

**State Enterprise "National Nuclear Energy
Generating Company "Energoatom"**

**Condensed Interim Financial Statements
in accordance with IFRS**

As at 30 June 2023

(Not Audited)

This version of financial statements is a translation from the original, which was prepared in Ukrainian and issued on 02 August 2023. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
as at 30 June 2023

		<i>thousands UAH</i>	
	Notes	As at 30 June 2023	As at 31 December 2022
I. Non-current assets			
Intangible assets	6	346,408	343,016
<i>historical cost</i>		743,797	711,830
<i>amortisation</i>		(397,389)	(368,814)
Construction-in-progress	6	23,814,430	21,056,463
Property, plant and equipment	6	158,080,128	161,777,037
<i>historical cost</i>		537,743,077	536,488,200
<i>depreciation</i>		(379,662,949)	(374,711,163)
Investment property	6	47,755	48,551
Long-term accounts receivable	6	202,868	222,816
Other non-current assets	6	4,701,867	4,248,125
Total Section I		187,193,456	187,696,008
II. Current assets			
Inventories	7	28,067,773	24,893,313
<i>including</i>			
production stock		26,733,463	23,791,753
work-in-progress		799,468	590,855
finished goods		517,595	493,364
goods for resale		17,247	17,341
Notes received		11	21
Accounts receivable for goods, works and services	8	9,500,887	17,876,595
Accounts receivable on settlements:			
on advances issued	8	2,498,522	3,313,219
with the budget	15	1,450,285	2,967,990
<i>including corporate profit tax prepaid</i>		60,378	1,310,937
Accounts receivable for settlements on accrued income		7,956	13,477
Other current accounts receivable	8	1,371,625	1,848,927
Cash and cash equivalents	9	1,791,494	1,384,005
<i>including</i>			
cash on hand		35	32
cash in banks		1,791,383	1,383,901
Other current assets	10	5,218,888	4,605,443
Total Section II		49,907,441	56,902,990
III. Non-current assets held for sale and disposal groups	11	-	-
Balance		237,100,897	244,598,998

	Notes	As at 30 June 2023	As at 31 December 2022
I. Equity			
Registered (share) capital	12	164,875,664	164,875,664
Revaluation reserve	12	147,790,079	147,799,211
Additional capital	12	16,890	16,890
Retained earnings (accumulated deficit)		(201,150,193)	(192,109,711)
Total Section I		111,532,440	120,582,054
II. Long-term liabilities and provisions			
Deferred tax liabilities		5,055,845	6,862,611
Long-term bank borrowings	13	4,604,187	4,624,328
Other long-term liabilities		6,575,681	6,230,558
Long-term provisions	14	33,026,832	31,119,269
<i>including post-employment benefit obligations</i>		<i>5,918,758</i>	<i>5,671,120</i>
Non-current deferred income		2,761,269	2,932,643
Total Section II		52,023,814	51,769,409
III. Current liabilities and provisions			
Short-term bank borrowings	13	25,415,259	25,900,975
Notes issued		100	100
Current accounts payable on settlements:			
for long-term liabilities	13	3,293,760	3,630,044
for goods, works and services		29,571,897	25,778,779
with the budget	15	1,263,275	799,549
<i>including liability on corporate profit tax</i>		-	-
for insurance		161,392	177,108
on payroll		595,062	660,989
Current accounts payable on advances received	13	1,137,754	746,666
Current provisions	14	3,085,032	4,381,338
Current deferred income	13	102,964	95,094
Other current liabilities	13	8,918,148	10,076,893
Total Section III		73,544,643	72,247,535
Balance		237,100,897	244,598,998

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 June 2023

I. STATEMENT OF PROFIT OR LOSS

		<i>thousands UAH</i>	
	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
Net revenue from sales of products (goods, works and services)	16	68,200,550	67,618,431
Cost of sales of products (goods, works and services)	16	(23,257,189)	(23,414,429)
Gross: Profit		44,943,361	44,204,002
Other operating income	16	749,123	2,268,840
Administrative expenses	16	(949,755)	(847,165)
Selling expenses (including service on accessibility of electricity for household consumers)	16	(49,601,624)	(47,287,996)
Loss on impairment of financial assets	16	(843,471)	(450,734)
Other operating expenses	16	(2,166,592)	(1,962,050)
Profit (loss) from operating activities:			
Loss		(7,868,958)	(4,075,103)
Other finance income	16	18,928	53,279
Other income	16	49,029	45,147
Financial expenses	16	(3,039,990)	(1,745,017)
Other expenses	16	(14,238)	(63,799)
Profit (loss) before tax:			
Loss		(10,855,229)	(5,785,493)
Income tax benefit (expense)	16	1,806,588	1,026,380
Net profit (loss) after tax:			
Loss		(9,048,641)	(4,759,113)

II. OTHER COMPREHENSIVE INCOME

Items that cannot be reclassified subsequently to profit or loss

	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
Increase (decrease) in valuation of non-current assets		(1,151)	-
Income tax recorded in valuation of non-current assets		178	-
Other comprehensive income (loss) after tax		(973)	-
Total comprehensive income (loss) after tax		(9,049,614)	(4,759,113)

III. ELEMENTS OF OPERATING EXPENSES

	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
Material expenses		7,022,553	7,824,817
Payroll		7,980,099	7,917,489
Social payments		1,693,564	1,713,653
Depreciation/amortisation		5,030,475	4,875,950
Other operating expenses		55,515,364	51,856,878
Total		77,242,055	74,188,787

STATEMENT OF CASH FLOWS
for the six months ended 30 June 2022

		<i>thousands UAH</i>	
	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
I. Cash flows from operating activities			
Receipts from:			
Sales of products (goods, works and services)		90,219,639	67,062,383
Return of taxes and levies		1,613,720	370
Special-purpose financing		10,022	6,975
<i>including receipts from subsidies and grants received</i>		<i>1</i>	<i>3</i>
Advances from purchasers and customers		1,331,725	1,286,688
Return of advances		63,448	2,568
Interest on current account balances		161,303	81,481
Debtors of forfeit (fines and penalties)		378,651	14,001
Leases		825	1,317
Other receipts	9(a)	177,939	232,016
Outflows from payments for:			
Goods, works and services		(67,141,566)	(43,661,400)
Payroll		(6,541,000)	(6,790,772)
Social payments		(1,757,138)	(1,866,942)
Taxes and levies paid		(8,855,137)	(9,093,662)
income tax paid		-	-
value added tax paid		(3,583,124)	(3,955,498)
other taxes and levies paid		(5,272,013)	(5,138,164)
Advances paid		(1,075,630)	(1,544,558)
Return of advances		(97)	-
Special-purpose contributions		(80,665)	(1,420)
Other expenditures	9(b)	(1,705,554)	(1,172,286)
Cash flows from operating activities, net		6,800,485	4,556,759
II. Cash flows from investing activities			
Inflows from repayment of loans		1,628	1,868
Other receipts	9(c)	50,023	-
Expenditure for purchases of non-current assets		(3,993,238)	(4,205,300)
Expenditure to provide loans, advances on capital investments		(659,414)	(82,841)
Cash flows from investing activities, net		(4,601,001)	(4,286,273)
III. Cash flows from financing activities			
Receipts from:			
Loans received		2,408,501	5,845,649
Other receipts	9(d)	1,409	1,343
Expenditure for:			
Loans repayment		(3,401,910)	(5,575,794)
Payment of dividends		-	(2,598,170)
Interest paid		(767,340)	(523,798)
Lease liability settlement		(581)	(18,986)
Other payments	9(e)	(50,142)	(27,815)
Cash flows from financing activities, net		(1,810,063)	(2,897,571)
Cash flows for the reporting period, net		389,421	(2,627,085)
Cash at the beginning of the year		1,384,005	4,877,684
Effect of exchange rates change on cash balances		18,068	28,597
Cash at the end of the year		1,791,494	2,279,196

STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2023

thousands UAH

	Registered capital	Revaluation reserve	Additional capital	Retained earnings (accumulated deficit)	Total
Balance at 31 December 2022	164,875,664	147,799,211	16,890	(192,109,711)	120,582,054
Net loss for the period	-	-	-	(9,048,641)	(9,048,641)
Other comprehensive income for the reporting period	-	(973)	-	-	(973)
Other changes in capital	-	(8,159)	-	8,159	-
Total comprehensive income (loss) for the period	-	(9,132)	-	(9,040,482)	(9,049,614)
Balance at 30 June 2023	164,875,664	147,790,079	16,890	(201,150,193)	111,532,440
Balance at 31 December 2021	164,875,664	9,672,295	16,890	(41,804,781)	132,760,068
Error corrections	-	136,574,203	-	(139,784,398)	(3,210,195)
Adjusted balance at 31 December 2021	164,875,664	146,246,498	16,890	(181,589,179)	129,549,873
Net loss for the period	-	-	-	(4,759,113)	(4,759,113)
Total comprehensive income (loss) for the period	-	-	-	(4,759,113)	(4,759,113)
Balance at 30 June 2022	164,875,664	146,246,498	16,890	(186,348,292)	124,790,760

**Notes to the Condensed Interim Financial Statements of SE NNEGC "Energoatom"
for the First Half of 2023**

In addition to the main forms of reporting, such as Balance Sheet (Statement of Financial Position), Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows (by direct method) and Statement of Changes in Equity, these Notes include the information on SE NNEGC "Energoatom" ("the Company" or "SE NNEGC 'Energoatom'") and its financial statements, which are to be reflected as required by International Accounting Standard (hereinafter, "IAS") 34 "Interim Financial Reporting" or which are essential from the Company's standpoint.

1. Organizational structure and operations

State Enterprise "National Nuclear Energy Generating Company 'Energoatom'" is an electric power producer subordinated to the Cabinet of Ministers of Ukraine. The Company was founded on 17 October 1996 pursuant to Resolution No. 1268 by the Cabinet of Ministers of Ukraine, and was appointed as the operator of nuclear installations in charge of all nuclear power plants in Ukraine.

The Company's core activity is electricity generation at nuclear power plants located in different regions in Ukraine, ensuring the safe operation and increasing the efficiency of nuclear power plants, uninterrupted power supply for economic entities and the population, as well as, within its competence, ensuring Ukraine's continued preparedness for rapid and effective response in the event of accidents at nuclear power enterprises and radiological accidents in the industry. The areas of activity also include construction of new installations and decommissioning of operating power units, procurement of nuclear fuel, physical protection of nuclear installations and training of nuclear power plants' personnel. At 30 June 2023, the Company's structure incorporates the Head Office and separated subdivisions (SS) including four nuclear power plants: Zaporizhzhia, Rivne, South Ukraine and Khmelnytska NPPs, as well as SS "Atomremontservice", "Atomenergomash", "Atomprojectengineering", "Emergency Technical Centre", "Scientific and Technical Centre", "Donuzlavskaya Wind Power Plant" (located in the occupied territory of the Autonomous Republic of Crimea), "Skladske Hospodarstvo", "Upravlinnya Spravamy", "Tsentralizovani Zakupivli", "Energoatom-Trading", and "Representative Office of SE NNEGC "Energoatom" in Brussels (the Kingdom of Belgium)".

In 2022, it was decided to introduce the changes in the Company's organizational structure, in particular, by ceasing the activities of SS "CB Atomprylad" and SS "Avtomatyka ta Mashynobuduvannya", and transferring their functions to SS "Atomenergomash". As at the reporting date, SS "CB Atomprylad" and SS "Avtomatyka ta Mashynobuduvannya" have fully transferred their functions to SS "Atomenergomash" and legally ceased to operate on 2 March 2023 and 27 May 2023, respectively.

The registered address of the Company is 3, Nazariivska Street, 01032 Kyiv.

When implementing the Decision of the National Security and Defence Council of Ukraine "On Measures to Neutralize Threats in the Energy Sector", dated 30 July 2021, which was enacted by Decree No. 452/2021 issued by the President of Ukraine on 28 August 2021, from November to December 2021 the Company concluded the contracts for purchase and sale of shares in the charter capital of LLC "Khmelnytskenergozbut" and LLC "Mykolaiv Electricity Supply Company", as well as corporate contracts for management of the said companies. Under the terms and conditions of corporate contracts, the Company is entitled to run these companies, however, according to the Law of Ukraine "On Economic Competition Protection", acquiring and taking over the companies can be effected only upon authorization of the Antimonopoly Committee of Ukraine. In 2022 the Company signed the Certificates for Acceptance-Hand-over of a share in the charter capital of LLC "Khmelnytskenergozbut", namely, 100% share with the estimated value of UAH 69,787 thousand, and a share in the charter capital of LLC "Mykolaiv Electricity Supply Company" namely, 100% share with the estimated value of UAH 105,167 thousand. At 30 June 2023 and at the time of approving these financial statements, no required authorizations were received from the Antimonopoly Committee, and therefore, no control over these companies was gained.

Moreover, in February 2022, the Company signed a contract for purchase and sale of 100% share in the charter capital of LLC "Cherkasyenergozbut" with the estimated value of UAH 89,258 thousand, and a corporate contract for management of that company. As of 30 June 2023 and at the date of approving these

financial statements, no required authorizations were received from the Antimonopoly Committee, and therefore, no control over the said company was gained.

On 6 February 2023, the Verkhovna Rada of Ukraine adopted Law of Ukraine No.2896-IX "On Joint Stock Company "National Nuclear Energy Generating Company 'Energoatom" that came into force on 23 March 2023. This Law sets the procedure for transforming SE NNEGC "Energoatom" into a joint stock company 100 % of which belongs to the State.

During the meeting on 27 June 2023, the Government of Ukraine approved the plan for transformation of SE NNEGC "Energoatom" into a joint stock company 100 % of which is to be owned by the State.

SE NNEGC "Energoatom" has been conducting its production business in Ukraine.

In the 1st half of 2023 like in 2022, the economic situation in Ukraine was entirely affected by the full-scale military aggression launched by the Russian Federation (the "rf") on 24 February 2022, and by martial law imposed throughout the territory of Ukraine on 24 February 2022 pursuant to Law of Ukraine No. 2102-IX "On Approval of Presidential Decree No. 64/2022 "On Introduction of Martial Law in Ukraine".

The inflation index in Ukraine reached 104.6 % for the first half of 2023 (126.6 % for the first half of 2022). The discount rate of the National Bank of Ukraine (the "NBU") was 25% as at 31 December 2022, and remained unchanged as at 30 June 2022.

Moreover, the NBU resorted to the regulation of the currency market in order to prevent speculations specifically, by fixing the UAH exchange rate against USD at the level of 36.5686 on 21 July 2022. The hryvnia exchange rate against other currencies was not marked by significant fluctuations.

	31 December 2022	30 June 2023
US dollar	36.5686	36.5686
Euro	38.951	40.0006

During the reporting period, the Company was selling its generated electricity in all sectors of the market whose operating procedure is defined by Law of Ukraine No. 2019-VIII "On Electricity Market" dated 13.04.2017 (hereinafter "Law No. 2019"), Market Rules approved by Resolution No. 307 of the National Commission for Regulation of Energy and Utilities ("NCREU"), dated 14 March 2018 (as amended), the day-ahead market and intraday market regulations approved by NCREU's Resolution No. 308 dated 14.03.2018 (as amended), whereby the market switched from highly regulated pricing to the market model.

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

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

Based on the PSO financial model, electricity producers with public service obligations imposed on them shall sell 100% of electricity on arm's length terms, and using the revenues generated, provide compensation of the difference between tariffs for the public and the market price of electricity to the universal service provider.

Pursuant to the CMU's Resolution No.544 "On Amending the Cabinet of Ministers of Ukraine's Resolution No. 483 dated 5 June 2019" dated 30.05.2023, the PSO effect was extended until 31.12.2023, fixed prices for electricity for household consumers were increased, from 01.06.2023 through 31.12.2023, up to UAH 2.64/kWh incl. VAT.

The public service obligations of SE NNEGC "Energoatom" under the financial model include the following:

- Paying to SE "Guaranteed Buyer" the cost of the electric power accessibility service for household consumers, which is determined as a difference between the cost of the service rendered by universal

service providers (the "USP") and the electricity price for household consumers, multiplied by the volume of electricity consumption by household consumers, which is adjusted for a portion of SE NNEGC "Energoatom" compensation among electric energy producers entrusted with public service obligations;

- Selling the BASE_M standard products (the baseload over a month) to the USP operating within the Unified Energy System of Ukraine, for delivery to household consumers at the level of their minimum consumption of electricity in the trade area of the "Unified 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 baseload in the day-ahead market) in the trade area of the "Unified Energy System of Ukraine" for the period M-3, where M is the settlement month.

As amended by Law of Ukraine No. 2371-IX of 8 July 2022, Article 66 of the Law of Ukraine "On Electricity Market" requires that all producers sell the electric power under bilateral contracts in the electronic auctions only. As an exception, during effective marshal law, the Company ensures the electricity sale to the USP under bilateral contracts without conducting electronic auctions as provided for by Order No. 114 of the Ministry of Energy of Ukraine "On Ensuring the Electricity Sale to Distribution System Operators and Universal Service Providers" dated 13 March 2022 (as amended).

Pursuant to Order No.132 of the Ministry of Energy of Ukraine "On Ensuring the Electricity Sale-Purchase to Universal Service Providers during Special Period" dated 21 March 2022, it is required that during effective marshal law, the Company as a market participant, which is entrusted with special obligations in the electricity market, is obliged to ensure the electricity sale to SE "Guaranteed Buyer" in amounts, which would be equal to the difference between the average actual daily volume of electricity supply and the amount of the daily volume of electricity sales in the bilateral contract market, applications for sales in the day-ahead market and applications for sales in the intraday market.

As set out in Resolution No.150 of the NCREU "On Amendments to Resolution No. 332 dated 25.02.2022" approved on 27 January 2023, since 1 March 2023 the financial obligations of market participants under contracts for electricity imbalance settlements have been secured by provision of a monetary guarantee in the amount of no less than 50% of the required amount of the financial guarantee of that participant in the market for the *d* - trade day provided that the amount of the financial guarantee of such a market participant, which is not covered by the monetary guarantee, shall be secured by submission of a bank financial guarantee.

NCREU's Resolution No.1126 dated 27 June 2023 established a new level of cap prices in the day-ahead market, the intraday and balancing markets. New cap prices become applicable since the day of delivery: 1 July 2023.

The Company has been operating in the market of ancillary services including but not limited to "Frequency Containment Reserve" in the trade area of the unified energy system of Ukraine. Providing sufficient volumes of the frequency containment reserve is one of the key requirements for synchronization of the unified energy system of Ukraine with European ENTSO-E.

Impact of the rf's military aggression on the Company's activities

The rf's large-scale invasion of the territory of Ukraine affected all spheres of life and economy in Ukraine. The territories of Kyiv, Chernihiv, Sumy, Kharkiv, Zaporizhzhia and Kherson regions [oblasts] were partially or entirely occupied at the beginning of the war, and later on, were liberated (some of them were liberated in part). As at 30 June 2023 poky, the Autonomous Republic of Crimea and most territories of Donetsk, Luhansk, Kherson and Zaporizhzhia regions remain under occupation and, currently, active military actions are going on there.

The leadership of SE NNEGC "Energoatom" and Ukraine at large, acting in cooperation with international organizations and partners throughout the year 2022 and the reporting period have been taking steps in order to neutralize the military aggression impact on the Company's activities, first and foremost, in the field of operational safety and continuous operations.

On 4 March 2022, the town of Energodar as well as ZNPP site, SS "Atomenergomash" facilities and premises of Zaporizhzhia Branch of SS "Skladske Hospodarstvo" were seized by russian military troupes. As from the date of occupation and till September 2022, ZNPPP continued generating the electric power to cover the needs of the Unified Energy System of Ukraine, so, the Company continued getting economic benefits from

ZNPP operations. However, on 11 September 2022, the last operating reactor was transferred to the cold shutdown mode, and since then the generation of electricity for sales stopped. When seizing the territory of ZNPP site, russian invaders damaged the Training Center of SS ZNPP and several other industrial facilities. All investment projects of ZNPP were suspended.

Despite the seizure of ZNPP and illegal annexation of Zaporizhzhia region announced by the rf, the Company's personnel has continued working at ZNPP which, in accordance with UNO's Resolution No.A/RES/ES-11/47, is considered by the IAEA as the Company's power plant. The occupation of the nuclear power plant entails extreme safety and ecological risks on a global scale, and also the risks to the energy independence of Ukraine. Despite all hardships, the Company keeps in contact with SS ZNPP's employees who remain loyal to the Company and Ukraine and refused to collaborate with the occupational regime. The Company continues paying the salary to ZNPP's employees, except for those individuals who began to collaborate with the russian federation.

As of the date of approval of financial statements, it is impossible to finally evaluate the amount of losses caused by the russian aggression, resulting from destruction/demolishing/expropriation of individual facilities, non-current assets and inventories, in particular, at SS ZNPP, SS “Atomenergomash” and Zaporizhzhia Branch of SS “Skladske Hospodarstvo”, since there is no safe access to the separated subdivisions' facilities. Furthermore, there is no possibility to engage any professional evaluators in performing an independent assessment since the assets are located in the occupied territory. In general, the extent of losses and damages incurred by the Company will be evaluated in accordance with the methodology, which was approved by Joint Order No. 3904/1223 of the Ministry of Economy of Ukraine and the State Property Fund of Ukraine “On Approval of the Methodology for Determining the Damage and Extent of Losses caused to Enterprises, Institutions and Organizations of Any Property Type as a Result of Destruction and Damages to their Property, which Were Caused by the russian federation's Armed Aggression, as well as Lost Profits Due to the Impossibility or Obstacles to Conducting their Economic Activities” dated 18 October 2022.

The Company's management as well as the top level leadership of Ukraine assisted by international partners, in particular, the IAEA, have been seeking to establish a demilitarised zone around SS ZNPP. Thus, since September 2022, they have succeeded in placing the IAEA's mission on ZNPP site, so, since January 2023, the IAEA's permanent missions have been present at all Ukrainian power plants including Chornobyl NPP.

By its resolutions dated 18.08.2022 and 10.02.2023, the State Nuclear Regulatory Inspectorate of Ukraine (the “SNRIU”) limited operations of all power units of SS ZNPP (the power units which are in “cold shutdown mode”) because of violations of nuclear and radiation safety requirements. In particular, this refers to the placement of enemy military machinery and weaponry on the plant site, damages to the electricity transmission lines connected to the energy system of Ukraine. Moreover, because of the plant downtime and shutdown of all its power units, the systems and equipment have been continuously and gradually degrading. The Regulator will make a decision on renewal of the license terms once SS ZNPP has been de-occupied and the inspection and recovery works have been completed.

In the 1st half of 2023, Zaporizhzhia NPP, which accounts for 43 % of the overall installed capacity of NPPs operated by SE NNEGC “Energoatom”, neither generated nor supplied the electric and thermal power. Due to shutdown of power units in late 2022, SS ZNPP's expenditures for electricity, which is taken by SS ZNPP from the energy grid of Ukraine, significantly increased.

In March 2023, the Company supported by the leading international legal advisors, handed over to the rf's representatives a notice of dispute in connection with expropriation of investments of SE NNEGC “Energoatom” which are located in Zaporizhzhia region, including the temporary occupied Zaporizhzhia NPP. If settlement of the dispute in an amicable way is impossible, SE NNEGC “Energoatom” plans to refer the said dispute to the international arbitration.

Since October 2022, the rf has been launching massive missile attacks on Ukraine's energy infrastructure including generation facilities, distribution networks and critical infrastructure facilities, which resulted in the blackout of a significant part of the Unified Energy System of Ukraine and disconnection of all nuclear power plants from the grid, thereby causing an emergency situation in the electricity market.

All of this affected the operation of the energy system: the process of scheduling performed by the USP as

a part of special obligations became more complicated. The USP was allowed to provide the projected volumes, which significantly differed from the actual ones. The projected volumes were provided late and were repeatedly adjusted.

To stabilise the situation in Ukraine's energy system, from October 2022 to January 2023, the entire country functioned under power cut schedules. Since February 2023, the energy system was stabilised and mechanisms for preventive response to the aggressor's missile attacks in order to minimise damages were developed.

The act of military aggression directly affected the electricity production volumes. The electricity production loss (electricity underproduction) is evaluated as the impossibility, during martial law, to produce a volume of electricity in accordance with standard-specified capacities of power units, in particular, those located in the temporary occupied areas.

Furthermore, in the aftermath of the military aggression the Company refused from cooperation with russian enterprises that supplied the uranium product and nuclear fuel for power units. Instead, agreements were signed with Westinghouse Electric Sweden AB for delivery of increased volumes of VVER-1000 fuel assemblies, and, starting from 2023, VVER-440 fuel assemblies.

Consequences of the russian aggression complicate other aspects of the Company's activity, namely: implementation of investments projects; disruption of logistical itineraries; difficulties with cargo transportation and insurance due to substantial risks of military action impacts; loss of domestic suppliers caused by destruction of production facilities or work suspensions, and loss of foreign suppliers as well.

However, the Company spare no efforts to implement the plans that can be implemented during marshal law. Thus, during the 1st half of 2023, the following progress was achieved:

- Contract was concluded between the Company and Cameco Corp. for sale-purchase of Uranium oxide concentrate produced in Ukraine for the period of 2025-2035;
- Contract was concluded between the Company and Cameco Corp. to cover the needs of SE NNEGC "Energoatom" for uranium hexafluoride for the period of 2024-2035;
- Obtained certificate of facilities acceptance into operation under SS KhNPP's project "Construction of a System for Seismic Monitoring in the Area of SS Khmelnytska NPP Location";
- Permit was obtained from the State Architectural and Construction Inspectorate of Ukraine to allow conducting civil works at the facility of SS KhNPP "Complex of designing and construction works at 750kV outdoor switch yard of SS KhNPP with the view to transferring "KhNPP – Rzeszow" OTL to 420 kV voltage. Replacement of shunt reactors PM "Rzeszow" ph. A, B, C 750 kV of ПОДІІ 110000/750 type by shunt reactors of POM 110000/750 type;
- Tashlyk HPSP started operating in the ancillary service market by providing the services as related to the manual frequency reconstitution reserve;
- Works were conducted to make preparations for activities on justifying the feasibility of Long-term Operation of power unit No. 2 of SS SUNPP. "The Program of Measures Substantiating the Potential for Continued Operation of Power Unit No. 2 of SS SUNPP during Long-term Operation" has been developed and now is being concurred with the State Nuclear Regulatory Inspectorate of Ukraine (the SNRIU).

2. Basis of preparation of the financial statements

The condensed interim financial statements were prepared in accordance with requirements of IAS 34 "Interim Financial Reporting", following the principle of continuous operations which provides for selling the products and settling the liabilities in the ordinary course of business. Interim financial reporting does not contain all disclosures and should be reviewed together with the annual financial statements for 2022.

Preparing financial statements in accordance with the International Financial Reporting Standards (the "IFRS") requires the management to make judgements, estimates and assumptions that have an effect on the application of accounting policies and the reported amounts of assets, liabilities, income and expenditures, and on the disclosures of the information on contingent assets and liabilities. Actual results may differ from such estimates.

As of 30 June 2023, the Company's current liabilities exceeded the Company's current assets by ₴ UAH

23,637,202 thousand because some long-term bank loans and borrowings were reported as a part of current loans (for further details, please see Note 13).

As at 30 June 2023, the Company has accumulated the losses amounting to UAH 201,150,193 thousand (at the end of 2022: UAH 192,109,711 thousand). However, at 30 June 2023, the Company has a positive equity amounting UAH 111,532,440 thousand (at the beginning of 2023: UAH 120,582,054 thousand), and in the first half of 2023 the Company generated positive net cash flows from operating activities, totalling UAH 6,800,485 thousand (for the first half of 2022: UAH 4,556,759 thousand).

Ukraine considers nuclear power as one of the most cost-effective sources of energy. According to the Energy Strategy of Ukraine for the period until 2035, further development of the nuclear energy sector until 2035 is predicted proceeding from the fact that the share of nuclear generation in the total electricity production will grow. The size of the share of nuclear power in the total electricity balance is subject to revision depending on the macroeconomic indicators of the Ukrainian economy, the situation in global energy resource markets and the extent of development and implementation of the advanced technological solutions in the energy sector.

On 20 January 2023, the Government of Ukraine adopted Resolution No. 52-p “On Organizational Measures on Construction of Power Units of Khmelnytskyi NPP” to lay the groundwork for elaborating the feasibility study for their construction based on the AP1000 technology owned by the U.S.-based Westinghouse Company, and other project documentation.

The Company is permanently implementing the activities aimed at providing the safe operation of power units operating at the designed capacity levels, as well as the measures to prepare power units for operation beyond their licensed life-time in accordance with the programs concurred with the State Nuclear Regulatory Inspectorate of Ukraine.

Under the temporary occupation of Zaporizhzhia NPP, the contact with commercial dispatchers (commercial control engineers) of SS ZNPP was lost at the beginning of May 2023 that made it extremely difficult to obtain up-to-date data on hourly electricity supply/outfeed schedules and to perform commercial metering functions.

Notwithstanding the temporary loss of control over some assets, the Company, in general, continues producing the electric power, the technological process is maintained by operational personnel of SE NNEGC “Energoatom, all necessary measures are implemented to ensure safe operations of the personnel and equipment, which confirms the Company’s plans and its ability to proceed with its continued operations.

Currently, the Company as a state-owned entity, which keeps in possession facilities of the critical infrastructure and bears a significant social burden under special obligations, is confident in today’s and future state support, and has neither intent nor need to wind up or substantially reduce the scope of its business.

Taking into account the information available, these condensed interim financial statements of SE NNEGC “Energoatom” were developed following the principle of the continuity, proceeding from the assumption that the enterprise is operating continuously and will remain as such in future. These condensed interim financial statements do not include adjustments, which would be required, if the Company was unable to proceed with its continuous operations.

3. Accounting Policies

When developing the condensed interim financial statements, the Company was adhering to the accounting policies and calculations methods, which are the same as the ones applied in the previous annual financial statements.

4. New and revised standards and interpretations

Amendments and updates to the IFRS, which are listed below and became effective on 01 January 2023, had no impact on the activities of the Company:

- Amendments to IAS 1 "Presentation of Financial Statements";
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- Amendments to IAS 12 "Income Taxes"
- Amendments to IFRS 16 "Leases";
- Amendments to IFRS 17 "Insurance Contract".

5. Correction of of errors and changes in the financial statements

During the reporting period, there were no changes in financial statements as at the end of the previous year 2022 that would require to be reflected in these statements.

No prior period errors, such as omissions or misstatements in the financial statements for one or several prior periods, have been identified which would arise due to a failure to use or a misuse of the reliable information that was available upon approval of the financial statements for those periods before their issuance, and that was reasonably expected to be received and considered in preparing and submitting these financial statements.

Furthermore, no prior reporting period errors have been identified and, eventually, corrected in these financial statements, which would be the errors in mathematical calculations, the errors resulting from fraud.

6. Non-current assets

Property, plant and equipment are shown on the balance sheet, as recognized at their re-evaluated value.

Movements of **Property, plant and equipment** in the 1st half of 2023 and the respective period of 2022 are shown in the table below:

	1 st half of 2023			1 st half of 2022		
	Initial cost	Impairment	Residual value	Initial cost	Impairment	Residual value
At beginning of the reporting period	536 488 200	(374 711 163)	161 777 037	529 524 592	(365 179 168)	164 345 424
Additions	1 327 244	-	1 327 244	2 416 956	-	2 416 956
Including those received for free	2 721	-	2 721	-	-	-
Disposal of Property, plant and equipment *	(75 291)	54 843	(20 448)	(216 430)	167 321	(49 109)
Including those transferred for free*	(49 010)	35 751	(13 259)	(1 195)	1 195	-
Impairment	-	(1 187)	(1 187)	-	(9 969)	(9 969)
Transferred to/from investment property	2 924	(2 128)	796	1 859	1 228	3 087
Depreciation charge	-	(5 003 314)	(5 003 314)	-	(4 834 519)	(4 834 519)
At end of the reporting period	537 743 077	(379 662 949)	158 080 128	531 726 977	(369 855 107)	161 871 870

* In the 1st half of 2023 the property was transferred for free in accordance with a resolution of the authorized governing body or pursuant to the Ukrainian laws on housing privatization. In total, for the first half of 2023, property, plant and equipment with a book value of UAH 13,259 thousand (initial value: UAH 49,010 thousand) were transferred for free, including:

- the privatized housing in Netishyn, with a book value of UAH 3,044 thousand (initial value: UAH 4,305 thousand);
- river bank protection structures on the Horyn river, KhNPP, with a book value of UAH 9,088 thousand (initial value: UAH 41,797 thousand) that were transferred pursuant to the Cabinet of Ministers of Ukraine Order No. 27-r "On transfer of hydraulic structures to the ownership of Netishyn urban territorial community", dated 13.01.2023;
- transit sections of motor roads with a book value of UAH 1,127 thousand (initial value: UAH 2,908 thousand) that were transferred to the ownership of Netishyn town council, put onto the books of the Communal Enterprise "Blahoustriy" pursuant

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to the Cabinet of Ministers of Ukraine Order No. 1002-r "On transfer of transit parts' sections of access motor roads to the ownership of Netishyn urban territorial community", dated 08.11.2022.

Movements of **intangible assets** in the 1st half of 2023 and the respective period of 2022 are shown in the table below:

	1 st half of 2023			1 st half of 2022		
	Initial value	Depreciation	Residual value	Initial value	Depreciation	Residual value
At beginning of the reporting period	711 830	(368 814)	343 016	678 929	(316 448)	362 481
Additions	31 967	-	31 967	5 254	-	5 254
Disposal	-	-	-	(8)	4	(4)
Impairment	-	(21)	(21)	-	-	-
Depreciation charge	-	(28 554)	(28 554)	-	(28 148)	(28 148)
At end of the reporting period	743 797	(397 389)	346 408	684 175	(344 592)	339 583

Movements of **investment property** in the 1st of 2023 and the respective period of 2022 are shown in the table below:

	1 st half of 2023	1 st half of 2022
At beginning of the reporting period	48 551	21 692
Transferred to PPE	(796)	(3 087)
Determination of a fair value	-	1 515
At end of the reporting period	47 755	20 120

Other information for the 1st half of 2023 and the respective period of 2022 required to be disclosed in accordance with IAS 40 "Investment Property", is given in the table below:

	1 st half of 2023		1 st half of 2022	
	Buildings	Structures	Buildings	Structures
Rental income	596	2	581	8
Direct costs recognised in connection with maintenance of investment property generating the rental income during reporting year (maintenance of facilities)	(56)	-	(65)	-

Movements of **assets under construction** (in-progress capital investments) in the 1st of 2023 and the respective period of 2022 are shown below:

	1 st half of 2023	1 st half of 2022
At beginning of the reporting period	21 056 463	20 767 514
Investments for the reporting period, including	4 178 136	3 286 065
Capitalized finance costs	216 365	229 170
Those received for free	626 215	19 717
Disposal of capital investments, including	(1 414 904)	(2 483 762)
Those commissioned	(1 353 026)	(2 422 126)
Incl. those received for free	(72 432)	(8 993)
Impairment/reversal of impairment	(5 265)	(4 769)
At end of the reporting period	23 814 430	21 565 048

As at 30 June 2023, the property, plant and equipment were not provided as a security for loans and borrowings.

The overall future obligations of purchase of PPE, as of 30 June 2023, amounted UAH 17,759,356 thousand (as of 30 June 2022: UAH 18,307,004 thousand).

The structure of **long-term accounts receivable** at the current (present) value is detailed in the table

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below:

	<i>thousands UAH</i>	
	30.06.2023	31.12.2022
Long-term loans to employees:	137 649	141 028
<i>nominal value</i>	276 293	277 023
<i>discount</i>	(138 644)	(135 995)
Restructured accounts receivable:	55 886	72 493
<i>nominal value</i>	73 773	94 327
<i>discount</i>	(17 887)	(21 834)
Other long-term accounts receivable including the long-term promissory notes received:	993	955
<i>nominal value</i>	3 066	3 077
<i>discount</i>	(2 073)	(2 122)
Advances maturing in more than one year:	8 340	8 340
<i>nominal value</i>	9 758	9 758
<i>VAT tax credit</i>	(1 418)	(1 418)
Total	202 868	222 816

Other non-current assets include:

	<i>thousands UAH</i>	
	30.06.2023	31.12.2022
Restricted cash incl.	51 408	51 408
<i>that in banks undergoing liquidation, other troubled banks (initial value)</i>	844	867
<i>devaluation of funds in banks undergoing liquidation, other troubled banks</i>	(844)	(867)
<i>deposits</i>	51 408	51 408
Emergency, irreducible and centralized stocks, fresh nuclear fuel and other inventories, which are not expected to be used during 12 months	2 359 340	2 367 616
Funds transferred to the financial reserve for decommissioning:	1 050 585	986 928
<i>nominal value</i>	5 096 468	5 096 468
<i>discount</i>	(4 045 883)	(4 109 540)
Advances for capital investments:	1 237 174	838 896
<i>nominal value</i>	1 271 403	868 135
<i>VAT tax credit</i>	(34 229)	(29 239)
Assets in the form of right of use, initial cost*	4 526	3 973
Right-of-use assets, depreciation	(1 772)	(1 302)
Other non-current assets	606	606
Total	4 701 867	4 248 125

* Assets in the form of right of use as at 30 June 2023: premises used in economic activities. Changes in the book value, as at 30 June 2023, take into account adjustments of the right-of-use asset for the inflation index and in connection with a change in the currency exchange rate (more detailed information is provided in Note 18).

7. Inventories

Nuclear fuel and nuclear materials as at 30 June 2023 and 31 December 2022 are shown as follows:

	<i>thousands UAH</i>	
	30.06.2023	31.12.2022
Nuclear fuel in storage	13 064 278	12 834 134
Nuclear fuel in reactor core	5 917 003	5 616 559
Nuclear materials	4 369 954	2 531 044
Total current inventory of nuclear fuel and nuclear materials	23 351 235	20 981 737

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Inventories other than nuclear fuel and nuclear materials, as at 30 June 2023 and 31 December 2022, are shown as follows:

	30.06.2023	<i>thousands UAH</i> 31.12.2022
Inventories for current production and business needs	3 382 228	2 810 016
Production work-in-progress	799 468	590 855
Finished products	517 595	493 364
Goods	17 247	17 341
Total current inventories	4 716 538	3 911 576

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

During the 1st half of 2023, the impairment of inventories amounted to UAH 121 thousand and reversal of impairment of previously impaired inventories amounted to UAH 117 thousand. For the similar period of 2022, the impairment of inventories amounted to UAH 749 thousand, and reversal of impairment of previously impaired inventories amounted to UAH 1,097.

8. Accounts receivable

Trade accounts receivable

Current accounts receivable for goods, works and services are given in the table below:

	30.06.2023	<i>thousands UAH</i> 31.12.2022
Accounts receivable of SE “Energorynok” (electricity sales before 1 February 2019)	11 399 318	11 477 781
Accounts receivable for electricity under bilateral contracts with DSO and USP (PSO)	8 227 426	14 659 641
Accounts receivable for electricity under bilateral contracts with SE “Guaranteed Buyer” (PSO)	844 156	1 111 465
Accounts receivable for electricity in the day-ahead market, intraday and balancing markets	935 466	1 472 442
Accounts receivable for electricity under bilateral contracts (commercial contracts)	-	515 861
Accounts receivable for electricity under bilateral contracts (export contracts)	99 381	96 773
Accounts receivable for electricity from other counterparties (electricity sales before 1 July 2019)	79 683	79 951
Accounts receivable for thermal energy and other products*	389 369	393 013
Accounts receivable for services related to regulating the frequency and active capacity	12 442	101 852
Total initial value	21 987 241	29 908 779
ECL allowance on accounts receivable for electricity from SE “Energorynok”	(11 399 318)	(11 477 781)
ECL allowance on accounts receivable for electricity	(784 534)	(257 848)
ECL allowance on accounts receivable for thermal energy and other products	(302 502)	(296 555)
Carrying amount	9 500 887	17 876 595

* For the purpose of this Note only, “other products” means services in other licensed and regulated activities: centralised water supply and drainage, communal services.

The above said **trade accounts receivable** is recognised as a financial asset carried at amortised cost, and the expected credit risk has been estimated as at the reporting date.

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As of the date of financial statements, among the main debtors of SE NNEGC "Energoatom" are SE "Guaranteed Buyer" and PJSC "NEC Ukrenergo" as well as SE "Energorynok" (a major buyer of electricity at regulated tariffs, whose arrears formed before 1 July 2019).

As at 30 June 2023, ECL allowance was accrued on the full amount of accounts receivable of SE "Energorynok", amounting of UAH 11,399,318 thousand. Implementing the measures aimed at repaying the outstanding indebtedness, which became overdue during operations of the electricity market before 30 June 2019, is envisaged by Presidential Decree No. 406/2020 "On Urgent Measures on Stabilization of the Situation in Energy Sector and Further Development of Nuclear Energy", dated 22 September 2020.

Implementing the measures aimed at repaying the outstanding indebtedness, which became overdue during operations of the electricity market before 30 June 2019, is envisaged by Presidential Decree No. 406/2020 "On Urgent Measures on Stabilization of the Situation in Energy Sector and Further Development of Nuclear Energy", dated 22 September 2020.

Accounts receivable, which formed during operations of the electricity market, as at 30 June 2023, amounted to UAH 10,106,429 thousand, including SE "Guaranteed Buyer": UAH 844,156 thousand, and PJSC "NEC Ukrenergo": UAH 1,072,144 thousand. With respect of this outstanding payment, the ECL allowance in the amount of UAH 704,886 thousand was formed (including that for the accounts receivable from SE "Guaranteed Buyer": UAH 84,867 thousand).

At 30 June 2023 and 31 December 2022, the **advances disbursed** are as follows:

	30.06.2023	<i>thousands UAH</i> 31.12.2022
Advances for nuclear fuel and materials	2 764 897	3 530 837
Advances for other works and services, including	77 466	128 805
<i>advances for electricity</i>	-	26 549
Advances for inventories	45 490	33 154
Tax credit (deferred VAT)*	(388 729)	(378 975)
Impairment provision	(602)	(602)
Total carrying amount	2 498 522	3 313 219

* VAT paid as part of advances to a counterparty and included in the tax credit.

Other current accounts receivable as at 31 June 2023 and 31 December 2022 comprise the following:

	30.06.2023	<i>thousands UAH</i> 31.12.2022
Settlements on claims made, incl.	10 903 916	10 898 392
<i>Inflation losses and court fees in the case brought against SE "Energorynok"</i>	9 189 508	9 190 180
Settlements with other debtors, incl.	507 799	607 675
<i>financial assistance to SE "Ukrvuhillia"</i>	350 000	400 000
Settlements with employees on loans issued (current portion), other settlements	55 513	45 239
Settlements on insurance	5 411	9 394
Total gross amount	11 472 639	11 560 700
Impairment provision*	(10 101 014)	(9 711 773)
Carrying amount	1 371 625	1 848 927

* The principal amount of the provision is the amount of provision for accounts receivables under the claims filed in the amount of UAH 9,963,522 thousand, including accounts receivables from SE "Energorynok" for recognized inflation losses, court fees in the amount of UAH 9,189,508 thousand. The assessment of the ECL allowance was performed in accordance with para 13 of Resolution No. 1673 and the Annex thereto, with using risk factors, which affect the risk of default (non-performance of obligations).

9. Cash and cash equivalents

Cash of the Company consists of the following items:

	30.06.2023	31.12.2022
	<i>thousands UAH</i>	
Cash in banks	1 791 383	1 383 901
Cash on hand	35	32
Cash in transit	76	72
Total cash	1 791 494	1 384 005

Additionally disclosed are the indicators of the form "Statement of Cash Flow (by direct method)" that are related to other receipts and transfers:

9(a). Other receipts from operating activities:

	1 st half of 2023	1 st half of 2022
	<i>thousands UAH</i>	
reimbursement of losses from temporary disability, other receipts from social insurance funds	97 507	119 023
other sales	34 186	38 133
collection of loans issued	862	5 322
Foreign currency sale/purchase	210	12 773
Other	45 174	56 765
Total	177 939	232 016

9(b). Other expenditures for operating activities:

	1 st half of 2023	1 st half of 2022
	<i>thousands UAH</i>	
deductions to trade unions and social needs under the Collective Agreement (except payroll)	545 751	165 253
transfers of other deductions from salaries	482 611	613 936
reimbursement of expenses for payment and delivery of fringe benefits to the Pension Fund	285 870	266 006
payment of fines, penalties, forfeit	184 377	23 482
foreign currency sales/purchases	93 196	39 613
leases (short-term leases and leases of low-value PPE)	76 396	40 363
business trips	34 030	17 329
other	3 323	6 304
Total	1 705 554	1 172 286

9(c). Other receipts from investing activities:

	1 st half of 2023	1 st half of 2022
	<i>thousands UAH</i>	
financial assistance collected	50 000	-
others	23	-
Total	50 023	-

9(d). Other receipts from financing activities:

	1 st half of 2023	1 st half of 2022
	<i>thousands UAH</i>	
other receipts (bank interest on deposits)	1 409	1 343
Total	1 409	1 343

9(e). Other expenditures for financing activities:

	1 st half of 2023	thousands UAH 1 st half of 2022
servicing of loans and other long-term financial liabilities	36 338	20 308
fees for State guarantees	13 804	7 507
Total	50 142	27 815

10. Other current assets

Other current assets shown in the financial statements are as follows:

	30.06.2023	thousands UAH 31.12.2022
VAT tax credit under cash basis	5 037 402	4 462 855
Cash in seized accounts	20 206	20 204
Cash contributions and financial guarantees in the electricity market	101 154	117 760
Contract assets	47 256	3 710
Other current assets	12 870	914
Total other current assets	5 218 888	4 605 443

Balances on the seized accounts of the Company:

	30.06.2023	thousands UAH Counterparty
JSC "Ukreximbank"	20 147	CJSC "Ukrainian-American Joint Venture with Foreign Investments "Ukrelectrovat". Enforcement proceeding No. 34029225*
PJSC "Raiffeisen Bank Aval"	30	
JSB "Ukrigasbank"	26	
JSC "Oschadbank"	3	
Total	20 206	

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

11. Information on non-current assets held for sale

As of 30 June 2023 and at the beginning of the reporting period, the Company's non-current assets held for sale are not accounted for.

During the 1st half of 2023, the Company did not sell any non-current assets.

12. Equity

The **statutory (authorized) capital** remained unchanged in the first half of 2023 and comprised, as at the end of the reporting period, UAH 164,875,664 thousand. The authorised capital amount is fixed in the SE NNEGC "Energoatom" Charter (last revised and amended in 2021), which was approved by the Cabinet of Ministers of Ukraine Resolution No. 302 on 24 February 2021.

As at the beginning of the reporting period, the **revaluation reserve** amounted to UAH 147,799,211 thousand. During the 1st half of 2023, there was the retirement of revaluation reserve, amounting to UAH 8,159 thousand, by means of transferring the revaluation surplus to the retained earnings in connection with the disposal of revalued property, plant and equipment and the use of revaluation reserve in the amount of UAH 973 thousand during impairment of property, plant and equipment. As at 30 June 2023, the revaluation reserve amounts UAH 147,790,079 thousand.

The amount of the authorized capital of State Enterprise "Avtomatyka ta Mashynobuduvannya" has been reflected as a part of other **additional capital**, equaling UAH 16,890 thousand since the said entity had affiliated with the Company following Order No. 738 of the Ministry of Energy and Coal Mining, dated

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23.10.2014. Until the Charter of SE NNEGC "Energoatom" is amended to change the amount of authorized capital, the said amount shall be accounted for as a part of other additional capital.

The part of net profit (income) due and payable to the State Budget

In line with the Budgetary Code of Ukraine and the Law of Ukraine "On Management of State-owned Facilities" the Company as a state-owned enterprise shall transfer to the State Budget a part of its net profit calculated on the basis of accounting data, the amount of which has to be determined in accordance with the procedure for deduction to the state budget of a part of net profit (income) by state unitary enterprises and their associations, as approved by the Cabinet of Ministers Resolution No. 138 ("Procedure No. 138") dated 23 February 2011 (for further information, please see Note 15).

13. Liabilities, loans and borrowings, and deferred income

Non-current liabilities of SE "NNEGC "Energoatom", which comprise long-term bank loans and other non-current liabilities, are presented as follows:

	Currency	Amount		%		Final maturity date	Collateral description	<i>thousands UAH</i>
		30.06.2023	31.12.2022	min	max			Collateral amount
Long-term loans		4 604 187	4 624 328					
Czech Export Bank (Ceska Exportni Banka, A.S.)	EUR	44 388	64 526	6,118	6,118	31.10.2025	bank guarantee	51 408
JSC “State Savings Bank”	USD UAH	4 559 799	4 559 802	7,50	15,00	24.01.2025	electricity, property rights	12 860 000*
Borrowings within other non-current liabilities		6 572 743	6 227 799					
Central Storage Safety Project Trust	USD	6 572 743	6 227 799	6,833	6,833	01.02.2038	State guarantees	-
Lease liabilities	UAH	2 755	2 575	14,00	22,00	30.09.2026	none	
Others	UAH	183	184			31.05.2027	none	-
Total long-term liabilities		11 179 868	10 854 886					
Short-term bank borrowings		25 415 259	25 900 975					
EBRD (European Bank for Reconstruction and Development)	EUR	5 011 381	5 488 630	4,461	4,461	12.03.2028	State guarantees	-
European Commission – EURATOM	EUR	12 024 172	11 710 280	0,00	0,89	17.12.2031	State guarantees	-
JSC “Ukreximbank”	USD	6 916 962	6 912 923	8,00	8,00	02.11.2023	electricity	11 746 829
JSC “SENSE-BANK”	USD	1 462 744	1 462 744	10,50	10,50	12.09.2023	electricity	2 000 000
PJSC “Ukrasbank”	UAH	-	326 398	20,00	20,00	28.04.2024	electricity	5 341 790
JSC “Tascombank”	UAH	-	-	24,00	24,00	19.06.2024	property rights	1 611 314
JSC “BANK CREDIT DNIPRO”	UAH	-	-	24,00	24,00	18.04.2024	electricity	500 000
Current portion of long-term liabilities:		3 293 760	3 630 044					
Current portion of non-current borrowings		3 292 351	3 628 719	-	-	-	Collateral description is given in the table above	-
Lease liabilities		1 409	1 325	-	-	-		-
Total short-term liabilities		28 709 019	29 531 019					

* the amount of collateral pledged with JSC "State Savings Bank" of UAH 12 860 000 thousand comprises the cost of 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.

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During the second quarter 2023, UAH 606,803 thousand (USD 16,594 thousand) of tranche was obtained under the loan agreement with Central Storage Safety Project Trust.

The short-term loans include EBRD loan and Euratom loan, which are long-term as for their dates of repayment, because for these borrowings the Company did not meet, as of the 31.12.2022, the requirements for the factors of correlation of the financial debt to EBITDA and correlation between net incomes and debt servicing, with the result that creditors have the right to claim the repayment. However, the Company believes that early repayment of loans will not be required.

In connection with the military aggression by the rf on the territory of Ukraine, the National Bank of Ukraine, by Resolution No. 18 dated 24 February 2022, "On the operation of the banking system during the effect of martial law", prohibits the cross-border transfer of currency values from Ukraine to pay for loans to non-residents. Accordingly, as of June 30, 2023, SE NNEGC "Energoatom" failed to fulfil its obligations to Ceska Exportni Banka, A.S. for a loan in the amount of EUR 1,714 thousand and for interests in the amount of EUR 195 thousand.

Movements of long-term liabilities, current portion of long-term liabilities and current loans of SE NNEGC "Energoatom" during the first half of 2023 are presented in the table below:

	31.12.2022	Movement	thousands UAH 30.06.2023
Long-term bank borrowings, incl.	4 624 328	(20 141)	4 604 187
Loans denominated in foreign currencies, incl.	4 592 048	(21 053)	4 570 995
foreign exchange differences	-	1 798	-
transferred to the current	-	(22 848)	-
discharged	-	(3)	-
Loans denominated in national currencies	34 500	-	34 500
Initial expenses/premiums under loans and its depreciation	(2 220)	912	(1 308)
incl. foreign exchange differences	-	(35)	-
Deferred tax liabilities	6 862 611	(1 806 766)	5 055 845
Other long-term liabilities, incl.	6 230 558	345 123	6 575 681
non-current liabilities under borrowings, incl.	6 227 799	344 944	6 572 743
transferred to the current	-	(269 145)	-
received	-	606 803	-
initial expenses/premiums under borrowings and its depreciation	(128 564)	7 286	(121 278)
lease liabilities as per IFRS 16	2 575	180	2 755
other long-term liabilities	194	(2)	192
discount on other non-current liability	(10)	1	(9)
Short-term bank borrowings, which includes	25 900 975	(485 716)	25 415 259
foreign exchange differences	-	459 805	-
received	-	1 801 698	-
discarded, reclassified to current portion of the liability	-	(2 753 486)	-
initial expenses/premiums under loans and its depreciation	(44)	3 194	3 150
incl. foreign exchange differences	-	222	-
Current portion of long-term liabilities, which includes	3 630 044	(336 284)	3 293 760
loans, incl.	3 101 317	(337 503)	2 763 814
foreign exchange differences	-	19 057	-
current portion of the liability is shown	-	647 674	-
discharged	-	(1 004 102)	-
initial expenses/premiums under loans and its depreciation	(6 836)	(132)	(6 968)
incl. foreign exchange differences	-	(183)	-
borrowings, incl.	527 402	1 135	528 537
transferred from non-current	-	269 145	-
discharged	-	(269 145)	-
initial expenses/premiums under borrowings and its depreciation	(10 887)	1 135	(9 752)
lease liabilities as per IFRS 16	1 325	84	1 409
Total	47 248 516	(2 303 784)	44 944 732

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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.

	30.06.2023	thousands UAH 31.12.2022
Non-current deferred income	2 761 269	2 932 643
Tax refund*	525 993	1 269 078
Government grants for capital investments	749 405	766 822
Non-current assets received free of charge	1 485 871	896 743
Current deferred income	102 964	95 094
Government grants for capital investments	34 725	34 718
Non-current assets received free of charge	67 981	59 746
Other deferred income	258	630
Total deferred income	2 864 233	3 027 737

*shown here is the restored amount of targeted funding in the form of funds exempted from taxation in accordance with the requirements of part 2 of clause 15 of subsection 4 of chapter XX "Transitional provisions" of the Tax Code of Ukraine (hereinafter - TCU) (in version that was in effect until 30.06.2012), in accordance with the decision of the Supreme Court of Ukraine dated 26.10.2022 in case No. 826/3453/13-a, in which SE NNEGC "Energoatom" challenged the surcharge based on the tax notice - by decision of the Office of Large Taxpayers of the Federal Tax Service No. 0001224110 dated 23.12.2012, in particular,- the amount of the main payment from income tax - UAH 1,269,078 thousand, which was paid to the budget in previous years. Decrease in the 1st half of 2023 due to the use of funds exempted from taxation.

Income generated during the first half of 2023 and corresponding period of 2022, including income accrued pro rata to the depreciation charge on assets acquired from the respective sources, was as follows:

	thousands UAH 1st half of 2023	1st half of 2022
Tax refund	743 085	-
Government grants for capital investments	17 410	13 695
Non-current assets received free of charge	31 572	29 867

During the reporting period, similar to the 1st half of 2023, the Company received no government grants for capital investments. Total non-current assets received free of charge during the reporting period amounted to UAH 628,936 thousand (1st half of 2022: UAH 38,527 thousand), in particular:

- assets under construction in the amount of UAH 626,215 thousand, mostly received as international technical assistance;
- property, plant and equipment in the amount of UAH 2,721 thousand) received free of charge;

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

	thousands UAH 30.06.2023	31.12.2022
Payables for works, services and other trade payables, incl.	27 165 443	23 934 285
to SE "Guaranteed Buyer" for the electricity accessibility service for household consumers)*	23 421 325	20 729 619
Payables for inventories, including nuclear fuel	2 406 454	1 844 494
Total	29 571 897	25 778 779

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

	thousands UAH 30.06.2023	31.12.2022
Advances received for electricity	1 120 235	732 301
Contract liabilities	17 405	14 045
Advances received for leases	114	320
Total	1 137 754	746 666

During the 1st half of 2023, contract liabilities (including advances received for electricity) in the amount of UAH 732,643 thousand and advances received for leases amounting to UAH 206 thousands were

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recognised in income.

Composition and amounts of **other current liabilities**:

	30.06.2023	thousands UAH 31.12.2022
Settlements with creditors for capital investments	5 170 727	4 821 497
Deferred value added tax	3 001 782	4 495 545
Settlements with other creditors	503 263	561 835
Settlements on interest accrued	225 670	195 288
Settlements with accountable employees and other settlements with employees	16 706	2 728
Total other current liabilities	8 918 148	10 076 893

14. Provisions

Provisions for future expenses and their movements are as follows:

	31.12.2022	Provision charge	Utilised	Released	thousands UAH 30.06.2023
Long-term provisions	31 119 269	1 907 563	-	-	33 026 832
Decommissioning provision	20 236 822	1 308 682	-	-	21 545 504
Back-end fuel cost provision	5 211 327	351 243	-	-	5 562 570
Provision for reimbursement of expenses for payment and delivery of fringe benefits (post-employment benefit obligations)	4 371 009	197 380	-	-	4 568 389
Provision for one-off one-time retirement payments (post-employment benefit obligations)	1 300 111	50 258	-	-	1 350 369
Current provisions	4 381 338	1 868 882	(3 163 504)	(1 684)	3 085 032
Provision for annual performance bonuses	1 027 523	470 855	(917 667)	-	580 711
Provision for vacations	1 003 459	920 687	(759 939)	-	1 164 207
Provision for reimbursement of expenses for payment and delivery of fringe benefits (current portion)	483 890	302 761	(285 870)	-	500 781
Provision for one-off one-time retirement payments (current portion)	269 516	124 328	(98 542)	-	295 302
Back-end nuclear fuel cost provision (current portion)	470 693	30 360	(44 919)	-	456 134
Provision for litigations	65 220	-	(26 477)	(1 684)	37 059
Provision for expenses under outstanding documents	1 061 037	19 891	(1 030 090)	-	50 838

15. Payments to the budget and to the Pension Fund

Settlements with the budget and the Pension Fund for the 1st half of 2023 are as follows:

Settlements with the budget and the Pension Fund for the 1st half of 2023 are as follows.							thousands UAH	
	Note	31.12.2022		Payable	Paid	Reimbursed from the budget (-)/ recovered(+)	30.06.2023	
		Dr	Cr				Dr	Cr
Income tax	a	1 310 937	-	-	86 644	(1 337 203)	60 378	-
VAT		-	44 472	4 098 879	3 586 421	6 594	-	550 336
Excise tax		-	229 006	2 373 372	2 312 071	-	-	290 307
Part of the net profit payable to the State budget	b	1 384 334	-	-	-	-	1 384 334	-
Personal income tax, military tax		-	147 449	1 701 737	1 695 659	-	-	153 527
Environmental tax		-	171 420	339 233	374 307	-	-	136 346

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	Note	31.12.2022		Payable	Paid	Reimbursed from the budget (-)/ recovered(+)	30.06.2023	
		Dr	Cr				Dr	Cr
Land tax		99	8 506	49 018	49 232	-	4	8 197
Charge for socioeconomic compensations to population		-	131 425	670 787	726 306	-	-	75 906
Other taxes and charges, sanctions	a	268 702	67 271	157 360	88 996	(178 329)	3 394	48 656
Recovered from the budget		3 918	-	(8 279)	-	(10 022)	2 175	-
Total taxes and charges		2 967 990	799 549	9 382 107	8 919 636	(1 518 960)	1 450 285	1 263 275
Unified social contribution		-	175 300	1 746 487	1 762 203	-	-	159 584
Reimbursement of preferential pensions		-	-	285 870	285 870	-	-	-
Total payments to the State budget and funds		2 967 990	974 849	11 414 464	10 967 709	(1 518 960)	1 450 285	1 422 859

a) As of June 30, 2023, the Company recognised receivables on settlement with the budget related to overpaid income tax in the amount of UAH 60,378 thousand. For the 1st half of 2023, similarly to the same period of the previous year, the income tax was not accrued, due to the net loss incurred by the Company.

As at the beginning of 2023, SE NNEGC "Energoatom" recognized receivables on settlement with the budget related to overpaid income tax in the amount of UAH 1,310,937 thousand, out of which UAH 1,269,078 thousand is an amount of overpaid income tax, recovered in 2022 on the grounds of the resolution of the Supreme Court of Ukraine, by which the tax notification-decision of the District State Tax Service - Central Office for servicing large taxpayers of the State Tax Service, was recognized as illegal and was cancelled. On the grounds of this resolution in 2022, the overpayment of fines from income tax in the amount of UAH 268,627 thousand was also recovered.

In the 1st half of 2023, the Company returned from the state budget to the current account an overpaid income tax in the amount of UAH 1,344,000 thousand and fines from the same tax in the amount of UAH 268,627 thousand. In addition, in the 1st half of 2023, according to court decisions, the additional charge of fines (UAH 3,462 thousand) and penalties (UAH 84,633 thousand) from income tax was adjusted (reversed due to recognition as income) for a total amount of UAH 88,095 thousand.

Income tax was not paid to the budget in cash, the overpayment of interest and fines from income tax was credited to the repayment of the main payment from income tax in the amount of UAH 86,644 thousand.

b) The part of net profit 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 Procedure No.138 of the Cabinet of Ministers of Ukraine "About the approval of the order of deduction to the state budget of a part of net profit (income) by the state unitary enterprises and their associations", approved by the Cabinet of Ministers of Ukraine on 23.02.2022 by CMU resolution № 138). The amount of deductions of part of the net profit (income) for state unitary enterprises and their associations to the state budget in the first half of 2023 is set at the generally established amount of 80% (in 2022 – 50% for SE "NNEGC "Energoatom" individually).

Due to the net loss incurred by the Company in the amount of UAH 9,048,641 thousand based on the results of the 1st half of 2023, accruals to the budget from part of the net profit (income) were not made (for the first half of 2022, accruals were also not made due to a net loss).

Settlements of budgetary payments and payments to Social insurance fund and Pension Fund for the 1st half of 2022 are as follows:

	Note	31 December 2021		Payable	Paid	Reimbursed from the budget	30 June 2022	
		Dr	Cr				Dr	Cr
Income tax	a	981	1 154 760	-	-	-	981	1 154 760
VAT		-	1 181 598	3 359 993	3 955 498	-	-	586 093
Excise tax		-	565 469	1 799 525	2 268 554	-	-	96 440
Part of the net profit payable to the State budget	b	-	2 600 666	-	2 598 170	-	-	2 496

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	Note	31 December 2021		Payable	Paid	Reimburse d from the budget	30 June 2022	
		Dr	Cr				Dr	Cr
Personal income tax, military tax		-	284 347	1 684 458	1 827 542	(14)	-	141 277
Environmental tax	2	308 816		294 625	310 435	-	1	293 005
Land tax	80	15 229		69 458	75 929	-	4	8 682
Charge for socioeconomic compensations to population	c	-	175 971	652 090	520 418	-	-	307 643
Other taxes and charges	233	72 389		171 248	188 985	(356)	183	54 958
Recovered from the budget	2 874	45		(8 256)	-	(6 991)	4 094	-
Total taxes and charges		4 170	6 359 290	8 023 141	11 745 531	(7 361)	5 263	2 645 354
Unified social contribution	-	270 376		1 778 890	1 896 394	-	-	152 872
Reimbursement of preferential pensions	-	-		266 006	266 006	-	-	-
Total payments to the State budget		4 170	6 629 666	10 068 037	13 907 931	(7 361)	5 263	2 798 226

16. Income and expenses, comprehensive income

During the 1st half of 2023, the Company generated gross profit from sales of electricity and heat, heat supply, centralized water supply and drainage in the amount of UAH 44,943,361 thousand (1st half of 2022: UAH 44,204,002 thousand). Considering other operating, finance and other income and expenses, the Company financial result before tax has shown a loss of UAH 10,855,229 thousand (loss for the 1st half of 2022 was UAH 5,785,493 thousand).

Certain types of income and expenses in the Company's financial statements have reported on net basis, as per requirements of IFRS. Principal types of income and expense, as per requirements of IAS 34 “Interim Financial Reporting” for the 2nd quarter, 1st half of 2023 and corresponding period of 2022 are presented in the table below:

	2nd quarter 2023		1st half of 2023	
	Income	Expenses	Income	Expenses
Sales of principal product	26 300 532	11 104 442	68 200 550	23 257 189
electricity	26 248 591	11 020 981	68 057 385	23 071 741
own production electricity	-	10 886 880	-	22 605 496
purchased electricity	-	134 101	-	466 245
regulation of frequency and active capacity	880	-	5 978	-
thermal energy (generation, transmission, supply)	11 425	21 302	47 352	53 043
centralized water supply, centralized drainage and utility services	39 636	62 159	89 835	132 405
Administrative expenses	-	471 981	-	949 755
Selling expenses	-	19 214 229	-	49 601 624
incl. services provided to ensure accessibility of electricity for household consumers	-	19 173 129	-	49 509 559
Expenses related to impairment of financial assets	-	395 522	-	843 471
Other operating income and expenses	(583 962)	1 153 667	749 123	2 166 592
Currency exchange transactions	-	30 328	-	93 014
Sales of goods, materials, other sales of works, services	-	3 609	120	8 228
Operating lease of assets	520	-	1 046	-
Foreign exchange differences	-	103 230	-	490 926
Fines, penalties, forfeit	45 289	-	485 325	-
Reimbursement of written off assets	2 278	-	108 730	-
Written off receivables and payables	(849 303)	-	(851 902)	-
Housing and utilities and welfare infrastructure, social and cultural activities	-	551 583	-	845 624
Bank interest	73 199	-	156 089	-
Average salary and unified social contribution of employees, related to mobilization and military service obligation, non-reimbursable	-	2 200	-	5 026
Tax-exempt funds	134 572	-	743 085	-

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	2nd quarter 2023		1st half of 2023	
	Income	Expenses	Income	Expenses
Current assets received free of charge	4 813	-	50 159	-
Contributions to the Ukrainian Nuclear Community, WANO and others	-	15 895	-	80 665
Taxes and charges not reflected in other accounts	-	247 526	-	251 653
Other income and expenses of operational activities	4 670	199 296	56 471	391 456
<i>incl. costs of forced downtime</i>	-	136 137	-	282 195
Finance income and costs	9 548	1 547 420	18 928	3 039 990
Interests	833	435 827	1 647	810 944
Expenses related to servicing of loans and other long-term financial liabilities	-	25 950	-	54 520
Other finance income and costs:	8 715	1 085 643	17 281	2 174 526
<i>Interest gain and expense on initial recognition of non-current accounts receivable at amortised cost</i>	<i>7 494</i>	<i>5 172</i>	<i>14 915</i>	<i>13 568</i>
<i>Interest expense on retirement benefit plan</i>	<i>-</i>	<i>276 416</i>	<i>-</i>	<i>552 830</i>
<i>Interest expense on back-end fuel cost provision</i>	<i>-</i>	<i>183 245</i>	<i>-</i>	<i>366 490</i>
<i>Interest expense on decommissioning provision, interest gain and unwinding of discount on the asset related to contributions to Financial Reserve for Decommissioning</i>	<i>-</i>	<i>620 809</i>	<i>-</i>	<i>1 241 618</i>
<i>Other finance income and costs</i>	<i>1 221</i>	<i>1</i>	<i>2 366</i>	<i>20</i>
Other income and expenses	24 874	15 431	49 029	14 238
Impairment of assets	-	5 277	-	5 322
Non-current assets received free of charge (including income recognised pro rata to the depreciation)	24 874	-	49 029	-
Write off of non-current assets	-	9 604	-	8 219
Other income and expenses	-	550	-	697
Income tax	1 340 912	-	1 806 588	-
NET PROFIT/ LOSS	-	6 810 788	-	9 048 641

	2nd quarter 2022		1st half of 2022	
	Income	Expenses	Income	Expenses
Sales of principal product	23 788 073	10 942 267	67 618 431	23 414 429
electricity	23 500 391	10 865 995	67 106 086	23 240 133
<i>own production electricity</i>	<i>-</i>	<i>10 588 141</i>	<i>-</i>	<i>22 461 281</i>
<i>purchased electricity</i>	<i>-</i>	<i>277 854</i>	<i>-</i>	<i>778 852</i>
regulation of frequency and active capacity	230 250	-	342 675	-
thermal energy (generation, transmission, supply)	18 697	22 704	81 987	67 463
centralized water supply, centralized drainage and utility services	38 735	53 568	87 683	106 833
Administrative expenses	-	414 587	-	847 165
Selling expenses	-	14 246 388	-	47 287 996
<i>incl. services provided to ensure accessibility of electricity for household consumers</i>	<i>-</i>	<i>14 197 654</i>	<i>-</i>	<i>47 204 992</i>
Income/expenses related to impairment of financial assets	112 918	-	-	450 734
Other operating income and expenses*	3 136 344	404 870	2 268 840	1 962 050
Currency exchange transactions	-	13 569	-	26 853
Sales of goods, materials, other sales of works, services	-	6 385	-	10 822
Operating lease of assets	194	-	1 138	-
Foreign exchange differences	968 445	-	-	1 172 543
Income from recovery, expenses related to impairment of materials, shortages, losses	-	68	348	-
Fines, penalties, forfeit	14 038	-	58 282	-
Reimbursement of written off assets	84 962	-	87 645	-
Written off receivables and payables	1 898 090	16	1 911 002	-

thousands UAH

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	2nd quarter 2022		1st half of 2022	
	Income	Expenses	Income	Expenses
Housing and utilities and welfare infrastructure, social and cultural activities	-	201 877	-	447 980
Bank interest	117 353	-	153 781	-
Average salary and unified social contribution of employees, related to mobilization and military service obligation, non-reimbursable	-	86 884	-	110 848
Other income and expenses of operational activities	53 262	96 071	56 644	193 004
Finance income and costs	8 767	863 876	53 279	1 745 017
Interests	654	303 153	1 326	613 317
Expenses related to servicing of loans and other long-term financial liabilities	-	13 549	-	30 156
Other finance income and costs:	8 113	547 174	51 953	1 101 544
Interest gain and expense on initial recognition of non-current accounts receivable at amortised cost	7 754	56	15 368	436
Interest expense and gain on initial recognition of non-current accounts payable at amortised cost	8	3 028	35 896	3 028
Interest expense on retirement benefit plan	-	243 598	-	487 197
Interest expense on back-end fuel cost provision	-	14 082	-	28 126
Interest expense on decommissioning provision, interest gain and unwinding of discount on the asset related to contributions to Financial Reserve for Decommissioning	-	285 296	-	572 420
Other finance income and costs	351	1 114	689	10 337
Other income and expenses	22 139	48 121	45 147	63 799
Impairment of assets	-	542	-	14 738
Non-current assets received free of charge (including income recognised pro rata to the depreciation)	22 139	-	43 632	-
Increase in the value of non-current assets	-	-	1 515	-
Write off of non-current assets	-	40 193	-	38 496
Other income and expenses	-	7 386	-	10 565
Income tax	-	37 274	1 026 380	-
NET PROFIT/ LOSS	110 858	-	-	4 759 113

The total amount of **financial expenses** of the Company during the reporting period amounted to UAH 3,039,990 thousand (for the 1st half of 2022: UAH 1,745,017 thousand), in addition, the Company capitalized expenses in the amount of UAH 216,635 thousand (for the 1st half of 2022: UAH 229,170 thousand) included in qualifying assets as capital investments.

Income tax. The Company's statutory income tax rate is 18%. Income tax recognised in income or expenses:

	1st half of 2023	thousands UAH 1st half of 2022
Deferred income tax relating to origination and decrease of temporary differences	1 806 588	1 026 380
Income tax benefit	1 806 588	1 026 380

17. Related party transactions

Types and amounts of related party transactions during the 1st half of 2023 and corresponding period of 2022 are presented in the table below:

	thousands UAH	
	1st half of 2023	1st half of 2022
Sales of products, goods, works and services to related parties	30	50
Guarantees and collateral provided*	(36 140)	(29 646)

* The costs related to State guarantees provided by the Government of Ukraine to secure loans (borrowings) 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.

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Pertaining to item IAS 24.18, Related Party Disclosures, related party balances are disclosed in the table below.

	30.06.2023	31.12.2022	Timing and nature of recovery	thousands UAH Guarantee, collateral	Collateral amount
Long-term accounts receivable	537	570	deducted through payroll monthly until 2039	mortgage agreements	4 009
Trade receivables for products sold	4	5	-	-	-
Other current accounts receivable	89	155	within 12 months	mortgage agreements	4 009
Provision for post-employment employee benefits (non-current portion)	12 666	11 963	weighted average utilisation period of 6.8 years	-	-
Provision for post-employment employee benefits (current portion)	1 488	2 344	within 12 months	-	-

The key management personnel, for whom information is disclosed for the 1st half of 2023 and corresponding period of 2022, comprises 51 and 62 persons respectively, for positions not lower than executive directors and deputy directors of separate subdivisions.

Compensations to key management personnel during the 1st half of 2023 and corresponding period of 2022 are disclosed in the table below:

	2nd quarter 2023	1st half of 2023	2nd quarter 2022	1st half of 2022
Short-term employee benefits	28 980	63 600	32 858	71 431
Post-employment benefits	-	-	1 142	1 142
Related tax	3 354	6 753	3 595	7 245

In accordance with Ukrainian legislation, 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 "Ukrgasbank", SE "SkhidGZK", JSC "Ukrenergomachyny" and other state-owned enterprises and enterprises, the government share in which is higher than 50% (hereinafter - state-owned enterprises).

Outstanding balances and transactions with state-owned enterprises as at 30 June 2023 and 31 December 2022 are presented at cost as follows:

	30.06.2023	thousands UAH 31.12.2022
Non-current assets		
Restricted cash	51 408	51 408
Non-current receivables from other state-owned enterprises, including long-term and capital investment advances	2 331	-
Current assets		
Trade receivables from SE "Energorynok"	-	-
historical cost	11 399 318	11 477 781
ECL allowance*	(11 399 318)	(11 477 781)
Trade receivables from SE "Guaranteed Buyer"	759 289	1 026 598
historical cost	844 156	1 111 465
ECL allowance*	(84 867)	(84 867)
Trade receivables from PrJSC NPC "Ukrenerg"	519 748	1 227 521
Trade receivables from other state-owned enterprises	2 646 388	4 148 994
historical cost	2 670 430	4 170 387
ECL allowance	(24 042)	(21 393)
Advances issued to SE "SkhidGZK"	1 842 137	1 800 621
Advances issued to other state-owned enterprises	19 300	42 577

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	30.06.2023	31.12.2022
Other current receivables, financial assistance to SE “Ukrvuhillia”	350 000	400 000
Other current receivables on claims admitted by SE “Energorynok”	-	-
historical cost	9 189 508	9 190 180
ECL allowance	(9 189 508)	(9 190 180)
Other current receivables, claims filed by SE “Guaranteed Buyer”	246 016	265 825
historical cost	468 969	376 295
ECL allowance	(222 953)	(110 470)
Other current receivables, claims filed by PrJSC NPC “Ukrenergo”	131 366	4
Other current receivables, claims filed by PJSC “Centrenergo”	424 181	683 525
historical cost	706 968	706 968
ECL allowance	(282 787)	(23 443)
Other current receivables, claims filed by other SE	16 722	42 971
historical cost	46 959	72 618
ECL allowance	(30 237)	(29 647)
Cash held with state-owned banks	1 435 593	1 349 255
Current letters of credit and restricted cash held with state-owned banks	29 127	20 174
Non-current liabilities		
Loans from JSC “State Savings Bank of Ukraine”	(4 559 799)	(4 559 802)
Collateral for a loan from JSC “State Savings Bank of Ukraine”	(12 860 000)	(12 860 000)
Lease liability recognised in accordance with IFRS 16, Leases	(2 755)	(2 575)
Current liabilities		
Loans from state-owned banks including interest and servicing arrears	(8 405 609)	(9 138 818)
Collaterals for loans from state-owned banks	(17 088 619)	(14 770 458)
Advances received from PrJSC NPC “Ukrenergo”	(73 440)	(115 765)
Advances received from other state-owned enterprises	(154 606)	(177 350)
Trade and other payables to JSC “Ukrenergomachyny”	(469 609)	(645 582)
Trade and other payables to PrJSC NPC “Ukrenergo”	(3 022 975)	(2 400 571)
Trade payables to SE “Guaranteed Buyer”	(23 421 325)	(20 729 619)
Trade payables to other state-owned enterprises	(203 941)	(58 052)
Lease liability recognised in accordance with IFRS 16, Leases	(1 409)	(1 325)
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.

Transactions with state-owned enterprises during 1st half of 2023 and corresponding period of 2022 are presented in the table below:

Transactions (+ income, - expenses):	2nd quarter 2023	<i>thousands UAH</i> 1st half of 2023
SE “Guaranteed Buyer” (sales of electricity)*	1 374 580	4 552 357
SE “Guaranteed Buyer” (purchases of electricity accessibility service for household consumers)	(19 173 129)	(49 509 559)
SE “Market Operator” (sales of electricity)	3 078 416	8 413 378
SE “Market Operator” (purchases of electricity and services to arrange purchase and sale of electric energy)	(67 027)	(112 741)
PrJSC NPC “Ukrenergo” (sales of electricity)*	1 172 897	3 351 907
PrJSC NPC “Ukrenergo” (ancillary services of regulation of frequency and active capacity)*	879	5 977
PrJSC NPC “Ukrenergo” (purchases of electricity, installed generating capacity dispatching services, electricity distribution / transmission services)*	(936 846)	(2 306 587)
“Mykolaiv Electricity Supply Company” LLC (sales of electricity)	474 183	1 316 479
“Khmelnyskenergozbut” LLC (sales of electricity)	622 552	1 314 273
“Cherkasyenergozbut” LLC (sales of electricity)	550 872	1 331 689
“Energo Zbut Trans” LLC (sales of electricity)	1 461 276	3 028 188

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JSC "Energy company of Ukraine" (sales of electricity)	144 508	558 332
JSC "Energy company of Ukraine" (purchases of electricity)	(60 083)	(110 240)
"Zaporizhzhia Electricity Supply Company" LLC (sales of electricity)	629 729	1 450 717
"Ternopilelectropostach" LLC (sales of electricity)	246 223	647 277
"Kharkivenergozbut" LLC (sales of electricity)	632 195	1 420 680
Sales of electricity to other state-owned enterprises	128 718	462 325
SE "SkhidGZK" (purchases of uranium oxide concentrate and related transportation and storage services)	(403 013)	(746 256)
Sales of goods, works, services to other state-owned enterprises	1 033	2 257
Purchases of goods, works, services from other state-owned enterprises	(897 358)	(1 830 701)
Purchases of non-current assets from state-owned enterprises	(85 913)	(99 420)
Interest expense on bonds and loans obtained from state-owned banks	(254 092)	(508 583)
Penalties receivable from SE "Guaranteed Buyer"	-	92 675
Penalties receivable from PrJSC NPC "Ukrenergo"	10 574	489 131
Penalties payable to PrJSC NPC "Ukrenergo"	(404)	(71 554)
During the reporting period, a collateral was given in the form of electricity being (to be) produced and property rights to cash against loans at state-owned bank institutions.	(2 318 161)	(2 318 161)

All transactions with state-owned enterprises during the 1st half of 2023 and corresponding period of 2022 were made on market conditions.

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.

Right-of-use assets are included in other non-current assets and are presented as follows:

	31.12.2022	Increase (adjustment)	Depreciation charge	thousands UAH 30.06.2023
Buildings, structures	2 671	553	(740)	4 526
historical cost	3 973	553	-	4 526
depreciation	(1 302)	-	(470)	(1 772)

Non-current and current lease liability is disclosed as follows:

	31.12.2022	Additions	Disposals/	thousands UAH 30.06.2023
Non-current liabilities	2 575	772	(592)	2 755
Current portion of non-current liability	1 325	806	(722)	1 409
incl. VAT and % on current portion of liability	-	112	(120)	-

In addition, SE NNEGC "Energoatom" recognises lease payments on PPE transferred into operating leases as income on a straight-line basis. Other information on PPE transferred into leases, required by IFRS 16, Leases, for the 1st half of 2023 and corresponding period of 2022 is presented in the table below:

	1st half of 2023	thousands UAH 1st half of 2022
Lease income	613	757
Expenses related to leases	(109)	(143)

19. Fair value of assets and liabilities

All assets and liabilities for which fair value is measured or disclosed in financial statements are classified within the fair value hierarchy 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.

The fair values of financial assets and financial liabilities is disclosed in financial statements as at 31 December 2022. The fair values of financial assets and financial liabilities as at 30 June 2023 are not substantially different from their carrying amounts at the yearly reporting date.

20. Risks

Risks disclosed in the notes to the yearly financial statements of SE NNEGC "Energoatom" for 2022 did not substantially change during the 1st half of 2023, except for currency and credit risks. **Credit risk** arises principally from the Company's receivables from customers.

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.

The largest amount of ECL allowance, as at 30.06.2023, is allowance on receivables from SE "Energorynok": UAH 20,588,826 thousand, allowance on receivables from "Kherson regional energy company" LLC in the amount of UAH 362,148 thousand and from SE "Guaranteed Buyer" in the amount of UAH 307,820 thousand.

Information on changes in ECL allowance and provision for impairment of financial assets by types of liabilities for the 1st half of 2023 and corresponding period of 2022 is presented in the table below:

	<i>thousands UAH</i>	
	1st half of 2023	1st half of 2022
At the beginning of the reporting period	21 775 991	15 000 806
Change of the allowance on the current trade receivables	454 431	441 944
Change of the allowance on other receivables, promissory notes	389 040	8 790
Write-off of receivables against allowance	(353)	(2 361)
At the end of the reporting period	22 619 109	15 449 179

During the 1st half of 2023, the Company increased ECL allowance and provision for impairment of financial assets by a total amount of UAH 967,737 thousand, the allowance was decreased by amount of UAH 124,266 thousand. The Company recorded a ECL allowance on trade receivables in the amount of UAH 576,487 thousand and decreased the relevant allowance by UAH 122,056 thousand. Large allowances for the 1st half 2023 were recorded on the debt for electricity of "Kherson regional energy company" LLC in the amount of UAH 362,148 thousand and on receivables on claims with the following counterparties: PJSC "Centrenerg" in the amount of UAH 259,344 thousand and SE "Guaranteed Buyer" in the amount of UAH 112,483 thousand.

The Company also records a provision for impairment of assets other than financial assets, in particular, for impairment of receivables on advances paid out and other current receivables.

As at 31 December 2022, the provision for impairment of assets, other than financial assets, amounted to UAH 5,958 thousand; during the 1st half of 2023, the provision increased by UAH 280 thousand and respectively amounted to UAH 6,238 thousand on 30 June 2023.

Also, 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 are primarily denominated, are USD and EUR.

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Interests on borrowings denominated in currencies, in which the proceeds from the relevant Company's transactions will be generated, are mostly USD and EUR too.

The effect of changes in currency exchange rates due to UAH devaluation amounted to UAH 490,926 thousand during the 1st half of 2023, which increased the loss to the Company during the reporting period (for the 1st half of 2022, costs from foreign exchange differences amounted to UAH 1,172,543 thousand) (Note16).

21. Contingent assets and liabilities

The significant contingent assets and liabilities as at 30 June 2023 and 31 December 2022, which may originate as a result of court decisions on claims or in accordance with contractual terms, are disclosed in this note and presented in the table below:

	30.06.2023	thousands UAH 31.12.2022
Contingent assets		
SE "Guaranteed Buyer" to impose penalties due to the breach of contracts through overdue monetary obligation	196 319	288 423
PrJSC NPC "Ukrenergo" to recover the claim for the overdue monetary obligation	-	542 109
PJSC "Centrenergo" to impose penalties due to the breach of the contract through overdue monetary obligation	138 300	-
Share in the charter capital of LLC "Khmelnyskenergozbut" under agreement No.37-023-08-21-01511 dated 23 November 2021.	69 787	69 787
Share in the charter capital of LLC "Mykolaiv Electricity Supply Company" under agreement No 37-023-08-21-01522 dated 16 December 2021	105 167	105 167
Contingent liabilities		
Financial decommissioning provision (provision charge for 2007-2009 and for 2020-2023)	(3 409 432)	(3 016 732)
Income tax, VAT, PIT, STR, customs payment and penalties challenged in court	(15 381)	(15 381)
Membership contributions (WANO) for 2014-2015 and for 2020-2021	-	(49 652)
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)	(342 853)
Commitment to pay for the share in the charter capital of LLC "Khmelnyskenergozbut" under agreement No 37-023-08-21-01511 dated 23 November 2021	(69 787)	(69 787)
Commitment to pay for the share in the charter capital of LLC "Mykolaiv Electricity Supply Company" under agreement No 37-023-08-21-01522 dated 16 December 2021	(105 167)	(105 167)

Pursuant to requirements of IAS 34 "Interim Financial Reporting", the Company discloses in these notes information as at 30 June 2023, compared to the beginning of the year, with regard to material legal proceedings, which is presented in the table:

		30.06.2023		31.12.2022	
	Notes	Claim by the Company against the counterparty	Claim by the counterparty against the Company	Claim by the Company against the counterparty	Claim by the counterparty against the Company
Kyiv City Department of the Fund for Social Protection of Disabled	a	-	509 586	-	509 586
Central Interregional Directorate of the State Tax Service for Large Taxpayers	b	121 884	353 697	2 228 250	353 697
SE "Energorynok"	c	18 974 096	-	19 002 033	-
PrJSC NPC "Ukrenergo"	d	836 879	3 194 662	1 710 941	69 390
SE "Guaranteed Buyer"	e	2 267 342	32 476 439	2 510 824	-

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		30.06.2023		31.12.2022	
	Notes	Claim by the Company against the counterparty	Claim by the counterparty against the Company	Claim by the Company against the counterparty	Claim by the counterparty against the Company
PJSC "Centrenergo"	f	845 268	-	1 068 096	-
SE "Ukrvuhillia"	g	400 182	-	-	-
"BC "Ukrbudmontazh" LLC	i	177 087			
Others (amended)		342 561	950 191	227 230	591 705

a) As at 30 June 2023, a number of cases are pending hearing at various stages relating to claims 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 thousand 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 made decisions in favour of the Company for the amount of UAH 166,733 thousand for 2020 and UAH 129,545 thousand for 2019.

b) As at 30 June 2023, a number of cases are pending hearing at various stages relating to invalidation of tax notices-decisions for a total amount of UAH 121,884 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 419 957 thousand in favour of SE NNEGC "Energoatom" and UAH 55 624 thousand against SE "NNEGC "Energoatom".

c) A claim to recover from SE "Energorynok" the principal debt, inflation costs and court fee under contract No. 698/05-HAEK/640/01 dated 18 May 2001 in the total amount of UAH 18,974,096 thousand. The expected probable outcome of the case is in favour of SE NNEGC "Energoatom". The amount of penalties and inflation losses is recognised as an asset in the balance sheet by a decision of Northern court of appeal in Kyiv on September 27, 2022. The Supreme Court of Ukraine adopted, on June 2, 2023, a resolution that dismissed a cassation petition by the Respondent (SE "Energorynok") and upheld the decision by the Economic court of Kyiv dated 12.07.2021 and the decision by the Northern court of appeal dated 27.09.2022 to sustain a claim.

d) As at 30 June 2023, a number of cases are pending hearing at various stages relating to imposition of penalties on PJSC 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 836,879 thousand and counter claims to SE "NNEGC "Energoatom" for an amount of UAH 3,194,662 thousand, including in the case to recover the principal debt and penalties under the contract dated 27.06.2019 No. 77-003-08-19-01074 for dispatching control services for an amount of UAH 3,123,528 thousand. The expected probable outcome of the cases: UAH 388,157 thousand in favour of SE NNEGC "Energoatom", the probability of a decision to partially settle the claim in favour of the Company for an amount of UAH 19,811 thousand, and against SE NNEGC "Energoatom" for an amount of UAH 3,623, 573 thousand.

e) As at 30 June 2023, 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 2,267,342 thousand and counter claims against SE "NNEGC "Energoatom" for an amount of UAH 32,476,439 thousand in the matter of recovery of the principal debt, penalty, interest per annum and inflation costs for breach of the contract for the services provided by SE "Guaranteed Buyer" to ensure accessibility of electricity to household consumers under contract No.2293/01/21/77-150-08-21-00393 dated 15.09.2021 as related to the payment for the services for March-December 2022 and January-April 2023. The expected probable outcome of the cases: decisions in favour of SE NNEGC "Energoatom" for the amount of UAH 1,089,487 thousand, probable decision to partially satisfy the claim in favour of the Company for an amount of UAH 1,177,855 thousand, and decisions against SE NNEGC "Energoatom" for an amount of UAH 32,476,439 thousand (may be satisfied in a reduced amount in respect of the penalty and fine).

f) A claim to recover from PJSC "Centrenergo" the principal debt, interest for the use of funds, penalty

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and inflation costs under Agreement for sale and purchase of electricity No.20/22-02-РДД/77-150-08-22-00547 dated 16.02.2022 in the total amount UAH 845,268 thousand. The expected probable outcome of the cases is in favour of SE "NNEGC "Energoatom", may be satisfied in a reduced amount in respect of the penalty.

g) Case No.910/7618/23 relating to SE "Ukrvuhillia" failure to fulfil the terms of the contract for reimbursable financial assistance No.37-004-08-21-01527 dated 30.12.2021 and claim to recover from SE "Ukrvuhillia" the principal debt, penalty, interest per annum and inflation costs in the total amount of UAH 400,182 thousand. As at 30 June 2023, the case is completed at the stage before commencement of proceedings (the claim of SE NNEGC "Energoatom" has been returned), as the dispute was resolved in a pre-trial procedure followed by signing of an amendment to the contract, by which the pay-back period for the non-interest financial assistance was extended till 29.12.2023. At the same time, SE NNEGC "Energoatom" has reserved the right to re-file its claim in court to recover debt and penalties in the event that SE "Ukrvuhillia" violates the terms of the amendment.

i) Case No. 910/13920/21 regarding creditor claims in the amount of UAH 177,087 thousand in the case of bankruptcy of "BC "Ukrbudmontazh" LLC.

22. Events after the reporting period

No significant adjusting events occurred during the period after the end of the reporting period and before the date of approval of these notes for issue.

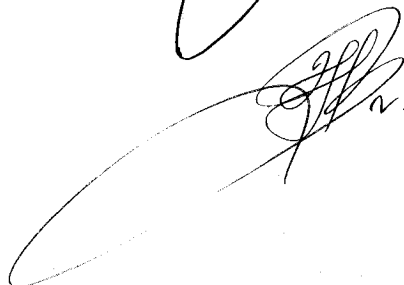
On 11.07.2023, a statement of claim was received from PrJSC NPC "Ukrenergo" relating to recovery of UAH 2,729,400,850.18 under contract No.0063-03011/77-003-08-19-01074 dated 27.06.2019 for the period of January-June 2023. As of the date of signing of the financial statements, no decision on commencement of proceedings was received.

President



Petro KOTIN

Chief Accountant



Nataliia VASHETINA