production output. The underproduction of electricity is assessed as an inability to generate the electricity output during the martial law period according to the normal capacity of nuclear power units, particularly those located in the temporarily occupied territories, as well as considering that dispatch limitations applied during 2022 due to a destruction of the energy system. Thus, the total underproduction output for 2022 approximated 24.6 billion kWh.

Furthermore, due the military aggression, the Company withdrew from cooperation with Russian enterprises that supplied the uranium product and nuclear fuel for nuclear power units. Instead, agreements were signed with Westinghouse Electric Sweden AB to increase a level of fuel assemblies for VVER-1000-type reactors and VVER-440-type reactors starting from 2023. To ensure the increased production output of nuclear fuel by Westinghouse Electric Sweden AB, negotiations are conducted with other suppliers to purchase the enriched uranium product and the possibility of using uranium concentrate of the Ukrainian origin in producing the enriched uranium product for its subsequent use in nuclear fuel production by Westinghouse for Ukrainian NPPs. In November 2022, SE NNEGC "Energoatom" was appointed an operator of the future nuclear installation on production of the NPP reactor fuel assembly according to the Order of the Ministry of Energy of Ukraine. In December 2022, the Company developed and approved a roadmap for the construction project of the technological complex where the above installations will be manufactured.

Considering the ongoing military aggression against Ukraine by the RF, the 2022 planned supply of nuclear fuel produced by Westinghouse for VVER-1000-type reactors and performance of the related contracts on the enriched uranium product purchases has been reduced and postponed for the next years.

Consequences of the Russian aggression complicate other aspects of the Company operation: a disruption of logistic routes, difficulties in transportation and insurance of cargoes due to considerable risks inherent in effects of hostilities, a loss of both local suppliers due to a destruction of production facilities or suspension of operations and foreign suppliers.

Impact of the RF military aggression on operations of the Zaporizhzhya Nuclear Power Plant

The most significant implication of the military aggression for the Company, Ukraine and the world is the temporary occupation of the Zaporizhzhya Nuclear Power Plant (the "ZNPP"). This plant is the largest NPP in Europe and has a total installed capacity of 6,000 MW, which is a large portion of the total of 13,835 MW capacity of all plants operated by the Company. It also has the Dry Spent Fuel Storage Facility, which is capable of accommodating 9,000 spent fuel assemblies.

At the beginning of the Russian military invasion in Ukraine the Enerhodar city and Zaporizhzhya NPP were seized by the Russian military from 4 March 2022. Since the occupation and up until September 2022, the plant continued to supply electricity to the United Energy System of Ukraine and the Company was obtaining economic benefits from its operations, however from 11 September 2022 the last working reactor was put into cold run and no electricity was produced for sale since then. On 4 October 2022 the Russian Federation announced illegal annexation of four regions of Ukraine, including Zaporizhzhya region. Further, on 12 October 2022, the United Nations General Assembly adopted Resolution A/RES/ES-11/47 declaring that the annexation has no validity under international law, and the International Atomic Energy Agency (further - the IAEA) complies with this resolution. Subsequent to the announced illegal annexation, an increasing number of Russian technical staff has been observed at the plant site. In October 2022, the Russian Federation announced it had established the company, claiming to have taken operational control over the plant from the Company. At the same time, the Russian Federation's nuclear regulator arrived at the plant site.

Despite these developments, Ukrainian staff still continue to participate in running the Zaporizhzhya NPP, which the IAEA — in line with United Nations General Assembly resolution A/RES/ES-11/4 — continues to regard as a Company's plant. The NPP occupation jeopardises security and environment at the global level as well as energy independence of Ukraine. Despite all difficulties, the Company keeps in touch with employees of SS "ZNPP" who abide the Company and Ukraine and rejected to cooperate with the occupation regime. The Company continues to pay salaries to employees of the Zaporizhzhya NPP, except those who were proved to be cooperating with the Russian Federation.

Upon seizure of the SS "ZNPP" territory, the SS "ZNPP" Training Centre and some other production facilities have been damaged. Implementation of all investment projects related to SE "ZNPP" has been suspended, specifically the high-priority project "New Construction of a Light Storage Facility for Temporary Storage of Conditioned Nuclear Waste in Reinforced Concrete Containers at Zaporizhzhya NPP at 133, Promyslova Str., Energodar". In addition, the administrative building of SS "AEM", Non-Standard Equipment Plant (the "NSEP") and Special Construction Plant (the "SCP") were occupied temporarily resulting in a suspended implementation of the projects at those facilities.

As of the date of approval of these financial statements, the amount of losses due to the Russian aggression resulting from a damage/destruction/withdrawal of separate items of non-current assets and inventories, in particular for SS "ZNPP", cannot be estimated ultimately due to the absence of safe access to all facilities of the separate subdivision. In addition, there is no possibility to involve professional appraisers in the independent valuation due to the fact that the property is in the occupied territory. Overall, an estimation of damages and losses for the Company will be performed according to the methodology approved by the joint Order of the Ministry of Economy of Ukraine and the State Property Fund of Ukraine dated 18 October 2022 No. 3904/1223 on Approval of the Methodology for Estimating Damages and Losses Caused to Enterprises, Institutions and Organisations of All Forms of Ownership due to a Destruction and Damage of their Property in Connection with the Military Aggression by the Russian Federation as well as the Lost Profit due to an Inability or Impediments to Conduct Business Operations.

Supported by international partners, specifically by the IAEA, management of the Company and top leadership of Ukraine strive for creation of the demilitarised zone around SS "ZNPP". Starting from September 2022, the IAEA mission has been able to allocate at SS "ZNPP". Starting from January 2023, the constant IAEA mission has been present at all Ukrainian NPPs including the Chernobyl NPP.

As at 31 December 2022, the carrying amount of property, plant and equipment located in the temporarily occupied territory equals UAH 54,120,165 thousand and the carrying amount of inventories located in the temporarily occupied territory equals UAH 9,648,751 thousand.

As at 31 December 2022, the carrying amount of the provisions for decommissioning of nuclear reactors and provisions for back-end fuel costs, which are included in non-current and current provisions

related to the ZNPP is UAH 9,239,959 thousand.

Nuclear power sector development and prospects in Ukraine

Ukraine considers nuclear power as one of the most cost-effective sources of energy. According to the Energy Strategy of Ukraine until 2035, further development of the nuclear energy sector until 2035 is predicted based on the fact that the share of nuclear generation in total electricity production output will grow.

On 29 December 2021, the Cabinet of Ministers of Ukraine approved the Concept of the State Special-purpose Economic Programme for Development of the Nuclear Industrial Complex until 2026. The document has been developed to implement the NSDC Resolution on Measures to Neutralise Threats in the Nuclear Power and Industrial Sectors. The primary purpose of the concept is to create conditions to increase uranium production output so that the needs of the national nuclear power sector are fully met, as well as to enhance energy independence of Ukraine.

During 2022, a PNPP facility – the hydroelectric unit No.3 of the Tashlytska HPSPP – was put into operation and the NCREU licence for electricity generation was received for this hydroelectric unit.

On 25 April 2022, the OD No. EO 001060/1/15 Series Specific Authorisation was obtained from the State Nuclear Regulatory Inspectorate of Ukraine (the "SNRI") to carry out activities related to commissioning of the CSFSF installation. Ongoing efforts are being taken to meet the authorisation terms to obtain an operation licence, and the second phase equipment is being supplied. The operation licence is expected to obtain in 2023. After obtaining the licence, the term of commissioning the launch complexes No. 2-15 will be adjusted for schedules of fuel loading/unloading at nuclear power plants.

SE NNEGC "Energoatom" continues to expand its cooperation with Westinghouse Electric Company towards energy independence of Ukraine. On 11 July 2022, SE "NNEGC "Energoatom" and Westinghouse Electric Company signed a new contract on intensification of cooperation in constructing new nuclear units No. 5 and 6 at the Khmelnytsky NPP based on the AP1000 technology.

1.3 Approval of the financial statements

The financial statement forms to be submitted to the State statistics bodies were approved on 27 February 2023 and the full set of the financial statements, including these Notes, was approved for issue on 15 May 2023.

2. Basis of preparation of the financial statements

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and financial reporting requirements of the Law on Accounting and Financial Reporting in Ukraine.

In accordance with p.5 Article 121 of the Law on Accounting and Financial Reporting in Ukraine, all mandatory IFRS reporters should prepare and submit their financial statements based on the taxonomy of financial statements under IFRS in a single electronic format (iXBRL format). As of the date of issue of these financial statements, translation of the 2022 UA XBRL IFRS taxonomy has been made publicly available on the website of the Ministry of Finance of Ukraine, however, the Financial Reporting Collection Centre has not yet started accepting of the financial statements for 2022. Management of the Company is planning to prepare the iXBRL report and to submit it within the time limit prescribed by the effective legislation.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for property, plant and equipment and investment property recognised at fair value.

2.3 Reporting period

The reporting period for preparation of the financial statements of SE NNEGC "Energoatom" represents a calendar year. The condensed interim financial statements are prepared on a quarterly basis.

2.4 Functional and presentation currency

The Company's functional and presentation currency is the national currency of Ukraine - Ukrainian hryvnia (UAH). All amounts in these financial statements have been rounded to the nearest UAH million, unless otherwise stated.

2.5 Going concern

As at 31 December 2022 current liabilities exceed current assets of the Company in amount of UAH 15,344,545 thousands, that was caused by reclassification part of bank borrowings and loans (Note 13.1).

As described in Note 1.2 to these financial statements, the economic environment in Ukraine during 2022 was largely affected by the full-scope military invasion by the Russian Federation (further - "Russia") that started on 24 February 2022, and martial law imposed throughout Ukraine by the Law of Ukraine dated 24 February 2022. The military invasion by Russia had an immediate impact on operations and financial position of SE NNEGC "Energoatom" as disclosed in Note 1.2. The major elements of this impact included the following:

- Consumption of electricity has reduced by approximately 30% compared to 2021;
- The town of Energodar, including Zaporizhzhya NPP site, has been captured by Russian military formations since 4 March 2022. The last operational reactor was switched to the cold mode on 11 September 2022, and no electricity has been generated for sale by Zaporizhzhya NPP since that date.
- On 10 October 2022, Russia began mass missile strikes on the energy infrastructure in Ukraine, such as power generation facilities and distribution grids;
- All nuclear units of the Company were constructed using the USSR period technologies and, consequently, prior to the military offensive, the cooperation with Russian specialists continued to supply nuclear fuel. After 24 February 2022, all cooperation and contracts with counterparties from Russia were terminated.

Management takes appropriate measures to ensure the Company's ability to continue as a going concern, including the following:

- The Company has successful experience using Westinghouse nuclear fuel and is able to switch to it during the future fuel campaigns when the inventory of Russian-manufactured fuel in warehouses is exhausted. Seven nuclear power plant reactors have already fully switched to Westinghouse Electric Sweden AB fuel, and all 15 nuclear reactors at all Ukrainian nuclear power plants are scheduled to receive this fuel starting from 2024;
- attracting credit facilities to support its operating activities. The majority of borrowings are secured by government guarantees;
- optimising operating costs and deferring nuclear fuel procurements;
- continuing to implement only priority capital construction projects aimed at increasing electricity production and maintaining the safe operation of existing nuclear power plants, including completion of the reconstruction and launch of the spray pool No.5 at the South-Ukraine NPP; construction of nuclear units No.3 and No.4 of the Khmelnytsky NPP and construction of the nuclear waste treatment facility at the Khmelnytsky NPP; launch of the SFSF; reconstruction and commissioning of Vilcha-Yaniv railway link;
- agreeing on deferral of payments with counterparties, primarily with SE "Guaranteed Buyer" in respect of the public service obligations imposed on SE NNEGC "Energoatom".

The above measures allowed the Company to continue operations and to maintain a positive liquidity position.

Considering the above, management prepared a cash flow forecast until the end of June 2024, which demonstrates that the Company will be able to continue as a going concern and have sufficient cash to settle its liabilities. This forecast is based on a number of key assumptions:

- military activities will not have a significant negative development and will not result in physical damage to nuclear power units;

- the Company expects the PSO to be extended, however SE "Guaranteed Buyer" will not require immediate settlement of the PSO liability accumulated during the martial law period and outstanding as of the date of issuing these financial statements, which is expected to be settled in the second half 2023 - first half 2024;
- the Company does not expect banks and financial institutions to request early settlements of loans (as at 31 December 2022 the Company is not compliant with financial covenants in accordance with loan agreements that are guaranteed by the Government of Ukraine, disclosed in Note 13.1);
- the Company expects payment of accrued interest on a loan from the EBRD and a loan from the Central Storage Safety Project Trust and will continue negotiating with other creditors to postpone debt repayment maturity date if which is in 2023 and 2024 (if necessary);
- if required, the Company will make a downward adjustment to its previously approved capital expenditure and other programmes, including the programme for safety improvement of nuclear power plant reactors, for the next 12 months.

At present, the Company, being a state-owned enterprise that owns critical infrastructure facilities and has a significant public role related to its public service obligations, is confident that support from the State is and will continue to be available, and there is no intention nor need to liquidate the Company or to reduce its scope of operations. However, management acknowledges that development and duration of military activities in the future represent a single source of material uncertainty, which may cast significant doubts on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and to settle its liabilities in the normal course of business. Despite this material uncertainty related to the war in Ukraine, management continues to take measures to mitigate effects for the Company and, as such, believes that application of the going concern assumption for preparation of these financial statements is appropriate.

2.6 Management's responsibility

Management of the Company is responsible for the preparation of the financial statements that present fairly, in all material respects, the financial position of the Company as at 31 December 2022, its operating results, cash flows and changes in equity for the year then ended, in compliance with IFRS and financial reporting requirements of the Law on Accounting and Financial Reporting in Ukraine.

2.7 Use of judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and could have a significant risk resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year is described below.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment requires from management to use professional judgements based on experience of dealing with similar assets. In determining useful lives of assets, management considers conditions of the expected use and economic and physical depreciation of an asset, and conditions in which an asset will be operated. Useful lives of nuclear units are reviewed and can be extended if certain conditions are met.

Further details of management judgements about useful lives of property, plant and equipment and nuclear units are disclosed in Note 6.1. to these financial statements.

Revaluation and impairment of property, plant and equipment

Management performs revaluation or assesses impairment of property, plant and equipment if the difference between the carrying value of items and their fair value equals or exceeds 10%. Further details of management judgements about impairment of property, plant and equipment are disclosed in Note 6.3. to these financial statements.

Expected credit losses

The expected credit loss (doubtful debt) allowance is estimated on the basis of the calculation of the doubtful balance receivable (credit risk or default risk (a counterparty's failure to fulfil its obligations) as of the reporting date. Such estimate considers creditworthiness of specific debtors and results of the claim-related work.

For the purpose of the estimate of the expected credit loss allowance, accounts receivable is recognised doubtful only upon existence of one of the following factors that provide evidence of a significant decrease in the recoverable amount of accounts receivable at the reporting date compared with the moment when they were initially recognised as an asset:

- the claim-related work is performed if the payment is overdue during 365 days, or
- the debtor payment is overdue more than 365 days, or
- the outstanding balance relates to a group with a high risk of default.

The expected credit loss allowance is estimated based on the doubtful balance receivable adjusted for risk rates for factors affecting the risk of default in line with default risks:

Default risk	Factors affecting the default risk	Risk rate, %
Low	Less than 30 days overdue	0.1
Medium (risk increase)	31 to 90 days overdue	5
	91 to 120 days overdue	25
	121 to 180 days overdue	30
	181 to 365 days overdue	40
	366 to 730 days overdue	60
High	More than 730 days overdue	100
	Commencement of counterparty bankruptcy proceedings and commencement of counterparty liquidation proceedings	
	Bad accounts receivable	
	Force-majeure circumstances	

The risk rates in the above table are consistent with the Resolution of the Cabinet of Ministers of Ukraine on the State of the Financial and Budget Discipline, Measures to Reinforce Fight against Corruption and Control over Using the State-owned Property and Financial Resources dated 29 November 2006 No. 1673 (as amended according to the CMU Resolution of 12 May 2021 No. 458) (the "Resolution No. 1673").

The expected credit loss (doubtful debt) allowance is not calculated for accounts receivable on settlements with the budget and statutory social and pension insurance funds.

An individual approach to the calculation of the expected credit loss allowance is applied to accounts receivable accumulated on the electric energy balancing market as at 31 December 2021 as a temporary measure until 31 December 2022.

Borrowing costs

Borrowing costs are capitalised as part of the costs of those assets that necessarily take, at least, 6 months to get ready for intended use or sale, i.e. qualifying assets. Further details of determination of costs required to be capitalised for borrowing costs are disclosed in Note 3.1. to these financial statements.

Decommissioning provision for nuclear facilities

Management estimates the obligation on decommissioning of existing nuclear reactors and radioactive waste management. Such obligation is determined based on the present value of cost of basic labour and materials expected to be incurred during the decommissioning of nuclear reactors. Note 14 summarises assumptions used by management to estimate the decommissioning liability. Changes in estimated timing of

future expenses and the amount of the outflow of resources required to settle the obligation and the discount rate used to discount future expenses can have a significant effect on the carrying amount of the decommissioning provision.

Back-end fuel cost provision

Management estimates the obligation in respect of costs for transportation, storage and partial re-processing of nuclear fuel and costs for storage and return of highly radioactive waste (HRW). Such obligation is determined based on the present value of costs based on the Company's estimates. Note 14 contains a description of assumptions used by management to estimate the back-end fuel cost provision. Changes in the estimated timing of future expenses and the amount of the outflow of resources required to settle the obligation and the discount rate used to discount future expenses can have a significant effect on the carrying amount of the back-end fuel cost provision.

Provision for reimbursement of expenses for payment and delivery of additional benefits and one-time retirement payments (post-employment benefit obligations)

Management calculates pension programme provisions: for reimbursement of expenses for payment and delivery of fringe benefits and one-time retirement payments using the projected unit credit method based on actuarial assumptions that represent management's best estimates of the variables that will determine the ultimate cost of providing post-employment employee benefits and other non-current benefits. Note 14 summarises assumptions used by management to estimate reimbursement of expenses for payment and delivery of fringe benefits and one-time retirement payments. Changes in actuarial assumptions (future salary growth rates, consumer price index increases, etc.) and changes in the discount rate used to discount future expenses can have a significant impact on the carrying amount of provisions.

3. Accounting policies

3.1 Significant Accounting Policies

According to the Law of Ukraine on Accounting and Financial Reporting in Ukraine dated 5 October 2017 No. 2164-VIII, SE NNEGC "Energoatom" is a public interest entity.

Under the Order of SE NNEGC "Energoatom" of 7 February 2018 No. 146, IFRS-based accounting policies have been implemented to state significant principles, methods and procedures used by the Company in preparing and submitting the financial statements. Accounting policies of SE "NNEGC "Energoatom" that comply with IFRS have been approved by the Letter of the Ministry of Energy and Coal Industry of Ukraine on 6 March 2018 No. 02/10-1847 and by the protocol resolution of the Cabinet of Ministers of Ukraine on 9 December 2021 No. 146 (in terms of the procedure for estimating the expected credit loss allowance).

Property, plant and equipment are measured at the acquisition cost at initial recognition. After recognition, property, plant and equipment are accounted for at the revalued amount, taking into account accumulated depreciation and accumulated impairment losses.

Acquisition cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;
- the costs of dismantling and removing the items and restoring the site on which they are located (decommissioning costs);
- part of cost of nuclear fuel which is expected to be not fully burnt at the end of the last fuel campaign of a reactor and related back-end fuel cost provision; and
- capitalised borrowing costs.

Upon initial recognition, if an item of property, plant and equipment has major components (parts), multicomponent accounting is organised. Upon putting property, plant and equipment into operation, the residual value and expected useful life are determined for each item of property, plant and equipment and

its components. The useful life of each item of property, plant and equipment is revised based on technical justification in the event of changes in economic benefits expected from its use.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss.

Upon disposal or retirement of property, plant and equipment, the revaluation surplus is included in retained earnings.

Depreciation is charged primarily on a straight-line basis.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is charged on the acquisition cost of the asset, or other substitution cost, less its residual value. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components with the value of not less than 10% of the cost (revalued amount) of an item and not less than UAH 1,000,000) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted appropriately.

Assets under construction (construction-in-progress) are accounted for at their historical cost less impairment loss.

Investment property is accounted for under the fair value model. The investment property includes buildings and / or land on which they are located, or parts thereof, if they are held for the purpose of obtaining lease payments and / or capital appreciation. In doing so, parts of items used for this purpose must be provided separately. If these parts cannot be provided separately, the property is an investment property, if only an insignificant part thereof is held to use in production, to supply goods or services, or for administrative purposes.

Intangible assets that are acquired by the Company, which have limited useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets that have definite useful lives primarily include capitalised computer software, copyrights, trademarks and licences.

Upon initial recognition, acquired intangible assets are measured on the basis of the costs incurred to acquire and bring them to use.

Development costs that are directly associated with identifiable and unique software are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include employee benefit expenses of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software are expensed when incurred.

Amortisation is charged on the acquisition cost of the asset, or other substitution cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted appropriately.

The Company has the perpetual **right to use the land** on which its buildings, structures and other capital assets are located, and pays a land tax as assessed annually based on the total area and use. Land is the property of the state and, therefore, is not recorded in the statement of financial position. The right to use land is included in the intangible assets at the cost of expenses incurred for its registration without

amortization due to the fact that it does not have a specified term of use. A right-of-use intangible asset is reviewed annually for impairment.

At each reporting date, the Company determines whether there is any indication of a possible **impairment of non-financial assets**. If such signs exist or if an annual impairment test is required, the Company estimates the asset's recoverable amount. The expected recoverable amount of the asset is the higher of the fair value of an asset or cash-generating unit, less costs to sell, and the value in use of the asset, except for assets that do not generate cash inflows that are generally independent of inflows generated by other assets or groups thereof. A cash generating unit for the impairment test is the Company's total assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is deemed to be impaired and is written down to the expected recoverable amount.

In assessing the value in use, estimated cash flows are discounted to their present value at the pre-tax discount rate, which reflects the current market value of money in time and the risks inherent in the asset. Impairment losses on non-revaluated assets used in operating activities are recognised in the statement of financial results (statement of comprehensive income). However, an impairment loss for an asset that has been revaluated is recognised directly against any revaluation surplus of an asset to the extent that does not exceed the amount of the revaluation reserve for that asset.

At each reporting date, the Company determines whether there are any indications that previously recognised impairment losses no longer exist or decreased. If such a sign exists, the recoverable amount is revaluated. A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the expected recoverable amount since the last recognition of the impairment loss. In this case, the carrying amount of the asset increases to its recoverable amount. The carrying amount increased cannot exceed the carrying amount of the asset that would have been determined (less depreciation) had not impairment losses been recognised in prior years. Reversal of the impairment losses from assets is recognised in the statement of profit or loss and other comprehensive income. However, impairment of an asset with its revaluation surplus identified in prior periods is recognised in the revaluation reserve in the amount, which does not exceed the revaluation surplus recognised in the revaluation reserve for that asset.

Inventories are recorded at the lower of cost and net realisable value. Inventories, other than nuclear fuel, fuel and lubricants, when released for production, sold or otherwise disposed of are estimated under the specific identification method. Fuels and lubricants when released for production, sold and otherwise disposed of are estimated using the weighted average cost method.

Tangible assets with an expected useful life of more than one year and a value less than the materiality threshold set for non-current assets are recorded in inventories as low-value and fast-used items until they are put into operation.

Nuclear fuel when loaded into an active zone, sold and otherwise disposed of is estimated on the basis of the weighted average cost method for each type of nuclear fuel.

The cost of nuclear fuel assemblies in the core of a reactor is recognised in expenses pro rata the quantity of effective days worked by the reactor within one fuel campaign as determined by the Company's engineers based on instrument readings as at each reporting period end.

The Company does not value the spent nuclear fuel due to uncertainty over its future use. After the cooling at the cooling pools at reactor sites the spent nuclear fuel till 2021 was either transported to the Russian Federation for storage for a period of up to 25 years with subsequent reprocessing or was stored at the Company's own spent fuel storage at the Zaporizhzhya NPP. Starting from 2023, the spent nuclear fuel is intended to be transported to the CSFSF or the spent fuel storage facility (SFSF) of the Zaporizhzhya NPP. In doing so, it is expected that as a result of recycling of spent fuel, nuclear materials will be obtained to be used in future. The Company does not include the value of such nuclear materials in the value of spent nuclear fuel or a separate asset because it has no reliable estimates of their value.

Financial instruments. The Company recognises a financial asset or financial liability in its statement of financial position when and only when it becomes a party to the contractual provisions in respect of the financial instrument.

Classification of financial assets. Upon initial recognition of financial instruments, the Company classifies them and determines the model of further valuation.

Financial assets are classified as follows:

- financial assets measured at amortised cost;
- financial assets measured as fair value through other comprehensive income;
- financial assets measured at fair value through profit or loss.

A financial asset is measured at amortised cost only if it meets both of the following conditions and is not classified as at fair value through profit or loss:

- it is held within the framework of a business model aimed to hold assets for contractual cash flows, and
- its contractual terms provide for the occurrence of cash flows within the set time limits, which represent the payment of solely principal and interest (SPPI criterion) for the unpaid part of the principal amount.

The Company evaluates the purpose of the asset holding business model at the level of the financial instruments portfolio as it best reflects the way business is managed and information is provided to management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding part of the principal, the Company analyses the contractual terms of a financial instrument, namely whether a financial asset contains a contractual clause that may change the timing or amount of contractual cash flows so that the financial asset will not meet the relative requirement.

Financial assets are reclassified prospectively only in case of change of change of the business model within which they are held.

Classification of financial liabilities. Financial liabilities are measured at amortised cost, except for:

- 1) financial liabilities measured at fair value through profit/loss;
- 2) financial liabilities resulting when transfer of a financial asset is not in compliance with derecognition criteria or when the continuing involvement principle is applied;
- 3) financial guarantee, aval and security contracts.

In 2022 and 2021, the Company did not have any financial liabilities measured at fair value.

Initial recognition and subsequent measurement of financial instruments. Financial instruments measured at fair value through profit or loss are carried at fair value. All other financial instruments are initially stated at fair value adjusted for transaction costs. Subsequent to initial recognition, the expected credit loss allowance is recognised for financial assets measured at amortised cost, which results in a recognition of costs recognised immediately after the initial recognition of the asset. The Company measures trade accounts receivable on initial recognition at the transaction price if trade accounts receivable do not contain a significant financing component.

Transaction costs and commission income/expenses that are an integral part of a financial instrument are recognised in the financial instrument and are included in the calculation of the effective interest rate on that financial instrument.

The Company classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial liabilities are classified as subsequently measured at amortised cost, except for (i) financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading, contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

After initial recognition, financial assets and financial liabilities (loans, borrowings and long-term financial liabilities) are carried at amortised cost.

Impairment. The Company applies the impairment requirements of section 5.5 of IFRS 9 to financial assets. SE "NNEGC "Energoatom" recognises the allowance for expected credit losses on a financial asset carried at amortised cost.

From 2021, the Company changed its accounting estimates in respect of the expected credit loss allowance (the ECL allowance). Starting from 2021, under the Accounting Policies of SE "NNEGC "Energoatom", the ECL allowance is estimated according to clause 13 of the Resolution No. 1673 using the risk rates for factors affecting the risk of default based on the Appendix to the Resolution No. 1673 (the "risk rates").

Impairment losses from financial assets are recognised as a separate line item in the statement of profit or loss and other comprehensive income.

Write-offs. Write-off of the gross carrying amount of a financial instrument through the provision charged is recognised after its recognition as bad debt, the existence of the allowance for expected credit losses, and simultaneous fulfilment of other prerequisites defined by the requirements of the current legislation of Ukraine and the internal regulations of the Company.

Derecognition. Financial assets are derecognised whenever:

- a) assets are redeemed or the rights to cash flows from the assets otherwise expire;
- b) the Company has transferred substantially all the risks and rewards of ownership of the assets;
- c) the Company has neither transferred nor retained substantially all the risks and rewards of ownership but has not retained control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale. There is no control of the transferred asset if a party to whom the asset is transferred has the real ability to sell it to an unrelated third party and can sell it unilaterally without the need to impose additional restrictions on such transfer.

The difference between the carrying amount of a financial asset measured at the derecognition date and the amount of consideration received (including the value of the new asset received less the amount of the liability assumed) is recognised as income or expense from derecognition.

A financial liability or part thereof is derecognised when such liability is settled, cancelled or expired. The difference between the carrying amount of the financial liability (or part thereof) settled or transferred to another party and the amount of the consideration paid represents income/expense from derecognition.

Modification of financial instruments. If the estimate of cash outflows or inflows from financial instruments (except for modifications of financial instruments with a floating rate and changes in estimates of expected credit losses) is revised, the gross carrying amount of a financial asset or the amortised cost of a financial liability is adjusted to reflect actual and revised estimated contractual cash flows. The gross carrying amount of a financial asset or the amortised cost of a financial liability is recalculated as the present value of estimated future contractual cash flows discounted at the original effective interest rate for a financial instrument.

The substantial modification of a financial liability is accounted for as a settlement of the original financial liability and recognition of the new financial liability. The substantial modification is considered a modification of a financial liability by more than 10%. The effect of the insubstantial modification of a financial liability is recognised in the period when the modification occurred in profit or loss.

Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

Offsetting financial instruments. Financial assets and financial liabilities are offset and the net amount is recorded in the statement of financial position, if there is an enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, realize assets and settle a liability simultaneously.

Transactions in foreign currencies are translated to hryvnia at the exchange rates set by the National Bank of Ukraine at the dates of the transactions. Monetary assets and liabilities denominated in

foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary assets and liabilities is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest rate and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognised in profit or loss.

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The Company estimates the following provisions:

- the provision for cost of activities related to decommissioning of nuclear reactors;
- the provision for back-end fuel costs;
- the provision for payment of employee benefits upon retirement; the provision for one-off retirement payments and the provision for reimbursement of expenses for payment and delivery of fringe benefits;
- the provision for annual performance bonuses;
- the provision for unused vacations;
- the provision for litigations;
- the provision for expenses under outstanding documents;
- the provision for guarantee liabilities.

When needed, the Company may raise provisions for future relocation and dismantling of property, plant and equipment and future expenses for repair (restoration) of leased assets, etc.

Provision for cost of activities related to decommissioning of nuclear reactors (decommissioning provision). The cost of decommissioning of nuclear reactors comprises direct labour costs and cost of materials expected to be incurred during the decommissioning of nuclear reactors and the SFSF of the Zaporizhzhya NPP. The calculation is based on the approaches set out in the Ukrainian NPP Decommissioning Conception that was developed with the support of the European Commission with involvement of foreign experts.

The decommissioning provision is estimated based on the estimate of costs discounted at the long-term effective discount rate reflecting the current market estimates of the time value of money at the reporting date.

The effect of changes in estimates of the timing or amount of resources required to settle a liability or changes in the discount rate is reflected in the revaluation reserve in equity (in other comprehensive income) or in expenses (if related revaluation reserve is utilised) in the period in which the changes occurred.

The increase in the provision for cost of activities related to decommissioning of nuclear reactor due to passage of time is included as interest expense in finance costs of the period.

If financing of a part of obligations to cover the costs of decommissioning of nuclear reactors is essentially confirmed by any third party, for example, by the State, the amount of such reimbursement is recognised as an asset.

In accordance with the legislation of Ukraine on the State Budget, the Company transfers funds annually to the budget in order to compensate future costs of decommissioning of nuclear facilities, i. e. financing of a portion of the liabilities in the future to cover cost of decommissioning of nuclear reactors is confirmed by the State. The amount of such compensation is recognised as **a non-current asset in the form**

of funds transferred to the budget to the decommissioning financial reserve. This asset is discounted at the same rate and schedule as the corresponding portion of the recognised provision for decommissioning of the item of property, plant and equipment, except when the maturity dates/period of the liability and the asset are inconsistent. In these financial statements, such asset is included in the item 'Other non-current assets'.

The back-end fuel cost provision mainly includes estimated costs of storage and partial processing of spent nuclear fuel, storage and return of high-level radioactive waste (HRW). The back-end fuel cost provision is estimated based on the estimate of costs discounted at the long-term effective discount rate reflecting the current market estimates of the time value of money at the reporting date.

The Company accounts for buildings, structures and equipment of the ZNPP SFSF, CSFSF (including back-end fuel storage containers) as property, plant and equipment and, therefore, it does not include the cost of these PPE items in the calculation of the back-end fuel cost provision. Information on the signed contracts on future purchase of production equipment and capital construction is disclosed in Note 6.1.

The effect of changes in estimates of terms or of the amount of resource outflows required to settle a liability, or changes in the discount rate is recognised in income or expenses as they arise.

The increase in the back-end fuel cost provision due to passage of time is included as interest expense in finance costs of the period.

The provision for reimbursement of expenses for payment and delivery of fringe benefits (post-employment benefit obligations) relates to the defined benefit state pension plan. The Company is obliged to compensate to the Ukrainian state amounts of fringe benefits payment and delivery as defined by the legislation of Ukraine and paid by the State to employees who worked a certain period of time in hazardous conditions as defined by the statutory regulations. These employees are eligible for early retirement and pensions before reaching the normal retirement age as defined by the statutory regulations. These obligations are paid using cash generated from operations. There are no special plan assets set aside to fund this obligation.

The net obligation in respect of this defined state benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is determined considering various sources of information, including yields at the reporting date on Ukrainian government bonds based on "General Information on Implementation of Domestic Bonds Purchase and Sale on Secondary Market".

The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses, the effect of the asset ceiling and the actual return on plan assets remeasurements are recognised immediately in the statement of financial position through other comprehensive income in the period to which they relate. Interest expense is calculated on the net defined benefit liability by applying the discount rate. Liabilities and expenses for pensions are recognised at the earlier of the dates when the Company can no longer withdraw the offer to pay such amounts or when the Company recognises restructuring costs.

Past-service cost is recognised in the statement of profit or loss and other comprehensive income when the plan is amended.

In addition, SE "NNEGC "Energoatom" has a pension fund programme the Company finances, which provides for the separate **provision for one-off retirement payments**.

The Company makes one-off payments on retirement to employees who have a lengthy period of services in the Company in the amount of up to twenty monthly basic salaries, depending on years of service in the nuclear energy industry. There are no special plan assets set aside to fund this obligation.

The net obligation in respect of these benefits is calculated using the same accounting policies as described above for the defined benefit state pension plan.

Bonuses and other incentive payments are recognised as a liability through charging the provision for subsequent (future) expenses in the reporting period if the work performed by employees during that period entitles them to receive such benefits in the future. **The provision for annual performance bonuses** is raised so that the Company pays remunerations based on annual performance results in accordance with

the terms and conditions of the Collective Agreement. Bonuses are paid after reviewing and summarising the results of the Company's production and commercial performance for the year. The provision is recorded in current liabilities.

The provision for unused vacations is estimated to reimburse subsequent (future) operating expenses for vacation pay. An employee is entitled to annual leave for the completed working year, which starts from the date of the employment contract and, accordingly, the Company assumes obligations for the annual leave entitlement of its employees. Payments that are carried forward and can be used in future periods if the current period's rights are not fully exercised, are cumulative. The liability arises when employees start providing their services that increase their rights to future payments during absence periods.

The provisions related to employee benefits are estimated subject to the unified contribution for mandatory state social insurance.

The Company **recognises revenue** when it satisfies performance obligations by transferring the promised product or service to the customer. The asset is transferred when the customer obtains control thereof.

For each performance obligation, the Company determines at the contract inception whether it fulfils the performance obligation with the passage of time, or whether it satisfies this performance obligation at a certain point in time. If the Company does not comply with the performance obligation with the passage of time, the performance obligation is met at a certain point in time.

Control over the asset means the ability to control its use and receive virtually all other associated benefits. Control includes the ability to prohibit other business entities from managing the use of the asset and receiving associated benefits. Benefits from the asset are potential cash flows (cash inflows or outflow of cash savings) that can be obtained directly or indirectly by:

- a) use of an asset to manufacture goods or provide services (including state services);
- b) use of an asset to increase the cost of other assets;
- c) use of an asset to settle an obligation or decrease costs;
- d) asset sale or exchange;
- e) pledge of an asset as collateral;
- f) holding an asset.

Revenue from contracts with customers is recognised based on the five-step model as follows:

- Step 1: Identifying the contract;
- Step 2: Identifying of performance obligations within the contract;
- Step 3: Determining the transaction price;
- Step 4: Allocating the transaction price to performance obligations;
- Step 5: Recognising revenues.

Revenue from electricity sales under electricity supply contracts is defined by the Company as a performance obligation that is satisfied over time as the transmission took place of a series of separate goods or services that are essentially the same and passed on to the customer under the same scheme.

During the reporting and prior periods, the Company sold electricity according to the Law of Ukraine on Electric Energy Market dated 13 April 2017 No. 2019-VIII (as amended) (the "Law No. 2019), the Market Rules, the Day-ahead Market and Intraday Market Rules. The Company sells electricity in all segments of the electricity market across Ukraine.

Revenue from sales is recognised net of value added tax, excise tax and other similar mandatory payments.

The stage of completion of the provision of services (performance of works) of other sales is also estimated by the result-oriented method.

The Company applies a practical expedient that does not require a mandatory adjustment of the promised amount of consideration in order to account for a significant financing component if the period

expected between the transfer of products (works, services) to the client and the time of payment to be no more than one year. In addition, the Company applies a practical expedient according to which additional costs of obtaining a contract with client are not capitalised, if the period of the contract execution does not exceed one year.

Leases of assets are accounted for in accordance with IFRS 16, Leases. Where the Company is a lessee under the lease contract, an asset is recognised as the right-of-use asset under the cost model with a lease payment liability recognised and discounted using the interest rate implicit in the lease. Assets as the right-of-use assets are depreciated using a straight-line basis. Rent components are accounted for as other non-current assets separately from non-rent components. Exemption from the lease recognition applies to short-term leases and leases of low-value assets within the materiality of UAH 150 thousand for the underlying lease asset when it is new. As at 31 December 2022, the Company accounts for the right-of-use assets, in particular, office premises.

As of the end of the reporting year, the Company as a lessor leased out the following groups of property, plant and equipment: buildings, structures and transmitting devices, machinery and equipment, vehicles, instruments, implements (furniture), fixtures and other property, plant and equipment.

Leases in which the Company retains substantially all the risks and rewards of ownership of the underlying asset are classified as operating leases. Leases are classified at the lease commencement date and can change upon lease modification.

The Company recognises operating lease payments as income on a straight-line basis as this approach reflects a pattern of benefits from the use of the underlying asset.

Government grants and assets received for free are recognised as deferred income when there is reasonable assurance that the grant or the asset will be received and that the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit on a systematic basis in the same periods in which the expenses are recognised. Assets received for free are carried at fair value. The cost of current assets received for free, current and non-current assets recognised on the basis of the stock-taking results is recognised in profit simultaneously with the asset recognition at fair value. Grants that compensate the cost of an asset acquired by the Company or the cost of non-current assets received for free are recognised in profit on a systematic basis over the useful life of the asset in proportion to depreciation charged.

Free transfer of property by the decision of the body authorised to manage the state-owned property or a local government body is recognised in expenses of the reporting period.

Finance income comprises interest income on funds invested. Interest income is recognised in income on an accrual basis using the effective interest rate method.

Finance costs comprise interest expenses on borrowings, leased assets and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset that meets the specific criteria are recognised in expenses using the effective interest method.

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost using the effective interest rate method.

Capitalisation of borrowing costs. General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets, if the commencement date for capitalisation is on or after 1 January 2009.

The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets.

Capitalisation is applied to costs of:

- borrowings directly attributable to creation of a qualifying asset (on a monthly basis);
- borrowings not directly attributable to creation of a qualifying asset (on a quarterly basis).

Finance costs that are not attributable to creation of a qualifying asset are not capitalised.

In addition to accrued interest on borrowings, capitalisation is also applied to costs for the issue of government guarantees and costs for one-off commission fees paid (monthly write-off of the cost of unwinding of discount).

The Company raises foreign currency-denominated borrowings but foreign exchange differences are not considered a component of finance costs for borrowings for capitalisation purposes.

Borrowing costs capitalised are calculated at the Company's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

Gains and losses on a net basis are recognised on the following transactions:

- foreign currency sales and purchases;
- foreign exchange differences;
- initial recognition and fair value gains/losses on assets carried at fair value;
- other sale of non-current assets held for sale, inventories, works, services, leases;
- impairment losses, impairment/gain on impairment reversal of assets previously impaired;
- fines, penalties and forfeit charged and received;
- increase/decrease of the allowance for expected credit losses;
- current government guarantees and expenses associated with the conditions of receipt of those guarantees;
- changes in estimates of the back-end fuel cost and decommissioning provisions;
- interest expenses on the decommissioning provision and interest income on the decommissioning asset;
- upward revaluation as part of the previous downward revaluation/downward revaluation of non-current assets;
- write-off on non-current assets and replacement of separate parts (components) of property, plant and equipment items.

Mandatory allocation of a share of profit to the State Budget in accordance with regulatory documents is recognised as a decrease in accumulated retained earnings or an increase in accumulated deficit in the period to which the profit relates.

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and is estimated on the basis of tax rates that are expected to be applied to temporary differences as they are reversed, in accordance with laws that are enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are

reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Statement of Cash Flows is prepared under the direct method. Interest paid and other finance costs related to borrowings are split between investing and financing activities in proportion to actual expenses incurred, which are capitalised or included in current expenses, respectively. Income tax paid is recorded in cash flows from operating activities, and the paid share of net profits of state-owned enterprises transferred to the State Budget is recorded as dividends paid in cash flows from financing activities.

3.2 Changes in accounting policies

During 2022, the accounting policies were changed in respect of estimates of the materiality threshold of certain items for disclosure purposes and the Procedure for determining (estimating) discount rates was updated whereby unwinding of the discount on long-term provisions should be based on the rate reflecting current market estimates of the time value of money (the nominal rate not decreased by the inflation forecast). The accounting policies have also been brought in conformity with the related party regulation according to the charter of SE NNEGC "Energoatom" and applicable Ukrainian legislation.

4. New and revised Standards and Interpretations

4.1 New and revised Standards and Interpretations

The Company adopted new and revised Standards and Interpretations and amendments to them for accounting periods beginning on or after 1 January 2022.

The following amended Standards became effective in 2022, but did not have a material impact on the Company:

- Amendments to IFRS 3, *Business Combinations*, IAS 16, *Property, Plant and Equipment*, IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and Annual Improvements to IFRSs 2018-2020.

4.2 IFRS and Interpretations not yet applied

Certain new Standards and Interpretations have been issued that are effective for the Company in annual periods beginning on or after 1 January 2023 or later, which the Company has not adopted early.

Standards issued:

- Amendments to IAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (issued on 23 January 2020 and 15 July 2020 effective for annual periods beginning on or after 1 January 2024);
- Amendments to IAS 1, *Presentation of Financial Statements – Non-current Liabilities with Covenants* (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024);
- Amendments to IFRS 16, *Leases – Lease Liability in a Sale and Leaseback* (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024);
- Amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2: *Disclosure of Accounting Policies* (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12, *Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023);
- IFRS 17, *Insurance Contracts* (issued on 18 May 2017, as amended on 25 June 2020, and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 17, *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9* –

Comparative Information (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

5. Correction of errors and changes in the financial statements

Based on audit findings for the Company's financial statements for the year ended 31 December 2021 as the reporting period, the auditor LLC "PricewaterhouseCoopers (Audit)" expressed a number of comments to policies and approaches applied by the Company in maintaining accounting records and preparing the financial statements. The auditor's findings have been addressed resulting in the correction of errors made in the prior year financial statements and changes introduced in the accounting policies.

The errors specifically relate to:

- an understatement of the revaluation reserve amount due to incorrect retrospective application of the transition method to account for property, plant and equipment using the revaluation model, which also resulted in an excessive recognition of expenses in 2020 as part of movements in the provision for decommissioning costs;
- the underestimated amount of the back-end fuel cost provision (SNF) due to an inclusion of costs for maintaining SNF storage facilities in the estimate only after 2055;
- incorrect unwinding of discount on non-current provisions and the asset related to the financial reserve for decommissioning of nuclear reactors (the asset related to the Financial Reserve for Decommissioning) at the real rate (decreased by the inflation forecast), which also resulted in misrepresentation of movements in the provision for decommissioning costs as part of the revaluation reserve;
- inaccurate determination of the Part of the net profit payable to the State budget for reasons stated above.

Furthermore, other minor errors were identified and corrected retrospectively in 2022.

Corrections of errors and application of changes to the accounting policies have been performed retrospectively with restatements made in the Statement of Financial Position, Statement of Financial Results (Statement of Comprehensive Income), Statement of Cash Flows and Statement of Changes in Equity for prior years.

According to IAS 1, *Presentation of Financial Statements*, correction of errors and changes in the accounting policies are presented in these financial statements by adjusting the opening balance as at 1 January 2021, restating figures as at 31 December 2021 and providing the restated comparative information for the year ended 31 December 2021.

The total amount of assets of the Company as at 1 January 2021 after adjustments decreased by UAH 375 199 thousand to UAH 230 933 486 thousand. The total amount of assets of the Company as at 31 December 2021 after adjustments increased by UAH 310 983 thousand to UAH 236 928 446 thousand.

The total amount of liabilities and provisions of the Company as at 1 January 2021 after adjustments increased by UAH 3 506 346 thousand to UAH 113 930 243 thousand. The total amount of liabilities and provisions of the Company as at 31 December 2021 after adjustments increased by UAH 3 521 178 thousand to UAH 107 378 573 thousand.

The financial result before taxation (based on accounting data) after adjustments has changed as follows: profit for 2021 decreased by UAH 931,416 thousand to UAH 6,416,020 thousand.

The net financial result (based on accounting data) after adjustments has changed as follows: 2021 opening accumulated deficit increased by UAH 139,630,911 thousand to UAH 183,780,776 thousand and net profit for 2021 decreased by UAH 761,727 thousand to UAH 5,152,757 thousand.

In the reporting period, adjustments were made to balances in the Statement of Financial Position as at 31 December 2021 and 1 January 2021 for the following items:

State Enterprise "National Nuclear Energy Generating Company "Energoatom"
Financial statements for the year ended 31 December 2022

Balance Sheet item	Note	thousands UAH					
		31 December 2021	31 December 2021, as restated	Restatement	31 December 2020	1 January 2021, as restated	Restatement
Construction-in-progress	a	20,767,514	20,738,846	(28,668)	19,627,224	19,599,428	(27,796)
Other non-current assets	b	5,646,466	4,599,287	(1,047,179)	6,094,565	4,944,505	(1,150,060)
Accounts receivable for settlements with the budget	c	4,170	1,391,000	1,386,830	329,473	1,132,130	802,657
including corporate profit tax receivable	c	981	981	-	327,873	345,112	17,239
Revaluation reserve	d	9,672,295	146,246,498	136,574,203	142,099	135,891,465	135,749,366
Retained earnings (accumulated deficit)	a, b, c, d, e, f	(41,804,781)	(181,589,179)	(139,784,398)	(44,149,865)	(183,780,776)	(139,630,911)
Deferred tax liabilities	f	9,882,240	9,109,546	(772,694)	9,489,894	8,720,210	(769,684)
Long-term provisions	e	28,328,144	32,360,651	4,032,507	38,484,197	42,523,427	4,039,230
Current accounts payable for settlements with the budget	c	6,359,290	6,360,413	1,123	1,372,648	1,372,648	-
including liability on corporate profit tax	c	1,154,760	1,155,883	1,123	-	-	-
Current provisions	e	2,847,237	3,107,479	260,242	2,664,937	2,901,737	236,800

a) The carrying amount of the construction-in-progress is decreased by the amount of the land tax, depreciation charge and services received, which should have been expensed: by UAH (27,796) thousand as at 1 January 2021 and by UAH (28,668) thousand as at 31 December 2021.

b) An adjustment to the carrying amount of the asset related to the financial reserve for decommissioning through application of the nominal discount rate: UAH (1,150,060) thousand as at 1 January 2021 and UAH (1,047,179) thousand as at 31 December 2021.

c) Adjustments to accounts receivable for settlements with the budget due to the retrospective adjustment of net profit after tax and, as a result, adjustments of the deduction of the part of net profit for prior years (specifically, a decrease in deduction of the part of net profit for 2019 by UAH 785,418 thousand and for 2021 by UAH 601,412 thousand). Adjustments of accounts receivable and accounts payable with the budget on corporate profit tax (specifically, an increase in the tax liability on corporate profit tax for 2019 by UAH 29,985 thousand and for 2021 by UAH 18,362 thousand, and a decrease in the tax liability on corporate profit tax for 2020 by UAH 47,224 thousand).

d) Adjustment to the revaluation reserve of property, plant and equipment due to incorrect retrospective application of the transition method to account for property, plant and equipment using the revaluation model, as well as correction of revaluation reserve due to change in provision for decommissioning costs, that was recognised as expenses for respective period. The total change in the revaluation reserve amounts to UAH 135,749,366 thousand as at 1 January 2021 and UAH 136,574,203 thousand as at 31 December 2021 (includes both reclassification from retained earnings (accumulated deficit), and presentation of change in provision for decommissioning costs through revaluation reserve). Adjustments to non-current and current portions of the provisions for costs of SNF storage in CSFSF and SFSF at the Zaporizhzhya NPP due to recalculation and inclusion in the estimate of costs for provisioning for SNF storage period till 2055: UAH 4,276,030 thousand as at 1 January 2021 and UAH 4,292,749 thousand as at 31 December 2021.

e) Changes in the provision amounts resulted in corresponding adjustments to deferred tax liabilities: UAH (769,684) thousand as at 1 January 2021 and UAH (772,694) thousand as at 31 December 2021.

Income and expense items and other comprehensive income were restated retrospectively in the reporting period. Items in the Statement of Financial Results (Statement of Comprehensive Income) for the comparative period – year 2021 have been adjusted as follows:

Items of the Statement of Financial Results (Statement of Comprehensive Income)	Note	2021	2021, as restated	thousands UAH Restatement
I. FINANCIAL RESULTS				
Cost of sales of goods, works and services	a	(46,051,129)	(45,458,207)	592,922
Other operating income	a	3,288,030	3,183,725	(104,305)
Administrative expenses	b	(1,793,406)	(1,794,278)	(872)
Financial expenses	c	(3,852,497)	(5,271,658)	(1,419,161)
Income tax expense (benefit)	a, b, c	(1,432,952)	(1,263,263)	169,689

Items of the Statement of Financial Results (Statement of Comprehensive Income)	Note	2021	2021, as restated	Restatement
II. COMPREHENSIVE INCOME				
Upward (downward) revaluation of non-current assets	d	11,626,216	12,642,922	1,016,706
Income tax arising on upward (downward) revaluation	e	(2,092,886)	(2,277,927)	(185,041)
III. ELEMENTS OF OPERATING EXPENSES				
Material costs	f	39,714,360	16,328,695	(23,385,665)
Other operating expenses	a, b, f	7,544,153	30,337,768	22,793,615

a) The cost of sales and other operating income are decreased due to inclusion of changes in the applied discount rate and estimated future costs as at 31 December 2021 in the recalculated amount of the back-end fuel cost provisions.

b) The tax on land included in the construction-in-progress in 2021 was included in administrative expenses.

c) Financial expenses are increased through unwinding of discount on the decommissioning provision at the recalculated amount of the back-end fuel cost provisions, and financial expenses are decreased as a result of discounting of the asset related to the financial reserve for decommissioning of nuclear reactors at the nominal rate.

d) Adjustments to the revaluation reserve due to changes in the provisions for decommissioning costs.

e) Corresponding adjustments to deferred tax liabilities as a result of an adjustment to the revaluation reserve.

f) Transfer of material costs to other operating expenses of the electricity accessibility service for household consumers.

Also, in 2022, transactions related to provision of the returnable financial aid in 2021 have been reclassified from financing activities to investing activities with restated presentation in the Statement of Cash Flows for the following items:

Items of the Statement of Cash Flows	2021	2021, as restated	thousands UAH Restatement
II. Cash flows from investing activities			
Expenditure to provide loans, advances on capital investments	(666,121)	(1,166,121)	(500,000)
III. Cash flows from financing activities			
Other payments	(569,805)	(69,805)	500,000

6. Non-current assets

6.1 Property, plant and equipment

The Company applies the following judgements and estimates to account for property, plant and equipment.

The Company is an operator of nuclear power plants under licences issued by the State Nuclear Regulation Committee of Ukraine. These licences provide for a 30-year useful life of each nuclear reactor starting from the date of putting it into operation. The possibility of extending the useful life of nuclear reactors is envisaged in the Energy Strategy of Ukraine until 2035 approved by the Cabinet of Ministers of Ukraine's Decree No. 605-r dated 18 August 2017.

The Company was able to extend the validity period of the existing licences for operation of units No. 1 and No. 2 of the Rivne NPP in 2010 for 20 years, unit No. 1 of the Pivdennoukrainska NPP in 2013 for 10 years and unit No. 2 of the Pivdennoukrainska NPP in 2015 for 10 years, units No. 1 and No. 2 of the Zaporizhzhya NPP in 2016 for 10 years, unit No. 3 of the Zaporizhzhya NPP in 2017 for 10 years, unit No. 4 of the Zaporizhzhya NPP in 2018 for 10 years, unit No. 3 of the Rivne NPP in 2018 for 20 years, unit No. 1 of the Khmelnytsky NPP in 2019 for 10 years, and unit No. 3 of the Pivdennoukrainska NPP in 2019 for 10 years. In early 2021, a licence for continued operation of the nuclear power unit No. 5 of the Zaporizhzhya NPP was obtained with the date of the next periodic safety reassessment before 27 May 2030.

In 2022, measures were taken to substantiate the feasibility of further operation of the unit No. 1 of the SS "PNPP" during the long-term operation period under the Programme on taking measures to substantiate the feasibility of further operation of the unit No.1 of SS "PNPP" over the long-term operation period. According to the above programme, 54 engineering measures were planned out of which 32 measures have been completed and 22 measures are in progress.

In addition, efforts were made to prepare for the work on substantiation of the feasibility of further long-term operation of units No.1 and No. 2 of SS "ZNPP" and No. 2 of SS "PNPP". Relevant programmes on taking measures to substantiate the feasibility of further operation of the above units have been developed and are in the process of approval by Derzhatomreguluvannya of Ukraine.

Management believes that all technical tests and works (including subsequent periodic safety reassessments) will be successfully completed and licences will be obtained to operate all nuclear reactors beyond the design lifetime during 20 years. Given the above, the Company applies the useful life of not less than 50 years to calculate depreciation for all nuclear power units. A nuclear power unit comprises items that primarily relate to groups of property, plant and equipment, such as building, structures and transmission devices, and machinery and equipment.

Below are presented estimated useful lives of property, plant and equipment:

Groups of property, plant and equipment	31 December 2022		31 December 2021	
	min	max	min	max
Buildings	8	130	8	130
Structures and transmission devices	3	125	3	125
Machinery and equipment	2	100	2	100
Transport vehicles	5	49	5	49
Instruments, implements and fixtures	2	70	2	70
Other fixed assets	1	65	1	65

Movements of property, plant and equipment for the years 2022 and 2021 are as follows:

Notes	Cost	Depreciation	thousands UAH Book value
As at 31 December 2020	518,416,422	(356,421,560)	161,994,862
Additions, including	11,779,168	-	11,779,168
commissioned from CIP assets	3,051,238	-	3,051,238
incl. CIP assets received for free	47,417	-	47,417
PPE items received for free	2,345	-	2,345
reconstruction, modernisation	8,717,317	-	8,717,317
recognised from stock-count results and other	8,268	-	8,268
Transfers to/from investment property	14,778	(11,397)	3,381
PPE disposals during the year	(685,776)	515,547	(170,229)
transfers to non-current assets held for sale (net amount)	(7,512)	3,373	(4,139)
write-offs	(651,084)	492,422	(158,662)
transfers for free	(27,180)	19,752	(7,428)
Impairment (-)/reversal of impairment (+)	-	(16,872)	(16,872)
incl. through revaluation reserve	-	(5,232)	(5,232)
Depreciation charge	-	(9,244,886)	(9,244,886)
As at 31 December 2021	529,524,592	(365,179,168)	164,345,424
Additions, including	7,282,730	-	7,282,730
commissioned from CIP assets	3,614,071	-	3,614,071
incl. CIP assets received for free	70,445	-	70,445
PPE items received for free	429	-	429
reconstruction, modernisation	3,663,633	-	3,663,633

	Notes	Cost	Depreciation	Book value
recognised form stock-count results and other		4,597	=	4,597
Transfers to/from investment property		5,211	(2,698)	2,513
PPE disposals during the year		(324,333)	246,847	(77,486)
write-offs		(293,134)	230,552	(62,582)
transfers for free	a)	(31,199)	16,295	(14,904)
Impairment (-)/reversal of impairment (+)	b)	-	(13,228)	(13,228)
incl. through revaluation reserve		-	(45)	(45)
Depreciation charge		-	(9,762,916)	(9,762,916)
As at 31 December 2022		536,488,200	(374,711,163)	161,777,037

Below is provided a detailed disclosure of movements in property, plant and equipment (PPE items) during the reporting period:

a) In 2022, assets were transferred for free according to the decision of the authorised governing body. For 2022, total transfers comprise PPE items carried at UAH 14,904 thousand (cost of UAH 31,190 thousand), including:

- an engineering infrastructure facility and property-equipment of SS "RNPP" transferred under the decision of the authorised governing body to communal ownership of local territorial communities in the Riven region with the carrying amount of UAH 8,401 thousand (cost of UAH 11,243 thousand);

- an improvement facility of SS "PNPP" transferred under the decision of the authorised governing body in communal ownership of the South-Ukraine community with the carrying amount of UAH 48 thousand (cost of UAH 116 thousand);

- engineering infrastructure and improvement facilities (real estate properties) of SS "KhNPP" transferred under the decision of the authorised governing body for management by the Khmelnytsky Regional State Administration on the balance sheet of the state institution "Local Roads Service of the Khmelnytsky Region" and in communal ownership of the Netyshyn City Council with the carrying amount of UAH 6,455 thousand (cost of UAH 19,840 thousand);

b) As required by IAS 36, *Impairment of Assets*, the Company tests assets for whether an indication of impairment of assets exists, whether assets can be used subsequently as intended, etc. Based on the analysis performed, PPE items are impaired by UAH 13,228 thousand (impairment of UAH 11,846 thousand is impairment of non-current assets recorded by SS "ZNPP" due to their destruction/demolition resulting from the RF military aggression, specifically the Training Centre, building B.

Movements of property, plant and equipment by group of property, plant and equipment for the years 2022 and 2021 are as follows:

	Land plots	Buildings, structures and transmission devices	Machinery and equipment	Transport vehicles	Other fixed assets	thousands UAH Total
Historical revalued amount						
As at 31 December						
2020	439	138,831,626	373,201,996	3,125,627	3,256,734	518,416,422
Additions	-	874,337	10,213,266	532,234	159,331	11,779,168
Transfers and reclassification*	-	31,520	(21,721)	-	4,979	14,778
Disposals	-	(50,274)	(605,034)	(2,271)	(28,197)	(685,776)
As at 31/12/2021	439	139,687,209	382,788,507	3,655,590	3,392,847	529,524,592
Additions	-	1,072,332	6,014,778	61,770	133,850	7,282,730
Transfers and reclassification*	-	6,374	(45,432)	42,685	1,584	5,211
Disposals	-	(30,247)	(274,617)	(584)	(18,885)	(324,333)
As at 31 December 2022	439	140,735,668	388,483,236	3,759,461	3,509,396	536,488,200

State Enterprise "National Nuclear Energy Generating Company "Energoatom"
Financial statements for the year ended 31 December 2022

	Land plots	Buildings, structures and transmission devices	Machinery and equipment	Transport vehicles	Other fixed assets	Total
Accumulated depreciation and impairment loss						
As at 31 December 2020	-	(93,157,071)	(258,483,980)	(2,381,076)	(2,399,433)	(356,421,560)
Transfers and reclassification*	-	(24,095)	16,066	-	(3,368)	(11,397)
Impairment	-	(16,869)	-	-	(3)	(16,872)
Depreciation charge incl. under the production method**	-	(2,557,035)	(6,499,971)	(61,260)	(126,620)	(9,244,886)
Disposals	-	36,553	456,714	2,258	20,022	515,547
As at 31/12/2021	-	(95,718,517)	(264,511,171)	(2,440,078)	(2,509,402)	(365,179,168)
Transfers and reclassification*	-	(2,437)	42,340	(41,120)	(1,481)	(2,698)
Impairment	-	(5,958)	(1,366)	(2,784)	(3,120)	(13,228)
Depreciation charge incl. under the production method**	-	(2,579,996)	(6,962,178)	(80,024)	(140,718)	(9,762,916)
Disposals	-	14,665	212,716	584	18,882	246,847
As at 31 December 2022	-	(98,292,243)	(271,219,659)	(2,563,422)	(2,635,839)	(374,711,163)
Net carrying amount						
At 31 December 2020	439	45,674,555	114,718,016	744,551	857,301	161,994,862
At 31 December 2021	439	43,968,692	118,277,336	1,215,512	883,445	164,345,424
At 31 December 2022	439	42,443,425	117,263,577	1,196,039	873,557	161,777,037

*The reclassification results in the value of property, plant and equipment transferred from investment property.

**The production method of depreciation charge is used for a part of property, plant and equipment items by Atomremontservice and Atomenergomash.

The fair value of property, plant and equipment was determined by professional independent appraisers as at 31 August 2012 and is consistent with Level 3 of the fair value hierarchy.

The following approaches were applied during the independent valuation:

- Cost method for determining the value of land improvements, structures, transmission equipment and process equipment: a direct reproduction method for unique real estate items, replacement method;
- Comparative approach to land improvements, process equipment, transport, special equipment, office equipment: direct comparison method, pair comparison method;
- Income approach: discounted cash flow method.

A combined approach was used in valuation of wheeled vehicles and specialised vehicles.

Based on the estimate of the Company management as at 31 December 2021, the carrying amount of property, plant and equipment does not differ significantly from their fair value. Measurement of the expected recoverable amount of property, plant and equipment, construction in progress and intangible assets as at 31 December 2022 is disclosed in Note 6.3.

As required by IAS 16, Property, Plant and Equipment, the Company provides additional disclosures of non-current assets:

	31 December 2022	thousands UAH 31 December 2021
Historical (revalued) cost of property, plant and equipment fully depreciated	12,733,426	12,161,227
Historical cost of property, plant and equipment disposed for sale	-	7,512
Historical cost/Depreciation of property, plant and equipment with restricted right of ownership (including in the AR Crimea)	135,287	135,287
Historical cost of property, plant and equipment held under tax lien	-	91,934

Impairment of property, plant and equipment held under tax lien	-	(33,246)
Cost of property, plant and equipment leased (short-term lease and lease of low-value assets)	1,990	2,019

In the statement of profit or loss and other comprehensive income, depreciation of property, plant and equipment was included in the following items:

	2022	2021
Operating expenses:	9,751,093	9,225,269
Cost of sales	9,648,026	9,155,354
Administrative expenses	31,634	21,475
Distribution costs	1,674	1,646
Other operating expenses	39,560	33,558
Change of work-in-progress	30,199	13,236
In addition:	11,823	19,617
depreciation of capital investments	11,657	19,617
other expenses	166	-

Movements of assets under construction (construction-in-progress (CIP)) for the years 2022 and 2021 are as follows:

	Construction -in-progress	Acquisition (production) PPE items	intangible assets	Total
As at 1 January 2021*, including	18,513,568	888,175	197,685	19,599,428
Cost	19,020,257	909,871	197,685	20,127,813
Impairment of CIP	(506,689)	(21,696)	-	(528,385)
Investments for the reporting period*, incl.	10,590,033	2,379,477	139,397	13,108,907
capitalised finance costs	382,114	-	-	382,114
assets received for free	131,914	1,419	7,094	140,427
Disposal of capital investments, incl.	(9,399,678)	(2,474,864)	(94,947)	(11,969,489)
increase in cost of non-current assets	(9,293,763)	(2,474,792)	(94,621)	(11,863,176)
incl. assets received for free	(45,998)	(1,419)	(7,094)	(54,511)
write-offs	(13)	-	-	(13)
impairment	(647)	-	-	(647)
transfers to non-current assets held for sale	(829)	(12)	-	(841)
incl. through impairment	-	(5)	-	(5)
transfer to inventories	(104,426)	(60)	(326)	(104,812)
As at 31 December 2021*, including	19,703,923	792,788	242,135	20,738,846
Cost	20,211,259	814,484	242,135	21,267,878
Impairment of CIP	(507,336)	(21,696)	-	(529,032)
Investments for the reporting period, incl.	6,559,857	1,033,346	119,584	7,712,787
capitalised finance costs	502,813	-	-	502,813
assets received for free	10,920	35,554	-	46,474
Disposal of capital investments, incl.	(6,207,356)	(1,152,021)	(35,793)	(7,395,170)
increase in cost of non-current assets	(6,127,169)	(1,150,535)	(35,793)	(7,313,497)
incl. assets received for free	(42,858)	(27,587)	-	(70,445)
write-off (carrying amount)	(208)	-	-	(208)
impairment	(9,371)	(923)	-	(10,294)
transfers for free by the decision of the appropriate government body b)	-	(971)	-	(971)
transfer to/from inventories	(70,608)	408	-	(70,200)
As at 31 December 2022, including	20,056,424	674,113	325,926	21,056,463
Cost	20,573,131	696,732	325,926	21,595,789
Impairment of CIP	(516,707)	(22,619)	-	(539,326)

* restated as at 1 January 2021 and 31 December 2021, the basis for restatement is described in Note 5.

As required by IAS 36, *Impairment of Assets*, during the annual stock-count, non-current assets were assessed on an individual basis for obsolescence, possibility of the subsequent use as intended, etc. Base on the analysis performed, assets under construction were impaired by UAH 10,294 thousand in 2022 (2021: UAH 652 thousand), including impairment of UAH 5,019 thousand being impairment of assets under construction of the Zaporizhzhya NPP due to destruction/demolition resulting from the RF military aggression (specifically, the CIP item "Training Centre. Building B" and the item "Reconstruction of the Training Centre, building B"), and impairment of assets under construction of Pivdennoukrainska NPP in the amount of UAH 4,602 thousand.

b) Assets under construction that were transferred for free in 2022 and property and equipment of SS "Emergency Centre" that were transferred by the decision of the authorised governing body for management by the State Agency of Ukraine on Exclusion Zone Management with the carrying amount of UAH 971 thousand (cost of UAH 971 thousand).

As at 31 December 2022 and 2021, property, plant and equipment were not pledged as collateral for loans and borrowings.

As at 31 December 2022, the Company accounts for contracts on future purchase of production equipment and capital construction in the amount of UAH 18,788,625 thousand (2021: UAH 16,772,402 thousand).

Information about the net carrying amount of property, plant and equipment at historical cost is not disclosed in these notes as, given paragraph QC35 of the Conceptual Financial Reporting Framework, estimates needed to receive such information require from the Company excessive costs and efforts (maintenance of the third type of accounting in addition to financial and tax accounting), which, in the Company's opinion, are not justified by benefits from submission of the above information.

6.2 Intangible assets

Intangible assets are presented in the financial statements as the rights to use property (perpetual rights to use land), copyrights and related rights (the cost of rights to use certain technologies for production and organisation of production, sets of design and technical documentation), computer software programmes and other intangible assets (licences, permits, patents, etc.). The table below shows useful lives of intangible assets in 2022 and 2021:

Groups of intangible assets	31 December 2022		31 December 2021	
	min	max	min	max
Right to use property	-	-	-	-
Copyright and related rights	2	20	2	14
Computer software	2	30	2	30
Patents, licences and other intangible assets	2	29	2	29

Movements of intangible assets for 2022 (as restated) are as follows:

Groups of intangible assets	31 December 2021	Additions	Disposals	thousands UAH	
				Amortisation charge	31 December 2022
Rights to use property	4,127	305	(19)	-	4,413
Rights to trade names	32	-	-	(6)	26
cost	43	-	-	-	43
amortisation	(11)	-	-	(6)	(17)
Copyright and related rights	19,018	2,409	-	(1,447)	19,980
cost	39,184	2,409	-	-	41,593
amortisation	(20,166)	-	-	(1,447)	(21,613)
Computer software	332,810	15,188	-	(52,865)	295,133
cost	622,590	15,188	(2,863)	-	634,915
amortisation	(289,780)	-	2,863	(52,865)	(339,782)

State Enterprise "National Nuclear Energy Generating Company "Energoatom"
Financial statements for the year ended 31 December 2022

Groups of intangible assets	31 December 2021	Additions	Disposals	Amortisation charge	31 December 2022
Other intangible assets	6,494	17,891	(4)	(917)	23,464
cost	12,985	17,891	(10)	-	30,866
amortisation	(6,491)	-	6	(917)	(7,402)
Total	362,481	35,793	(23)	(55,235)	343,016
cost	678,929	35,793	(2,892)	-	711,830
amortisation	(316,448)	-	2,869	(55,235)	(368,814)

Movements of intangible assets for 2021 are as follows:

Groups of intangible assets	31 December 2020	Additions	Disposals	Amortisation charge	Other changes	thousands UAH 31 December 2021
Rights to use property	4,083	85	(41)	-	-	4,127
Rights to trade names	8	29	-	(5)	-	32
cost	14	29	-	-	-	43
amortisation	(6)	-	-	(5)	-	(11)
Copyright and related rights	60,096	11,781	-	(1,887)	(50,972)	19,018
cost	121,972	11,781	-	-	(94,569)	39,184
amortisation	(61,876)	-	-	(1,887)	43,597	(20,166)
Computer software	253,778	80,356	-	(51,416)	50,092	332,810
cost	456,371	80,356	(2,663)	-	88,526	622,590
amortisation	(202,593)	-	2,663	(51,416)	(38,434)	(289,780)
Other intangible assets	1,003	4,989	(3)	(375)	880	6,494
cost	1,957	4,989	(4)	-	6,043	12,985
amortisation	(954)	-	1	(375)	(5,163)	(6,491)
Total	318,968	97,240	(44)	(53,683)	-	362,481
cost	584,397	97,240	(2,708)	-	-	678,929
amortisation	(265,429)	-	2,664	(53,683)	-	(316,448)

In the statement of profit or loss and other comprehensive income, amortisation of intangible assets is included in the following items:

	thousands UAH 2022	thousands UAH 2021
Operating expenses:	54,911	53,057
Cost of sales	54,091	52,470
Administrative expenses	217	254
Other operating expenses	23	449
Change of work-in-progress	580	(116)
Plus amortisation of capital investments	324	626

No impairment indication of intangible assets was identified as at 31 December 2022 and 31 December 2021.

As at 31 December 2022, the Company accounts for contracts on the future purchase of intangible assets in the amount of UAH 113,347 thousand (2021: UAH 60,873 thousand).

6.3 Measurement of the expected recoverable amount of property, plant and equipment, construction in progress and intangible assets

The previous revaluation of property, plant and equipment was conducted as at 31 August 2012, however, management performed an impairment test of property, plant and equipment as at 31 December 2022.

As at 31 December 2022, management considered Zaporizhzhya NPP to be a separate cash generating unit for which the recoverable amount of assets cannot be estimated due to an absence of safe access to all facilities of the plant (Note 1.2) and an uncertainty of further developments of the military situation and timing of recommencing electricity generation and, consequently, inflow of economic benefits by Zaporizhzhya NPP.

As at 31 December 2022, management estimated the recoverable amount of all other PPE items, construction in progress and intangible assets totalling UAH 126,826,390 thousand by applying value in use model at the cash generating unit level taking all other assets of the entity as a whole as a cash generating unit (except Zaporizhzhya NPP). In particular, an analysis of discounted cash flows before income tax was prepared on the basis of assumptions affecting the expected income and expense items and the discount rate. Based on this value in use estimate, SE NNEGC "Energoatom" determined that the recoverable amount of the related assets exceeds the carrying amount by UAH 19,967,838 thousand.

In performing the analysis, management prepared cash flow projections based on the approved budget targets for 2023 and the expected key targets for subsequent periods. Cash flows were discounted using the weighted average cost of capital at rates of 31.36% for 2023 – 2027 and 22.14% for subsequent periods. If the discount rate in all periods were 1% higher, this would result in a decrease of the recoverable amount of property, plant and equipment by UAH 12,496,121 thousand.

Cash flows were calculated using the projected consumer price index and producer price index based on Economist Intelligence Unit data calculated for Ukraine. As the producer price index is calculated only until 2027, starting from 2028, the producer price index is assumed to approximate the consumer price index. As part of the estimation, an assumption was made that price growth indexes approximated, on average, 108% annually in the period to 2027 and 106% - 107% in the period from 2028 to 2033 followed by a gradual decline to approximately 105% in 2049 and further to approximately 105% in the period from 2050 to 2055.

Below are the other key assumptions used:

Electricity prices. Management assumes that the increase in the weighted average price of electricity sold by the Company will correlate with the producer price index and the projected growth rates stated above. If the weighted average price of electricity in all forecast periods were 1% lower, this would result in a decrease of the recoverable amount of property, plant and equipment by a total amount of UAH 6,365,364 thousand.

Generation output. Management assumes that the generation output in 2023 - 2026 will correspond to the generation output considered in the Electricity cost production budget for 2023 approved by management and is based on an assumption that no significant adverse developments of military activities will occur and nuclear power plants will continue operating the available nuclear power units as at 31 December 2022, subject to extended timing of the repair campaign for nuclear power units. In 2027, the generation output is expected to increase by 13% remaining at the same level until 2031, when the planned decommissioning of the first nuclear power unit is expected. From 2031 to 2055, the generation output will be adjusted for a percent of the total installed capacity decrease due to the planned decommissioning of nuclear power units. If the expected generation output were 1% lower than assumed by management for all forecast periods, this would result in a decrease of the recoverable amount of property, plant and equipment by the total amount of UAH 5,799,993 thousand.

Electricity accessibility service (PSO) for household consumers. The cost of the PSO for household consumers for 2023 is estimated considering the legislative framework and the forecast of the growth in the electricity price for household consumers by 88% starting from June 2023. Given that the legislation sets forth the temporary electricity accessibility obligation and, at the time of the estimate, no legislative framework is available to continue operation of the service mechanism, the estimate is based on an assumption on an extension of the electricity accessibility service period with a gradual decrease in the

cost of the electricity accessibility service in the Hryvnia equivalent from 2024 and its complete termination in 2030. The volume of electricity consumption by household consumers in MW*h is expected to increase in 2024 – 2026, 2027 – 2029 by 4% p.a. and 3% p.a., respectively. The ratio of weighted average projected electricity tariff for household consumers to the weighted average cost of services provided by universal service provides is assumed at 54% in 2024 with gradual annual increase to 93% in 2029. The share of SE NNEGC Energoatom compensation for the electricity accessibility service for household consumers between electric energy producers with imposed public service obligations remains unchanged. If the expected cost of the electricity accessibility service for household consumers were 1% lower than assumed by management for all forecast periods, this would result in an increase in the recoverable amount of property, plant and equipment by the total amount of UAH 2,057,066 thousand.

Nuclear fuel costs. Nuclear fuel costs were estimated to the extent of loading of standard lots for all operational nuclear power units and under conditions that were effective according to nuclear fuel supply contracts as of 31 December 2022. Projected consumption of nuclear fuel reflects the expected growth of generation output in 2027 and starting from 2031 correlates with the percentage of the capacity decrease due to the planned decommissioning of nuclear power units. In addition, the projected costs will correlate with the changes in the expected exchange rate of UAH to foreign currencies and UxConsulting forecasts (in USD) to 2030 for price growth of prices for uranium, conversion and enrichment, which will affect the cost of nuclear fuel (in USD) with 58% increase in 2024, 10% increase in 2025, 5% increase in 2026 followed by gradual decrease to 2% in 2030. The nuclear fuel cost increase index (in USD) after 2030 was assumed at the level of approximately 2%. If the expected nuclear fuel costs were 1% lower than assumed by management for all forecast periods, this would result in an increase of the recoverable amount of property, plant and equipment by the total amount of UAH 565,371 thousand.

Payroll costs. Payroll costs during 2023 will be 5.3% higher than 2022 and then will increase by 12.0% in 2024, 8.3% in 2025, 6.8% in 2026, 5.9% in 2027, and thereafter the increase is assumed to approximate the consumer price index. If the expected payroll costs were 1% lower than assumed by management for all forecast periods, this would result in an increase of the recoverable amount of property, plant and equipment by the total amount of UAH 489,207 thousand.

6.4 Investment property

The Company's investment property carried at fair value represent buildings and structures leased out as of the balance sheet date. Fair value of investment property is based on valuations performed by independent appraisers who hold recognised and relevant professional qualifications and have experience in the valuation.

Movement of investment property is presented at book value:

	<i>thousands UAH</i>	
	2022	2021
At 1 January	21,692	25,498
Disposals for the year (transferred back to property, plant and	(2,513)	(3,381)
Fair value changes	29,372	(425)
At the end of the reporting period	48,551	21,692

Other information required to be disclosed by IAS 40, Investment Property, is as follows:

	<i>thousands UAH</i>			
	2022		2021	
	Buildings	Structures	Buildings	Structures
Rent income	998	8	1,671	20
Direct costs recognised in connection with maintenance of investment property generating rent income during the reporting year (maintenance of properties)	(125)	-	(178)	-

6.5 Long-term accounts receivable

During the reporting year, the structure and movement of SE NNEGC Energoatom long-term accounts receivable are as follows:

	31 December 2022	31 December 2021
	<i>thousands UAH</i>	
Long-term loans to employees:	141,028	153,259
<i>nominal value</i>	277,023	296,935
<i>discount</i>	(135,995)	(143,676)
Long-term notes received:	37	43
<i>nominal value</i>	52	63
<i>discount</i>	(15)	(20)
Restructured accounts receivable:	72,493	102,990
<i>nominal value</i>	94,327	132,180
<i>discount</i>	(21,834)	(29,190)
Other long-term receivables:	918	941
<i>nominal value</i>	3,025	3,144
<i>discount</i>	(2,107)	(2,203)
Advances maturing in more than one year:	8,340	1,491
<i>total paid</i>	9,758	2,851
<i>tax credit</i>	(1,418)	(1,360)
Total	222,816	258,724

6.6 Other non-current assets

Other non-current assets are presented in the financial statements as follows:

	Note	31 December 2022	31 December 2021
			<i>thousands UAH</i>
			restated
Restricted cash, including:	a	51,408	17,663
<i>with banks undergoing liquidation</i>		867	867
<i>restricted cash devalued</i>		(867)	(867)
<i>deposits</i>		51,408	17,663
Emergency, irreducible and centralised stock, FF and other stock not intended to be used during the year	b	2,367,616	2,260,474
Funds transferred to the financial reserve for decommissioning*	c	986,928	1,131,032
Advances for capital investments:	d	838,896	1,156,537
<i>total paid</i>		868,135	1,191,409
<i>tax credit</i>		(29,239)	(34,872)
Other non-current assets		606	606
Right-of-use assets, cost	e	3,973	138,961
Right-of-use assets, depreciation	e	(1,302)	(105,986)
Total		4,248,125	4,599,287

*the basis for restatement is described in Note 5.

a) Restricted cash:

	Note	31 December 2022		31 December 2021	
		<i>Cost</i>	<i>Devaluation</i>	<i>Cost</i>	<i>Devaluation</i>
PJSC "VAB Bank"	i	71	(71)	71	(71)
PJSC "Diamantbank"	i	689	(689)	689	(689)
JSC "Raiffeisen Bank Aval", Central Skadovsk Branch in Kherson Region	ii	107	(107)	107	(107)
JSC "Ukreximbank"	iii	51,408	-	17,663	-
Total		52,275	(867)	18,530	(867)

i) According to the Resolution of the NBU Board in respect of insolvency of banks, the Executive Directorate of the Individual Deposit Guarantee Fund made a decision to impose a temporary administration in the above banks and initiated a removal of the banks from the market.

ii) The account is opened by the Donuzlavskaya WPP (the AR Crimea). Collectability of cash by the Company is doubtful.

iii) Cash is placed on the coverage account under terms and conditions of the Agreement on issue of the guarantee related to the loan received from Ceska exportni banka, A.S.

b) The Company holds certain stock (emergency, irreducible and centralised stock) and nuclear fuel held to ensure the continuity of NPP operations, which are not primarily expected to be used within 12 months after the reporting date. Such stock is included in other non-current assets in the financial statements.

c) A need of formation of the financial reserve for decommissioning of nuclear reactors (NR) is governed by the Law of Ukraine on Arrangement of Issues Related to Nuclear Safety Assurance dated 24 June 2004 No. 1868, as amended (the "Law No.1868") and Resolutions of the Cabinet of Ministers of Ukraine dated 27 April 2006 No. 594 and 17 February 2010 No. 207, as amended.

According to the State Budget Laws of Ukraine, the Company transfers the financial reserve funds to finance NR decommissioning measures to the State Budget of Ukraine. The financial reserve funds transferred to the State Budget of Ukraine are accounted for by the State Treasury on a single account of the State Budget special fund. At the same time, the Company additionally charges provisions for NR decommissioning costs in the financial statements according to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

The Company is confident that funds paid to the State Budget of Ukraine will be provided to the Company in the future on financing of NR decommissioning after their final shutdown. The reason for such confidence is the norms of the Ukrainian legislation.

According to Article 8 of the Law No. 1868, prior to approval of the NR decommissioning project, the amount of transfers of the operating entity (operator) to the special account is defined by expertise in accordance with the procedure set forth by the Cabinet of Ministers of Ukraine based on the NR Decommissioning Concept.

The effective Concept for Decommissioning of Operating Nuclear Power Plants of Ukraine (the "Concept") was enacted on 1 January 2016 by the Ministry of Energy and Coal Industry Order No 798 dated 10 December 2015. The Concept is required to be updated every six years. The updated version of the Concept was scheduled to be enacted in December 2021.

As the Ministry of Energy and Coal Industry did not update the current version of the Concept for Decommissioning of Operating Nuclear Power Plants of Ukraine on time, it extended the existing Concept to 1 August 2022 by its letter No 26/1.2-6.2-18142 dated 8 August 2021. The Ministry of Energy and Coal Industry letter No 26/1.2-6.2-4017 dated 31 March 2022 further extended the Concept to 31 December 2022.

The rate of annual contributions to the Financial Reserve for Decommissioning is expected to be updated based on the updated Concept taking into account the revised estimated future decommissioning costs.

Due to the fact that funding will be provided in the long run, funds transferred to the decommissioning reserve are discounted at the rate and under the schedule used for the respective portion of the recognised provision for decommissioning costs, except where dates/period of settlement of the liability and the asset do not match. As at 31 December 2022, the asset was discounted at the nominal long-term rate of 12.90% (2021: 11.83%). Refer to Note 14 for details on estimation of the discount rate.

As at 31 December 2022 and 31 December 2021, funds transferred to the State Budget of Ukraine financial reserve for decommissioning are as follows:

	2022	thousands UAH 2021 restated*
Funds transferred to the financial reserve for decommissioning (historical cost) at the beginning of the year	5,096,468	5,096,468
Discount of cash transferred to the financial reserve for decommissioning at the beginning of the year	(3,965,436)	(3,854,068)
Unwinding of discount**	133,800	137,037
Losses from remeasurement of the present value of the asset at the reporting date**	(277,904)	(248,405)
Funds transferred to the financial reserve for decommissioning (historical cost) at the end of the year	5,096,468	5,096,468
Discount of cash transferred to the financial reserve for decommissioning at the end of the year	(4,109,540)	(3,965,436)
Balance as at 31 December	986,928	1,131,032

*the basis for restatement is described in Note 5.

** reported as decrease (increase) of expenses for unwinding of discount on provisions for decommissioning of nuclear facilities.

d) During 2022, the Company issued advances for capital investments not closed as of the end of the year in the amount of UAH 193,775 thousand including VAT (2021: UAH 631,278 thousand including VAT). As at 31 December 2022, the Company recognised UAH 868,135 thousand of advances issued for capital investments, including UAH 29,239 thousand of VAT (as at 31 December 2021: UAH 1,191,409 thousand, including UAH 34,872 thousand of VAT).

e) Right-of-use assets are disclosed in Note 18, Leases.

7. Inventories

Nuclear fuel and nuclear materials as at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	thousands UAH 31 December 2021
Unused nuclear fuel in storage	12,834,134	18,255,813
Nuclear materials	2,531,044	1,213,761
Nuclear fuel in core of nuclear reactors	5,616,559	4,880,141
Total current inventory of nuclear fuel and nuclear materials	20,981,737	24,349,715

According to the electricity and heat generation plan for 2023, the cost of nuclear fuel to be used in production (written down to cost of sales) is expected at the level of UAH 5,620,168 thousand during the next 12 months.

Inventories other than nuclear fuel and nuclear materials as at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	thousands UAH 31 December 2021
Inventories for current production and business needs	2,810,016	2,474,325
Work-in-progress	590,855	383,894
Finished goods	493,364	430,011
Goods for resale	17,341	19,746
Total current inventories	3,911,576	3,307,976

Management estimates the necessity of write-down of inventories to their net realisable value taking into consideration the ageing of inventories and indications of economical, technical and physical obsolescence.

During 2022, inventories were impaired to their net realisable value. The impairment amount for 2022 was UAH 39,760 thousand. In addition, reversal of impairment of previously impaired inventories was recognised in the amount of UAH 2,319 thousand. For the year 2021, impairment of inventories amounted to UAH 834 thousand and reversal of impairment of previously impaired inventories amounted to UAH 3,022 thousand.

As at 31 December 2022 and 31 December 2021, no inventories were under tax lien.

8. Accounts receivable

8.1 Trade accounts receivable

Current accounts receivable for goods, works and services are as follows:

	31 December 2022	thousands UAH 31 December 2021
Accounts receivable from SE "Energorynok"	11,477,781	11,523,116
Accounts receivable for electricity under bilateral contracts with DSO and USP (PSO)	14,659,641	-
Accounts receivable for electricity under bilateral contracts with SE "Guaranteed Buyer" (PSO)	1,111,465	3,981,755
Accounts receivable for electricity in day-ahead market, intraday and balancing markets	1,472,442	1,365,643
Accounts receivable for electricity under bilateral contracts (commercial contracts)	515,861	-
Accounts receivable for electricity under bilateral contracts (export contracts)	96,773	-
Accounts receivable for electricity from other counterparties (before 1 July 2019)	79,951	79,954
Accounts receivable for thermal energy and other products*	393,013	313,467
Accounts receivable for regulation of frequency and active capacity	101,852	-
Total gross amount	29,908,779	17,263,935
ECL allowance on accounts receivable for electricity from SE "Energorynok"	(11,477,781)	(11,523,116)
ECL allowance on accounts receivable for electricity from other counterparties	(257,848)	(2,870,002)
ECL allowance on accounts receivable for thermal energy and other products	(296,555)	(247,520)
Carrying amount	17,876,595	2,623,297

*Other products in the meaning of this Note are services in other licensed and regulated activities: centralised water supply and drainage, utility services.

The above **trade accounts receivable** is recognised as a financial asset carried at amortised cost and the expected credit loss have been estimated as at the date of the annual financial statements.

During 2022 and 2021, the Company sold electricity in all segments of electricity market in accordance with Law No 2019.

As at 31 December 2022, SE "NNEGC "Energoatom" accounted for both accounts receivable for electric energy that were sold before 30 June 2019 at a single tariff, and accounts receivable that were formed under the electric energy market conditions.

As of 31 December 2022, the accounts receivable from SE "Energorynok" (sales of electricity before 30 June 2019) amount to UAH 11,447,781 thousand, and a 100% ECL allowance was recorded on the whole balance outstanding.

The issue of repayment of the debt of SE "Energorynok" is resolved at the national legislative level. As such, on 17 June 2020, the Law of Ukraine No. 719-IX on Measures Aimed at Repaying Debts Formed in the Wholesale Electricity Market was adopted, which provides for procedures for repayment (write-off) of the debt of SE "Energorynok" to electricity producers. However, repayment of the outstanding receivable has been insignificant compared to the amount outstanding.

As at 31 December 2022, accounts receivable that were formed during the operation of the electric energy market amount to UAH 17,856,182 thousand, and an ECL allowance in the amount of UAH 177,939 thousand was recorded in respect of this balance.

The largest debtors of the Company with outstanding payables for electricity are:

➤ SE "Guaranteed Buyer" (receivables in the amount of UAH 1,111,465 thousand as at 31 December 2022 and UAH 3,981,755 thousand as at 31 December 2021): receivables for electricity (PSO). An ECL allowance in the amount of UAH 84,867 thousand (31 December 2021: UAH 1,918,432 thousand) was

recorded for these receivables. The ECL allowance was estimated according to clause 13 of the Resolution No. 1673 and the Appendix thereto using the risk rates for factors affecting the risk of default.

➤ PrJSC NPC "Ukrenergo" (receivables in the amount of UAH 1,125,669 thousand as at 31 December 2022 and UAH 1,363,894 thousand as at 31 December 2021): sales of electricity in the balancing market at prices that are based on supply and demand in the market at the time of sale. The ECL allowance was estimated according to clause 13 of the Resolution No. 1673 and the Appendix thereto using the risk rates for factors affecting the risk of default.

➤ DSO and USP entities (receivables of UAH 14,659,641 thousand as at 31 December 2022 and nil as at 31 December 2021): sales of electricity to these entities under the PSO financial model starting from 1 October 2021. As at 31 December 2022, the most significant balances represent receivables from LLC "Dnipro Energy Services" in the amount of UAH 1,628,397 thousand, LLC "Kyiv Regional EC" in the amount of UAH 1,434,701 thousand, LLC "Kyiv Energy Services" in the amount of UAH 1,556,900 thousand and LLC "OOEK" in the amount of UAH 1,055,521 thousand. The ECL allowance for receivables from DSO and USP was recorded in the amount of UAH 93,072 thousand according to clause 13 of the Resolution No. 1673 and the Appendix thereto using the risk rates for factors affecting the risk of default.

The provision for **trade accounts receivable** was recorded on the basis of an assessment of expected credit risks for each individual debtor and on a collective basis for accounts receivable for utilities.

Trade accounts receivable by age are as follows as at 31 December 2022:

	Gross	ECL allowance	thousands UAH Provisioning rate in %
not overdue	2,556,874	(19,045)	0.74
from 1 to 30 days overdue	7,991,137	(1)	0.00
from 31 to 90 days overdue	5,364,244	(6,444)	0.12
from 91 to 365 days overdue	2,080,818	(148,368)	7.13
over 365 days overdue	11,915,706	(11,858,326)	99.52
Total	29,908,779	(12,032,184)	

Trade accounts receivable by age are as follows as at 31 December 2021:

	Gross	ECL allowance	thousands UAH Provisioning rate in %
not overdue	175,524	(89,333)	50.89
from 1 to 30 days overdue	100,788	(68,192)	67.66
from 31 to 90 days overdue	347,265	(153,640)	44.24
from 91 to 365 days overdue	2,854,620	(1,346,122)	47.16
over 365 days overdue	13,785,738	(12,983,351)	94.18
Total	17,263,935	(14,640,638)	

8.2 Advances issued

Advances issued as at 31 December are as follows:

	31 December 2022	thousands UAH 31 December 2021
Advances for nuclear fuel and materials	3,530,837	3,093,971
Advances for other works and services, including advances for service of electricity accessibility for household consumers (PSO financial model)	128,805	5,387,334
	-	5,264,446
Advances for inventories	33,154	84,695
Tax credit (deferred VAT)*	(378,975)	(1,172,345)
Impairment provision	(602)	(602)
Total carrying amount	3,313,219	7,393,053

* VAT paid as part of advances to counterparties and included in the tax credit

8.3 Other current accounts receivable

Other current accounts receivable as at 31 December comprise the following:

	31 December 2022	thousands UAH 31 December 2021
Settlements on claims made	10,898,392	699,851
including receivables from SE "Energoatom" for recognised inflation losses and court fees*	9,190,180	-
Settlements with employees on loans issued (current portion), other settlements	45,239	45,599
Settlements on insurance	9,394	36,443
Settlements with other debtors	607,675	681,149
incl. financial assistance to SE "Ukrvygillya"***	400,000	500,000
Total gross amount	11,560,700	1,463,042
Impairment provision***	(9,711,773)	(339,633)
Carrying amount	1,848,927	1,123,409

* refer to Note 21 for additional details.

** In December 2021, the Company signed an agreement to provide returnable financial assistance to SE "Ukrvygillya", under which SE NNEGC "Energoatom" transferred UAH 500,000 thousand of interest-free financial assistance on 30 December 2021. Under the contract, this balance was repayable by 20 December 2022. To secure performance under the financial assistance agreement, a collateral agreement was signed between SE NNEGC "Energoatom", SE "Ukrvygillya" and PJSC "Centrenerg". As at 31 December 2022, SE "Ukrvygillya" defaulted on its contractual liabilities and suggested a renegotiated repayment schedule for the financial assistance in order to settle the interest-free financial assistance out of court. SE "Ukrvygillya" repaid UAH 150,000 of the financial assistance receivable as follows: UAH 100,000 thousand in December 2022 and UAH 50,000 in January 2023. SE "Ukrvygillya" confirmed its obligation to perform the contract and assured SE "NNEGC "Energoatom" that it will make every reasonable effort to repay the outstanding balance of UAH 350,000 thousand.

In addition, during 2022, SE "NNEGC "Energoatom" provided returnable financial assistance to JSC "Energy Company of Ukraine" in the amount of UAH 500,000 thousand, which was repaid by the recipient during the reporting period.

***The provision predominantly comprises the provision for receivables receivable related to claims made in the amount of UAH 9,575,928, including the receivables from SE "Energoatom" for recognised income on inflation losses and court fees in the amount of UAH 9,190,180 thousand.

9. Cash and cash equivalents

Cash and cash equivalents as at 31 December are as follows:

	31 December 2022	<i>thousands UAH</i> 31 December 2021
Cash in banks	1,383,901	4,877,598
Cash on hand	32	65
Cash in transit	72	21
Total cash	1,384,005	4,877,684

During 2022 and the respective comparative period, these cash balances were not impaired.

Analysis by credit quality of cash and cash equivalents and assets based on the Fitch's agency ratings are as follows as at 31 December 2022 and 31 December 2021:

	31 December 2022	<i>thousands UAH</i> 31 December 2021
B-rated	-	4,874,322
C-rated	1,349,299	-
Unrated and banks with other ratings	34,674	3,297
Total	1,383,973	4,877,619

Disclosed additionally are items of the form "Statement of cash flows" related to other receipts and transfers:

9.1 Other receipts from operating activities:

	2022	<i>thousands UAH</i> 2021
reimbursement of losses from temporary disability, other receipts from social insurance funds	254,877	279,404
other sales	170,244	176,343
cash released from the letters of credit	94,745	94
foreign currency sales/purchases	13,362	5,636
cash balances in seized bank accounts	11,913	109
collection of loans issued	7,960	10,929
sales of uranium concentrate*	-	1,722,675
other	37,734	9,130
Total	590,835	2,204,320

*purchases of uranium concentrate are reported in the Statement of Cash Flow in line 'Expenditure for payments for goods, works and services'

9.2 Other expenditures for operating activities:

	2022	<i>thousands UAH</i> 2021
transfers of other deductions from salaries	867,797	611,862
reimbursement of expenses for payment and delivery of fringe benefits to the Pension Fund	537,811	522,893
deductions to trade unions and social needs under the Collective Agreement (except payroll)	382,277	399,406
payment of fines, penalties, forfeit	135,720	232,568
restricted cash reclassified to other current assets	117,916	24,246
leases (short-term leases and leases of low-value PPE)	106,995	100,109
foreign currency sales/purchases	98,107	107,137
business trips	41,321	50,500
other	1,603	11,393
Total	2,289,547	2,060,114

9.3 Other receipts from investing activities:

	thousands UAH	
	2022	2021
financial assistance collected, including	600,000	-
<i>from JSC "Energy Company of Ukraine"</i>	500,000	-
<i>from SE "Ukrvyygillya"</i>	100,000	-
Total	600,000	-

9.4 Selected expenditures for investing activities:

	thousands UAH	
	2022	2021 restated
Expenditure to provide loans, including:	760,216	1,166,121
<i>advances on capital investments</i>	233,821	631,278
<i>long-term loans provided to employees</i>	26,395	34,843
<i>returnable financial aid provided to other legal entities*</i>	500,000	500,000
Cash reclassified to non-current assets (deposits)	30,551	-
Total	790,767	1,166,121

*2021: financial aid provided to SE "Ukrvyygillya" in the amount of UAH 500,000 thousand; 2022: to JSC "Energy Company of Ukraine" in the amount of UAH 500,000 thousand the basis for restatement of cash flow items is described in Note 5.

9.5 Other receipts from financing activities:

	thousands UAH	
	2022	2021
bank interest on deposits	1,343	2,436
premium on borrowings	-	2,060
Total	1,343	4,496

9.6 Other expenditures for financing activities:

	thousands UAH	
	2022	2021 (restated)*
for servicing of loans and other long-term financial liabilities	26,520	41,803
fees for State guarantees	35,352	28,002
Total	61,872	69,805

*The basis for restatement is described in Note 5.

10. Other current assets

Other current assets are as follows:

		thousands UAH	
	Note	31 December 2022	31 December 2021
VAT tax credit under cash basis	a	4,462,855	1,444,736
Current letters of credit		-	21,662
Cash in seized accounts	b	20,204	31,955
Cash contributions and financial guarantees in the electricity market		117,760	23,740
Contract assets		3,710	3,710
Other current assets		914	502
Total other current assets		4,605,443	1,526,305

a) In respect of the electricity sold after 1 January 2016, the cash basis for the payment of value added tax (VAT) applies, which was introduced for taxpayers supplying electricity and/or heat by Law of Ukraine No 812-VIII dated 24 November 2015 on Amendments to the Tax Code of Ukraine to Provide Pre-requisites for the New Natural Gas Market Model and Ensure Stable Settlements Between Energy Entities. Item 'VAT

tax credit under cash basis' includes amounts of the value added tax not due for decreasing liabilities on payments to the budget due to the cash basis application, and the amounts of VAT for which no confirmations were received.

b) Balances on seized accounts of the Company:

	31 December 2022	31 December 2021	thousands UAH Counterparty
JSC "Ukreximbank"	20,165	24,844	CJSC "Ukrainian-American Joint
JSC "SENS BANK"	-	4,424	Venture with Foreign Investments
PJSC "Raiffeisen Bank Aval"	30	81	"Ukrelectrovat". Enforcement
JSB "Ukrigasbank"	7	7	proceeding No 34029225* dated
JSC "Oschadbank"	2	2,599	28 January 2016
Total	20,204	31,955	

*enforcement proceeding was suspended based on the Judgement of the Kyiv Commercial Court of Appeal dated 6 July 2016. The enforcement proceeding was resumed based on the resolution of the Enforcement Unit of the State Enforcement Service Department of the Ministry of Justice of Ukraine dated 27 August 2021.

11. Non-current assets held for sale

At 31 December 2022, the Company has no non-current assets held for sale (31 December 2021: UAH 7 thousand).

There were no sales of non-current assets held for sale during 2022. During the reporting year, the Company made a managerial decision not to transfer the assets held for sale carried at UAH 7 thousand to Volodymyrets Village Territorial Community in Rivne Region. Instead, the asset was transferred to construction-in-progress.

During 2021, the Company transferred to non-current assets held for sale an investment property object, assets under development and property, plant and equipment with the total carrying amount of UAH 4,968 thousand with their subsequent sale by the SPFU during the 2021 with the transfer of funds from the sale to the State Budget of Ukraine.

No impairment loss was recorded in respect of non-current assets held for sale during 2022 and 2021.

12. Equity

12.1 Issued capital

The Company is a governmental institution and has no share capital. The **statutory (authorised) capital** in 2022 and 2021 remained unchanged and comprised at the end of 2022 UAH 164,875,664 thousand. The authorised capital is fixed in the Charter of SE "NNEGC Energoatom (in 2021 edition) as approved by the Cabinet of Ministers of Ukraine Resolution No. 302 dated 24 February 2021.

12.2 Revaluation reserve

Movements in revaluation reserve are detailed below:

	Note	2022	2021 (restated)*
Revaluation reserve at the beginning of the period*		146,246,498	135,891,465
Property, plant and equipment revaluation surplus/(deficit)		(45)	(5,232)
Changes in PPE revaluation reserve resulting from movements in decommissioning provision for nuclear facilities	a	1,902,738	12,648,154
Deferred tax liabilities recognised/(settled) on revaluation surplus (deficit)	b	(342,485)	(2,277,927)
Revaluation reserve reclassified to retained earnings on disposals of PPE	c	(7,495)	(9,962)
Revaluation reserve at the end of the period		147,799,211	146,246,498

*the basis for restatement is described in Note 5.

a) Changes in revaluation reserve in respect of non-current assets comprise UAH 1,902,738 of increase in decommissioning provisions (2021: increase in the amount of UAH 12,648,154, restated). Refer to Note 14.

b) The recognised deferred tax liability on transactions recorded in the revaluation reserve in the amount of UAH (342,485) thousand (2021: UAH (2,277,927) thousand, restated).

c) recorded in equity is disposal of revaluation reserve on disposed PPE in the amount of UAH 7,495 thousand (2021: UAH 9,962 thousand, restated).

12.3 Additional capital

The additional capital included the authorised capital of the State Enterprise "Automation and Machine Building" in the amount of UAH 16,890 thousand when this entity was joined to the Company in accordance with the order of the Ministry of Energy and Coal Mining dated 23.10.2014 No. 738. Before amending the Company's Charter regarding the authorised capital, which can be made after the complete liquidation of the State Enterprise "Automation and Machine Building", this amount is accounted for as additional capital.

12.4 Retained earnings (accumulated deficit)

Accumulated deficit increased during 2022 by UAH 10,520,532 thousand from UAH 181,589,179 thousand as at 31 December 2021 to UAH 192,109,711 thousand as at 31 December 2022.

In 2022, the Company generated a net loss of UAH (12,401,989) thousand. Other changes occurred due to the revaluation of post-employment benefit obligations by UAH (2,285,320) thousand (2021: UAH (62,731) thousand) and the recognition of deferred tax liability on remeasurement of post-employment benefit obligations in the amount of UAH 411,358 thousand (2021: UAH 11,291 thousand), which are recorded in other comprehensive income (Refer to Note 14 for additional details).

Also recorded in Retained earnings (accumulated deficit) for 2021 is the part of net profit (income) payable to the state budget (Note 12.5).

12.5 Obligatory deductions of net profit payable to the State Budget according to the legislation

The part of profit that should be deducted to the State Budget for any reporting period is determined on the basis of the net profit indicator in the Company's financial statements, in accordance with the procedure for deducting to the state budget of a part of net profit (income) by state unitary enterprises and their associations (hereinafter referred to as Procedure 138), approved by the Cabinet of Ministers Resolution No 138 dated 23 February 2011 ("Procedure 138").

The Cabinet of Ministers Resolution No 349 dated 6 May 2020 on Amendment of Clause 1 of procedure for deducting to the State Budget of a part of net profit by state unitary enterprises and their associations effective from 13 May 2020 amended Clause 1 of Procedure 138 and defined the level of the part of net profit payable by SE "NNEGC "Energoatom" to the State budget in respect of its 2022 performance at the rate of 50% provided that 50% of the net profit (income) is spent by the company towards its investment programme. During 2021, the part of net profit payable was calculated at the general rate of 80%.

During 2022, the Company generated net loss of UAH (12,401,989) thousand (2021: profit of UAH 5,152,757 (restated, refer to Notes 5 and 15)).

13. Liabilities, loans and borrowings

13.1 Loans, borrowings and other liabilities arising from financing activities

Non-current and current liabilities of SE "NNEGC "Energoatom" comprise long-term and short-term bank loans, the current portion of non-current borrowings and other non-current liabilities presented on the balance sheet as follows:

State Enterprise "National Nuclear Energy Generating Company "Energoatom"
Financial statements for the year ended 31 December 2022

	Currency	Amount		% min max		Ultimate maturity	thousands UAH Collateral description Collateral amount	
		31 December 2022	31 December 2021					
Long-term loans		4,624,328	10,634,370					
EBRD (European Bank for Reconstruction and Development)	EUR		5,305,442					
Czech Export Bank (Ceska Exportni Banka, A.S.)	EUR	64,526	82,774	4.603	4.603	31/10/2025	bank guarantee	51,408
JSC "State Savings Bank"	USD, UAH	4,559,802	5,246,154	7.50	15.00	24/01/2025	electricity, property rights	12,860,000*
Borrowings within other non-current liabilities		6,227,799	13,287,692					
European Commission – EURATOM	EUR		9,299,202					
Central Storage Safety Project Trust	USD	6,227,799	3,988,490	6.833	6.833	01/02/2038	State guarantees	-
Lease liabilities	UAH	2,575	3,366	14.00	22.00	30/09/2026	none	-
Other	UAH	184	182			2024	none	-
Total long-term liabilities		10,854,886	23,925,610					
Short-term bank borrowings		25,900,975	6,521,493					
EBRD (European Bank for Reconstruction and Development)**	EUR	5,488,630		2.354	2.993	12/03/2028	State guarantees	-
European Commission – EURATOM**	EUR	11,710,280		0.00	0.89	17/12/2031	State guarantees	-
JSC "Ukreximbank"	USD	6,912,923	5,157,583	8.00	8.00	02/11/2023	electricity	11,746,829
JSC "SENS BANK"	USD	1,462,744	1,363,910	10.50	10.50	12/09/2023	electricity	2,000,000
PJSC "Ukrasbank"	UAH	326,398	-	16.00	16.00	17/05/2023	electricity	3,023,629
JSC "Tascombank"	UAH	-	-	24.00	24.00	-	property rights	800,000
JSC "BANK CREDIT DNIPRO"	UAH	-	-	24.00	24.00	-	electricity	700,000
Current portion of non-current liability:		3,630,044	2,540,676					
The description of the collateral is disclosed in the table above								
Current portion of non-current borrowings		3,628,719	1,685,176	-	-	-		-
Bonds payable		-	816,736	14.40	14.40	16/12/2022	-	-
Lease liabilities		1,325	38,764	-	-	-	-	-
Total short-term liabilities		29,531,019	9,062,169					

* the amount of collateral pledged with JSC "State Savings Bank" of UAH 12,860,000 thousand comprises electricity of current and future generation in the amount of UAH 10,860,000 thousand and property rights to cash in the amount of UAH 2,000,000 thousand.

** reclassified from long-term liabilities. The basis for reclassification as at 31 December 2022 is described below.

The changes in liabilities arising from financing activities for the year ended 31 December 2022 are as follows:

	Non-current loans and borrowings	Current loans and borrowings (including interest payable, Note 13.3)	Leases	thousands UAH Total
Balance at 31 December 2021	23,922,062	9,128,298	42,130	33,092,490
Cash flows:				
Inflows from borrowings*	1,209,310	7,702,529	-	8,911,839
Borrowings repaid**	(701,939)	(10,157,100)	-	(10,859,039)
Interest paid	-	(1,670,870)	-	(1,670,870)
Lease liabilities settled	-	-	(37,277)	(37,277)
Non-cash transactions:				
Interest expense, changes in lease liabilities	-	1,821,366	(953)	1,820,413
Foreign exchange differences	7,009,210	2,615,556	-	9,624,766
Reclassification to/from current liabilities***	(20,606,726)	20,606,726	-	-
Adjustment to/write off of the carrying value of liability****	20,210	(335,099)	-	(314,889)
Balance at 31 December 2022	10,852,127	29,711,406	3,900	40,567,433

* This balance includes borrowings obtained from EBRD and Central Storage to finance acquisitions of non-current assets in the amount of UAH 1,140,810 thousand.

** This balance includes borrowings repaid to EBRD and Central Storage Safety Project Trust in the amount of UAH 1,546,742 thousand.

*** This balance includes UAH 11,710,280 of principal of the borrowing from Euratom and UAH 5,488,630 of principal of the borrowing from EBRD reclassified to short-term liabilities as at 31 December 2022 (the basis for reclassification is described below).

**** The balance written off comprises UAH 275,125 of principal, UAH 181 thousand of unamortised discount (unamortised initial costs) and UAH 1,800 thousand of accrued interest related Amsterdam Trade Bank N. V. whose ultimate owners are associated with the Russian Federation as the balance is non-repayable as of the balance sheet date and an outflow of economic benefits from the Company is remote (in accordance with the CMU Resolution No 187 on Protection of National Interests Regarding Future Claims by the State of Ukraine in Connection with the Russian Federation's Military Invasion dated 3 March 2022).

The changes in liabilities arising from financing activities for the year ended 31 December 2021 are as follows:

	Non-current loans and borrowings	Current loans and borrowings (including interest payable, Note 13.3)	Leases	thousands UAH Total
Balance at 31 December 2020	19,357,137	16,459,898	133,354	35,950,389
Cash flows:				
Inflows from borrowings**	3,112,171	21,970,780	-	25,082,951
Other inflows**	2,060	-	-	2,060
Borrowings repaid***	-	(25,545,250)	-	(25,545,250)
Interest paid	-	(1,885,687)	-	(1,885,687)
Lease liabilities settled	-	-	(104,867)	(104,867)
Non-cash transactions:				
Interest expense, changes in lease liabilities	-	1,841,927	13,643	1,855,570
Foreign exchange differences	(1,671,485)	(615,385)	-	(2,286,870)
Reclassification to/from current liabilities*	3,098,093	(3,098,093)	-	-
Adjustment to the carrying value of liability	24,086	108	-	24,194
Balance at 31 December 2021	23,922,062	9,128,298	42,130	33,092,490

* Included in this balance is UAH 5,246,154 thousand of borrowings payable under credit line facility agreements with JSC "State Savings Bank of Ukraine". According to addenda to these agreements, these facilities mature between 22 December 2023 and 24 January 2025. These borrowings are presented within non-current liabilities as at 31 December 2021. This balance also includes part of non-current liabilities in the amount of UAH 2,148,061 thousand reclassified to current liabilities.

** This balance includes the balance of UAH 3,114,231 thousand obtained from EBRD and Euratom to finance acquisitions of non-current assets, including borrowings in the amounts of UAH 3,112,171 thousand.

*** This balance includes borrowings repaid to EBRD and Central Storage Safety Project Trust in the amount of UAH 1,294,286 thousand.

Terms, carrying amounts of loans, borrowings and interest rate type as at 31 December 2022 can be presented as follows:

	Interest rate type	Effective interest rate	thousands UAH Amount
Bank loans in USD	Fixed	7.5-8.55%	14,662,555
Borrowings in USD	Fixed	7.51%	6,755,201
Bank loans in UAH	Fixed	15.0-17.76%	394,898
Borrowings in EUR	Fixed	0.0-0.89%	11,710,280
Bank loans in EUR	Variable	2.52%	6,708,326
Borrowings in EUR	Variable	8.64%	150,561
Total			40,381,821

Terms, carrying amounts of loans, borrowings, bonds and interest rate type as at 31 December 2021 can be presented as follows:

	Interest rate type	Effective interest rate	thousands UAH Amount
Bank loans in USD	Fixed	7.0-7.96%	11,767,647
Borrowings in USD	Fixed	7.51%	4,360,521
Bank loans in EUR	Fixed	6.5%	315,409
Borrowings in EUR	Fixed	0.0-0.89%	9,299,202
Bank loans in EUR	Variable	0.6%	6,270,068
Borrowings in EUR	Variable	6.37%	115,884
Bonds issued	Fixed	13.70%, 14.40%	816,736
Total			32,945,467

The Company has neither subordinated debt nor debt convertible into equity.

As at 31 December 2022, the Company had overdue loans and borrowings as follows:

➤ SE "NNEGC "Energoatom" defaulted on its liabilities to Česká exportní banka, a.s. comprising UAH 44,498 thousand (EUR 1,142 thousand) of principal and UAH 3,937 thousand (EUR 101 thousand) of accrued interest in compliance with the National Bank of Ukraine Resolution No.18 dated 24 February 2022 on Operation of the Banking System during Martial Law, which imposes a ban on cross-border payments in foreign currencies out of Ukraine to settle outstanding loans to non-residents;

➤ Outstanding amount under loan agreements with JSC "State Savings Bank" totalling UAH 395,586 thousand (USD 10,818 thousand). This overdue balance payable arose exclusively as a result of the higher official NBU exchange rate and was subsequently repaid in full as of 19 January 2023. JSC "State Savings Bank" did not charge any penalties in respect of this non-compliance.

As at 31 December 2021, there were no overdue debts on loans and borrowings.

Loans received from the European Bank for Reconstruction and Development

In 2013, the Company entered into the Loan Agreement with the European Bank for Reconstruction and Development (EBRD), the subject of which was to obtain a loan of EUR 300,000 thousand. As at 31 December 2020, EUR 298,263 of loan funds were provided. The disbursement period was extended to 15 January 2023. SE "NNEGC "Energoatom" is currently expecting a mandate letter from EBRD with amendments to the loan agreement. The loan is used to finance measures to improve the safety of existing Ukrainian nuclear power plants. The loan is provided with a floating interest rate (6m EURIBOR+1% margin). The interest rate charged on the outstanding loan amount is 2.35%--2.99% as at 31 December 2022 (31 December 2021: 0.45%). Commitment fee is 0.5% per annum. The ultimate maturity of the loan is 12 March 2028. According to the terms of this loan agreement, interest must be paid semi-annually on 12 March and 12 September until the loan is repaid.

As at 31 December 2022, the outstanding principal amount of the loan under this agreement was UAH 6,729,648 thousand (2021: UAH 6,293,690 thousand) excluding the discount. This loan is guaranteed by the Government of Ukraine.

On 6 April 2023, EBRD issued the Mandate Letter extending the ultimate maturity of the EBRD loan to

15 January 2026. These amendments to the loan agreement will become effective once the letter is signed by the Company and the Ministry of Finance of Ukraine as an authorised representative of the guarantor.

Loans received from the European Atomic Energy Community (Euratom)

In 2013, the Company entered into the Loan Agreement with the European Atomic Energy Community (Euratom), the object of which was to obtain a loan in the amount of EUR 300,000 thousand. The loan is used to finance improvements of the safety of existing Ukrainian NPPs.

In accordance with the terms of this Loan Agreement, loans are provided as separate tranches, with credit conditions (in particular, interest rate, repayment schedule) set separately for each tranche.

Tranche draw-down year	Tranche amount	Interest rate	Payment of interest	<i>thousands EUR</i> Maturity of tranche
2017	50,000	0.75%	4 May annually	04/05/2027
2018	50,000	0.89%	6 July annually	06/07/2028
2020	100,000	0.00%	-	23/07/2030
2021	100,000	0.00%	-	17/12/2031
Total	300,000			

As at 31 December 2022, the amount of the principal debt on the loan is UAH 11,685,300 thousand (2021: UAH 9,276,780 thousand). This loan is guaranteed by the Government of Ukraine.

Loans from EBRD and EURATOM are special-purpose in nature with proceeds used to finance improvements of the safety of existing Ukrainian NPPs, which will benefit not only the Company, but also Ukraine and the European Union as a whole. The loans were provided at the interest rates of Euratom and EBRD. As the loans received are highly specialised in nature, there is no market for similar debt extended by the EU and therefore the interest rates carried by borrowings to the Company are treated as market rates.

Under the agreements with Euratom and EBRD, the Company must comply with the following special ratios (financial covenants):

- a) payment collectability ratio of at least 0.95;
- b) financial debt to EBITDA higher than 3.5;
- c) net income to debt servicing payments of 1.3 or higher.

As at 31 December 2022, the Company failed to comply with the financial debt to EBITDA and net income to debt servicing payments covenants. In order to prevent a default event as a result of potential non-compliance with covenants for 2022, SE "NNEGC "Energoatom" requested a waiver from the creditor in respect of non-compliance with the financial covenants. On 22 December 2022, EBRD issued a waiver in respect of non-compliance with covenants. As at 31 December 2022, the waiver has not been signed by the Ministry of Finance of Ukraine as an authorised representative of the guarantor, which is a condition for the document becoming effective. No waiver was received from Euratom in respect of non-compliance with covenants. Although no waiver was received from Euratom in respect of non-compliance with covenants, the borrowing agreement with Euratom is inseparable from the EBRD loan agreement (under the agreement with Euratom, EBRD is a co-financing party and EBRD documents also represent financial documents for Euratom) and Euratom was notified about the waiver issued by EBRD in respect of the non-compliance with covenants, the Company believes that Euratom will concur with EBRD's stance, i.e. neither EBRD nor Euratom will require early repayment of borrowings as a result of non-compliance with covenants during 2023.

Based on the above, in accordance with IAS 1, the Company does not have an unconditional right to present the borrowings from Euratom and EBRD in long-term liabilities as at 31 December 2022. Therefore, the Company presented these borrowings as at 31 December 2022 in short-term bank loans and borrowings.

Loans received from Central Storage Safety Project Trust

In December 2017, the Company entered into the loan agreement with Central Storage Safety Project Trust (CSSPT), the subject of which is to obtain a loan of USD 250,000 thousand. The loan is used to finance the construction of the Central Spent Fuel Storage Facility (CSFSF).

Maturity of the loan is 20 years. As at 31 December 2022, tranches of USD 213,580 thousand were drawn down from the CSSPT. The tranches for construction are expected to be fully drawn by the end of 2023. The loan carries a fixed interest rate of 6.833% per annum, the interest on the loan commission - 5.083% per annum. Interest is payable monthly on the 1st day of the following month. As at 31 December 2022, the amount of the principal debt on the loan is UAH 6,894,652 thousand (2021: UAH 4,476,191 thousand) excluding the discount. This loan is guaranteed by the Government of Ukraine.

Loan agreement with Česká exportní banka, a.s.

In December 2019, the Company entered into the loan agreement with Česká exportní banka, a.s., under which a loan of EUR 5,712 thousand was obtained and used to finance the supply of equipment manufactured in the Czech Republic. The loan carries a floating interest rate (6m EURIBOR + 2.5% and equals zero if EURIBOR is negative). The interest rate charged on the outstanding balance of the loan as at 31 December 2022 is 4.603% p.a. (31 December 2021: 2.5%). Interest is accrued from the date of the loan and is paid every six months. It is expected to repay the principal loan amount in ten equal semi-annual payments; the final repayment date is 30 October 2025. The amount of the principal loan debt as at 31 December 2022 is UAH 155,741 thousand (2021: UAH 123,641 thousand).

Bonds issued

In December 2012, the Company issued UAH denominated bonds for the period of 10 years with the total face value of UAH 1,700,000 thousand. The maturity date is 16 December 2022. The bonds were repaid and related accrued interest settled on 15 December 2022.

Other loan debts are represented by loans from Ukrainian banks.

Under the loan agreements with JSC "State Savings Bank of Ukraine", the Company must comply with the following special ratios (financial covenants):

- a) EBITDA to INTEREST not lower than 2.0;
- a) DEBT to EBITDA not higher than 3.0.

As at 31 December 2022, the Company failed to comply with these covenants. On 1 June 2022, the bank's collective governance body made a decision not to impose any penalties on the Company or require early repayment of the loan throughout martial law and 30 days thereafter.

At 31 December 2022, the Company was in compliance with all the other covenants under effective loan agreements with banks and other financial institutions. As at 31 December 2021 the Company was in compliance with covenants under all effective loan agreements with banks and other financial institutions/

13.2 Deferred income

Deferred income represents government grants and non-current assets received free of charge and is included in current period profits pro rata to the depreciation charge on assets acquired for government grants or received free of charge.

	31 December 2022	31 December 2021
	<i>thousands UAH</i>	
Non-current deferred income	2,932,643	1,723,549
Tax refund*	1,269,078	-
Government grants for capital investments	766,822	806,928
Non-current assets received free of charge	896,743	916,621
Current deferred income	95,094	83,732
Government grants for capital investments	34,718	26,899
Non-current assets received free of charge	59,746	56,206
Other deferred income	630	627
Total deferred income	3,027,737	1,807,281

* presented in this line is the recovered special-purpose financing represented by the tax refund in accordance with part 2 clause 15 subsection 4 section XX Transitional Provisions of the Tax Code of Ukraine (the "TCU") (the edition effective before 30 June 2012) in accordance with the judgement of the Supreme Court of Ukraine dated 26 October 2022 in case 826/3453/13-a where SE "NNEGC "Energoatom" challenged the additional tax assessed in accordance with the tax notice-decision No 0001224110 dated 23 December 2012 issued by the SFS Large Taxpayers Office, in particular, the corporate profit tax liability of UAH 1,269,078 paid to the state budget in previous years.

Income generated during the year, including income accrued pro rata to the depreciation charge on assets acquired from the respective sources, was as follows:

		thousands UAH
	2022	2021
Government grants for capital investments	30,211	27,190
Non-current assets received free of charge	63,241	57,279

During the reporting year 2022, similar to 2021, the Company received no government grants for capital investments.

Total non-current assets received free of charge during the reporting year amounted to UAH 46,903 thousand (2021: UAH 145,391 thousand), including:

- assets under construction in the amount of UAH 46,474 thousand (2020: UAH 140,427 thousand) received free of charge as international technical assistance;
- property, plant and equipment in the amount of UAH 429 thousand (2021: UAH 2,345 thousand) received free of charge;
- no intangible assets were received free of charge during the reporting year (2021: UAH 2,619 thousand).

The intended use of the government grants provided in prior years is to fund the construction of new nuclear power units and Tashlytska HPSPP.

13.3 Current liabilities

Current **trade accounts payable** (current accounts payable for goods, works and services) of the Company are as follows:

	31 December 2022	thousands UAH 31 December 2021
Payables for works, services and other trade payables, including	23,934,285	1,621,182
to SE "Guaranteed Buyer" for electricity accessibility service for		
household consumers	20,729,619	
for dispatching services	1,324,535	761,560
for electricity	1,075,969	74,056
Payables for inventories, including nuclear fuel	1,844,494	2,685,930
Total	25,778,779	4,307,112

Current accounts payable on advances received are summarised in the table below as at the reporting date:

	31 December 2022	thousands UAH 31 December 2021
Advances received for electricity	732,301	5,251,867
Contract liabilities	14,045	467,013
Advances received for leases	320	70
Total	746,666	5,718,950

During 2022, contract liabilities in the amount of UAH 5,251,974 thousand (2021: UAH 2,227,854 thousand) were recognised in income.

Other current liabilities as at 31 December are as follows:

	31 December 2022	thousands UAH 31 December 2021
Settlements with creditors for capital investments	4,821,497	7,578,496
Deferred value added tax and excise tax	4,495,545	1,967,766
Settlements with other creditors	561,835	523,957
Settlements on interest accrued*	195,288	106,644
Settlements with accountable employees and other settlements with employees	2,728	2,859
Total	10,076,893	10,179,722

* including UAH 13,576 thousand (2021: UAH 1,751 thousand) of purchases on credit.

Deferred value added tax is the value added tax (VAT) payable on the cash basis after receipt of cash. Part of this balance arose prior to 2001 for electricity sold. In respect of electricity and heat sold and utility services provided, cash basis of VAT payment also applies subsequent to 1 January 2016. As at 31 December 2022, the excise tax paid on a cash basis amounted to UAH 430,897 thousand.

14. Provisions

The structure and movements in provisions for future expenses during 2022 were as follows:

	31 December 2022	thousands UAH 31 December 2021(restated)
Long-term provisions	31,119,269	32,360,651
Decommissioning provision for nuclear facilities	20,236,822	19,797,514
Back-end fuel cost provision*	5,211,327	5,082,180
Provision for reimbursement of expenses for payment and delivery of fringe benefits (post-employment benefit obligations)	4,371,009	5,715,462
Provision for one-off one-time retirement payments (post-employment benefit obligations)	1,300,111	1,765,495
Current provisions	4,381,338	3,107,479
Provision for expenses under outstanding documents	1,061,037	85,627
Provision for annual performance bonuses	1,027,523	909,121
Provision for unused vacations	1,003,459	880,744
Provision for reimbursement of expenses for payment and delivery of fringe benefits (current portion)	483,890	462,065
Back-end fuel cost provision (current portion)*	470,693	264,366
Provision for one-off one-time retirement payments (current portion)	269,516	293,635
Provision for litigation	65,220	211,902
Provision for future guarantee costs	-	19

*the basis for restatement is described in Note 5.

Decommissioning provision for nuclear facilities

The Company estimates decommissioning provision in respect of existing nuclear facilities, which include nuclear units of NPPs and spent fuel storage facilities ("SFSF"). Such liabilities are determined on the basis of the present value of labour costs for key employees and of materials that are expected to be incurred during decommissioning. As at 1 January 2021 and 31 December 2022, Scientific & Technical Center of SE "NNEGC "Energoatom" completed an expert revaluation of future decommissioning costs for nuclear power units using the deferred decommissioning approach. For the purpose of valuation as at 1 January 2021, the valuer applied optimised holding stages for each individual power unit of NPPs in accordance with Retirement Concepts of individual NPPs (for consistent and gradual transition to the active decommissioning stage for each NPP site, namely, dismantling of power units in order to achieve uniform rate of generation and processing of nuclear waste arising at this stage and uniform rate of labour effort) and for the valuation as at 31 December 2022, the valuer applied the approach in accordance with the Framework for

Decommissioning of Operating Power Units developed by the SE "NNEGC "Energoatom" Research and Technology Centre and submitted for approval to the Ministry of Energy.

Key changes in the approach to estimation of costs in the 2022 Report compared to the 2021 Report were as follows:

- change in the number of decommissioning stages (the stages 'discontinued operation' and 'shutdown' were merged into 'discontinued operation' stage);
- change in estimated payroll, cost of materials and services.

The calculation of the provision for decommissioning of nuclear facilities costs is based on the assumption of an extension for 20 years beyond the design lifetime of nuclear reactors. The possibility of extending the life of nuclear reactors is mentioned in the "Energy Strategy of Ukraine until 2035", approved by the Cabinet of Ministers of Ukraine Decree No. 605-r dated 18 August 2017.

For estimation of provision as at 31 December 2021, future costs were discounted to present value at the reporting date using the rate of salary increases in the Company and the inflation rate for 2022 based on the expected decommissioning periods and discounted from the date when they are expected to be incurred. For estimation of provision as at 31 December 2021, future costs were discounted to present value at the reporting date using the rate of salary increases in the Company and the inflation rate for 2021.

The calculations are made taking into account environmental legislation, international practice, as well as the uncertainty factor, due to the long run nature of payments.

The provision was charged on the total calculated present value of the decommissioning costs, including direct decommissioning costs of NPP and SFSF at the Zaporizhzhya NPP (including the provision for costs relating to Zaporizhzhya NPP in the amount of UAH 8,947,305 thousand as at 31 December 2022 and UAH 8,544,034 thousand as at 31 December 2021).

The net present value of decommissioning provision in respect of nuclear installations as at 31 December 2022 and 31 December 2021 is calculated by discounting the amount of expenses at the nominal long-term pre-tax discount rate, which amounted to 12.90% (2021: 11.83%, restated). The projected inflation rate assumed in calculating the provision was 5.61% (2021: 5.01%).

During 2022, the impact of changes in cash flow projections on movements in the provision primarily resulted from the change in assumption regarding the projected inflation rate and the change in expectations future decommissioning costs. During 2021, the impact of changes in cash flow projections on movements in the provision primarily resulted from the change in assumption regarding the employee benefit grow rate. The employee benefit costs reported in 2021 significantly decreased compared to the estimated costs as at 31 December 2020 due to the limited additional one-off payments/bonuses, which were assumed in the 2021 report at the level of 30% of the approved base pay for the respective employee category. The effect of changes in expectations regarding the employee benefit costs represented a decrease in the provision for decommissioning costs of approximately UAH 7 billion.

Changes in the provision for decommissioning provision for nuclear facilities for the year ended 31 December are presented below:

	2022	thousands UAH 2021 (restated)*
Balance as at 1 January	19,797,514	30,316,512
Unwinding of discount	2,342,046	2,129,156
Total other changes, including effect of changes in estimated time and in cash flows recognised in other comprehensive income	3,057,806	(8,768,985)
Effect of changes in discount rate recognised in other comprehensive income	(4,960,544)	(3,879,169)
Balance as at 31 December	20,236,822	19,797,514

*the basis for restatement is described in Note 5.

Back-end fuel cost provision

The Company estimates the obligation related to the costs of storage and partial processing of spent nuclear fuel (SNF) and to storage costs and return of High Level Radioactive Waste (HRW). Such liabilities are determined on the basis of the present value of estimated costs of storing SNF in storage facilities and estimated costs of storage and return of HRW. These costs are discounted from the date when they are expected to be incurred.

As at 31 December 2022 and 31 December 2021, the back-end fuel cost provision was estimated based on the discounted expected costs of maintaining the Company's own SNF storage facilities, namely, the Central Spent Fuel Storage Facility (CSFSF) and the Dry Spent Fuel Storage Facility (SFSF).

Estimation of the future back-end fuel costs for Zaporizhzhya NPP was based on the SFSF operation cost estimate of Zaporizhzhya NPP discounted to current prices by applying the projected inflation rate. Estimation of the future back-end fuel costs for the Company's other NPPs was based on the estimated CSFSF operation costs of Atomremontservice for 2023 and 2022, estimated SNF transportation costs for 2023 and 2022, respectively, estimated CSFSF maintenance costs for the active and passive period discounted to current prices by applying the projected inflation rate.

The spent fuel assemblies are expected to be stored in CSFSF until 2122, inclusive. The SNF existing at 31 December 2022 and 31 December 2021 is expected to be fully moved to CSFSF by 2038 and 2037, inclusive (for VVER-1000: by 2036 and 2035, inclusive).

For estimation of the provision at 31 December 2022 and 31 December 2021, the assumption was made that the headcount of personnel responsible for accepting the SNF was expected to decrease starting from 2040 and 2039, respectively, due to CSFSF transferred to the passive operation period.

Expenses based on the amounts of payments to be made in Ukraine are discounted at the nominal long-term discount rate before tax of 12.90% (2021: 11.83 % for Ukraine and 8.39% for Russia (restated)). The projected inflation rate used in estimation of the provision was 5.61% (2021: 5.01%).

Movements in back-end fuel cost provision for the year ended 31 December are as follows:

	2022	2021 (restated)* thousands UAH
Balance as at 1 January	5,346,546	5,388,954
Effect of changes in discount rate recognised in cost of sales	(870,622)	(684,529)
Effect of changes in estimated time and in cash flows recognised in cost of sales	623,876	92,176
Unwinding of discount	596,246	550,851
Utilisation of provision	(14,026)	(906)
Balance as at 31 December	5,682,020	5,346,546

*the basis for restatement is described in Note 5.

At 31 December 2021, the provision for storage and return of HRW from the Russian Federation was recognised as a component of back-end fuel cost provision. Taking into account the requirements of the CMU Resolution dated 3 March 2022 No. 187 and dated 9 April 2022 No 426 and the Resolution of the NBU Board dated 24 February 2022 No 18 imposing a ban on settlement of cash and other liabilities to counterparties associated with the aggressor state and a ban on imports of goods from Russia to the customs territory of Ukraine, which precludes the Company from importing HRW and new nuclear fuel, the probability of the outflow of economic benefits in the form of fees for return to Ukraine and storage of HRW from processing of SNF is assessed as remote. Therefore, no provision for the return and storage of HRW from Russia was recognised. The estimated movement in provision for 2022 in the amount of UAH 470,038 thousand was recorded in Effect of changes in estimated time and in cash flows recognised in cost of sales.

Sensitivity factors for decommissioning provision for nuclear facilities and back-end fuel cost provision

In view of the sensitivity to the underlying assumptions of all the provisions mentioned herein, particularly in terms of future cost (that depends on the inflation rate), long-term discount rate, and disbursement schedules, the amount of provisions is reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

The principal assumptions used in determining the decommissioning and back-end fuel cost provisions are presented below:

	2022	2021 (restated)
Nominal discount rate (applicable to Ukraine)	12.90%	11.83%
Projected inflation rate (applicable to Ukraine)	5.61%	5.007%
Nominal discount rate (applicable to Russia)	-	8.39%
Projected inflation rate (applicable to Russia)	-	4.44%
Expected overall operating life of NPP reactors*	50-51 years	

* currently expected terms of decommissioning of units are 2030-2055

For Ukraine, the discount rate is based on the market yield (at the end of the reporting period) of government bonds and long-term inflation forecast from the source of the authoritative international agency The Economist Intelligence Unit ("EIU") for the weighted average maturity for the 32-year period.

The sensitivity of the decommissioning provision to changes in key assumptions is as follows (2021 figures have been restated using the nominal rate):

- a decrease in the discount rate by 100 basis points would increase the liability by approximately UAH 4,594,198 thousand (2021: UAH 4,991,979 thousand); an increase in the discount rate by 100 basis points would decrease the liability by approximately UAH 3,615,050 thousand (2021: UAH 3,813,798 thousand).
- a decrease in the projected inflation rate (and the resulting decrease in future costs) by 100 basis points would decrease the liability by UAH 3,867,339 thousand (2021: UAH 4,062,795 thousand); an increase in the projected inflation rate by 100 basis points would increase the liability by UAH 4,902,544 thousand (2021: UAH 5,308,872 thousand).
- a decrease in useful lives of NPP reactors by 1 year (in relation to the estimated useful lives) would increase the liability by approximately UAH 1,396,898 thousand (2021: UAH 1,286,375 thousand); an increase in useful lives of NPP reactors by 1 year (in relation to the estimated useful lives) would decrease the liability by approximately UAH 1,306,701 thousand (2021: UAH 1,207,890 thousand).

The sensitivity of the back-end fuel cost provision to changes in key assumptions is as follows (2021 figures have been restated using the nominal rate):

- a decrease in the discount rate by 100 basis points would increase the liability by approximately UAH 805,426 thousand (2021: UAH 808,247 thousand); an increase in the discount rate by 100 basis points would decrease the liability by approximately UAH 624,037 thousand (2021: UAH 618,011 thousand).
- a decrease in the projected inflation rate (and the resulting decrease in future costs) by 100 basis points would decrease the liability by UAH 665,070 thousand (2021: UAH 657,954 thousand); an increase in the projected inflation rate by 100 basis points would increase the liability by UAH 857,115 thousand (2021: UAH 859,053 thousand).

Provision for reimbursement of expenses for payment and delivery of fringe benefits and one-time retirement payments (post-employment benefit obligations)

The Company calculates post-employment benefit obligations using the projected unit credit method based on actuarial assumptions that represent management's most accurate estimates of those variables that will determine the final cost of post-employment employee benefits.

The employee benefits at the end of employment are calculated by an independent qualified actuary.

The change in provision recognised in the statement of financial position for the year ended 31 December 2022 is as follows:

		thousands UAH	
	One-time payment on retirement	Fringe benefits	Total
1 January 2022	2,059,130	6,177,527	8,236,657
Cost of current services included in (profit)/loss, of which recognised in:			
Cost of sales	105,764	246,460	352,224
Administrative expenses	90,531	232,318	322,849
Selling expenses	7,134	-	7,134
Other	374	-	374
Net interest expense	7,725	14,142	21,867
	243,595	730,801	974,396
Included in (profit) or loss, total	349,359	977,261	1,326,620
Current service cost recognised in capital investments	1,379	143	1,522
Revaluation losses/(gains) reported in other comprehensive income:			
From experience adjustments	75,479	(221,834)	(146,355)
From changes of demographic assumptions	(24,802)	(109,143)	(133,945)
From changes of financial actuarial assumptions (discount rate, inflation level, salary increase)	(573,776)	(1,431,244)	(2,005,020)
Included in other comprehensive income, total	(523,099)	(1,762,221)	(2,285,320)
Benefits paid	(306,475)	(537,811)	(844,286)
Benefits accrued, but unpaid (reported in accounts payable to employees)	(10,667)	-	(10,667)
31 December 2022	1,569,627	4,854,899	6,424,526

The change in provision recognised in the statement of financial position for the year ended 31 December 2021 is as follows:

		thousands UAH	
	One-time payment on retirement	Fringe benefits	Total
1 January 2021	1,763,055	5,924,823	7,687,878
Cost of current services included in (profit)/loss, of which recognised in:			
Cost of sales	92,149	235,315	327,464
Administrative expenses	80,877	223,334	304,211
Selling expenses	6,244	-	6,244
Other	313	-	313
Net interest expense	4,715	11,981	16,696
	193,307	653,508	846,815
Included in (profit) or loss, total	285,456	888,823	1,174,279
Current service cost recognised in capital investments	1,491	114	1,605
Revaluation losses/(gains) reported in other comprehensive income:			
From experience adjustments	266,075	120,269	386,344
From changes of demographic assumptions	(15,304)	(12,764)	(28,068)
From changes of financial actuarial assumptions (discount rate, inflation level, salary increase)	(37,935)	(257,610)	(295,545)
Included in other comprehensive income, total	212,836	(150,105)	62,731
Benefits paid	(196,111)	(486,128)	(682,239)
Benefits accrued, but unpaid (reported in accounts payable to employees)	(7,597)	-	(7,597)
31 December 2021	2,059,130	6,177,527	8,236,657

Movements in other provisions

Movements in other provisions for the year ended 31 December 2022 were as follows:

	31 December 2021	Provision charge	Utilised	Released	thousands UAH 31 December 2022
Current provisions	2,087,413	4,038,165	(2,770,189)	(198,150)	3,157,239
Provision for annual performance bonuses	909,121	1,025,424	(906,835)	(187)	1,027,523
Provision for unused vacations	880,744	1,878,083	(1,685,693)	(69,675)	1,003,459
Provision for litigation	211,902	52,708	(118,554)	(80,836)	65,220
Provision for expenses under outstanding documents	85,627	1,081,950	(59,107)	(47,433)	1,061,037
Provision for future guarantee costs	19	-	-	(19)	-

Movements in other provisions for the year ended 31 December 2021 were as follows:

	31 January 2020	Provision charge	Utilised	Released	thousands UAH 31 December 2021
Current provisions	2,031,820	2,896,487	(2,754,763)	(86,131)	2,087,413
Provision for annual performance bonuses	800,904	943,828	(785,055)	(50,556)	909,121
Provision for unused vacations	736,024	1,858,633	(1,684,927)	(28,986)	880,744
Provision for litigation	245,728	34,748	(61,994)	(6,580)	211,902
Provision for expenses under outstanding documents	249,136	59,278	(222,787)	-	85,627
Provision for future guarantee costs	28	-	-	(9)	19

Sensitivity factors for post-employment employee benefits

Minor changes in key assumptions (such as discount rates, increase in the consumer price index, mortality rates and future wage growth rates) may have a material impact on the liability recognition. Factoring in the sensitivity of all employee benefit obligations stated herein to the key assumptions about the long-term discount rate, future wage growth rates and consumer price index increases, these actuarial assumptions are reviewed at each reporting date.

Changes in actuarial assumptions and adjustments based on experience result in an increase or decrease in provisions for employee benefits and recognition of actuarial gains / (losses).

The main assumptions used in determining the provisions for employee benefits are presented below:

	2022	2021
Discount rate	17.21%	11.83%
Future salary annual increase rate (year 1)	5.30%	6.00%
Future salary annual increase rate (year 2)	11.80%	12.40%
Future salary annual increase rate (year 3)	8.30%	11.10%
Future salary annual increase rate (year 4)	6.80%	5.20%
Future salary annual increase rate (subsequent years)	5.90%	5.20%
Inflation	10.04% in 2023-2024, 6.95% in 2025-2030 and 5.9% thereafter	5.007%

The discount rate is based on the market yield (at the end of the reporting period) of government bonds and inflation on the EIU's long-term inflation forecast for the weighted average period to payment of benefits excluding and financial factors that may affect the level of benefits, which is 13-14 years. Salary growth rates are estimated on the basis of the projected growth of salaries of the Company's employees. The staff turnover ratio is estimated individually for each business unit based on the expected staff turnover considering the historical data.

The sensitivity of post-employment employee benefit obligations to the key assumptions is as follows:

- a decrease in the discount rate by 100 basis points would increase the liability by UAH 404,567 thousand (2021: UAH 656,818 thousand); an increase in the discount rate by 100 basis points would decrease the liability by UAH 364,659 thousand (2021: UAH 579,838 thousand);
- an increase in the estimated salary growth rate by 100 basis points would increase the liability by UAH 159,184 thousand (2021: UAH 198,255 thousand); a decrease in the estimated salary growth rate by 100 basis points would decrease the liability by UAH 159,458 thousand (2021: UAH 201,505 thousand).
- an increase in the estimated inflation growth rate by 100 basis points would increase the liability by UAH 130,744 thousand (2021: UAH 324,928 thousand). decrease in the estimated inflation growth rates by 100 basis points would decrease the liability by UAH 153,777 thousand (2021: UAH 336,443 thousand).

The sensitivity analysis is based on an analysis of effect of changes in each actuarial assumption used for valuation on the amount of defined benefit obligation, with other assumptions unchanged.

No analysis of sensitivity to indexation of retirement benefits is presented as indexation of retirement benefits is not considered to be an independent actuarial assumption and represents a component of two independent factors, namely, the wage growth rate and the inflation rate. In accordance with legislation, indexation of retirement benefits is performed so that the wage on which the retirement benefit is assigned (preliminarily recalculated) is increased by a factor equal to 50% of the projected inflation rate and 50% of the projected average wage growth for three preceding years. As such, the indexation of pensions is completely dependent on changes in wage growth and inflation, the sensitivity analysis for which is presented above.

The expected utilisation periods for provisions recorded by SE "NNEGC "Energoatom" are as follows:

- Provision for unused vacations - within 1 year;
- Provision for future annual performance bonuses- within 1 year;
- Provision for decommissioning of nuclear power units - by 2100;
- Back-end fuel cost provision - by 2122;
- Provision for reimbursement of expenses for payment and delivery of fringe benefits - the weighted average settlement period of defined benefit obligations is 7.1 years;
- Provision for one-time retirement payments - the weighted average settlement period of defined benefit obligations is 5.8 years;
- Provision for litigation- within 1 year;
- Provision for expenses under outstanding documents- within 1 year;
- Provision for future guarantee costs-up to 2 years.

15. Payments to the State budget, the State Social Fund and the Pension Fund

Settlements with the budget, the State Social Fund and the Pension Fund for the year ended 31 December 2022 are as follows:

							thousands UAH 31 December 2022	
	Note	31 December 2021(restated)		Payable	Paid	Recovered from the budget (-), reinstated (+)		
		Dr	Cr				Dr	Cr
Corporate profit tax*	a	981	1,155,883	409,742	1,606,503	1,269,078	1,310,937	-
VAT		-	1,181,598	7,065,533	8,202,659	-	-	44,472
Excise tax		-	565,469	3,643,447	3,979,910	-	-	229,006
Part of the net profit payable to the State budget*	b	1,386,830	2,600,666	-	2,598,170	-	1,384,334	-
Personal income tax, military tax		-	284,347	3,170,493	3,307,405	(14)	-	147,449
Environmental tax		2	308,816	633,370	770,764	-	-	171,420
Land tax		80	15,229	119,823	126,565	-	99	8,506
Charge for socioeconomic compensations to population		-	175,971	1,280,461	1,325,007		-	131,425
Other taxes and charges, penalties		233	72,389	560,794	566,269	268,112	268,702	67,271
Recovered from the budget		2,874	45	(22,405)	-	(21,316)	3,918	-
Total taxes and charges		1,391,000	6,360,413	16,861,258	22,483,252	1,515,860	2,967,990	799,549
Unified social contribution		-	270,376	3,344,469	3,439,545	-	-	175,300
Compensation of preferential pensions		-	-	537,811	537,811	-	-	-
Total payments to the State budget and funds		1,391,000	6,630,789	20,743,538	26,460,608	1,515,860	2,967,990	974,849

*as at 31 December 2021, the net profit and the part of the net profit have been restated based on the updated calculations for 2019-2021. The basis for restatement is described in Note 5.

a) In accordance with the Tax Code of Ukraine ("TCU"), the Statement of Profit or Loss (Statement of Comprehensive Income) is the basis for determining the taxable base for income tax purposes and for payment of the part of the net profit (income) to the State Budget. Therefore, the restatement of Statement of Financial Results (Statement of Comprehensive Income) items for prior years resulted in a requirement to file updated tax returns for the respective prior years. In accordance with the TCU, tax returns may be revised within 1095 days. In accordance with the TCU requirements, the Company filed the revised corporate profit tax returns for 2019, 2020, 2021 and the revised calculation of the part of the net profit (income) for 2019 and 2021.

As at 1 January 2022, the Company had a receivable balance (overpaid tax) on settlements with the budget related to corporate profit tax in the amount of UAH 981 thousand and a payable balance in the amount UAH 1,155,883, which included the prior year adjustments recorded in 2022 for the amount of UAH 1,123 thousand (as at 1 January 2021, a receivable balance of UAH 345,112 thousand as adjusted).

During 2022, the Company recognised an income tax liability in the total amount of UAH 409,742 thousand (2021: recognised an income tax liability in the amount of UAH 3,140,563).

In addition, during 2022, the Supreme Court of Ukraine issued a ruling in favour of SE "NNEGC "Energoatom" dated 26 October 2022 in case 826/3453/13-a. This ruling invalidated and annulled the tax notice-decision issued by the Circuit State Tax Service of the State Tax Service Large Taxpayers Central Office dated 26 December 2012 No 0001224110. Based on the above ruling, the Company reinstated the income tax receivable in the amount of UAH 1,269,078 thousand and receivables on settlements with the budget in the form of the penalties related to the income tax in the amount of UAH 268,627 thousand.

b) The part payable to the state budget for any reporting period is determined on the basis of the net profit reported in the Company's financial statements in accordance with Order #138 of the Cabinet of Ministers of Ukraine (Note 12.5).

As at 1 January 2022, the Company had the part of the net profit (income) payable for 2021 due in 2022 in the amount of UAH 2,600,666 thousand. In addition, as a result of the correction of errors in the prior period financial statements and the related restatement of financial results, accounts receivable on settlements on the part of the net profit (income) in the amount of UAH 1,386,830 thousand arose as at 1 January 2022 (the basis for restatement is described in Note 5).

The Company generated net loss in the amount of UAH (12,401,989) thousand for 2022 and therefore the part of the net profit (income) payable to the State budget was not assessed (2021: UAH 2,919,682 assessed, restated (the basis for restatement is described in Note 5)).

Settlements with the budget, the State Social Fund and the Pension Fund for the year ended 31 December 2021 are as follows:

	1 January 2021(restated)		Payable	Paid	Recovered from the budget, impaired (-) / reinstated (+)	thousands UAH 31 December 2021(restated)	
	Dr	Cr				Dr	Cr
Income tax	345,112	-	3,140,563	1,640,549	-	981	1,155,883
VAT	-	267,439	6,496,603	5,582,444	-	-	1,181,598
Excise tax	-	104,073	2,645,980	2,184,584	-	-	565,469
Part of the net profit payable to the State budget	785,418	-	2,919,682	920,428	-	1,386,830	2,600,666
Personal income tax, military tax	-	273,455	3,268,838	3,257,946	-	-	284,347
Environmental tax	-	247,749	1,098,071	1,037,006	-	2	308,816
Land tax	1	15,639	183,101	183,590	-	80	15,229
Charge for socioeconomic compensations to population	-	392,288	821,394	1,037,711	-	-	175,971
Other taxes and charges	249	71,948	387,667	387,569	(359)	233	72,389
Recovered from the budget	1,350	57	(24,165)	-	(22,629)	2,874	45
Total taxes and charges	1,132,130	1,372,648	20,937,734	16,231,827	(22,988)	1,391,000	6,360,413
Unified social contribution	-	258,019	3,441,214	3,428,857	-	-	270,376
Compensation of preferential pensions	-	36,765	486,128	522,893	-	-	-
Contributions to PF and fines to SSF	-	-	544	544	-	-	-
Total payments to the State budget and funds	1,132,130	1,667,432	24,865,620	20,184,121	(22,988)	1,391,000	6,630,789

16. Income and expenses, comprehensive income

During 2022, the Company generated gross profit from sales of electricity and heat, heat supply, centralised water supply and drainage in the amount of UAH 86,615,104 thousand (2021: UAH 37,659,998 thousand, restated (the basis for restatement is described in Note 5)). Net of other operating, finance and other income and expenses, the Company's financial result before tax represented loss in the amount of UAH 14,993,025 thousand (2021: profit in the amount of UAH 6,416,020 thousand, restated). Income tax benefit amounted to UAH 2,591,036 thousand (2021: income tax expense in the amount of UAH (1,263,263) thousand, restated).

The net loss amounted to UAH 12,401,989 thousand (2021: net profit amounted to UAH 5,152,757 thousand, restated (the basis for restatement is described in Note 5)).

Disclosed in tables below are details by principal type of income and expense.

16.1 Revenue

Net revenue from sales of products (goods, works and services) for the year ended 31 December 31 by type of activity is as follows:

	2022	2021
	thousands UAH	
Revenue from sales of electricity sales, including by sales market:	133,294,606	82,845,997
Bilateral agreement market (PSO), incl.:	68,414,835	18,045,850
SE "Guaranteed Buyer"	7,825,075	4,140,775
Distribution system operators (DSO) and transmission system operators (TSO)	10,021,972	3,958,794
Universal service providers (USP)	50,567,788	9,894,164
Other entities	-	52,117
Bilateral agreement market, other	46,595,160	46,189,757
Bilateral agreement market (export)	1,402,154	-
Day ahead market	12,392,118	15,600,180
Intra-day market	2,265,765	1,421,008
Balancing market	2,224,574	1,589,202
Thermal energy (total)	118,521	137,714
thermal energy (generation)	83,820	102,374
thermal energy (transmission)	33,570	34,165
thermal energy (supply)	1,131	1,175
Centralised water supply, drainage and utility services	167,003	131,091
Regulation of frequency and active capacity	615,854	3,403
Total	134,195,984	83,118,205

Disclosed below are shares of specific markets in total sales of electricity by physical volume sold and by revenue:

Electricity markets	2022, percent (%)		2021, percent (%)	
	physical volumes sold	sales revenue	physical volumes sold	sales revenue
Bilateral agreement market (PSO), incl.:	49	51	45	22
SE "Guaranteed Buyer"	5	6	35	5
DSO and TSO	10	7	3	5
USP	34	38	7	12
Bilateral agreement market, other	36	35	42	56
Bilateral agreement market (export)	1	1	-	-
Day ahead market	7	9	8	19
Intra-day market	2	2	1	1
Balancing market	5	2	4	2
Total	100	100	100	100

Revenue from sales of products and services is recognised mostly over time.

Revenue from sales of electricity

Products and services are mainly sold in Ukraine. During the second quarter 2022, the Company began exporting electricity to Moldova and eventually to Romania and Slovak Republic. However, the export of electricity from Ukraine was stopped starting from October 2022 as a result of mass missile strikes by the Russian Federation targeting Ukraine's energy system and the resulting significant shortage of electricity in the energy system.

During the reporting period and comparative period, electricity was sold in all electricity market segments.

Throughout 2022, financial PSO model was in effect (starting from 1 October 2021), based on which the whole volume of electricity sold is sold at market prices across all market segments following the trading rules and the Company, in its turn, purchases from SE "Guaranteed Buyer" the services to ensure accessibility of electricity to household consumers (refer to Note 1).

Until 30 September 2021, commodity PSO model was in effect, based on which electricity was sold in bilateral agreement market, where volumes of electricity and prices were defined by the Company's public service obligations. In this model, SE "Guaranteed Buyer" is a principal buyer purchasing the whole volume of electricity required to meet the needs of household consumers at the fixed price of UAH 150 / MW*h.

In other market segments (other bilateral agreement market, day ahead market, intra-day market, balancing market) electricity was sold at electronic auctions delivered in accordance with their rules with prices determined based on available demand and supply.

Revenue from sales of thermal energy, centralised water supply and drainage, utility services

Other products and services are sold predominantly in nuclear plant satellite towns to various counterparties, including households. Sales are made under direct contracts, generally on a regular basis. Prices (tariffs) for other products and services are regulated by the NCSREPU and local municipalities.

Income earned in the ancillary services market

SE "NNEGC "Energoatom" entered the ancillary services market in 2021. Currently 7 of 15 NPP reactors are certified for participation in the ancillary services market. The ancillary services are provided by PrJSC NPC "Ukrenergo".

16.2 Cost of sales

Cost of sales of products (goods, works and services) for 2022 and 2021 by type of business is disclosed as follows:

	2022	thousands UAH 2021 (restated)
Electricity*, incl.:	47,256,806	45,160,814
for resale	3,663,012	214,737
Thermal energy*, incl.:	113,193	116,064
thermal energy (generation)*	73,617	74,587
thermal energy (transmission)	38,431	40,266
thermal energy (supply)	1,145	1,211
Centralised water supply, drainage and utility services	210,881	181,329
Total	47,580,880	45,458,207

* the basis for restatement is described in Note 5.

Cost of sales of goods works and services for 2022 and 2021 by item of expenses is as follows:

	2022	thousands UAH 2021 (restated)
Wages, salaries and related charges	16,003,089	16,821,972
Depreciation/amortisation	9,709,089	9,227,226
Nuclear fuel	7,065,208	9,447,935
Materials and services	5,800,100	5,965,628
Energy consumed	4,036,353	337,479
Taxes, levies, other charges	2,204,172	2,307,220
Provision of fire, watchman and paramilitary security services	1,986,127	857,078
Other employee benefits	451,380	432,633
Insurance costs	165,776	197,422
Other expenses*	159,586	(136,386)
Total	47,580,880	45,458,207

*the basis for restatement is described in Note 5.

16.3 Administrative expenses

Administrative expenses for the year ended 31 December are as follows:

	2022	thousands UAH 2021 (restated)
Wages, salaries and related charges	1,444,997	1,563,301
Depreciation/amortisation	44,789	55,319
Materials and services	44,183	42,189
Professional fees	30,193	34,858
Maintenance of property, plant and equipment	23,050	22,453
Settlement and cash services	16,921	18,781
Other employee benefits	19,468	16,356
Operating lease expense	24,905	12,079
Business trips	6,159	7,752
Communication	5,212	5,899
Taxes and charges*	3,824	3,273
Other	11,187	12,018
Total	1,674,888	1,794,278

*the basis for restatement is described in Note 5.

16.4 Selling and PSO expenses

Selling expenses include the costs of sales units selling electricity and utilities directly to end consumers.

	2022	thousands UAH 2021
Wages, salaries and related charges	65,002	69,023
Arrangement to purchase and sell electricity	62,216	72,562
Depreciation/amortisation	1,674	2,150
Material expenses	803	926
Other operating expenses, incl.	423,322	2,998
<i>provision of access to the throughput capacity of interstate grids for exports</i>	238,026	-
<i>electricity transmission services related to the exports</i>	145,033	-
<i>other expenses</i>	40,263	2,998
Total	553,017	147,659

Under the PSO model effective since 1 October 2021, the public service obligation was imposed on the Company as an electricity producer, in particular, in the form of payment of a fee to SE "Guaranteed Buyer" for service of electricity accessibility for household consumers as defined in Regulation 483. The fee paid by the Company for this service during 2022 totalled UAH 87,643,639 thousand (2021: UAH 23,385,665 thousand).

In addition, the CMU Resolution dated 7 July 2022 No. 775 imposed public service obligations on the electricity market participants exporting electricity to EU member states. In accordance with this resolution, the Company as an exporter during 2022 received from SE "Guaranteed Buyer" a service to ensure the security of electricity export supply that was delivered from 4 June 2022 until 10 October 2022. The fee for this service was charged to SE "NNEGC "Energoatom" during 2022 in the amount of UAH 35,852 thousand.

16.5 Other operating income and expenses

Other operating income for the year ended 31 December is as follows:

	2022	thousands UAH 2021 (restated)
Written off accounts payable*	1,893,093	768
Recovery of assets previously written off**	385,852	11,543
Bank interest on current account balances	286,250	43,983
Fines, penalties, forfeit***	177,444	184,275
Assets received free of charge, gain on stock take	93,110	12,790
Profit from sales of goods and inventories	27,344	127,141
Consignment of inventories during repairs and other works, write off of other inventories	14,923	31,152
Release of provision for impairment of non-financial assets	11,489	2,235
Profit from sales of other products, goods, services, leases****	1,297	2,956
Foreign exchange differences	-	2,761,167
Other income*****	25,748	5,715
Total	2,916,550	3,183,725

* during 2022, in accordance with the CMU Resolution No 187 on Protection of National Interests Regarding Future Claims by the State of Ukraine in Connection with the Russian Federation's Military Invasion dated 3 March 2022, the Company wrote off a loan (Note 13.1) and trade and other payables to counterparties associated with Russia as the aggressor state in the amount of UAH 1,892,162 thousand as the balance is non-repayable as of the balance sheet date and an outflow of economic benefits from the Company is remote.

** during 2022, recovery of assets previously written off includes UAH 268,627 thousand of accounts receivable recovered in the form of corporate profit tax penalties (refer to Note 15 for additional details).

*** gain on recognition of UAH 9,190,180 thousand of receivables from SE "Energoatom" based on the court decision is presented in the statement of profit or loss netted with impairment charge due to the simultaneous fair value measurement of this asset (Notes 8.3, 20).

**** during 2022 and 2021, profit was only earned on leases; other sales generated loss.

***** the basis for restatement is described in Note 5.

Other operating expenses for the year ended 31 December are as follows:

	2022	thousands UAH 2021
Foreign exchange differences	9,835,620	-
Housing and utilities and welfare infrastructure, social and cultural activities	943,214	848,681
Expenses for average salaries of employees called for military duty or involved in territorial defence forces as volunteers, which are non-refundable from the State budget	189,684	33,559
Currency exchange transactions	84,782	101,507
Expenses for socioeconomic development of territories	54,359	250,000
Contributions to the Ukrainian Nuclear Community, WANO and others	4,010	83,988
Write off of bad debts, including release of provision for impairment of non-financial assets	33	570
Access to border crossing points purchased but not utilised	-	357,426
Other expenses, incl.	399,627	231,452
<i>forced idle time costs and loss from occupation*</i>	178,558	-
Total	11,511,329	1,907,183

*losses directly attributable to the implications of the military invasion by the Russian Federation.

Total expenses for employee benefits for the year ended 31 December are as follows:

	<i>thousands UAH</i>	
	2022	2021
Wages and other short-term benefits	15,405,700	16,037,105
Contributions to the State Social Fund (SSF)	3,383,641	3,482,934
Expenses related to defined benefit plans and other long-term employee benefits	353,746	329,069
Movements in provision for unused vacations	101,047	118,740
Movements in provision for employee benefits	97,222	88,953
Other employee benefits, other than payroll	293,204	215,116
Total expenses	19,634,560	20,271,917
Payments compensated from the SSF and budget	249,791	289,115

16.6 Other finance income and costs

During 2022 and 2021, the Company's **other finance income** by type was follows:

	<i>thousands UAH</i>	
	2022	2021
Interest gain on remeasurement of long-term accounts receivable	30,842	41,524
Bank interest on deposits	1,400	1,448
Other finance income	2,852	2,494
Total	35,094	45,466

Finance costs by item during 2022 and 2021 were as follows:

	<i>thousands UAH</i>	
	2022	2021 (restated)
Interest expense on decommissioning provision, unwinding of discount on the asset related to contributions to the Financial Reserve for Decommissioning*	2,486,150	2,240,524
Interest on bank loans and other financial liabilities	1,477,974	1,524,402
Interest expense on retirement benefit plan	974,396	846,815
Interest expense on back-end fuel cost provision*	596,246	550,851
Expenses related to servicing of loans and other long-term financial liabilities	65,168	68,790
Loss on initial recognition of non-current accounts receivable at amortised cost	15,704	16,426
Loss on modification of financial liability	2,647	5,976
Other finance costs	9,195	17,874
Total	5,627,480	5,271,658

*the basis for restatement is described in Note 5.

In addition to **finance costs** expensed in the current period, the Company capitalised during 2022 finance costs in the amount of UAH 502,813 thousand (2021: UAH 382,114 thousand). The amount of interest paid is included in Payment of interest in the Statement of Cash Flows and capitalised finance costs are included in Expenditure for purchases of non-current assets.

Borrowing costs capitalised during 2022 and directly attributable to acquisition, construction or production of a qualifying asset amounted to UAH 465,880 thousand (2021: UAH 347,565 thousand).

Capitalisation rate used for borrowing costs not directly attributable to acquisition, construction or production of a qualifying asset during 2022 ranged between 3.699% and 3.835% for various quarters of the year; borrowing costs capitalised totalled UAH 36,933 thousand (2021: UAH 34,549 thousand). During 2022 and 2021, the amount of actual finance costs for the group of borrowings not directly attributable to acquisition, construction or production of a qualifying asset is lower than the maximum amount determined using the capitalisation rate. As a result, the capitalisation rate was not actually applied and borrowing costs for this group were capitalised in full.

16.7 Other income and expenses

Other income by item for the year ended 31 December was as follows:

	2022	thousands UAH 2021
Non-current assets received free of charge (including income recognised pro rata to the depreciation)	94,345	92,316
Investment property revaluation surplus	29,372	-
Total	123,717	92,316

Other expenses by item for the year ended 31 December were as follows:

	2022	thousands UAH 2021
Write off of non-current assets	60,097	40,310
Impairment of non-current assets	23,477	12,292
Revaluation loss on non-current assets	-	425
Other expenses	2,092	4
Total	85,666	53,031

16.8 Income tax

The Company's statutory income tax rate is 18% (2021: 18%). Main components of the income tax expense for the years ended 31 December are presented below:

Income tax recognised in income and expenses

	2022	thousands UAH 2021 (restated)*
Current income tax expense	(409,742)	(3,140,563)
Deferred income tax relating to origination and decrease of temporary differences	3,000,778	1,877,300
Income tax credit/(charge)	2,591,036	(1,263,263)

*the basis for restatement is described in Note 5.

Deferred income tax recognised in other comprehensive income

Movements in the deferred income tax related to the items charged directly to other comprehensive income or equity during the year were as follows:

	2022	thousands UAH 2021 (restated)*
Income tax arising on other comprehensive income:		
Obligations related to post-retirement employee benefits	(411,358)	11,291
Decommissioning provision	(342,493)	(2,276,669)
Other movements in the revaluation reserve	8	(1,258)
Income tax recognised in other comprehensive income	(753,843)	(2,266,636)

*the basis for restatement is described in Note 5.

Reconciliation of effective tax rate

The reconciliation between the income tax expense and the accounting profit (loss) multiplied by the income tax rate in force in Ukraine for 2022 and 2021:

	2022 thousands UAH	%	2021 (restated)* thousands UAH	%
Profit (loss) before tax	(14,993,025)	100.00%	6,416,020	100.00%
Income tax credit/(charge) at applicable tax rate	2,698,744	18.00%	(1,154,884)	18.00%
Non-deductible items	(107,708)	(0.72%)	(108,379)	1.69%
Income tax benefit/ (expense) reported in profit or loss	2,591,036	17.28%	(1,263,263)	19.69%

*the basis for restatement is described in Note 5.

16.9 Recognised and unrecognised deferred tax assets and liabilities

Recognised deferred tax assets and liabilities.

Deferred income tax for 2022 relates to the following items:

	31 December 2021 (restated)	Charged/ credited to profit and loss	Charged/ credited to other comprehensive income	thousands UAH 31 December 2022
Property, plant and equipment and intangible assets	(17,866,024)	1,060,039	8	(16,805,977)
Inventories, trade receivables (including long-term receivables) and other assets	2,692,575	1,223,106	-	3,915,681
Trade accounts payable and other current liabilities	55,375	150,504	-	205,879
Decommissioning and other long-term provisions*	4,525,930	481,955	(342,493)	4,665,392
Post-employment employee benefit obligations	1,482,598	85,174	(411,358)	1,156,414
Deferred tax asset/(liability)	(9,109,546)	3,000,778	(753,843)	(6,862,611)

*the basis for restatement is described in Note 5.

Deferred income tax for 2021 relates to the following items:

	1 January 2021 (restated)	Charged/ credited to profit and loss	Charged/ credited to other comprehensive income	thousands UAH 31 December 2021(restated)
Property, plant and equipment and intangible assets*	(18,952,266)	1,087,500	(1,258)	(17,866,024)
Inventories, trade receivables (including long-term receivables) and other assets	2,331,813	360,762	-	2,692,575
Trade accounts payable and other current liabilities	89,442	(34,067)	-	55,375
Decommissioning and other long-term provisions*	6,426,983	375,616	(2,276,669)	4,525,930
Post-employment employee benefit obligations	1,383,818	87,489	11,291	1,482,598
Deferred tax asset/(liability)	(8,720,210)	1,877,300	(2,266,636)	(9,109,546)

*the basis for restatement is described in Note 5.

Unrecognised deferred tax assets

There are no unrecognised deferred tax assets as at 31 December 2022 and 2021.

17. Related party transactions

Transactions and outstanding balances with related parties for the years ended 31 December 2022 and 2021 are presented below.

The Company's ultimate controlling party and its authorised governing body as at the reporting date is the Government of Ukraine represented by the Cabinet of ministers of Ukraine.

For the purpose of preparation and disclosure of related party transactions and balances, related parties comprise the following:

- the governing agency - the Cabinet of Ministers of Ukraine;
- President of SE "NNEGC "Energoatom" and his immediate family members;
- governance body - the Supervisory Board of SE "NNEGC "Energoatom": members of SE "NNEGC "Energoatom" Supervisory Board and their immediate family members;
- Vice-Presidents and executive directors of SE "NNEGC "Energoatom" who have the authority to establish, change or terminate legal relationships and their immediate family members;

- general directors or directors of detached units acting on the basis of the power of attorney who have the authority to establish, change or terminate legal relationships and their immediate family members;
- deputy general directors or deputy directors of detached units who have the authority to establish, change or terminate legal relationships and their immediate family members.

Types and amounts of related party transactions during 2021 and 2022 are presented in the table below:

	2022	thousands UAH 2021
Sales of products, goods, works and services to related parties	76	109
Guarantees and collateral provided*	(67,562)	(50,104)

*The costs related to State guarantees provided by the Government of Ukraine to secure loans (borrowings) (Note 13.1) obtained by SE NNEGC "Energoatom" under guarantee agreements ratified by Laws of Ukraine No 1267-VII dated 15 May 2014, No 1268-VII dated 15 May 2014 and the State Guarantee Agreement in respect of SE NNEGC "Energoatom" liabilities in accordance with the Cabinet of Ministers Resolution No 936 dated 6 December 2017.

Related party balances are disclosed in the table below in accordance with IAS 24.18, Related Party Disclosures.

	31 December 2022	31 December 2021	Timing and nature of recovery	thousands UAH Guarantee, Collateral collateral amount
Long-term accounts receivable	570	1,504	deducted through payroll monthly until 2039	mortgage agreements 4,850
Trade receivables for products sold	5	8	-	- -
Other current accounts receivable	155	533	deducted through payroll over 12 months	mortgage agreements 4,850
Provision for post-employment employee benefits (non-current portion)	11,963	17,487	weighted average utilisation period of 6.8 years	- -
Provision for post-employment employee benefits (current portion)	2,344	1,840	within 12 months	- -

The **key management personnel**, for whom information is disclosed below for 2022 and 2021, comprises 69 individuals and 74 individuals (positions), respectively, for positions not lower than executive directors and deputy directors of detached units. As at 31 December 2022 and 31 December 2021, the Company's key management personnel was represented by 50 and 55 individuals, respectively.

Compensations to key management personnel during 2022 and 2021 are disclosed in the table below:

	2022	thousands UAH 2021
Short-term employee benefits	126,404	145,014
Severance benefits	268	-
Post-employment benefits	1,142	2,804
Related tax	14,125	13,699

For the years ended 31 December 2022 and 2021, the Company accrued and paid the statutory unified social contribution at the rate of 22 % (8.41% for employed people with disabilities) on gross salary.

The Company enters into significant transactions with **entities under common control of the State**.

These entities include SE "Energorynok", SE "Guaranteed Buyer", SE "Market Operator", PrJSC NPC "Ukrenerg", PJSC "State Savings Bank of Ukraine", PJSC "Ukreximbank", PJSC JSB "Ukrigasbank", SE "Eastern GOK", JSC "Ukrenergomachyny" and other state-owned enterprises ("SE").

Related party balances as at 31 December are presented at cost as follows:

	31 December 2022	thousands UAH 31 December 2021
Non-current assets		
Restricted cash	51,408	17,663
Current assets		
Trade receivables from SE "Energorynok"	-	-
historical cost	11,477,781	11,523,116
ECL allowance*	(11,477,781)	(11,523,116)
Trade receivables from SE "Guaranteed Buyer"	1,026,598	2,063,323
historical cost	1,111,465	3,981,755
ECL allowance*	(84,867)	(1,918,432)
Trade receivables from PrJSC NPC "Ukrenergo"	1,227,521	492,234
historical cost	1,227,521	1,363,894
ECL allowance*	-	(871,660)
Trade receivables from other state-owned enterprises	4,148,994	1,773
historical cost	4,170,387	23,147
ECL allowance	(21,393)	(21,374)
Advances issued to SE "Guaranteed Buyer"	-	4,387,038
Advances issued to SE "Eastern GOK"	1,800,621	1,361,743
Advances issued to other state-owned enterprises	42,577	488
Other current receivables, financial assistance to SE "Ukrvyygillya"	400,000	500,000
Other current receivables resulting from claims recognised by SE "Energorynok"	-	-
historical cost	9,190,180	-
ECL allowance	(9,190,180)	-
Other current receivables, claims issued to SE "Guaranteed Buyer"	265,825	223,163
historical cost	376,295	223,163
ECL allowance	(110,470)	-
Other current receivables, claims issued to other SEs	726,500	10,225
historical cost	779,590	32,909
ECL allowance	(53,090)	(22,684)
Cash held with state-owned banks	1,349,255	4,874,322
Current letters of credit and restricted cash with state-owned banks	20,174	49,112
Non-current liabilities		
Loans from JSC "State Savings Bank of Ukraine"	(4,559,802)	(5,246,154)
Collateral provided for loan from JSC "State Savings Bank"	(12,860,000)	(12,860,000)
Lease liability recognised in accordance with IFRS 16, Leases	(2,575)	(2,995)
Current liabilities		
Loans from state-owned banks including outstanding interest and principal	(9,138,818)	(5,236,794)
Collateral provided for loans from state-owned banks	(14,770,458)	(11,746,829)
Bonds issued and placed with state-owned banks including outstanding interest and principal	-	(822,214)
Advances received from PrJSC NPC "Ukrenergo"	(115,765)	(161,319)
Advances received from other state-owned entities	(177,350)	(980,777)
Trade and other payables to JSC "Ukrenergomachyny"	(645,582)	(1,071,192)
Trade and other payables to PrJSC NPC "Ukrenergo"	(2,400,571)	(835,765)
Trade and other payables to SE "Guaranteed Buyer"	(20,729,619)	-
Trade and other payables to other state-owned enterprises	(58,052)	(156,266)
Lease liability recognised in accordance with IFRS 16, Leases	(1,325)	(1,096)
Provision for expenses under outstanding documents with PrJSC NPC "Ukrenergo"	(1,013,921)	-

* Refer to Note 8.1 for disclosure of allowance for expected credit losses on trade receivables from SE "Energorynok", SE "Guaranteed Buyer", PrJSC NPC "Ukrenergo" is disclosed in Note 8.1.

Transactions with state-owned enterprises during 2022 and 2021 were as follows:

	2022	thousands UAH 2021 (added)
SE "Guaranteed Buyer" (sales of electricity)*	7,931,769	4,140,775
SE "Guaranteed Buyer" (purchases of electricity accessibility service for household consumers)	(87,643,639)	(23,385,665)
SE "Guaranteed Buyer" (purchases of services to ensure the security of electricity export supply)	(35,852)	-
SE "Market Operator" (sales of electricity)	14,657,883	17,021,188
SE "Market Operator" (purchases of electricity and services to arrange purchase and sale of electric energy)	(577,512)	(87,702)
PrJSC NPC "Ukrenergo" (sales of electricity)*	5,747,934	2,852,090
PrJSC NPC "Ukrenergo" (sales of ancillary services)	615,854	-
PrJSC NPC "Ukrenergo" (purchases of electricity, installed generating capacity dispatching services, electricity distribution / transmission services)*	(6,352,282)	(3,848,726)
LLC "Mykolaiv Electricity Supply Company" (sales of electricity)	2,079,037	512,740
LLC "Khmelnyskenergozbut" (sales of electricity)	1,618,829	261,050
LLC "Cherkasyenergozbut" (sales of electricity)	1,848,231	310,962
LLC "Energo Zbut Trans" (sales of electricity)	3,059,248	1,281,704
JSC "Energy Company of Ukraine" (sales of electricity)	1,033,919	-
JSC "Energy Company of Ukraine" (purchases of electricity)	(966,818)	-
LLC "Zaporizhzhyaelectropostachannya" (sales of electricity)	2,431,839	448,041
LLC "Ternopileletropostach" (sales of electricity)	1,004,995	194,943
LLC "Kharkivenergozbut" (sales of electricity)	2,417,389	664,773
Sales of electricity to other state-owned enterprises	3,307,872	983,997
SE "Eastern GOK" (purchases of uranium oxide concentrate and related transportation and storage services)	(454,938)	(1,325,120)
Sales of goods, works, services to other state-owned enterprises	35,073	19,976
Purchases of goods, works, services from other state-owned enterprises	(2,167,677)	(1,066,338)
Purchases of non-current assets from state-owned entities	(42,068)	(675,225)
Interest expense on bonds and loans obtained from state-owned banks	(1,060,840)	(1,160,467)
Recognised receivables from SE "Energorynok" for recognised inflation losses and court fees (at cost)	9,190,180	-
Penalties receivable from SE "Guaranteed Buyer"	153,132	223,163
Penalties receivable from PrJSC NPC "Ukrenergo"	61,960	24,701
Penalties payable to PrJSC NPC "Ukrenergo"	(250)	(4,888)
Collateral provided during the reporting period in the form of electricity and rights to receivables under the contract with SE "Energorynok" for loans obtained from state-owned banks	(3,023,629)	-

*Refer to Note 8.1 for disclosure of transactions with SE "Guaranteed Buyer", PrJSC NPC "Ukrenergo".

Other relations and settlements of SE "NNEGC "Energoatom" with the state are disclosed in Notes 12.1, 12.5, 13.2, 15.

18. Leases

The Company acts as both a lessee and a lessor.

As a lessee, the Company recognises right-of-use assets and lease liabilities. The exemption from recognition of leases under IFRS 16, Leases, applies to short-term leases and leases of low-value assets within the materiality level being UAH 150 thousand for a new basic leased asset.

Right-of-use assets are included in other non-current assets. Information on right-of-use assets for 2022 and 2021 is presented as follows:

State Enterprise "National Nuclear Energy Generating Company "Energoatom"
Financial statements for the year ended 31 December 2022

					thousands UAH
Right-of-use assets	31 December 2021	Adjustment	Depreciation charge	Disposals	31 December 2022
Buildings, structures	32,975	(8,768)	(21,042)	(494)	2,671
historical cost	138,961	(8,768)	-	(126,220)	3,973
depreciation	(105,986)		(21,042)	125,726	(1,302)

					thousands UAH
Right-of-use assets	31 December 2020	Additions	Depreciation charge	Disposals	31 December 2021
Buildings, structures	94,643	75	(51,739)	(10,004)	32,975
historical cost	150,879	75	-	(11,993)	138,961
depreciation	(56,236)		(51,739)	1,989	(105,986)

Non-current and current lease liability for 2022 and 2021 is disclosed as follows:

					thousands UAH
	31 December 2021	Adjustment	Disposals/ derecognition*		31 December 2022
Non-current liabilities	3,366	(8,353)	7,562		2,575
including by dates of repayment as at the year-end 30 September 2026	-	-	-		2,575
Current portion of non-current liability	38,764	430	(37,869)		1,325
incl.: VAT and % on current portion of liability	-	7,992	(18,339)		-
Total liabilities	42,130	(7,923)	(30,307)		3,900

* including a decrease in liability as a result of derecognition of leases in the total amount of UAH 592 thousand, of which UAH 494 thousand relates to a decrease in right-of-use assets.

					thousands UAH
	31 December 2020	Additions	Disposals/ derecognition		31 December 2021
Non-current liabilities	42,673	2,915	(42,222)		3,366
including by dates of repayment as at the year-end					
20 February 2023	-	-	-		371
25 October 2026	-	-	-		2,995
Current portion of non-current liability	90,681	67,455	(119,372)		38,764
incl.: VAT and % on current portion of liability	-	25,233	(46,522)		-
Total liabilities	133,354	70,370	(161,594)		42,130

In the Statement of profit or loss and other comprehensive income, depreciation of right-of-use assets is included in the following items:

		thousands UAH
	2022	2021
Operating expenses	20,769	50,774
Cost of sales	6,972	19,402
Administrative expenses	12,937	33,590
Selling expenses	-	504
Other operating expenses	62	153
Change in work in progress	798	(2,875)
Plus depreciation of capital investments	273	965

Interest expense on lease liability for the year ended 31 December 2022 is UAH 2,621 thousand (2021:

UAH 14,616 thousand). Expenses related to short-term leases and leases of low-value assets total UAH 48,936 thousand (2021: UAH 29,213 thousand).

In addition, SE NNEGC "Energoatom" recognises lease payments on PPE transferred into operating leases as income on a straight-line basis. Income and expenses from operating leases during 2022 and 2021 are as follows:

	2022	2021
	<i>thousands UAH</i>	
Lease income	724	2,180
Expenses related to leases	(308)	(737)

Information on income and expenses from investment property is disclosed in Note 6.4.

19. Fair value of financial instruments

Fair value measurement

Some principles of the Company's accounting policies and disclosure rules require the determination of the fair value of both financial and non-financial assets and liabilities. Fair value has been determined for valuation and disclosure purposes using the following methods.

Long-term accounts receivable

The fair value of long-term receivables is measured as the present value of future cash flows discounted at the market interest rate at the reporting date. This fair value is determined for disclosure purposes. To determine the fair value of long-term receivables, the Company applies the discount rate of the National Bank of Ukraine at the reporting date.

Non-derivative financial assets and liabilities

The fair value determined for disclosure purposes is calculated on the basis of the present value of future cash flows by principal and interest discounted at market interest rate at the reporting date.

The fair values of cash and cash equivalents, trade and other receivables and payables approximate their carrying amounts due to their short-term nature and market interest rates at the end of the period.

The fair values of financial assets and financial liabilities, as well as their carrying amounts are as follows:

	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>thousands UAH</i>				
Financial assets for which fair value is disclosed				
Other long-term receivables	73,448	57,739	103,974	109,593
Employee loans	182,104	144,350	197,470	232,169
Financial liabilities for which fair value is disclosed				
Loans, borrowings, bonds (including interest and principal), promissory notes	40,585,489	40,689,388	33,068,396	33,234,196

Hierarchy of fair value sources

All assets and liabilities for which fair value is measured or disclosed in financial statements are classified within the fair value hierarchy described below based on the lowest level inputs which have a significant effect on the overall fair value measurement:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: techniques for which all inputs which have a significant effect on the recorded fair value at the lowest level of the hierarchy are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value at the lowest level of the hierarchy that are not based on observable market data.

For measurements and disclosures in these financial statements, the fair value is determined based on IFRS 13, Fair Value Measurement, leases for which IFRS 16 applies and the measurements comparable but not equal to fair value.

For valuation of capital invested or assets, three approaches can be used: (i) cost approach; (ii) market (or comparative) approach; and (iii) income approach. For valuation of property, plant and equipment, each of these approaches is initially considered and the appropriate approach in specific circumstances is determined based on the nature and profile of business and its assets subject to appraisal.

(i) The cost approach reflects the replacement principle and is based on the assumption that a rational investor would not pay more for an asset than the amount for which it could replace the service capacity of that asset with the same, or similar, asset.

(ii) Comparative (or market) approach is based on the information about the market condition in current circumstances and the transactions completed on, or immediately before, the valuation date. The comparative approach comprises two methods: the analogue method and the transaction method. The analogue method is based on comparing the company being appraised to comparable companies quotes in a stock market. When the transaction method is used, the company being appraised is compared to comparable companies recently sold in merger transactions. In both cases, a relevant sample of companies is selected on comparability basis.

(iii) When the income approach is used, the fair value is determined by estimating the present value of expected future cash flows projected over a pre-defined period of time.

For valuation of property, plant and equipment, external appraisers are engaged. For valuation of property, plant and equipment, the Company uses the cost approach for specialised assets and comparative approach for non-specialised assets for which market information is available about transactions involving purchases/sales of the same or similar assets.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between market participants on the valuation date, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The Company determined the estimated fair values of financial instruments with reference to various market information and other valuation techniques as considered appropriate. However, considerable judgement is required in interpreting market data to determine the estimated fair values. Ukraine continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments.

In determining the market values of financial instruments, management used all available market information.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade and other financial receivables approximate their fair values.

Liabilities carried at amortised cost. The fair value of floating rate instruments approximates their carrying amount. The fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. Carrying amounts of trade and other payables and non-current liabilities approximate their fair values.

The Company determines the fair values of all financial assets and financial liabilities based on Level 3 in the fair value hierarchy.

During 2022 and 2021, there were no transfers between Level 1 and Level 2; also, there were no transfers in respect of Level 3.

20. Risks

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- currency risk;
- market risk.

This Note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for assessing and managing risk, and the Company's management of capital. Further quantitative disclosures are included in other Notes to these financial statements.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Annual financial plans (comprising details of operational, investment and financing activities covering financial instruments risk management) are approved by the Government of Ukraine and included the risk management policies and procedures.

The Company's audit bodies and various government agencies monitor the management's compliance with the provisions on risk management methodology and procedures, and verify the adequacy of the risk management principles inherent in the Company's activities.

Classes of financial instruments are presented as follows as at 31 December:

	2022	thousands UAH 2021
Financial assets at amortised cost		
Other long-term receivables	73,448	103,974
Trade accounts receivable	17,876,595	2,623,297
Employee loans	182,104	197,470
Restricted cash	51,408	17,663
Other current assets	1,942,374	1,101,808
Cash and cash equivalents	1,384,005	4,877,684
Financial liabilities at amortised cost		
Loans, borrowings and promissory notes	40,381,921	32,945,567
Trade accounts payable	25,778,779	4,307,112
Other current liabilities	5,581,348	8,211,956

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The level of credit risk for the Company is determined primarily according to the Company's policy for estimating expected credit losses taking into account individual characteristics of each client or on a portfolio basis (Note 3.1). The Company does not require collateral to secure trade and other receivables, except for advances.

The maximum exposure to credit risk is equal to the book value of financial assets presented above in this Note and amounts to UAH 21,509,934 thousand as at 31 December 2022 (2021: UAH 8,921,896 thousand).

The largest debtors of the Company as at 31/12/2022 are state-owned enterprises with outstanding payables for electricity:

- SE "Energorynok", to which electricity was sold before 1 July 2019, with the receivables at cost as at 31 December 2022 amounting to UAH 11,477,781 thousand of principal and UAH 9,190,180 thousand of related penalties;
- SE "Guaranteed Buyer", the sales of electricity to which began on 1 July 2019, with the receivables at cost amounting to UAH 1,111,465 thousand as at 31 December 2022.
- PrJSC NPC "Ukrenergo", the sales of electricity to which began on 1 July 2019. The Company provided frequency and active capacity regulation services to this counterparty. The cost of receivables as at 31 December 2022 amounted to UAH 1,227,521.

The Company records allowances for impairment of receivables. An ECL allowance was recorded for the whole principal balance of receivables from SE "Energorynok" at the rate of 100%. An ECL allowance was also recorded for the receivables that originated during the operation of the electricity market. Refer to Note 8.1 for disclosure of information about the ECL allowance on other trade receivables.

During 2022, in respect of accounts receivable the Company recorded an ECL allowance and a provision for impairment of assets other than financial instruments.

Movements in the ECL allowance and provision for impairment of financial assets by balance sheet item are as follows:

	31 December 2021	Allowance charge/ increase, impairment	Written off against allowance	Allowance released, impairment	31 December 2022
Current accounts receivable, incl.:	14,999,939	9,642,726	(2,466)	(2,865,075)	21,775,124
notes received	36,500	10	-	-	36,510
for goods, works and services, which includes	14,640,638	254,242	(1)	(2,862,695)	12,032,184
- credit impaired	14,551,305	235,197	(1)	(2,773,362)	12,013,139
- the impact of changes in estimates and assumptions and other changes	-	235,197	-	(2,773,362)	-
- other	89,333	19,045	-	(89,333)	19,045
- the impact of changes in estimates and assumptions and other changes	-	19,045	-	(89,333)	-
other receivables	322,801	9,388,474*	(2,465)	(2,380)	9,706,430
Restricted cash	867	-	-	-	867
Total	15,000,806	9,642,726	(2,466)	(2,865,075)	21,775,991

*loss from impairment of receivables from SE "Energorynok" for recognised inflation losses and court fees in the amount of UAH 9,190,180 thousand is presented in the Statement of Profit or Loss netted with other operating gain from recognition of these receivables due to the simultaneous fair value measurement of this asset

Comparatives in respect of the ECL allowance and provision for impairment of financial assets during 2021 are disclosed below:

	31 December 2020	Allowance charge/ increase, impairment	Written off against allowance	Allowance released, impairment	Internal transfers between items	31 December 2021
Long-term accounts receivable	35,041	-	-	(33,714)	(1,327)	-
Current accounts receivable, incl.:	12,960,037	2,921,796	(1,183)	(882,071)	1,360	14,999,939
notes received	36,514	-	-	(14)	-	36,500
for goods, works and services, which includes	12,113,339	2,906,632	-	(380,505)	1,172	14,640,638
- credit impaired	12,068,341	2,817,299	-	(334,335)	-	14,551,305
- the impact of changes in estimates and assumptions and other changes	-	2,817,299	-	(334,335)	-	-
- other	44,998	89,333	-	(46,170)	1,172	89,333
- the impact of changes in estimates and assumptions and other changes	-	89,333	-	(46,170)	1,172	-
other receivables	810,184	15,164	(1,183)	(501,552)	188	322,801
Restricted cash	867	-	-	-	-	867
Total	12,995,945	2,921,796	(1,183)	(915,785)	33	15,000,806

The Company's policy is **not** to provide financial guarantees. At 31 December 2022 and 2021, there are no issued guarantees.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company strives to ensure the availability of sufficient cash in the accounts to make scheduled operating payments, including servicing financial obligations. This does not apply to the potential impact of unforeseeable emergencies, such as a natural disaster. In addition, as at 31 December 2022, the balance of unused credit lines available to the Company is UAH 3,201,550 thousand (31 December 2021: UAH 2,172,052 thousand).

The following are the contractual maturities of financial liabilities (including estimated interest payments and excluding the impact of offsetting agreements and fees for undrawn amounts). For loans and borrowings, contractual maturities are presented excluding the impact of non-compliance with loan covenants as management believes that non-compliance would not lead to early repayment or significant penalties (Note 13.1).

As at 31 December 2022:

	Loans, borrowings (including interest and principal), promissory notes	Trade accounts payable	Lease liabilities, other current liabilities	thousands UAH Total
Carrying amount	40,585,489	25,778,779	5,393,406	71,757,674
Contractual cash flows	47,439,151	25,778,779	5,394,265	78,612,195
up to 6 months	2,269,005	25,778,779	5,389,998	33,437,782
6 - 12 months	12,077,106	-	656	12,077,762
1 - 2 years	4,806,088	-	1313	4,807,401
2 - 3 years	5,173,259	-	1313	5,174,572
3 - 5 years	4,630,715	-	985	4,631,700
more than 5 years	18,482,978	-	-	18,482,978

As at 31 December 2021 (restated):

	Loans, borrowings, bonds (including interest and principal), promissory notes	Trade accounts payable	Lease liabilities, other current liabilities	thousands UAH Total
Carrying amount	33,068,396	4,307,112	8,141,792	45,517,300
Contractual cash flows	38,767,785	4,307,112	8,144,727	51,219,624
up to 6 months	1,737,313	4,307,112	8,100,533	14,144,958
6 - 12 months	8,776,050	-	38,045	8,814,095
1 - 2 years	3,568,821	-	1,673	3,570,494
2 - 3 years	4,068,737	-	1,194	4,069,931
3 - 5 years	5,526,647	-	3,282	5,529,929
more than 5 years	15,090,217	-	-	15,090,217

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company. The currencies in which these transactions primarily are denominated are EUR and USD.

Assets and liabilities denominated in respective currencies as at 31 December 2022 are presented in the table below:

State Enterprise "National Nuclear Energy Generating Company "Energoatom"
Financial statements for the year ended 31 December 2022

	EUR	Equivalent in UAH	USD	thousands UAH Equivalent in UAH
Current accounts, cash in transit	18,494	720,365	0.3	11
Seized accounts	1	27	-	-
Settlements with customers	2,485	96,774	1,191	43,545
Settlements on claims made	283	11,037	0.1	4
Total assets	21,263	828,203	1,191	43,560
Long-term bank borrowings	1,714	66,746	123,748	4,525,302
Long-term borrowings received	-	-	173,820	6,356,633
Short-term loans and borrowings	441,359	17,191,376	229,227	8,382,498
Current loans and borrowings payable	33,698	1,312,568	62,892	2,299,876
Settlements with suppliers for works, services, inventories	3,901	151,958	16,394	599,521
Settlements on interest accrued	1,841	71,715	3,061	111,922
Other settlements with creditors	23,572	918,145	1,909	69,806
Total liabilities	506,085	19,712,508	611,051	22,345,288
Net position	(484,822)	(18,884,305)	(609,860)	(22,301,728)

Comparative information as at 31 December 2021 is presented in the table below:

	EUR	Equivalent in UAH	USD	Equivalent in UAH	thousands UAH RUB	Equivalent in UAH
Other long-term receivables	571	17,663	-	-	-	-
Current accounts, cash in transit	64,710	2,000,992	12	338	-	-
Seized accounts	1	20	-	-	-	-
Other current assets (letters of credit)	700	21,662	-	-	-	-
Settlements with customers	738	22,805	1,191	32,482	-	-
Settlements on claims made	517	15,843	61	1,587	-	-
Total assets	67,237	2,078,985	1,264	34,407	-	-
Long-term bank borrowings	175,074	5,413,745	192,320	5,246,154	-	-
Long-term borrowings received	300,000	9,276,780	150,094	4,094,291	-	-
Short-term loans and borrowings	-	-	239,227	6,525,673	-	-
Current loans and borrowings payable	42,465	1,319,330	14,000	381,900	-	-
Settlements with suppliers for works, services, inventories	89,219	2,758,875	33,649	917,869	-	-
Settlements on interest accrued	814	25,172	2,786	75,993	-	-
Other settlements with creditors	98	3,031	452	12,230	15,967	5,812
Total liabilities	607,670	18,796,933	632,528	17,254,110	15,967	5,812
Net position	(540,433)	(16,717,948)	(631,264)	(17,219,703)	(15,967)	(5,812)

The Company prepared a **sensitivity analysis for variable interest rate financial instruments**. The effect of changes in currency exchange rates in relation to UAH (translated amounts in UAH in case of currency strengthening/weakening) on profit or loss of the Company as at 31 December 2022 is presented below:

	10% increase in exchange rate		10% decrease in exchange rate	
	Net position	Income/(expense)	Net position	Income/(expense)
EUR	(20,772,736)	(1,888,431)	(16,995,875)	1,888,431
USD	(24,531,901)	(2,230,173)	(20,071,555)	2,230,173

Interest rate risk represents changes in interest rates that impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Company's exposure should be at fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgement to decide whether a fixed or variable rate would be more favourable to the Company over the expected period until maturity.

At 31 December, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	31 December 2022	31 December 2021
<i>thousands UAH</i>		
<i>Fixed rate instruments</i>		
Loans and borrowings	33,522,934	26,559,515
<i>Variable rate instruments</i>		
Loans and borrowings	6,858,887	6,385,952
Total	40,381,821	32,945,467

Sensitivity analysis for variable interest rate financial instruments

An increase in interest rates by 50 basis points at the reporting date would decrease the profit by UAH 34,427 thousand (2021: UAH 32,087 thousand). A decrease in interest rates by 50 basis points at the reporting date would increase the profit by UAH 34,427 thousand (2021: UAH 28,573 thousand). This analysis assumes that all other variables, in particular currency exchange rates, remain unchanged. Data analysis for 2021 was conducted on the same basis.

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Capital management

The Company's policy provides for the maintenance of a stable capital level to ensure confidence of investors, creditors and other market participants, as well as to ensure further sustainable development of the Company's business activities. This is achieved through efficient cash management, continuous monitoring of the Company's revenues and profits and long-term investment plans, financed mainly by the Company's operating cash flows. Through these measures, the Company seeks to ensure stable revenue growth. The Government of Ukraine significantly influences the Company's capital management policy.

21. Contingencies

Litigation

The table below discloses material legal proceedings and claims with counterparties of SE "NNEGC "Energoatom":

		31 December 2022		31 December 2021	
	<i>Notes</i>	<i>Claim by the Company against the counterparty</i>	<i>Claim by the counterparty against the Company</i>	<i>Claim by the Company against the counterparty</i>	<i>Claim by the counterparty against the Company</i>
SE "Eastern GOK"	a	-	-	343,033	46,610
Kyiv City Department of the Fund for Social Protection of Disabled	b	-	509,586	-	296,278
Central Interregional Directorate of the State Tax Service for Large Taxpayers	c	2,228,250	353,697	2,464,516	353,697
SE "Energorynok"	d	19,002,033	-	19,002,033	-
PrJSC NPC "Ukrenergo"	e	1,710,941	69,390	510,102	-
SE "Guaranteed Buyer"	f	2,510,824	-	10,925,048	-
PJSC "Centrenergo"	g	1,068,096	-	-	-
Other (updated as at 31 December 2021)		227,230	591,705	378,576	840,171

a) A claim to impose UAH 343,033 thousand of penalty for breach of contract, including a counter claim in the amount of UAH 46,610 thousand. As at 31 December 2022, the case has been resolved. The total amount awarded to SE "NNEGC "Energoatom" in the case in UAH 17,153 thousand.

b) As at 31 December 2022, a number of claims are in various stages of court hearing to impose on SE "NNEGC "Energoatom" administrative penalties (fines) and interest for failure to meet the required number of jobs for employment of people with disabilities: UAH 129,545 for 2019, UAH 166,733 thousand for 2020, UAH 213,308 thousand for 2021. The expected probable outcome of the cases is in favour of SE

"NNEGC "Energoatom". In particular, the court of appeal ruled in favour of the Company in respect of the claim in the amount of UAH 166,733 thousand relating to 2020.

c) As at 31 December 2022, a number of cases are pending hearing at various stages relating to invalidation of tax notices-decisions and repayment to SE "NNEGC "Energoatom" of overpaid income tax totalling UAH 2,228,250 thousand.

A claim filed by the Central Interregional Directorate of the State Tax Service for Large Taxpayers to impose on SE NNEGC "Energoatom" UAH 353,697 thousand of outstanding charge for socioeconomic compensations to population residing in the monitoring zone.

The expected probable outcome of the cases is UAH 2,512,107 thousand in favour of SE NNEGC "Energoatom" and UAH 69,840 thousand against SE "NNEGC "Energoatom".

d) A claim to recover from SE "Energorynok" the principal debt, inflation costs and court fee in the total amount of UAH 19,002,033 thousand. The expected probable outcome of the cases is in favour of SE "NNEGC "Energoatom". As at 6 April 2023, hearing of the cassation appeal of SE "NNEGC "Energoatom" is in the process of hearing by the Supreme Court.

e) As at 31 December 2022, a number of cases are pending hearing at various stages relating to imposition of penalties on PrJSC NPC "Ukrenergo" for breach of Agreement on Settlement of Electricity Imbalances and a fine for late payment and breach of the Agreement on Participation in the Balancing Market in the total amount of UAH 1,710,941 thousand and the counterclaims against SE "NNEGC "Energoatom" in the amount of UAH 69,390 thousand. The expected probable outcome of the cases is as follows: UAH 61,045 thousand in favour of SE "NNEGC "Energoatom", UAH 552,042 thousand likely to have the claims partly awarded in favour of the Company, and further claims in the amount of UAH 1,097,854 thousand are pending hearing by the court of first instance.

f) As at 31 December 2022, a number of cases are pending hearing at various stages relating to claim to recover from SE "Guaranteed Buyer" the principal debt, penalty, fine and interest per annum under contracts in the total amount of UAH 2,510,824 thousand. The expected probable outcome of the cases in the amount of UAH 1,332,969 thousand is in favour of SE NNEGC "Energoatom", UAH 1,177,855 thousand has been awarded by the court of first instance in favour of the Company and the appeal proceedings are in progress.

g) A claim to recover from PJSC "Centrenergo" the principal debt, interest, penalty and inflation costs under the contract in the total amount of UAH 1,068,096 thousand. The hearing by the court of first instance is now in progress and the probable outcome is as follows: in favour of the Company for the principal debt to be recovered in the amount of UAH 706,968 thousand and inflation costs and potential dismissal of the claim for the interest and penalties (partial award).

Insurance

The Company does not have full coverage for its equipment, business interruption, or third-party liability in respect of property or environmental damage arising from accidents of Company property or relating to Company operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or damage of certain assets could have a material adverse effect on the Company's operations and financial position.

In accordance with Ukrainian legislation in respect of nuclear power electricity generation, the Company is obliged to insure risks of nuclear damage with a determined limit of SDR (Special Drawing Rights) 150 million, which is the equivalent of UAH 7,307,040 as at 31 December 2022 for each nuclear incident (2021: UAH 5,728,185 thousand). As at 31 December 2022 and 2021, the Company meets these requirements.

Social programme commitments

The Company makes contributions to mandatory and voluntary social programmes. During 2022, as required by Ukrainian legislation, the Company paid the average salaries to employees called for military duty or involved in territorial defence forces as volunteers, which are non-refundable from the State budget. The total amount of related costs during 2022 was UAH 189,684 thousand. In addition, starting from August 2022, cash benefits in the total amount of UAH 48,142 thousand were accrued for the employees called for military duty in accordance with the Company's joint decisions with the trade union committee of SE "NNEGC "Energoatom" primary trade union organisation.

The Company's social facilities, and local social programs bring public benefits in a broad sense and are generally not limited to the Company's employees.

Environmental issues

The Company and business entities that existed before its establishment have been operating in the nuclear energy sector of Ukraine for many years. As a result of the Company's activities, the environment could be damaged. Environmental protection, reduction of environmental impact is a priority task of the Company as an operator of existing Ukrainian NPPs. The environmental practice is implemented at all facilities: protection of atmospheric air, protection of water and land resources, ensuring safety during waste operations.

Ukraine continues to develop environmental legislation and the Government's position on compliance with this legislation is being reviewed. The Company periodically evaluates its environmental legislation obligations. They are recognised as occurred. If no current or future benefits are expected, the costs associated with the environmental obligations are included in expenses. Expenses aimed at extending the useful life of the respective property or at reducing or preventing future environmental pollution are capitalised. Contingent liabilities that may arise as a result of the approval of stricter legal requirements, resulted from civil litigation or changes in legislation, cannot be currently assessed. In recent years, in connection with the implementation of European environmental legislation in Ukraine, new regulations are being revised or introduced, which require the Company to adjust existing/introduce new approaches to the environmental activities. As a result, there is a risk of non-receiving new/adjusting existing permit documents in a timely manner, which entails the imposition of penalties by the state supervision bodies or claims for damages related to non-receipt of such documents in due time.

During 2022, as a result of hostilities and occupation of SS "ZNPP", there were instances of environmental contamination, lethalties among certain animal species and damage to plants both on the NPP industrial site and in the surrounding buffer area and radiation control area. A particular area of concern is the situation at Kakhovka Reservoir with the significant drawdown of water level as a result of the locks opened by occupation authorities. It is unclear for what purpose it was done, but, in addition to environmental risk, this situation has a significant impact on the flora and fauna and the safety implications as a result of potential drawdown of water in the special cooling sink drawing its water from Kakhovka Reservoir.

In order to comply with environmental requirements, the Company implements the Environmental Protection Program. Its main areas are: development of documentation for obtaining permits, ensuring compliance with permit documents, environmental monitoring, ensuring the conclusion of agreements with specialised organisations for the transfer of waste for disposal or removal, implementation of other environmental initiatives.

The extent of contamination and environmental damage will be assessed in the course of the environmental safety audit after Zaporizhzhya NPP has been deoccupied. The related monetary loss will be quantified based on the findings of such environmental safety audit.

Expenditures of NNEGC "Energoatom" related to the implementation of the Environmental Protection Programme are detailed below:

	<i>thousands UAH</i>	
	2022	2021
Development of supporting materials and application for permits	302	392
Compliance with special conditions of permits	175	223
Expenditures for disposal or removal of waste, including high hazard	2,578	3,994
Technical support of analytical equipment to provide environmental monitoring	41	125
Other environmental activities	191	1,766
Total	3,287	6,500

Currently, the Company generally complies with environmental legislation, and the law requirements in respect of the environmental tax payment, rent for special water use and has no financial obligations related to compensation for damage from environmental pollution.

The Company has no charges in connection with environmental commitments as of 31 December 2022 and 2021.

Commitments and contingencies related to Chernobyl Nuclear Power Plant (Chernobyl NPP)

Prior to 2001, the Company operated the nuclear reactors of Chernobyl NPP. In April 2001, following the Order of the Cabinet of Ministers of Ukraine, the net assets attributable to Chernobyl NPP were transferred to a separately new established state specialized entity DSE "Chernobyl Nuclear Power Plant" (DSE Chernobyl NPP), subordinated to the State Exclusion Zone Management Agency of Ukraine.

DSE Chernobyl NPP is responsible for the decommissioning of the nuclear reactors of Chernobyl NPP, administration of the security shelter of the plant, re-processing, storage, transportation and disposal processing of nuclear fuel spent at Chernobyl NPP and radioactive waste.

Management believes that the Company does not have any commitments and contingencies in respect of damage caused by the nuclear accident at Chernobyl NPP in 1986.

Contingent assets and liabilities

The table below presents significant contingent assets and liabilities as at 31 December, the majority of which may originate as a result of court decisions on claims or in accordance with contractual terms, disclosed in this note:

	31 December 2022	thousands UAH 31 December 2021
Contingent assets		
SE "Guaranteed Buyer" to impose penalties due to the breach of contracts through overdue monetary obligation	288,423	1,673,892
PrJSC NPC "Ukrenergo" to recover the claim for the overdue monetary obligation	542,109	446,676
LLC "Krok 2006" to invalidate the novation agreement between the same parties No 2082/10-HAEK dated 24 October 2007		27,451
Share in the charter capital of LLC "Khmelnyskenergozbut"	69,787	69,787
Share in the charter capital of LLC "Mykolaiv Electricity Supply Company"	105,167	105,167
Contingent liabilities		
Financial decommissioning provision (provision charge for 2007-2009 and for 2020-2022)	(3,016,732)	(2,231,332)
Income tax, VAT, PIT, STR, customs payment and penalties challenged in court	(15,381)	(41,119)
Membership contributions (WANO) for 2014-2015 and for 2020-2021	(49,652)	(197,508)
Claims by the Kyiv City Department of the Fund for Social Protection of Disabled to impose administrative penalties (fines) and interest for failure to meet the required number of jobs for employment of people with disabilities	(342,853)	(296,278)
Commitment to pay for the share in the charter capital of LLC "Khmelnyskenergozbut"	(69,787)	(69,787)
Commitment to pay for the share in the charter capital of LLC "Mykolaiv Electricity Supply Company"	(105,167)	(105,167)

Taxation contingencies

The Company performs most of its operations in Ukraine and is subject to the Ukrainian tax laws. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation which may be applied retrospectively, open to wide interpretation and in some cases are conflicting. Instances of inconsistent opinions between local, regional, and national tax authorities and between the Ministry of Finance and other state authorities are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enacted by law to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer.

These facts create tax risks substantially more significant than those typically found in more developed tax systems.

The management, based on the interpretation of tax legislation, official explanations and court decisions, believes that tax liabilities have been properly declared and recorded. However, the relevant authorities may interpret the aforementioned provisions differently, and if the management fails to defend its position, the execution of their decisions may have a material effect on these financial statements.

The Company must comply with the requirements of the Fund for Social Protection of Disabled. The majority of separate divisions of the Company operate under hazardous conditions and the creation of jobs for disabled persons in such circumstances is prohibited by other regulatory acts of Ukraine. On a regular basis the Company creates jobs for disabled persons in divisions where the working conditions are not hazardous. However, the number of disabled persons employed is not enough due to low unemployment rate among disabled people in the places, where such divisions are located. Accordingly, management believes that the Company complies with the requirements of legislation in force on the social security of disabled people.

Total contingent liabilities related to the respective charges amount to UAH 342,853 thousand at 31 December 2022 (2021: UAH 296,278 thousand) as stated above. No provision for such contingencies is made in these financial statements as management believes that it is not probable that there will be a significant outflow of economic benefits related thereto.

Past due liabilities

Some of the Company's liabilities are past due. For some of them, the terms of the relevant agreements provide for the imposition of penalties. No provisions for potential penalties were reflected in the financial statements as the potential amount of penalties for overdue liabilities is insignificant.

Written off accounts payable

The Company writes off accounts payable for which the limitation period expired as determined by the legislation of Ukraine, and in respect of which the counterparties have not filed lawsuits. In addition, during 2022, the Company wrote off accounts payable to the counterparties associated with the Russian Federation as aggressor state as required by the CMU Resolution No 187 on Protection of National Interests Regarding Future Claims by the State of Ukraine in Connection with the Russian Federation's Military Invasion dated 3 March 2022. Management believes that the risk of recovering these accounts payable and their further repayment are not probable.

The total amount of accounts payable written off in 2022 is UAH 1,893,093 thousand (2021: UAH 768 thousand).

22. Events after the reporting period

A number of non-adjusting events occurred during the period after the end of the reporting period and before the date of approval of these financial statements for issue.

On 6 January 2023, PrJSC NPC "Ukrenergo" filed a claim in the amount of UAH 3,028,722 thousand under the dispatching services agreement. The Kyiv Commercial Court dismissed the claim without prejudice in its ruling dated 18 January 2023. On 19 January 2023, the claimant filed an appeal against the Kyiv Commercial Court ruling dated 18 January 2023. On 10 April 2023, the Kyiv Commercial Court ruled to open the proceedings in this case. The case is pending resolution as of the date of approval of these financial statements.

On 20 January 2023, Government of Ukraine issued Decree No 52-p on Organisational Steps for Construction of Khmelnytsky NPP Nuclear Units, which will serve as a basis for preparation of the feasibility study for construction of these nuclear units using the AP1000 technology by the US-based Westinghouse company and other design documentation.

On 31 January 2022, the Supreme Court dismissed the cassation appeal filed by the Central Interregional Directorate of the State Tax Service for Large Taxpayers and upheld the ruling of the Sixth Administrative Court of Appeal dated 20 July 2022 in case 826/3453/13 to grant the claim of SE "NNEGC "Energoatom" to invalidate and annul the TDN No 26 December 2012 No 0001224110 in the amount of UAH 1,537,706 thousand.

On 10 February 2023, Derzhatomreguluvannya issued a resolution restricting the operation of nuclear units 3, 4, 5, 6 at Zaporizhzhya NPP (the units in cold run) as a result of non-compliance with nuclear and radiation safety rules. In particular, this relates to the enemy's military machinery and weapons located on the NPP site and the damages to the communication lines with the energy system of Ukraine. In addition, the gradual continuous degradation of systems and equipment is in progress as a result of the idle state and

stoppage of all nuclear units of the NPP. The decision to renew the license will be made by the regulator following the deoccupation of Zaporizhzhya NPP and relevant inspections and recovery works.

On 6 February 2023, Ukrainian Parliament passed the Law of Ukraine No 2896-IX on the Joint Stock Company "National Nuclear Energy Generating Company "Energoatom", which became effective on 23 March 2023. The law sets out a procedure for securitisation of SE "NNEGC "Energoatom" as a joint stock company with 100% interest held by the State.

On 19 March 2023, SE "NNEGC "Energoatom" and CAMECO (Canada) signed bilateral agreements to extend the cooperation between the companies. The agreements signed are critical for Ukraine considering that the Company has terminated all the contracts with the Russian Federation for the supply of nuclear fuel since the beginning of the full-scope military invasion. Considering the situation in the global market and the existing shortage of conversion capacities, the agreements signed guarantee sustainable supplies of nuclear fuel.

On 21 April 2023, SE "NNEGC "Energoatom" and Holtec International signed the agreement on cooperation in deployment of small module reactors. 20 SMR-160 reactors will be constructed under the agreement. By March 2029, the initial pilot project will be implemented, the minimum regulated capacity of the reactor will be achieved and the connection to the energy grid will be completed.

Energoatom has initiated legal proceedings against Russia to recover the damages resulting from the military invasion.

President

Petro KOTIN

Chief Accountant

Natalia VASHETINA