Joint Stock Company
“National Joint Stock Company
“NAFTOGAZ OF UKRAINE”

Separate Financial Statements
as at and for the Year Ended
31 December 2024

JOINT STOCK COMPANY "NATIONAL JOINT STOCK COMPANY "NAFTOGAZ OF UKRAINE"

CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT

SEPARATE FINANCIAL STATEMENTS

Balance Sheet (Statement of Financial Position) 3-4

Statement of Profit or Loss (Statement of Comprehensive Income) 5-6

Statement of Cash Flows 7-8

Statement of Changes in Equity 9-10

Notes to the Separate Financial Statements:

1. THE ORGANISATION AND ITS OPERATIONS ... 11
2. OPERATING ENVIRONMENT ... 13
3. SEGMENT INFORMATION ... 21
4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES ... 27
5. LONG-TERM FINANCIAL INVESTMENTS ... 30
6. LONG-TERM ACCOUNTS RECEIVABLE AND OTHER NON-CURRENT ASSETS ... 32
7. INVENTORIES ... 37
8. TRADE ACCOUNTS RECEIVABLE ... 38
9. PREPAYMENTS MADE, ACCOUNTS RECEIVABLE ON SETTLEMENTS WITH THE STATE BUDGET, OTHER CURRENT ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS ... 45
10. SHARE CAPITAL ... 47
11. BORROWINGS AND OTHER NON-CURRENT LIABILITIES ... 49
12. NON-CURRENT AND CURRENT PROVISIONS ... 53
13. TRADE ACCOUNTS PAYABLE ... 55
14. ADVANCES RECEIVED AND OTHER CURRENT LIABILITIES ... 55
15. REVENUE ... 56
16. COST OF SALES ... 57
17. OTHER OPERATING INCOME ... 57
18. GENERAL ADMINISTRATIVE EXPENSE ... 58
19. SELLING AND DISTRIBUTION EXPENSE ... 58
20. OTHER OPERATING EXPENSE ... 59
21. OTHER FINANCE INCOME ... 59
22. FINANCE COSTS ... 59
23. OTHER EXPENSE ... 60
24. INCOME TAX ... 60
25. CONTINGENCIES, CONTRACTUAL COMMITMENTS AND OPERATING RISKS ... 62
26. FINANCIAL RISK MANAGEMENT ... 65
27. FAIR VALUE ... 69
28. SUBSEQUENT EVENTS ... 72
29. BASIS OF PREPARATION ... 72
30. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS ... 74
31. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS ... 75

Independent Auditors' Report

To the Shareholder of Joint Stock Company "National Joint Stock Company "Naftogaz of Ukraine"

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Joint Stock Company "National Joint Stock Company "Naftogaz of Ukraine" (the "Company"), which comprise:

- the balance sheet (statement of financial position) as at 31 December 2024;
- the statement of profit or loss (statement of comprehensive income) for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2024, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Law of Ukraine "On accounting and financial statements in Ukraine" on preparation of the separate financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Private Joint-Stock Company "KPMG Audit"

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PJSC "KPMG Audit", a company incorporated under the Laws of Ukraine, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registration No. 31032100 in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations.

Registration No. 2397 in the Register of Auditors and Auditing Entities.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the separate financial statements, which describes the negative effects on the Company's operations of the military invasion launched by the Russian Federation on the territory of Ukraine on 24 February 2022. As also stated in Note 2, these events or conditions, along with other matters as set forth in that Note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section of our report we have determined the following key audit matters:

Measurement of investments in subsidiaries

The Company accounts for the investments in subsidiaries using the equity method to reflect the Company's share of net gains or losses of subsidiaries recorded in the statement of profit or loss, and the Company's share of other comprehensive income of subsidiaries in the statement of comprehensive income. As at 31 December 2024 investments in subsidiaries amounted to UAH 364,739 million and for the year then ended income on equity accounted investments in subsidiaries recognized in profit or loss and other comprehensive income were UAH 34,065 million and UAH 29,436 million, respectively.

Please refer to the Note 5 "Long-term financial investments" in the separate financial statements.

Key audit matter	Our response
The share of other comprehensive income of subsidiaries in the amount of UAH 29,436 million recognized during 2024 in the Company's statement of comprehensive income is substantially represented by the result of revaluation of property, plant and equipment accounted under the revaluation model by the Company's subsidiaries. The subsidiaries measured the fair value of property, plant and equipment by using reports of external appraisers engaged by them. Determining the fair value of property, plant and equipment by using the depreciated replacement cost requires application of subjective unobservable inputs and assumptions, including but not limited to cost of construction at current prices, adjustments for functional and physical obsolescence, projections of sales volumes and prices, estimated operating costs and capital	As part of our audit procedures, we performed the following: In terms of the subsidiaries' application of the revaluation model: - involved our own valuation experts to assist us in assessing the assumptions, data and methodology used by the appraisers for revaluation of property, plant and equipment, in particular: • for depreciated replacement costs before economic obsolescence we evaluated, on a sample basis, reasonableness of estimated cost of construction at current prices as well as adjustments on functional and physical obsolescence and tested input data used by the appraisers engaged by them for completeness and accuracy;

expenditure. When using the market approach to determine the fair value of property, plant and equipment, judgement is required to select comparable properties and apply appropriate adjustment to the market prices of those comparable properties for the specific locations and conditions of the properties held by the subsidiaries. These are further complicated by the uncertainties associated with the further development of the military invasion of Ukraine by the Russian Federation and additional uncertainties caused by the expected impact of climate-related matters. The substantial source of significant estimation uncertainty relating to the income for 2024 arising from the equity accounted investments in subsidiaries recognized in profit or loss was the allowance for impairment of financial assets of the subsidiaries that is the subsidiaries' best estimate of the expected credit losses ("ECL") within trade accounts receivable measured at amortized cost at the reporting date. The subsidiaries have a state-owned business. The ECL for accounts receivable of the subsidiaries from regional gas distribution entities for natural gas and from municipal's heating companies for natural gas was estimated by the subsidiaries using three components: probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), taking into consideration historical experience and forward looking information where applicable. All these three components involve making significant estimates and judgments and have a material impact on the financial position and performance of the subsidiaries. In light of the above factors we determined the measurement of investments in subsidiaries to be a key audit matter.	• for economic obsolescence we compared the discount rate, projections of sales volumes and prices, estimated operating costs and capital expenditure to the subsidiaries' actual data for 2024, to the budgets of the subsidiaries and to external data, as well as our own estimates based on our knowledge of the subsidiaries' business and their industry; • for market approach we evaluated, on a sample basis, reasonableness of selection of comparable properties, appropriateness of market prices of such comparable properties including adjustments applied thereto for locations and conditions of individual properties; - evaluated whether the economic obsolescence was accurately allocated to individual items of property, plant and equipment within a cash generating unit; - evaluated the professionalism and objectivity of the appraisers engaged by the subsidiaries as well as inspected the terms of engagements for any scope limitation imposed on the subsidiaries' experts; - made inquiries with relevant personnel within the subsidiaries, including technical specialists, to corroborate evidence obtained with testing of input data and evaluation of assumptions, including subsidiaries' assessment of the impact of climate related matters; In terms of the ECL recognized by the subsidiaries: - We evaluated the design and implementation of key internal controls in the ECL process for financial assets; - evaluated the appropriateness of the model of ECL calculation based on IFRS 9's requirements and assessed its mathematical accuracy; - challenged LGD used by the subsidiaries by testing input data of historical recoveries; - challenged the subsidiaries' assumption of the probability of potential volumes and probability of state financing of subventions mechanism used in determining the EAD; - on a sample basis performed independent expectation of a range of expected outcomes of ECL and evaluated whether the subsidiaries' assessment falls within the range;

	- made inquiries of relevant personnel within the subsidiaries to corroborate evidence obtained with testing of input data. We also assessed adequacy of disclosures relevant to the investments in subsidiaries accounted for by using the equity method.

Recognition of revenues	
For the year ended 31 December 2024, revenue amounted to UAH 157,847 million, including revenue from provision of gas transit organisation services amounting to UAH 42,395 million. Please refer to Note 15 “Revenue” in the separate financial statements.	
Key audit matter	**Our response**
As disclosed in Note 6 to the separate financial statements, the assessment of the contracts existence in terms of IFRS 15 *Revenue from contracts with customers* for the purpose of the revenue recognition involves significant estimation uncertainty, as one counterparty refused to pay the part of the services with respect to gas transit organisation and this counterparty’s decision is currently being disputed at the court. The Company applied significant judgement to determine that the criteria for revenue recognition under IFRS 15 (including the collectability criteria) are met and the full amount of revenues under the contract for the service can be recognized. Due to the above factors, we considered revenue recognition to be a key audit matter.	As part of our audit procedures we performed the following: - evaluated the design and implementation of key internal controls in the revenue recognition process; - evaluated the Company’ s accounting policies related to revenue recognition and compliance with the criteria set out in IFRS 15, particularly regarding the assessment of collectability; - tested key contracts on a sample basis to understand the terms of underlying revenue recognition as well as analysed existing regulations and legislation to assess their effect on the terms of underlying revenue recognition; - assessed the consistency of application of revenue recognition accounting policy, including assessment of the collectability criteria, among various revenue streams; - challenged the Company’s assumptions regarding the customers’ ability and intent to pay by, with the support of our legal specialists, assessing the available evidence provided by the Company’s external and internal legal counsel supporting the probabilities the Company has assigned to the outcome of the court case and collection of the remaining transaction price when it falls due; We also assessed sufficiency of the relevant disclosures for revenues in the notes to the consolidated financial statements of the Company.

Allowance for impairment of financial assets	
As at 31 December 2024, the allowance for impairment of non-current financial assets (accounts receivable for gas transportation, “Note 6”) amounted to UAH 16,405 million. Please refer to Note 6 “Long term trade accounts receivable and other non-current assets” in the separate financial statements.	
Key audit matter	**Our response**
Allowance for impairment of financial assets represent the Company’s and the best estimate of the expected credit losses (“ECL”) within trade accounts receivable measured as amortised cost at the reporting date. The ECL for accounts receivable for gas transportation was estimated based on the weighted average expectations of receiving the compensation under the agreement with the customer as a result of the settlement of the legal dispute in the International Court of Arbitration. The determination of ECL involves making significant estimates and judgments and these have a material impact on the separate financial statements of the Company. The above significant judgments and the resulting estimation uncertainty required our increased attention in our audit, and therefore, we identified the allowance for impairment of financial assets as a key audit matter.	As part of our audit procedures we performed the following: - We evaluated the design and implementation of key internal controls in the ECL process for financial assets; - evaluated the appropriateness of the model of ECL calculation based on IFRS 9’s requirements and assessed its mathematical accuracy; - on a sample basis performed independent expectation of a range of expected outcomes of ECL and evaluated whether the Company’s assessment falls within the range; - we involved our own legal specialists to independently evaluate the confirmation obtained from the Company’s external legal counsel on the assessment of the legal case and its likely outcome; - through inquiry with the Company’s external and internal legal counsel we evaluated the Company’s assessment of recoverable cash flows and other sources of repayment/recovery, if any; - made inquiries of relevant personnel within the Company to corroborate evidence obtained with testing of input data. We also evaluated the completeness, accuracy and fair presentation of relevant disclosures required by the applicable financial reporting framework, including disclosures on estimation uncertainty.

Other Matter

The separate financial statements of the Company as at and for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those separate financial statements on 30 April 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in:

- Management Report (including the Corporate Governance Report) as set out in a separate report prepared by management,
- Annual Information of the Issuer of Securities (including the Management Report),

(but does not include the separate financial statements and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the Annual report and the separate report on payments to the State, which is expected to be made available to us after that date.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report and the separate report on payments to the State, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Law of Ukraine "On accounting and financial statements in Ukraine" on preparation of the separate financial statements, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Pursuant to the Article 14(4) of the Law of Ukraine "*On Audit of Financial Statements and Auditing*" and "*Requirements for information related to audit or review of financial statements of participants of capital markets and organized commodity markets, which are supervised by the National Securities and Stock Market Commission*" approved by the Resolution of the National Securities and Stock Market Commission (the "NSSMC") No. 555 dated 22 July 2021, we provide the following information in addition to that required by ISAs.

Appointment of the Auditor and Period of Engagement

We were appointed by the resolution of the Cabinet of Ministers of Ukraine on 24 December 2024 to audit the separate financial statements of the Company as at and for the year ended 31 December 2024. Our total uninterrupted period of audit engagements is one year.

Provision of Non-audit Services and Disclosure of Fee-related Information

We declare that no prohibited non-audit services referred to in the Article 6(4) of the Law of Ukraine "*On Audit of Financial Statements and Auditing*" were provided.

For the period to which our statutory audit relates, we and other KPMG network firms have not provided any other services to the Company which are not disclosed in the Management Report or in the separate financial statements.

Additional Report to the Audit Committee

We confirm that our auditors' report is consistent with the additional report to the Audit Committee.

Reporting on the NSSMC's Requirements

- The audit of Joint Stock Company "National Joint Stock Company 'Naftogaz of Ukraine'" (Registration number 20077720 in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations) was conducted in accordance with the Engagement Contract No. 14/496/24 dated 25 October 2024. The audit was performed from 25 October 2024 to the date of this report.
- Information on the ownership structure and the ultimate controlling party of the Company is included in Note 1 to the separate financial statements.
- As at 31 December 2024 the Company is neither a controlling party, nor a member of non-banking financial group.
- The Company is a public interest entity in accordance with the Law of Ukraine "On accounting and financial statements in Ukraine".
- The list of subsidiaries of the Company is included in Note 5 to the separate financial statements.
- The creation of the Revision Commission is not stipulated by the Company's Charter and, accordingly, the Revision Commission did not perform the examination of the Company's financial performance for the year ended 31 December 2024.

Reporting on the Management Report

Solely based on the work we have performed in connection with our audit of the financial statements, in our opinion, the Management Report (including the Corporate Governance Report):

- is consistent, in all material respects, with the separate financial statements, and
- contains the elements required by the clauses 1-9 of Article 127(3) of the Law of Ukraine "*On Capital Markets and Organized Commodity Markets*".

If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

The engagement partner on the audit resulting in this independent auditors' report is:

Dmytro Alieiev
Registration No. 101462 in the Register of Auditors and Auditing Entities
Deputy Director

PJSC "KPMG Audit"

18 April 2025

Kyiv, Ukraine

Original has been signed by Dmytro Alieiev

JOINT STOCK COMPANY "NATIONAL JOINT STOCK COMPANY "NAFTOGAZ OF UKRAINE"

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 31 DECEMBER 2024

			CODES		
		Date (year, month, day)	2024	12	31
Entity	**National Joint Stock Company "Naftogaz of Ukraine" and its branches**	EDRPOU	20077720		
Location	**Ukraine**	KOATUU	UA0000000001078669		
Legal form of organisation:	Joint Stock Company	KOPFG	230		
Type of economic activities	Holding company	KVED	70.10		
Average number of employees	**822**				
Address, phone	**6 Bogdana Khmelnytskoho Str, Kyiv**				

Measuring unit: UAH thousands without decimals

Prepared under (mark "v" in the respective box):	
Ukrainian Accounting Standards	
International Financial Reporting Standards	**V**

Balance Sheet (Statement of Financial Position) as at 31 December 2024

Form №1 1801001

ASSETS	Line code	31 December 2024	31 December 2023	Notes
1	2	3	4	5
I. Non-current Assets				
Intangible assets:	1000	93,905	98,857	
cost	1001	212,524	211,307	
accumulated amortisation and impairment	1002	(118,619)	(112,450)	
Construction in progress	1005	49,406	241,811	
Property, plant and equipment:	1010	222,846	219,607	
cost	1011	802,720	765,282	
accumulated depreciation and impairment	1012	(579,874)	(545,675)	
Long-term biological assets	1020	-	-	
Long-term financial investments: accounted under equity method	1030	364,739,419	328,093,968	5
other financial investment	1035	-	-	
Long-term accounts receivable	1040	38,659,326	25,692,232	6
Deferred tax assets	1045	6,437,189	8,180,071	24
Other non-current assets	1090	4,506,909	689,567	6
including income tax prepaid	1090(a)	3,903,420	-	
Total Section I	**1095**	**414,709,000**	**363,216,113**	
II. Current Assets				
Inventories	1100	56,944,079	64,214,736	7
Current biological assets	1110	-	-	
Trade accounts receivable	1125	58,906,986	44,423,004	8
Accounts receivable: prepayments made	1130	1,697,132	5,016,838	9
due from budget	1135	19,257	3,936,582	9
including income tax prepaid	1136	-	1,711,013	9
Other current accounts receivable	1155	1,722,178	3,956,341	9
Current financial investments	1160	801,369	724,040	26
Cash and cash equivalents	1165	30,343,726	34,685,688	26
Prepaid expense	1170	46,670	8,621	
Other current assets	1190	581,295	1,076,476	9
Total Section II	**1195**	**151,062,692**	**158,042,326**	
III. Non-current assets classified as held for sale and disposal groups	**1200**	**1,214**	**1,214**	
Total Assets	**1300**	**565,772,906**	**521,259,653**	

The accompanying notes form an integral part of these separate financial statements.

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 31 DECEMBER 2024 (CONTINUED)

EQUITY AND LIABILITIES	Line code	31 December 2024	31 December 2023	Notes
1	2	3	4	5
I. Equity				
Share capital	1400	190,796,729	190,796,729	10
including: contributions to unregistered statutory capital	1401	-	646,248	10
Revaluation reserve	1405	182,746,038	153,356,819	
Additional paid-in capital	1410	2,690,599	2,643,895	
Reserve capital	1415	9,224,385	8,583,330	
Retained earnings (accumulated deficit)	1420	13,136,664	10,192,975	
Unpaid capital	1425	-	-	
Withdrawn capital	1430	-	-	
Total Section I	**1495**	**398,594,415**	**365,573,748**	
II. Non-current Liabilities and Provisions				
Deferred tax liabilities	1500	-	-	
Non-current bank borrowings	1510	4,298,537	-	11
Other non-current liabilities	1515	55,706,800	51,008,456	11
Non-current provisions	1520	224,679	190,826	12
Purpose financing	1525	634	-	
Total Section II	**1595**	**60,230,650**	**51,199,282**	
III. Current Liabilities and Provisions				
Current bank borrowings	1600	19,224,281	23,255,060	11
Accounts payable: current portion of long-term liabilities	1610	16,902,623	25,793,615	11
trade accounts payable	1615	38,877,121	26,051,157	13
due to budget	1620	1,138,858	49,127	
including income tax payable	1621	-	-	
social charges payable	1625	3,198	3,631	
salary payable	1630	23,338	23,722	
Advances received	1635	351,402	2,557,860	14
Current accounts payable for settlements with participants	1640	8,826,529	-	10
Current provisions	1660	1,616,485	1,806,750	12
Deferred income	1665	173,794	177,942	
Other current liabilities	1690	19,810,212	24,767,759	14
Total Section III	**1695**	**106,947,841**	**104,486,623**	
IV. Liabilities related to non-current assets held for sale and disposal groups	**1700**	**-**	**-**	
Total Equity and Liabilities	**1900**	**565,772,906**	**521,259,653**	

Director _____ **R.M. Chumak**
/s/

Chief Accountant _____ **O.M. Gnezdilova**
/s/

JOINT STOCK COMPANY "NATIONAL JOINT STOCK COMPANY "NAFTOGAZ OF UKRAINE"

STATEMENT OF PROFIT OR LOSS (STATEMENT OF COMPREHENSIVE INCOME) FOR THE YEAR ENDED 31 DECEMBER 2024

				CODES		
			Date (year, month, day)	2024	12	31
Entity	**National Joint Stock Company "Naftogaz of Ukraine" and its branches**		EDRPOU	20077720		
Location	**Ukraine**		KOATUU	UA0000000001078669		
Legal form of organisation:		Joint Stock Company	KOPFG	230		
Type of economic activities		Holding company	KVED	70.10		
Average number of employees	**822**					
Address, phone	**6 Bogdana Khmelnytskoho Str, Kyiv**					

Measuring unit: UAH thousands without decimals (except Section IV of the Statement of Profit or Loss (Statement of Comprehensive Income) (Form # 2), stated in UAH with kopecks)

Prepared under (mark "v" in the respective box):	
Ukrainian Accounting Standards	
International Financial Reporting Standards	**V**

Statement of Profit or Loss (Statement of Comprehensive Income) for the Year Ended 31 December 2024

Form # 2 DKUD Code 1801003

I. PROFIT OR LOSS STATEMENT

Item	Line code	2024	Including discontinued operations	2023	Including discontinued operations	Notes
1	2	3		4		5
Revenue	2000	157,846,966	42,395,131	138,559,794	38,677,520	3,15
Cost of sales	2050	(136,319,629)	(32,232,880)	(151,883,789)	(29,421,063)	16
Gross:		-		-	-	
-- profit	**2090**	**21,527,337**	**10,162,251**	-	**9,256,457**	
-- loss	**2095**	-	-	**(13,323,995)**	-	
Other operating income	2120	4,355,272	-	11,366,234	-	17
General administrative expense	2130	(1,333,135)	-	(1,492,510)	-	18
Selling and distribution expense	2150	(3,079,400)	-	(3,243,005)	-	19
Other operating expense	2180	(16,373,273)	(10,066,075)	(13,190,433)	(4,397,996)	20
Including net movement in the provision for impairment of receivables	2180 (a)	(10,838,021)	(9,840,452)	(10,706,700)	(4,217,773)	20
Operating:		-	-	-	-	
-- profit	**2190**	**5,096,801**	**96,176**	-	**4,858,461**	
-- loss	**2195**	-	-	**(19,883,709)**	-	
Income on equity investments	2200	34,065,118	-	26,714,515	-	5
Other finance income	2220	2,558,493	-	1,137,278	-	21
Other income	2240	-	-	-	-	
Finance costs	2250	(8,376,164)	-	(8,492,388)	-	22
Loss on equity investments	2255	-	-	-	-	
Other expense including impairment of investments in subsidiaries and associates	2270	(7,667,205)	-	(3,785,377)	-	23
Profit or loss before income tax:		-	-	-	-	
-- profit	**2290**	**25,677,043**	**96,176**	-	**4,858,461**	
-- loss	**2295**	-	-	**(4,309,681)**	-	
Income tax (expense) benefit	2300	(1,742,882)	-	3,527,328	-	24
Profit (loss) on discontinued operations after tax	2305	-	-	-	-	
Net profit or loss:		-	-	-	-	
-- profit	**2350**	**23,934,161**	**96,176**	-	**4,858,461**	
-- loss	**2355**	-	-	**(782,353)**	-	

The accompanying notes form an integral part of these separate financial statements.

STATEMENT OF PROFIT OR LOSS (STATEMENT OF COMPREHENSIVE INCOME) FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

II. COMPREHENSIVE INCOME

Item	Line code	2024	Including discontinued operations	2023	Including discontinued operations	Notes
1	2	3	-	4	-	5
Revaluation of the property, plant and equipment*	2400	-	-	-	-	
Revaluation of the financial instruments *	2405	-	-	-	-	
Currency translation reserve**	2410	621,837	-	727,475	-	
Share of movements in comprehensive income (loss) of subsidiaries, associates and joint ventures*	2415	29,470,967	-	(1,505,858)	-	5
Other comprehensive income*	2445	(21,264)	-	(40,021)	-	
Other comprehensive income (loss) before income tax	**2450**	**30,071,540**	**-**	**(818,404)**	**-**	
Income tax related to items of other comprehensive income	2455	-	-	-	-	
Other comprehensive income, after income (loss) tax	**2460**	**30,071,540**	**-**	**(818,404)**	**-**	
Total comprehensive income (loss) (sum of lines 2350, 2355 and 2460)	**2465**	**54,005,701**	**96,176**	**(1,600,757)**	**4,858,461**	

III. OPERATING EXPENSE BY ELEMENTS

Item	Line code	2024	Including discontinued operations	2023	Including discontinued operations	Notes
1	2	3		4		5
Materials	2500	104,102,214	-	122,476,444	-	
Staff costs	2505	294,999	-	493,181	-	
Social charges	2510	122,435	-	105,549	-	
Depreciation and amortisation	2515	122,767	-	130,230	-	
Other operating expense	2520	52,463,022	10,066,075	46,604,333	4,397,996	
Total	**2550**	**157,105,437**	**10,066,075**	**169,809,737**	**4,397,996**	

IV. EARNINGS PER SHARE

Item	Line code	2024	2023	Notes
1	2	3	4	5
Average annual number of ordinary shares	2600	190,796,729	190,796,729	10
Adjusted average number of ordinary shares	2605	190,796,729	190,796,729	10
Net (loss) profit per 1 ordinary share	2610	125.44	(4.10)	
Net (loss) profit per 1 ordinary share (adjusted)	2615	125.44	(4.10)	
Dividends per ordinary share	2650	-	-	

* items that cannot be reclassified subsequently to profit or loss

** items that can be reclassified subsequently to profit or loss

Director _____ **R.M. Chumak**
/s/

Chief Accountant _____ **O.M. Gnezdilova**
/s/

JOINT STOCK COMPANY "NATIONAL JOINT STOCK COMPANY "NAFTOGAZ OF UKRAINE"

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

			CODES		
		Date (year, month, day)	2024	12	31
Entity	**National Joint Stock Company "Naftogaz of Ukraine" and its branches**	EDRPOU	20077720		
Location	**Ukraine**	KOATUU	UA0000000001078669		
Legal form of organisation:	Joint Stock Company	KOPFG	230		
Type of economic activities	Holding company	KVED	70.10		
Average number of employees	**822**				
Address, phone	**6 Bogdana Khmelnytskoho Str, Kyiv**				

Measuring unit: UAH thousands without decimals

Prepared under (mark "v" in the respective box):

Ukrainian Accounting Standards	
International Financial Reporting Standards	**V**

Statement of Cash Flows (indirect) for the Year Ended 31 December 2024

Form # 3 DKUD Code 1801006

Item	Code	2024		2023	
		inflows	outflows	inflows	outflows
1	2	3	4	5	6
I. Cash flows from operating activities					
Profit/(Loss) before income tax	3500	25,677,043	-	-	(4,309,681)
Adjustments for:					
depreciation and amortisation	3505	122,767	X	130,230	X
(decrease)/increase in provisions	3510	2,587,189	-	2,232,518	-
unrealised foreign exchange loss	3515	2,100,649	-	2,981,475	-
loss (gain) on non-operating activities and other non-cash transactions	3520	11,184,925	-	3,453,501	-
(income) loss on equity investment	3521	-	(34,065,118)	-	(26,714,515)
Finance costs less income	3540	5,817,671	-	7,355,110	-
Decrease/(Increase) in current assets	3550	-	(9,723,412)	58,366,971	-
Change in the amount of other non-current assets	3551	-	-	3,910,005	-
Increase (decrease) in current liabilities	3560	12,030,730	-	5,981,013	-
Cash flows from operating activities	**3570**	**15,732,444**	**-**	**53,386,627**	**-**
Income tax paid	3580	X	(2,192,407)	X	(3,120,789)
Net cash flow from operating activities	**3195**	**13,540,037**	**-**	**50,265,838**	**-**
II. Cash flows from investing activities					
Proceeds from sale of:					
financial investments	3200	-	X	-	X
non-current assets	3205	-	X	-	X
Proceeds from:					
interest received	3215	1,289,029	X	237,019	X
dividends received	3220	27,837,313	X	9,557,804	X
Proceeds from derivatives	3225	-	X	-	X
Other inflows	3250	3,313,896	X	381,343	X
Outflows from:					
financial investments (Note 2)	3255	X	(5,307,163)	X	-
non-current assets	3260	X	(22,339)	X	(314)
Other outflows	3290	X	(1,174,628)	X	(2,361,708)
Net cash flow from investing activities	**3295**	**25,936,108**	-	**7,814,144**	**-**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Item	Code	2024		2023	
		inflows	outflows	inflows	outflows
1	2	3	4	5	6
III. Cash flows from financing activities					
Proceeds from:					
issue of shares	3300	-	X	-	X
loans and borrowings received	3305	-	X	-	X
Other inflows (Note 14)	3340	799,010	X	6,191,921	X
Outflows from:					
redemption of own shares	3345	X	-	X	-
loans and borrowings repaid	3350	X	(19,333,403)	X	(9,364,572)
dividends paid (Note 10)	3355	X	(12,180,040)	X	-
interest paid	3360	X	(7,079,064)	X	(4,670,832)
payment of leases	3365	X	(89,887)	X	(84,660)
Other outflows (Note 14)	3390	X	(7,750,760)	X	(21,875,699)
Net cash flow from financing activities	**3395**	-	**(45,634,144)**	-	**(29,803,842)**
Net increase/decrease in cash and cash equivalents	**3400**	-	**(6,157,999)**	**28,276,140**	-
Cash and cash equivalents at the beginning of the reporting period	3405	34,685,688	X	5,141,743	X
Effects of exchange rates changes on cash and cash equivalents	3410	1,816,037	-	1,267,805	-
Cash and cash equivalents at the end of the reporting period	3415	30,343,726	X	34,685,688	X

Director _____ **R.M. Chumak**
/s/

Chief Accountant _____ **O.M. Gnezdilova**
/s/

Significant Non-Cash Transactions

In thousands of Ukrainian hryvnias	Note	2024	2023
Loans originated from lenders' direct payments to suppliers for the purchased natural gas	11	9,136,261	17,339,110

JOINT STOCK COMPANY "NATIONAL JOINT STOCK COMPANY "NAFTOGAZ OF UKRAINE"

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

		CODES		
	Date (year, month, day)	2024	12	31
Entity **National Joint Stock Company "Naftogaz of Ukraine" and its branches**	EDRPOU	20077720		
Location **Ukraine**	KOATUU	UA0000000001078669		

Measuring unit: UAH thousands without decimals

Prepared under (mark "v" in the respective box):

Ukrainian Accounting Standards	
International Financial Reporting Standards	**V**

Statement of Changes in Equity for the Year Ended 31 December 2024

Form # 4 DKUD Code 1801005

Item	Line code	Share capital	Revaluation reserve	Additional paid-in capital	Reserve capital	Retained earnings (accumulated deficit)	Unpaid capital	Withdrawn capital	Total
1	2	3	4	5	6	7	8	9	10
Balance at 31 December 2023	**4000**	**190,796,729**	**153,356,819**	**2,643,895**	**8,583,330**	**10,192,975**	**-**	**-**	**365,573,748**
Net profit for the reporting period	**4100**	**-**	**-**	**-**	**-**	**23,934,161**	**-**	**-**	**23,934,161**
Other comprehensive income for the reporting period	**4110**	**-**	**30,020,156**	**34,650**	**-**	**16,734**	**-**	**-**	**30,071,540**
Total comprehensive income		**-**	**30,020,156**	**34,650**	**-**	**23,950,895**	**-**	**-**	**54,005,701**
Profit distribution:									
Dividends to shareholders (Note 10)	4200	-	-	-	-	(21,006,569)	-	-	(21,006,569)
Charge to the Legal reserve (Note 10)	4210	-	-	-	641,055	(641,055)	-	-	-
Portion of net profit attributable to the State Budget of Ukraine	4215	-	-	-	-	-	-	-	-
Contributions by the equity holders: Contributions to the share capital	4240	-	-	-	-	-	-	-	-
Other changes in equity	4290	-	(630,937)	12,054	-	640,418	-	-	21,535
Total changes in equity	**4295**	**-**	**29,389,219**	**46,704**	**641,055**	**2,943,689**	**-**	**-**	**33,020,667**
Balance at 31 December 2024	**4300**	**190,796,729**	**182,746,038**	**2,690,599**	**9,224,385**	**13,136,664**	**-**	**-**	**398,594,415**

Director /s/ _____ **R.M. Chumak**

Chief Accountant /s/ _____ **O.M. Gnezdilova**

The accompanying notes form an integral part of these separate financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2023

Form # 4 DKUD Code 1801005

Item	Line code	Share capital	Revaluation reserve	Additional paid-in capital	Reserve capital	Retained earnings (accumulated deficit)	Unpaid capital	Withdrawn capital	Total
1	2	3	4	5	6	7	8	9	10
Balance at 31 December 2022	**4000**	**190,796,729**	**155,135,204**	**2,643,629**	**8,583,330**	**11,375,090**	**-**	**-**	**368,533,982**
Net loss for the reporting period	**4100**	**-**	**-**	**-**	**-**	**(782,353)**	**-**	**-**	**(782,353)**
Other comprehensive income for the reporting period	**4110**	**-**	**(1,482,332)**	**-**	**-**	**663,928**	**-**	**-**	**(818,404)**
Total comprehensive income		**-**	**(1,482,332)**	**-**	**-**	**(118,425)**	**-**	**-**	**(1,600,757)**
Profit distribution:									
Dividends to shareholders	4200	-	-	-	-	-	-	-	-
Charge to the Legal reserve	4210	-	-	-	-	-	-	-	-
Portion of net profit attributable to the State Budget of Ukraine	4215	-	-	-	-	-	-	-	-
Contributions by the equity holders: Contributions to the share capital	4240	-	-	-	-	-	-	-	-
Other changes in equity (Note 5)	4290	-	(296,053)	266	-	(1,063,690)	-	-	(1,359,477)
Total changes in equity	**4295**	**-**	**(1,778,385)**	**266**	**-**	**(1,182,115)**	**-**	**-**	**(2,960,234)**
Balance at 31 December 2023	**4300**	**190,796,729**	**153,356,819**	**2,643,895**	**8,583,330**	**10,192,975**	**-**	**-**	**365,573,748**

Director _____ **R.M. Chumak**
/s/

Chief Accountant _____ **O.M. Gnezdilova**
/s/

1. THE ORGANISATION AND ITS OPERATIONS

Joint Stock Company “National Joint Stock Company “Naftogaz of Ukraine” (“Naftogaz of Ukraine” or the “Company”) was founded in 1998 in accordance with the Resolution of the Cabinet of Ministers of Ukraine #747 dated 25 May 1998. According to the Resolution of the Cabinet of Ministers of Ukraine dated 6 March 2019 the Company was changed from Public to Private Joint Stock Company. The Resolution of the Cabinet of Ministers of Ukraine 85 dated 26 January 2024 approved the Company's Charter in a new edition.

Naftogaz of Ukraine is beneficially owned by the State of Ukraine. The Cabinet of Ministers of Ukraine executes the State corporate rights and the shareholders’ meetings and appoints the Supervisory Board that controls and regulates the Executive Board activities.

By Order of the Cabinet of Ministers of Ukraine #983-r, Oleksiy Chernyshov was appointed to the position of Chairman of the Company’s Executive Board from 4 November 2022. On 6 January 2023, by Order of the Cabinet of Ministers of Ukraine, Vasyl Volodin was appointed to the position of a member of the Company's Executive Board for the period until the new composition of the Company's Supervisory board makes decisions on the formation of the board.

On 24 January 2023, by Order of the Cabinet of Ministers of Ukraine #55-r, the Government appointed the Supervisory Board of Naftogaz: Anfinnsen Thor Martin, Van der Heyden Ludo Albert G., Marino Anthony William, Hookway Richard Mark were appointed as independent members and Natalia Andriivna Boyko, Rostyslav Igorovych Shurma were appointed as representatives of the Government.

On 16 August 2023, by decision of the Supervisory Board, Dmytro Abramovich and Ivan Lukeria were appointed to the position of a members of the Company's Management Board.

On 29 December 2023, by Order of the Cabinet of Ministers of Ukraine #1221-r Kostiantyn Marievich were appointed as the member of the supervisory board - a representative of the Government. Thus, the formation of the Supervisory Board of Naftogaz has been fully completed according to the current charter.

On 17 April 2024, at the next meeting of the Supervisory Board, it was decided to select and appoint from on 1 May 2024, members of the Company’s Executive Board were Roman Chumak, Vasyl Volodin, Dmytro Abramovich and Ivan Lukeria for a period until 30 April 2025.

On 4 December 2024, at an extraordinary meeting of the Supervisory Board, it was decided to terminate the powers of the Chairman of the Executive Board of Oleksiy Chernyshov from 4 December 2024 and to elect Roman Chumak as acting Chairperson of the Board of the Company from 5 December 2024.

1. THE ORGANISATION AND ITS OPERATIONS (Continued)

As of 31 December 2024 and the date of approval of these separate financial statements, the Company's Management Board consisted of:

Position	Name	Commission of appointment
Acting Chairperson of the Board	Roman Chumak	Minutes of the Supervisory Board meeting dated 4.12.24
Executive Board member	Vasyl Volodin	Minutes of the Supervisory Board meeting dated 17.04.24
Executive Board member	Roman Chumak	Minutes of the Supervisory Board meeting dated 17.04.24
Executive Board member	Dmytro Abramovich	Minutes of the Supervisory Board meeting dated 17.04.24
Executive Board member	Ivan Lukeria	Minutes of the Supervisory Board meeting dated 17.04.24

Naftogaz of Ukraine and its subsidiaries (the “Group” or “Naftogaz Group”) is a vertically integrated oil and gas company allowing the best use of the Group’s portfolio of assets. Naftogaz of Ukraine and its subsidiaries are engaged in exploration of natural gas, development of new natural gas supplies, transportation and storage of oil and gas, and the sale of natural gas and liquefied petroleum gas to the Group’s customers.

The Company holds stakes in various entities that form the national system of production, refining, supply, distribution, wholesale and retail trade, transportation and storage of natural gas, gas condensate and oil products.

The Company conducts its business and holds its production facilities mainly in Ukraine.

The Company is registered at 6 B. Khmelnytskogo Street, Kyiv, Ukraine.

These separate financial statements were authorised for issue by the Executive Board on 17 April 2025.

The management report to the separate financial statements is presented as part of the consolidated management report of Naftogaz Group.

2. OPERATING ENVIRONMENT

A full-scale military invasion of Ukraine remains a determining factor in the operational environment, which creates a high level of uncertainty and significant risks for Ukraine's economic, financial and social infrastructure, and its territorial integrity.

Active hostilities are concentrated in the east, north-east and south of Ukraine. However, massive missile attacks have resulted in the destruction or damage of a significant part of the country's production facilities and critical energy infrastructure throughout Ukraine.

During 2024, the growth of the Ukrainian economy slowed down compared to 2023. According to the State Statistics Service of Ukraine, the inflation rate in 2024 was 12.0% (in 2023, the inflation rate was 5.1%). The high rate of inflation was mainly driven by temporary factors, primarily related to the effects of last year's poor harvest. At the same time, fundamental price pressures also increased. This was driven by higher business costs for raw materials and electricity, as well as higher wages due to the continued labour shortage. At the same time, in recent months, price growth has been moderated to some extent by the strengthening of the hryvnia against the euro, which is important for Ukrainian imports.

According to the State Statistics Service of Ukraine, Ukraine’s GDP grew by 2.9% in 2024 (in 2023, GDP growth was 5.5%). The negative trend is explained not only by lower harvests and slightly weaker than expected external demand, but also by the realisation of the risks of increased hostilities, intensified russian air attacks, and related electricity shortages. The remaining high level of security risks also held back the return of migrants and caused a significant labour shortage.

Considering security risks and the difficult situation on the labour market, the National Bank of Ukraine has lowered its real GDP growth forecast for 2025 to 3.6%. At the same time, the baseline scenario of the forecast still assumes a gradual return of the economy to normal operating conditions. Therefore, in 2026-2027, economic growth is expected to moderately accelerate to around 4.0%. On the one hand, the effects of the war, which have affected the labour shortage and lack of production capital, will continue to constrain the economy. On the other hand, the recovery will be supported by investments in energy and production facilities, the maintenance of a relatively loose fiscal policy, and growth in private consumption due to higher household incomes.

The trends associated with forced population migration and the destruction of industry have a significant impact on the operating environment.

As of 31 December 2024, Ukraine’s international reserves reached USD 43.8 billion. In April 2024, the US Congress approved a USD 61 billion support package for Ukraine, including USD 7.9 billion of direct budget support and USD 1.6 billion of related financing in the form of a waivable loan.

2. OPERATING ENVIRONMENT (Continued)

The National Bank of Ukraine (NBU) is responsible for maintaining the stability of the national currency. One of its key tools is the NBU discount rate, which has undergone several changes recently:

- On 15 December 2023, the NBU discount rate decreased from 16% to 15% per annum.
- On 15 March 2024, the NBU discount rate decreased from 15% to 14.5% per annum.
- On 26 April 2024 the NBU further decreased its policy rate from 14.5% to 13.5% per annum and on 14 June 2024 – from 13.5% to 13% per annum.
- On 13 December 2024, the NBU discount rate increased from 13% to 13.5% per annum, on 24 January 2025 - from 13.5% to 14.5% per annum.
- On 07 March 2025, the NBU discount rate was raised to 15.5%.

Since 2023 the NBU started the relaxation of some restrictions imposed as a result of invasion. The trend continued during 2024. On 3 October 2023, the National Bank of Ukraine has implemented managed flexibility of exchange rate of UAH to foreign currencies. In particular, on 3 May 2024 the NBU implemented its new package of currency liberalization measures. These measures aim to improve business conditions, support economic recovery and attract new investments to the country. In July 2024, the NBU continued with the introduction of further liberalization measures.

At the same time, the risks of the war turning into a positional conflict of attrition are growing. International financial and military assistance to Ukraine remains systematic and significant, but the threats of disrupting its rhythm are growing. The list of mechanisms for external financing of Ukraine's economic recovery is expanding, and its volumes are growing, but they are still moderate. Ways of transferring frozen russian assets and income from them to Ukraine have not yet been identified.

Termination of natural gas transit through the territory of Ukraine

From 07:00 Kyiv time on 1 January 2025, the Ukrainian gas transmission system operator officially stopped transit of russian gas through Ukraine after the end of the gas day on 31 December. The termination was due to the expiry of the five-year contract for the transit of russian gas signed in 2019. The nominations of the GTS Operator of Ukraine for entry into the Ukrainian gas transportation system (hereinafter – GTS) at the entry points Sudzha and Sohranivka (on the border of Ukraine and russia) are zero.

At the end of 2019, the Company and Gazprom PJSC signed an agreement on the provision of services for the organisation of natural gas transportation through the territory of Ukraine, which was valid until the end of 2024. In turn, the Company received natural gas transportation services from the Ukrainian GTS Operator and provided gas transportation services.

As disclosed in Note 6, as at the date of signing these separate financial statements, the court case in the International Arbitration Court of the International Chamber of Commerce on the Company's claim against PJSC Gazprom for the recovery of funds for the services provided for the organisation of natural gas transportation through the territory of Ukraine, which were not paid by PJSC Gazprom in time and in full, as well as payment of penalties provided for by the relevant Agreement, is still pending.

2. OPERATING ENVIRONMENT (Continued)

The result of termination of natural gas transit presented as a discontinued operation in the separate statement of profit or loss and the separate statement of comprehensive income.

The amount of net cash from the discontinued operation, used in operating activities for the year ended 31 December 2024 was UAH 10,634 million (2023: UAH 7,565 million).

Gas market in Ukraine and Europe

A reduction in the supply of natural gas on the European market in 2022 due to russian blackmail did not lead to the expected energy crisis, although it did provoke a sharp rise in prices. Currently, the market remains vulnerable to supply volumes and competition from Asian buyers, which will maintain risks of high price volatility and keep them at a much higher level than until 2022.

The average spot price at the Dutch gas hub TTF during 2024 was 34.4 Euro/MWh, which is 15% lower than the natural gas price during 2023. Prices have gradually decreased since the beginning of 2024 due to favorable weather conditions (warm winter), as well as due to consistently large volumes of liquefied natural gas (LNG) supplies to Europe. However, prices began to rise in mid-2024 and reached a level of over €48.65/MWh on the spot market as of 31 December 2024. Prices increased due to extended maintenance at Norwegian production assets with significant capacity constraints, a decrease in LNG supplies to Europe in the second half of 2024, expectations that russian gas transit through Ukraine will be terminated, European storage facilities being below last year's levels (as of 31 December 2024, European storage facilities were 72.2% full, compared to 86.3% a year earlier), as well as the risk of an aggravation of the geopolitical situation in the world, etc.

The average market price for gas on the Ukrainian market during the 2024 was UAH 16.000 per thousand cubic meters, including VAT, which is 6% lower than during 2023 year.

An important factor in the stabilisation of the natural gas market was the intensification of trading operations through the Ukrainian Energy Exchange. Since the beginning of 2024, Naftogaz Group entities purchased natural gas on the Ukrainian Energy Exchange, totalling 1.1 bcm (2023: almost 1.0 bcm).

2. OPERATING ENVIRONMENT (Continued)

As of the date of approval of these separate financial statements, The Group companies remain key players in the natural gas market of Ukraine:

- Based on management’s assessment, “Gas supply company Naftogaz Trading” LLC covers approximately 77% of the natural gas market in both the regulated and unregulated segments and specializes in the supply of gas for heat and electrical energy producers, gas supply companies, budget organizations, etc.

- “Gas supply company Naftogaz of Ukraine” LLC supplies more than 12.5 million households with natural gas. The company's share in the natural gas retail market is 97%. In addition, the company ensures the supply of natural gas to small and medium-sized businesses and, among other things, performs the functions of a "last resort" supplier and supplies electricity to the Group's enterprises.

- “Gas supply company Naftogaz of Ukraine” LLC and “Gas supply company Naftogaz Trading” LLC ensure the formation of balancing groups with gas supply entities and gas distribution network operators (“GDN operators”), including the mandatory provision of effective guarantees of payments for purchased resources (bank guarantees, instruments of unconditional write-off funds from accounts, etc.) by these counterparties.

In connection with the military aggression of the russian federation, by Resolution No. 222 of the Cabinet of Ministers of Ukraine dated 6 March 2022 (as amended) and No. 812 dated 19 July 2022 (as amended), the main gas production and trading enterprises of the Group have been assigned special obligations to ensure the public interest in the functioning of the natural gas market (hereinafter - "PSO") with a term of validity until 31 October 2025 (inclusively). The PSO consumer portfolio makes up the majority of the Group's natural gas sales. These special obligations presume sale of natural gas to certain categories of customers under the prices, established by the above-mentioned resolutions.

In April 2024, the Cabinet of Ministers of Ukraine adopted Resolution No. 406, in order to improve the efficiency of using domestically produced gas the state within the framework of the PSO mandated the provision of natural gas to designated electricity producers at regulated prices.

Company’s financing

During 2022-2023, Naftogaz completed debt restructuring process for all Tranches of the Company's Eurobonds and all agreed payments to Eurobond holders have been made. There were no significant changes in terms other than extension of maturity to 2025-2028 and changing an interest rate depending on Tranches and charging additional interest on interest with the possibility of their capitalization. During 2024 Naftogaz was completely fulfilling its obligations under the new terms of this restructured debt.

During 2024 and up to the date of issuing these separate financial statements the Company restructured loans and credit lines received from Ukrainian banks in the total amount of UAH 22,471,053 thousand (including the unused part of the credit line limit) with the maturity of the loan debt to be rescheduled to 2025 - 2027.

The Company further continues its cooperation with the EBRD.

2. OPERATING ENVIRONMENT (Continued)

In June 2023, the Government of Ukraine, Naftogaz of Ukraine and the EBRD signed a Memorandum of Understanding, which, among other things, provides for the mobilization of additional liquidity support for the creation of strategic gas reserves. To cover the additional needs of fuel and energy companies and minimize the risks associated with ensuring the sustainable heating season of Ukraine and security of supply in the autumn-winter period of 2023/24, Naftogaz formed a strategical reserve of natural gas in the amount of 748 million cubic meters of gas in the customs warehouse mode at the expense of EBRD loans under state guarantees in the amount of EUR 300 million. On 25 March 2024, the Company fulfilled all obligations under the loan agreement and settled it in full.

In September 2023, the EBRD notified the Company of the approval of a state-guaranteed loan of up to EUR 200 million to finance the further increase of strategic natural gas reserves. On 22 November 2023, Naftogaz of Ukraine and the European Bank for Reconstruction and Development signed a loan agreement in the amount of up to EUR 200 million, which was used by the Company in 2024 for further increase of the strategical reserve of natural gas by 555 million cubic meters. The outstanding amount of the Company under this agreement with EBRD is UAH 8,777,601 thousand as at 31 December 2024.

Anti-Crisis Law

In order to protect the population and consumers of Ukraine from price increases for natural gas, thermal energy and related services in conditions of military aggression against Ukraine, on 29 July 2022 the Parliament adopted the Law of Ukraine "On the Peculiarities of Regulating Relations in the Natural Gas Market and in the Field of Heat Supply During the Period of Martial Law and Subsequent Recovery" (hereinafter – Law No. 2479), which set a moratorium on price and tariff increases in the natural gas market and in the heat supply sector.

As part of the liberalization of the natural gas market, certain legislative acts amended Law No. 2479, in particular

- amended by the Law of Ukraine No. 3220-IX dated 30 June 2023 the moratorium on raising tariffs in the heat supply sector exclusively for heat energy, heat energy and hot water supply services for all categories of consumers except the population was cancelled;

- amended by the Law of Ukraine No. 3764-IX dated 04 June 2024 the moratorium on raising tariffs for natural gas distribution services for non-household consumers was cancelled.

The State has guaranteed the following stabilisation measures to natural gas market participants, including NJSC Naftogaz of Ukraine and other legal entities of the Naftogaz Group, as well as heat supply and heat generating organisations operating under the moratorium on price and tariff increases in the natural gas market and in the heat supply sector introduced by Law No. 2479 (Note 9, Material accounting policies):

- compensation for expenses carried out by natural gas market entities in order to fulfil their special obligations under Article 11 of the Law of Ukraine 'On the Natural Gas Market', reduced by the amount of funds received in the course of fulfilling their special obligations in payment for natural gas, and taking into account the permissible level of profit (hereinafter referred to as PSO Compensation);

- compensation of the difference in tariffs for heat energy and hot water supply services, which is subject to settlement on the terms and in accordance with the procedure set out in the Law of Ukraine 'On Measures Aimed at Settlement of Debts of Heat Supply and Heat Generating Organisations and Centralised Water Supply and Sewerage Enterprises' (hereinafter - Law No. 1730);

2. OPERATING ENVIRONMENT (Continued)

• financing of measures aimed at overcoming crisis phenomena and ensuring financial stability in the natural gas market in accordance with the Law of Ukraine 'On Measures Aimed at Overcoming Crisis Phenomena and Ensuring Financial Stability in the Natural Gas Market' (hereinafter – Law No. 1639), including compensation for the difference in tariffs for natural gas distribution services.

The necessary legislative conditions created by Law No. 2479 for compensation of expenses incurred by Naftogaz Group in the context of performing special duties required updating the mechanism for calculating compensation for performing special duties, as well as additional regulation of the procedure for verifying the relevant values and calculations by the State Audit Service.

• On 24 June 2023, Resolution of the Cabinet of Ministers of Ukraine No. 628 amended Resolution of the Cabinet of Ministers of Ukraine No. 1194 dated 3 December 2020 and the Procedure for Determining Compensation Provided to Natural Gas Market Entities with Special duties approved thereunder;

• Resolution of the Cabinet of Ministers of Ukraine No. 1194 regulates the procedure for the State Audit Service to review the calculation of compensation to the PSO. As at the date of signing separate financial statements, the State Audit Service of Ukraine has reviewed and confirmed the correctness and legitimacy of the calculation of compensation submitted by the Group companies for the period of special duties from 1 March 2022 to 31 December 2022 and for 2023 in the amount of UAH 42 billion and UAH 55 billion, respectively.

Management did not recognize this PSO compensation as an asset under government grant as at 31 December 2024 and 2023, as management estimates that there is no reasonable assurance as at these dates when this PSO compensation will be received. At the same time, management estimated that it is probable that such compensation will be received and, therefore, did not recognize provision for onerous obligations that the Group has as a result of its PSO status. Management applied this judgement based on consideration that the legislation establishes a clear procedure for Naftogaz to receive PSO compensation, including a mechanism for calculating the amount of such compensation, as well as the possibility of initiating amendments to the state budget, bylaws and other regulations necessary for the actual payment of compensation and the accuracy and legitimacy of these compensation amounts have been approved for the Group as at 31 December 2024 and 2023, however, there are significant delays in financing from the State budget that are not within the control of the Group.

Going concern

Management prepared these separate financial statements on a going concern basis. In making this judgement, management considered the Company's financial position, current plans, cash flow forecasts, profitability of operations and access to financial resources, and analysed the impact of macroeconomic trends and events subsequent to the reporting date on the Company's operations.

2. OPERATING ENVIRONMENT (Continued)

As at the date of the issue of these separate financial statements, the russian military invasion continues, and some regions of Ukraine remain under intense hostilities or temporary occupation. The Company operates and provides services throughout Ukraine except for the temporarily occupied territories or territories of active hostilities, therefore, these events have a significant negative impact on the Ukrainian economy and, consequently, on business operation, financial condition and results of the Company.

Management has taken appropriate measures to ensure the Company's ability to continue as a going concern and plans to take all necessary measures to support the Company's ability to continue as a going concern in subsequent periods. The Company's business processes are reorganized to adapt to the current challenges and ensure business continuity.

Management of the Company directs efforts to ensure sustainable and predictable cash flows from operating and financing activities focusing on collection of accumulated accounts receivable as a top priority

The Group continues to steadily produce natural gas and liquid hydrocarbons at all facilities, except for a part of facilities that were damaged or located in the temporarily uncontrolled territory. At the same time, in order to increase natural gas production during 2024, the Group has, along with launching production at new fields, actively restored production at suspended wells and has intensified natural gas production at existing wells.

During 2024, the Group’s commercial gas production (including “Ukrnafta” PJSC) amounted to 14.7 billion cubic meters of gas compared to 14.0 billion cubic meters of gas produced in 2023.

As a result of increased shelling and missile attacks on the Group's infrastructure facilities, a significant amount of daily natural gas production was lost in early 2025. The Group's management is taking stabilisation measures to restore the normal level of natural gas production, including the search for and purchase of specialised equipment required for workovers.

The mentioned events had a limited impact on the 2024-2025 heating season. However, in order to ensure the minimum required volume of natural gas, which will be determined by the government, in underground gas storage facilities at the beginning of the next heating season, the Group has started the process of raising borrowings and grant assistance to purchase imported gas.

In order to stabilize the financial condition of CHPs, the Cabinet of Ministers of Ukraine by Order No. 652-r dated 12 July 2024 decided on the acquisition by the Company of ordinary registered shares of CHPs, which will be additionally placed in order to increase the authorized capital of CHPs, for a total of UAH 4,923,294 thousand. This contributed to the stabilization of the financial and economic activities of CHPs, improvement of the state of settlements for natural gas, fulfillment of obligations to the Company on loans received in previous periods and the renewal of production capacities, technical base, etc.

During the year ended 31 December 2024, the Company incurred a net profit of UAH 23,934,161 thousand (for the year ended 31 December 2023: net loss of UAH 782,353 thousand). At the same time, the company's current assets exceeded current liabilities by UAH 44,114,851 thousand as of 31 December 2024.

2. OPERATING ENVIRONMENT (Continued)

Management has reviewed the Group’s ability to continue as a going concern and has concluded that it is appropriate to prepare the separate financial statements on a going concern basis. Factors contributing to the conclusion include:

- Availability of sufficient amount of liquid assets (cash and cash equivalents, bank deposits) to cover short-term financial liabilities;
- The Group's ability to secure continuity of critical IT infrastructure and availability of its personnel in accordance with the measures taken by management and business continuity plan;
- Cash flow projections for 2025-2026 prepared by the management show that the Group would have sufficient liquidity to continue operations in the foreseeable future;
- The Group has significant hydrocarbon reserves which historically allowed a sufficient level of natural gas extraction of approximately 14 bcm of natural gas annually, which, in view of current gas and oil prices, means high value of the Group for the owner;
- The State, as the Company owner, also considers, in addition to the above factors, the importance of the Group for ensuring security of gas supplies to consumers in Ukraine and, therefore, the State is directly interested in supporting its operations.

Management has further concluded that future development of military actions and their duration, the intensity of shelling of gas extraction facilities, represent the only material uncertainty that can disrupt the Company’s operations and may cast significant doubt on the Company’s ability to continue as a going concern. Therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Despite that uncertainty, based on the assesment presented above, management has a reasonable expectation that the Company has sufficient resources to manage the business for the next twelve months from the date of these separate financial statements. Management will continue monitoring the potential impact and will take all steps possible to mitigate any effects.

3. SEGMENT INFORMATION

The Executive Board is the Company's main operating decision maker. Management has determined operating segments used for disclosure by the Company based on reports reviewed by the Executive Board for assessing their financial performance and the allocation of resources.

Management uses net operating profit less adjusted taxes (NOPLAT) to measure operating performance of the segment. Income taxes at nominal tax rate are deducted from net operating profit to arrive to NOPLAT. Net operating loss is not adjusted for income taxes.

Reporting segments defined by management based on the type of activities:

- *Gas transit (discontinued operations).* At the end of 2019 the Company and "Gazprom" JSC signed an agreement on servicing gas transmission through the territory of Ukraine until 2024. In its turn, the Company receives gas transmission services from "Gas Transmission System Operator of Ukraine" LLC (Note 9) and renders gas transmission organisation services through the territory of Ukraine to "Gazprom" JSC (Note 15).

The Company is considered to be a principal in this transaction based on the following criteria:

- it is a primarily responsible party for fulfilling the promise to provide the specified service;
- it bears the risk of changes in the legislation of Ukraine when providing the service of organizing the transportation of natural gas through the territory of Ukraine, including the risk of changes in tariffs and coefficients affecting the cost of the service.

- *Wholesale gas trading.* In 2024, this segment represents the sale of natural gas to Naftogaz Group companies.

  Demand of this group is satisfied from the gas produced by "Ukrgazvydobuvannya" JSC, "Ukrnafta" PJSC. Any excessive demand is covered by gas imports.

3. SEGMENT INFORMATION (Continued)

- *Other*. Revenues of this segment include mainly revenues from joint operations under the concession agreement for exploration and development with the Arab Republic of Egypt and Egyptian General Petroleum Corporation and other corporate expenses.

Segment information for the reportable business segments of the Company for the year ended 31 December 2024 is as follows:

In thousands of Ukrainian hryvnias	**Gas transit (discontinued operations)**	**Wholesale gas trading**	**Other**	**Total**
Sales – external	42,395,131	114,908,379	543,456	157,846,966
Total revenue	**42,395,131**	**114,908,379**	**543,456**	**157,846,966**
Cost of sales	(32,232,880)	(104,086,749)	-	(136,319,629)
Selling and distribution expense, other income / expenses and general administrative expense	(454,675)	(4,849,950)	(165,123)	(5,469,748)
Depreciation			(122,767)	(122,767)
Net movement in provision for trade and other receivables	(9,840,452)	(723,271)	(274,298)	(10,838,021)
Total income / expenses	**(42,528,007)**	**(109,659,970)**	**(562,188)**	**(152,750,165)**
Nominal income tax	-	*(*944,714*)*	-	*(*944,714*)*
NOPLAT	**(132,876)**	**4,303,695**	**(18,732)**	**4,152,087**
Add back Nominal income tax		944,714	-	*944,714*
Finance costs				(8,376,164)
Other finance income				2,558,493
Income on equity investments (Note 5)				34,065,118
Impairment of long-term financial investments (Note 5)				(4,341,608)
Other unallocated expenses				(3,325,597)
Profit before income tax				**25,677,043**
Income tax expense (Note 24)				(1,742,882)
Net profit for the year				**23,934,161**
Segment assets				
Trade accounts receivable (Note 8)	-	58,326,670	580,316	58,906,986
Long-term accounts receivable	31,008,563	7,641,547	9,479	38,659,328
Inventories		56,767,915	-	56,767,915
Other segment assets	261	1,682,931	-	1,683,192
Long-term financial investments (Note 5)				364,739,419
Deferred tax assets (Note 24)				6,437,189
Cash and cash equivalents (Note 26)				30,343,726
Income tax prepaid				3,903,420
Current financial investments				801,369
Unallocated assets				3,530,362
Total assets				**565,772,906**

3. SEGMENT INFORMATION (Continued)

In thousands of Ukrainian hryvnias	Gas transit (discontinued operations)	Wholesale gas trading	Other	Total
Segment liabilities	**205,019**	**35,002,352**	**3,751,474**	**38,958,845**
Non-current bank borrowings (Note 11)				4,298,537
Current bank borrowings (Note 11)				19,224,281
Other non-current liabilities (Note 11)				55,706,800
Short term financial assistance				15,393,450
Current portion of long-term liabilities				16,902,623
Dividend liabilities accrued				8,826,529
Unallocated liabilities				7,867,426
Total liabilities				**167,178,491**

3. SEGMENT INFORMATION (Continued)

Segment information for the reportable business segments of the Company for the year ended 31 December 2023 is as follows:

In thousands of Ukrainian hryvnias	**Gas transit (discontinued operations)**	**Wholesale gas trading**	**Other**	**Total**
Sales – external	38,677,520	99,338,549	543,725	138,559,794
Total revenue	**38,677,520**	**99,338,549**	**543,725**	**138,559,794**
Cost of sales	(29,421,063)	(122,462,726)	-	(151,883,789)
Selling and distribution expense, other income / expenses and general administrative expense	648,000	4,695,160	(1,066,594)	4,276,566
Depreciation	-	-	(129,580)	(129,580)
Net movement in provision for trade and other receivables	(4,217,773)	(7,404,301)	915,374	(10,706,700)
Total income / expenses	**(32,990,836)**	**(125,171,867)**	**(280,800)**	**(158,443,503)**
Nominal income tax	(1,023,603)	-	(47,327)	(1,070,930)
NOPLAT	**4,663,081**	**(25,833,318)**	**215,598**	**(20,954,639)**
Add back Nominal income tax	*1,023,603*	-	*47,327*	*1,070,930*
Finance costs				(8,492,388)
Other finance income				1,137,278
Income on equity investments				26,714,515
Impairment of long-term financial investments (Note 5)				(424,824)
Other unallocated expenses				(3,360,553)
Loss before income tax				**(4,309,681)**
Income tax expense				3,527,328
Net profit for the year				**(782,353)**

3. SEGMENT INFORMATION (Continued)

In thousands of Ukrainian hryvnias	Gas transit (discontinued operations)	Wholesale gas trading	Other	Total
Segment assets				
Trade accounts receivable (Note 8)	-	44,121,254	301,750	44,423,004
Long-term accounts receivable	19,693,440	5,998,556	234	25,692,230
Inventories	-	64,024,800	-	64,024,800
Other segment assets	2,774,354	1,962,326	-	4,736,680
Long-term financial investments (Note 5)				328,093,968
Deferred tax assets (Note 24)				8,180,071
Cash and cash equivalents				34,685,688
Income tax prepaid				1,711,013
Current financial investments				724,040
Unallocated assets				8,988,159
Total assets				**521,259,653**
Segment liabilities	**3,116,886**	**21,920,493**	**1,349,913**	**26,387,292**
Current bank borrowings (Note 11)				23,255,060
Other non-current liabilities				51,008,456
Short term financial assistance				22,246,440
Current portion of long-term liabilities				25,793,615
Unallocated liabilities				6,995,042
Total liabilities				**155,685,905**

External customers concentration exceeding 10% of total revenues

During the year ended 31 December 2024, the customers with concentration of revenue exceeding 10% of total revenues were “Gazprom” JSC and "Gas supply company “Naftogaz Trading" LLC (accordingly during the year ended 31 December 2023 “Gazprom” JSC and "Gas supply company Naftogaz Trading" LLC).

Revenue from sales to “Gazprom” JSC is attributable to the segment of Gas transmission organisation services through the territory of Ukraine for these periods and amounted to UAH 42,395,131 thousand and UAH 38,677,520 thousand, respectively.

Revenue from sales to "Gas supply company “Naftogaz Trading " LLC is attributable to the segment Wholesale gas trading and amounted to UAH 109,050,550 thousand in 2024 (2023: revenue from sales to "Gas supply company “Naftogaz Trading" LLC amounted to UAH 92,384,278 thousand).

3. SEGMENT INFORMATION (Continued)

Revenue by geographical concentration of sales

In thousands of Ukrainian hryvnias	**2024**	**2023**
Ukraine	114,908,379	99,338,549
russian federation	42,395,131	38,677,520
Egypt	543,456	543,725
Total	**157,846,966**	**138,559,794**

Allocation of sales in the table above is made based on the country of registration of the Company customers.

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

As discussed in Note 1, the Company is controlled by the Government of Ukraine and, therefore, all state-controlled entities or entities under significant influence of the State are considered as related parties under common control with the Company.

Transactions with related parties may be performed on terms that would not necessarily be available to unrelated parties.

The Company performs significant transactions with entities and institutions controlled, jointly controlled or significantly influenced by the Government of Ukraine. These entities and institutions include State Savings Bank of Ukraine, Ukreximbank, Ukrgazbank, tax authorities, entities of Naftogaz Group, "Gas Transmission System Operator of Ukraine" LLC ("GTSOU"), part of heat-generating entities, part of regional gas sales companies ('gaszbut') and part of regional gas distribution companies.

Balances with related parties and Group companies were as follows:

In thousands of Ukrainian hryvnias	31 December 2024		31 December 2023	
	Related parties	Group companies	Related parties	Group companies
Long-term financial investments	512,908	364,226,511	498,962	327,595,006
Long-term accounts receivable	33,699	1,768,230	45,061	131,836
Other non-current assets	3,903,420	-	-	-
including income tax prepaid	3,903,420	-	-	-
Trade accounts receivable	2,355,286	49,353,430	2,366,283	37,287,518
Accounts receivable on prepayments made	58,810	634,959	2,964,686	1,869,696
Accounts receivable on due from budget:	19,257	-	2,222,342	-
including income tax prepaid	-	-	1,711,013	-
Other current accounts receivable	2,606,138	1,360,431	2,062,453	3,180,930
Cash and cash equivalents	29,928,522	-	34,616,653	-
Prepaid expense	1,618	1	1,618	-
Other current assets	343,635	-	343,635	-

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

In thousands of Ukrainian hryvnias	31 December 2024		31 December 2023	
	Related parties	Group companies	Related parties	Group companies
Non-current bank borrowings	(4,298,537)	-	-	-
Current bank borrowings	(10,339,459)	-	(10,377,928)	-
Current portion of long-term liabilities	(7,982,516)	-	(11,520,035)	-
Trade accounts payable	(83,297)	(37,104,896)	(83,297)	(24,151,927)
Accounts payable due to budget	(1,138,858)	-	(49,127)	-
Advances received	(167,083)	(20,934)	(167,642)	(20,934)
Current accounts payable for settlements with participants	(8,826,529)	-	-	-
Current provisions	(1,114,192)	(65,016)	(703,990)	(65,016)
Deferred income	-	(173,794)	-	(177,941)
Other current liabilities	(14,526)	(16,903,601)	(14,096)	(23,943,004)

Transactions with related parties and Group companies for the period are as follows:

In thousands of Ukrainian hryvnias	2024		2023	
	Related parties	Group companies	Related parties	Group companies
Revenue	-	114,908,379	-	99,338,549
Other operating income	-	223,020	-	22,076
Income /(loss) on equity investments	(70,923)	34,136,041	(56,260)	26,770,775
Other finance income	1,288,057	310,027	241,564	143,508
Finance costs	(2,996,636)	-	(3,208,688)	(56,038)

Purchases from related parties and Group companies for the period were as follows:

In thousands of Ukrainian hryvnias	2024		2023	
	Related parties	Group companies	Related parties	Group companies
Gas transit services	(32,232,880)	-	(29,421,063)	-
Gas transport services	(61,221)	(1,431,571)	(282,273)	-
Purchase of natural gaz	-	(85,012,096)	-	(86,612,996)
Other services	(19,574)	(53,741)	(18,260)	(101,886)
Public utilities	(480)	(3,648)	(986)	(949)
Repair and maintenance services	(138)	-	(183)	-
Professional services	(171)	(78,330)	(67)	(94,681)
Purchase of other materials	(1,473)	-	(22)	-
Natural gas storage services	-	(3,078,223)	-	(5,084,695)

The amount of expenses for security in court cases with "Gas Transmission System Operator of Ukraine" LLC was UAH 225,623 thousand for 2024 and UAH 180,223 thousand for 2023.

During 2024, the Company accrued provisions for legal claims with related parties in the amount of UAH 971,646 thousand (2023: UAH 2,551,358 thousand).

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Transactions with related parties, apart from those presented in the above table, also included taxes accrued and paid to the State Tax Service of Ukraine, which is disclosed in these financial statements. During the twelve months ended 31 December 2024, the Company repaid UAH 19,100,000 thousand of borrowings under existing revolving credit lines with state-owned banks and received borrowings for the same amount in the same period.

Pledges. As at 31 December 2024 and 2023, borrowings from related parties (state-owned banks) were secured by property, plant and equipment, inventories and proceeds from future sales (Note 11). As at 31 December 2024 100% pledges related to the borrowings from state-owned banks (31 December 2023: 100%).

Guarantees. As at 31 December 2024, the Company's borrowings in the amount of UAH 10,749,357 thousand were guaranteed by the State (31 December 2023: UAH 14,627,989 thousand) (Note 11).

Key management remuneration. During 2024 key management personnel consisted on average of 5 Executive Board members and 6 directors of business areas (2023: 4 Executive Board members and 6 directors of business areas). Compensation to the key management personnel included into administrative expense consists of salary and comprises UAH 81,284 thousand in 2024 (2023: UAH 77,250 thousand).

During 2024 the Company incurred UAH 32,730 thousand (2023: UAH 18,111 thousand) of expenses for the Supervisory Board operation. This amount includes UAH 29,008 thousand (2023: UAH 16,324 thousand) in service fees accrued and UAH 3,722 thousand (2023: UAH 1,787 thousand) in compensation of expenses related to performance of the duties of the Supervisory Board members.

The individual civil contracts which are signed between the Company and the Supervisory Board members set a fixed amount of remuneration of the Supervisory Board members. Additionally to the fixed fees the Supervisory Board members are compensated for certain justifiable expenses incurred by the Supervisory Board members during performance of their duties (travel expenses, accomodation, communication etc.) based on principles of prudence, adequacy and timeliness. Compensations are made net of taxes and based on documents confirming such payments as prescribed by the Ukrainian legislation and provisions of the individual civil contracts.

5. LONG-TERM FINANCIAL INVESTMENTS

The Company's long-term financial investments were as follows:

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Investment in subsidiaries	364,226,511	327,595,006
Investment in associates	512,908	498,962
Total	**364,739,419**	**328,093,968**

As at 31 December 2024 and at 31 December 2023 the Company has analyzed the potential impairment of long-term financial investments based on the assessment of the business of the subsidiaries and identified the need to recognize the impairment of the financial investment in the amount of UAH 4,341,609 thousand (2023: UAH 424,824 thousand) (Note 23).

Investment in subsidiaries were as follows:

In thousands of Ukrainian hryvnias		31 December 2024		31 December 2023	
Name of investee/principal activities	**Country of incorporation and place of business**	**Ownership interest, %**	**Carrying amount**	**Ownership interest, %**	**Carrying amount**
Production of gas, oil, and refinery products					
"Ukrgazvydobuvannia" JSC	Ukraine	100.00%	231,647,323	100.00%	191,647,952
"Ukrnafta" PJSC	Ukraine	50.0%+1 share	29,999,981	50.0%+1 share	21,264,439
"Zakordonnaftogaz" SE	Ukraine	100.00%	181,984	100.00%	182,930
Oil and gas transmission and transportation					
"Ukrtransgaz" JSC	Ukraine	100.00%	63,081,518	100.00%	75,617,587
"Ukrtransnafta" JSC	Ukraine	100.00%	28,630,499	100.00%	32,701,170
"Ukrspetstransgaz" JSC	Ukraine	100.00%	424,918	100.00%	432,533
Wholesale and retail trade of oil, gas, refinery products and other					
"Gaz of Ukraine" SK	Ukraine	100.00%	4,550,189	100.00%	-
"Naftogaz Bioenergy" SE	Ukraine	100.00%	1,794,154	100.00%	1,854,923
Naftogaz Europe Trading AG	Switzerland	100.00%	1,801,306	100.00%	1,729,663
"Ukravtogaz" SE	Ukraine	100.00%	114,796	100.00%	200,777
Other investments in subsidiaries	miscellanious	51.00%-100.00%	1,999,843	51.00%-100.00%	1,963,032
Total			**364,226,511**		**327,595,006**

Investments in associates were as follows:

In thousands of Ukrainian hryvnias		31 December 2024		31 December 2023	
Name of investee/principal activities	**Country of incorporation and place of business**	**Ownership interest, %**	**Carrying amount**	**Ownership interest, %**	**Carrying amount**
Other					
"Gaztransit" JSC	Ukraine	40.22%	512,908	40.22%	498,962
Total			**512,908**		**498,962**

5. LONG-TERM FINANCIAL INVESTMENTS (Continued)

Movements in long-term financial investments were as follows:

In thousands of Ukrainian hryvnias	Investment in subsidiaries	Investment in associates	Total
Balance as at 1 January 2024	***327,595,006***	***498,962***	***328,093,968***
Part of the profit/(loss) of investments objects	34,136,042	(70,923)	34,065,119
Part of other comprehensive income/(loss) of investments	29,436,317	-	29,436,317
Part of other changes in the equity of investments	105,095	71,062	176,157
Increase/decrease in the share capital of investments	5,125,244	-	5,125,244
Dividends received in the reporting period from investments	(27,837,313)	-	(27,837,313)
(Charged) /reversed impairment reserve for investments	(4,341,608)	-	(4,341,608)
Other	7,728	13,807	21,535)
Balance as at 31 December 2024	***364,226,511***	***512,908***	***364,739,419***

In thousands of Ukrainian hryvnias	Investment in subsidiaries	Investment in associates	Total
Balance as at 1 January 2023	***313,362,207***	***558,973***	***313,921,180***
Part of the profit/(loss) of investments objects	26,770,775	(56,260)	26,714,515
Part of other comprehensive income/(loss) of investments	(1,505,858)	-	(1,505,858)
Part of other changes in the equity of investments	120,282	1	120,283
Increase/decrease in the share capital of investments	182,500	-	182,500
Dividends received in the reporting period from investments	(9,557,804)	-	(9,557,804)
Investment impairment reserve accrued	(424,824)	-	(424,824)
Other	(1,352,272)	(3,752)	(1,356,024)
Balance as at 31 December 2023	***327,595,006***	***498,962***	***328,093,968***

Material accounting policies

Investments in subsidiaries and associates. Investments in subsidiaries and associates comprise:

- subsidiaries over which the Company has a significant influence in managing their business activities and exercises control;
- associates over which the Company has a significant influence but does not control.

The Company accounts for the above investments using the equity method to reflect the Company's share of net gains or losses of subsidiaries and associates recorded in the statement of financial results, and the Company's share of other comprehensive income of such enterprises in the statement of comprehensive income.

In determining value in use of investments, the Company preliminary assesses its share in the present value of estimated future cash flows that are expected to be generated by a subsidiary or an associate, including cash flows from operations of that subsidiary or associate and inflows from investment disposal, or the present value of estimated future cash flows that are expected to be generated from dividends received from the investment and from disposal of the investment.

6. LONG-TERM ACCOUNTS RECEIVABLE AND OTHER NON-CURRENT ASSETS

The Company's long-term accounts receivable and other non-current assets :

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Financial assets		
Trade accounts receivable for gas transmission organisation services through the territory of Ukraine (line 1040)	47,413,234	26,257,922
Restructured accounts receivable of gas consumers (line 1040)	7,878,450	6,014,019
Accounts receivable on product sharing agreement (line 1040)	4,470,843	4,726,666
Other financial assets	292,727	231
Less: provision for impairment	(21,395,928)	(11,306,606)
Total financial assets	***38,659,326***	***25,692,232***
Non-financial assets		
Income tax prepaid (line 1090)	3,903,420	-
Other non-financial assets (line 1090)	3,053,940	2,499,771
Right of use assets (line 1090)	603,489	689,567
Less: provision for impairment	(3,053,940)	(2,499,771)
Total non-financial assets	***4,506,909***	***689,567***
Total	**43,166,235**	**26,381,799**

Accounts receivable and non-financial asset on product sharing agreement. The Company entered into a concession agreement for hydrocarbon exploration and development with the Arab Republic of Egypt and Egyptian General Petroleum Corporation ("EGPC") on 13 December 2006 with amendments to the agreement being made on 20 June 2023. Subject to provisions under the Concession Agreement, the Company shall recover on a quarterly basis all exploration and development costs to the extent and out of 40% of all petroleum produced. Remaining 60% of the petroleum products produced are shared by the Company and EGPC depending on the volume of production, Brent crude oil price and the product type (crude oil or gas and LPG). The Company's share varies from 21% to 27%. The development period under the amended Concession Agreement is till 2030.

As at 31 December 2024, the Company's non-current assets include UAH 4,470,843 thousand of financial asset represented by costs claimed by the Group for recovery and UAH 3,053,940 thousand of non-financial asset represented by costs that were incurred under the concession agreement but not yet claimed for recovery (as at 31 December 2023 UAH 4,726,666 thousand and UAH 2,499,771 thousand, respectively).

These balances are fully provisioned as at 31 December 2024 and 2023 based on the impairment test performed by the Company taking into account future expected cash inflows (based on expected production volumes) and outflows (maintenance and capital expenditures).

As at 31 December 2024, the Company's current assets include UAH 1,464,800 thousand of receivable balance from Company's sales under this product sharing agreement (31 December 2023: UAH 1,850,238 thousand). This balance was not fully provided by the Company as it is expected for settlement in 2025 (included in Note 9).

6. LONG-TERM ACCOUNTS RECEIVABLE AND OTHER NON-CURRENT ASSETS (Continued)

Restructured accounts receivable of gas consumers

In November 2016 the Law of Ukraine "On Measures to Settle the Debts for the Natural Gas Consumed by Municipal Heat Generating Entities and Distribution and Water Supplying Companies" No.1730 was adopted. Effectively, the law granted the municipal heat generating and heat distribution entities an option to require a change in cash flows for the receivable balances originated before 1 June 2021, specifically, to cancel any penalties which might have been claimed under the initial contract for late payment and to defer settlement of receivables for a maximum period of 180 months. The option can be exercised on a condition that the respective municipality issues a financial guarantee on behalf of the customer. Management applied judgement in its conclusion that these changes qualitatively constitute a substantial modification as significant extension of maturity introduces economic risks that are not fully reflected in the quantitative assessment and that the financial guarantee accompanied the modified agreement substantially changes economic risks to which the Company is exposed.

The Company further applied significant judgement to evaluation that the contractual terms of the financial asset subject to the law are not effectively changed when the law is enacted as the law alone does not change the contractual terms of receivables and that they are changed only when the customer exercises the option.

The Company re-estimates ECL before modification of a financial asset taking into account different expected cash flows under future expected modified terms when the Company estimates that the customers would have reasonably been expected to change contractual terms under this legislation. When a new financial asset is recognized after modification occurred, it is credit-impaired on initial recognition and no impairment loss is recognized on initial recognition. Subsequently, the ECLs for such assets are measured at an amount equal to lifetime ECL and the amount recognised as a loss allowance for these assets is the change in lifetime ECLs since initial recognition of the assets.

Management considered that ECL for such restructured receivables are not significant as at 31 December 2024 and 2023 as there was no significant increase in credit risk since initial recognition of the assets. Customers are fulfilling their obligations under these contracts.

During the year ended 31 December 2024, the Company signed agreements with heat generating entities in respect of the restructuring of accounts receivable for gas. Loss on initial recognition of this restructured accounts receivable, amounted to UAH 1,760,460 thousand and was included in other operating expenses. (Note 20).

As at 31 December 2024, restructured accounts receivable also included the receivable balance for gas supplies restructured for customers under court decisions in the amount of UAH 283,250 thousand (31 December 2023: UAH nul thousand).

During 2024 the Company received payments of restructured trade accounts receivable in the total amount of UAH 2,326,648 thousand (2023: UAH 1,713,393 thousand). Unwinding of discount on long-term accounts receivable amounted to UAH 1,225,132 thousand (2023: UAH 756,751 thousand) and is included in finance income (Note 21).

6. LONG-TERM ACCOUNTS RECEIVABLE AND OTHER NON-CURRENT ASSETS (Continued)

Movements in provision for impairment of non-current accounts receivable were as follows:

In thousands of Ukrainian hryvnias	2024		2023	
	Financial assets	**Non-financial assets**	**Financial assets**	**Non-financial assets**
Balance as at 1 January	**11,306,606**	**2,499,771**	**6,539,445**	**2,068,342**
Net movement in provision	9,125,184	274,298	2,980,239	338,429
Write-off against reserve	-	-	(735,196)	-
Reclass from short TAR	493,468	-	-	-
Other movements	470,670	279,871	2,522,118	93,000
Balance as at 31 December	**21,395,928**	**3,053,940**	**11,306,606**	**2,499,771**

Accounts receivable for gas transportation.

At the end of 2019, the Company and Gazprom PJSC (hereinafter – Gazprom) signed an agreement (hereinafter – Agreement) on the provision of services for the organisation of natural gas transportation through the territory of Ukraine, which was valid until the end of 2024. In turn, the Company ordered natural gas transportation services from the Ukrainian GTS Operator and provided gas transit services.

As at 31 December 2024 these transactions representing a separate reportable segment "Gas transit" were deemed to terminate due to expiry of the Agreement and were presented as discontinued operations in profit or loss statement. The asset represented with the accounts receivable for gas transportation is presented as non-current since it is not expected to be realised in the Group's normal operating cycle because of the ongoing arbitration with Gazprom.

Arbitration with Gazprom. The seizure of part of the Luhansk region and the loss of effective and uninterrupted operational and technological control over the Novopskov compressor station and a number of other GTS facilities located in the territories occupied by the russian federation in May 2022 led to the declaration of force majeure by the GTS Operator and the Company and the actual impossibility of using in full the previously ordered capacities for the transportation of natural gas by Gazprom through the Sohranivka entry point to the Ukrainian GTS.

The declaration of force majeure resulted in Gazprom's unilateral reduction of payment for part of the services provided under the Agreement. The other part of the services provided under the Agreement was fully paid by Gazprom. The Company does not agree to the reduction of payment since Gazprom was provided with additional capacity available at a different entry point with no extra fee, i.e. within ship-or-pay arrangement under the Agreement.

6. LONG-TERM ACCOUNTS RECEIVABLE AND OTHER NON-CURRENT ASSETS (Continued)

After completing all the pre-arbitration procedures provided for in the Agreement, the Company, by the decision of the Management, on 8 September 2022, applied to the International Court of Arbitration at the International Chamber of Commerce with the seat of arbitration in Zurich, Switzerland (the 'ICC') to recover USD 150 million (as of the date of filing the application for arbitration) and interest from Gazprom for the services provided for the organisation of natural gas transportation through the territory of Ukraine, which were not paid in a timely manner and in full. In accordance with the terms of the Agreement, Gazprom is obliged to pay for all the capacities of the Ukrainian GTS booked under the Agreement. On 2 February 2024, the Company filed a statement of claim increasing the amount of the claim to approximately USD 843 million and stated that due to Gazprom's ongoing breach of the Agreement, the Company reserved the right to increase the claim until the end of the proceedings and, accordingly, the termination of the Agreement as at 31 December 2024.

In October 2024, oral hearings were held in this case. Gazprom refused to participate in the hearings. Upon hearings the Tribunal committed to issue the Award in the first half of 2025.

The Company bases its assessment of the probability of reimbursement on the positive experience of enforcing Gazprom's debt in previous arbitrations, as well as on the legal strategies currently available to ensure the enforcement of the award both before and after the final award is made. The arbitration decision is expected to be made by the end of April 2025. In December 2024, the Company submitted to the ICC the final calculation of the amount of the claim (approximately USD 1.3 billion including late payment penalties that accrue until the date of settlement).

As of 31 December 2024, receivables from Gazprom for natural gas transportation services amounted to UAH 47,413,234 thousand, not including provision for impairment in the amount of UAH 16,404,932 thousand (31 December 2023: UAH 26,257,923 thousand (not including provision for impairment in the amount of UAH 6,564,478 thousand).

The amount of revenue from Gazprom related to gas transportation organisation services for 2024 amounted to UAH 42,395,131 thousand (2023: UAH 38,677,520 thousand), including UAH 14,684,327 thousand (2023: UAH 13,276,300 thousand) of the amount subject to dispute as disclosed above.

The Agreement between the Company and Gazprom provides the payment on a ship-or-pay basis and there is no contractual compensation that can be recognised as variable.

However, as described above Gazprom unilaterally reduced the payment for part of the services provided under the Agreement. There are no reasonable expectations arising from usual business practices, published policies or specific representations that the Company would accept compensation less than the price specified in the contract. In addition, there is no intention on the part of the Company to grant Gazprom a discount, rebate, reimbursement, or other price concession under the Agreement. At the same time the unpaid amount is currently being disputed in the arbitration procedures. Management applied significant judgement in arriving the conclusion whether the revenue shall be recognised in the full contract amount after the declared by GTS Operator force majeure at Sohranivka entry point.

6. LONG-TERM ACCOUNTS RECEIVABLE AND OTHER NON-CURRENT ASSETS (Continued)

Estimation of the expected credit losses under the agreement on the organization of natural gas transportation through the territory of Ukraine. As at the reporting date, the allowance for expected credit losses from Naftogaz of Ukraine's receivables from Gazprom was calculated individually based on the weighted average expectations of receiving the compensation under the Agreement as a result of the settlement of the legal dispute in the International Court of Arbitration. The probability assessment of receiving the compensation is based on forecasts regarding the likely outcome of the litigation, which are based on the Group management's judgement and legal advice of the counsel.

Changes in the estimation of the probability of settlement by +/- 10% would result in a decrease/increase of the impairment provision of UAH 3,100,830 thousand lion/UAH 3,100,830 thousand.

Estimation of the cost of indemnification of receivables under the agreement on the organization of natural gas transportation through the territory of Ukraine. As at 31 December 2024, within the framework of service provision for the organization of natural gas transportation through the territory of Ukraine, the Company recognized receivables from Gazprom PJSC. In September 2022, the Company applied to the International Court of Arbitration for the recovery of such debt.

Material accounting policies

Interest in joint operations. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Company accounts for assets and liabilities, income and expense relating to its interest in a joint operation in accordance with IFRS applicable to particular assets, liabilities, income, and expense.

When the Company's entity transacts with a joint operation in which the Company's entity is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Company's separate financial statements only to the extent of other parties' interests in the joint operation.

7. INVENTORIES

The Company's inventories were as follows:

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Natural gas	56,767,915	64,024,800
Other inventories	176,164	189,936
Total	**56,944,079**	**64,214,736**

As of 31 December 2024, natural gas with a carrying value of UAH 7,777,142 thousand was pledged as collateral to secure the Company's loans (Note 11).

Material accounting policies

Inventory measurement. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of manufactured inventories includes an appropriate share of production overheads based on normal operating capacity. The cost of inventories is determined on the first in first out basis for all inventories except for natural gas other than gas at bonded warehouse. Weighted average cost formula is used for natural gas other than gas at bonded warehouse.

Management applies different units of account for different groups of natural gas: gas with limitations on use under PSO obligations, gas without limitations on use and gas at bonded warehouse. Management considers that these 3 groups of natural gas have dissimilar use and economic characteristics and are exposed to different risks all arising from different legislative framework governing the usage of natural gas. Imported natural gas sold is part of the unit of account for gas without limitations in use with its cost formed from the bonded warehouse after clearance for customs duties.

Inventory valuation. In assessing the net realisable value of its inventories, management bases its estimates on various assumptions including current market prices. At each reporting date, the Company evaluates its inventories for excess quantities and obsolescence and, if necessary, records an allowance to reduce inventories for obsolete and slow-moving goods. This allowance requires assumptions related to future inventories use for example, that there are no legal restrictions on export sales for natural gas held at 'bonded' warehouse. These assumptions are based on inventories ageing and projected demand. Any changes in the estimates may impact the amount of the allowances for inventory that may be required.

8. TRADE ACCOUNTS RECEIVABLE

The Company's trade accounts receivable were as follows:

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Trade accounts receivable for gas	183,026,750	168,157,122
Other trade accounts receivable	1,218,844	956,147
Total gross carrying amount	**184,245,594**	**169,113,269**
Less: provision for impairment	(125,338,608)	(124,690,265)
Total	**58,906,986**	**44,423,004**

As at 31 December 2024, the Company uses the methodology for estimation of the expected credit losses ("ECL") of trade accounts receivable for gas, which involves individual approach to estimating the expected credit losses calculation.

Expected credit losses are calculated using credit risk parameters as of 31 December 2024:

			31 December 2024		
In thousands of Ukrainian hryvnias	Grade	Probability of default (PD)	Expected loss rate	Gross carrying amount	Provision for impairment
Accounts receivable from regional gas distribution entities for natural gas	High risk	100%	75.88%	23,073,335	(17,508,615)
Accounts receivable from municipal's heating companies for natural gas	High risk	100%	82.00%	18,721,486	(15,352,476)
Accounts receivable from other consumers for natural gas	High risk	100%	99.07%	4,435,954	(4,394,677)
Accounts receivable within the Naftogaz Group*	High risk	57%	29.47%	45,832,943	(13,505,061)
		100%	81.29%	90,984,972	(73,959,425)
Other trade accounts receivable	High risk	100%	51.66%	1,196,904	(618,354)
Total				**184,245,594**	**(125,338,608)**

* Provision for impairment of accounts receivable for Naftogaz Group companies is mainly calculated as the amount of the provision for impairment of accounts receivable from customers, calculated by the respective company of Naftogaz Group, but not exceeding the intragroup debt balance.

8. TRADE ACCOUNTS RECEIVABLE (Continued)

Expected credit losses are calculated using credit risk parameters as of 31 December 2023:

In thousands of Ukrainian hryvnias	Grade	Probability of default (PD)	31 December 2023 Expected loss rate	Gross carrying amount	Provision for impairment
Accounts receivable from regional gas distribution entities for natural gas	High risk	100%	75.19%	23,072,659	(17,347,851)
Accounts receivable from municipal's heating companies for natural gas	High risk	100%	94.36%	19,683,926	(18,572,972)
Accounts receivable from other consumers for natural gas	High risk	100%	99.98%	4,435,954	(4,435,182)
Accounts receivable within the Naftogaz Group*	High risk	51%-99%	69.18%	121,003,419	(83,715,903)
Other trade accounts receivable	High risk	100%	67.41%	917,311	(618,357)
Total				**169,113,269**	**(124,690,265)**

* Provision for impairment of accounts receivable for Naftogaz Group companies is mainly calculated as the amount of the provision for impairment of accounts receivable from customers, calculated by the respective company of Naftogaz Group, but not exceeding the intragroup debt balance.

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

As at 31 December 2024, trade accounts receivable that were allocated to grade "high risk" of the individual approach ECL calculation were overdue for more than 365 days and consisted of a gross carrying amount of UAH 94,733,660 thousand (31 December 2023: UAH 83,103,411 thousand) and provisions for impairment UAH 71,296,503 thousand and UAH 68,405,457 thousand, respectively.

8. TRADE ACCOUNTS RECEIVABLE (Continued)

Movements in provision for impairment of trade accounts receivable for the year ended 31 December 2024 were as follows:

	Grade	Balance at 1 January	Net movement in provision	Transfers in the long-term accounts receivable	Balance at 31 December
Accounts receivable from regional gas distribution entities for natural gas	High risk	17,347,851	160,764	-	17,508,615
Accounts receivable from municipal's heating companies for natural gas	High risk	18,572,972	(3,220,861)	365	15,352,476
Accounts receivable from other consumers for natural gas	High risk	4,435,182	(40,505)	-	4,394,677
Accounts receivable within the Naftogaz Group	High risk	83,715,903	4,220,762	(472,179)	87,464,486
Other trade accounts receivable	High risk	618,357	-	(3)	618,354
Total		**124,690,265**	**1,120,160**	**(471,817)**	**125,338,608**

8. TRADE ACCOUNTS RECEIVABLE (Continued)

Movements in the provision for impairment of trade accounts receivable for the year ended 31 December 2023 were as follows:

	Grade	Balance at 1 January	Net movement in provision	Transfers in the long-term accounts receivable	Balance at 31 December
Accounts receivable from regional gas distribution entities for natural gas	High risk	17,312,932	34,919	-	17,347,851
Accounts receivable from municipal's heating companies for natural gas	High risk	26,880,496	(8,307,524)	-	18,572,972
Accounts receivable from other consumers for natural gas	High risk	3,080,454	1,354,728	-	4,435,182
Accounts receivable for gas transmission organisation services through the territory of Ukraine	High risk	2,346,706	-	(2,346,706)	-
Accounts receivable within the Naftogaz Group	High risk	69,775,951	13,939,952	-	83,715,903
Other trade accounts receivable	High risk	618,357	-	-	618,357
Total		**120,014,896**	**7,022,075**	**(2,346,706)**	**124,690,265**

The Company uses a method of accounting for payments, whereunder the cash received under the contract is accounted for against repayment of receivables with the earliest date of origination. Accordingly, receivables are constantly updated causing the reversal of the provision for balances with the longest overdue periods as a result of repayment of the balances and accrual of the additional povision for those balances for which overdue days increased.

8. TRADE ACCOUNTS RECEIVABLE (Continued)

Material accounting policies

Impairment of financial assets. Management estimates the likelihood of the collection of trade and other accounts receivable based on an analysis of individual accounts. Factors taken into consideration include assessment of expected losses with reference to the payment history and expected events that could materially impact future payments, the credit terms allowed to customers in comparison to actual payment terms, and available market information regarding the counterparty’s ability to pay. On initial recognition, the Company measures trade receivables that do not have a significant financing component at their transaction price.

The Company measures ECL as the product of the following credit risk parameters: Probability of Default (“PD”), Exposure at Default (“EAD”), and Loss Given Default (“LGD”).

The Company classifies counterparties between counterparty groups for the credit risk analysis. Counterparty groups are defined in accordance with the Company’s internal policies. These groups are accounts receivable from regional gas distribution entities for natural gas, accounts receivable from municipal’s heating companies for natural gas, accounts receivable from other consumers for natural gas, accounts receivable for gas transmission organisation services through the territory of Ukraine, accounts receivable within the Naftogaz Group, other trade accounts receivable .

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period. Considering specifics of Ukrainian gas market, EAD is heavily dependent on the Government financing programmes aimed at settlement of debts caused by state regulation of the gas market. Thus, management assessment of potential volumes and probability of state financing is the key and essential element of EAD and, consequently, ECL calculation.

In assessing the amount of EAD, management considers the possibility of settlements for the consumed natural gas in accordance with Law No. 1639 and Law No. 1730, which are guaranteed by the state during martial law pursuant to Law No. 2479." (Note 2). These laws envisages receiving compensation from the state budget by regional gas supply, gas distribution, and heat-generating entities, which will subsequently settle their outstanding debts to the Group.
However, prior to such settlements the amounts to be reimbursed to the heat-generating entities, regional gas supply, gas distribution entities must be calculated and confirmed in accordance with the procedure established by law:

- in accordance with Law No. 1730 – calculated based on the methodology approved by the Cabinet of Ministers of Ukraine and confirmed by the respective commissions with the participation of representatives of executive authorities;
- in accordance with Law No. 1639 – calculated by business entities, verified and approved by the National Commission for State Regulation of Energy and Public Utilities (NCSREPU).

8. TRADE ACCOUNTS RECEIVABLE (Continued)

Given a certain level of uncertainty regarding the actual amounts to be verified for the settlement of debts of regional gas supply and gas distribution entities, as well as the uncertainty regarding the probability of settlements for the heat-generating entities, management applies judgment regarding the probability of realization the subvention mechanism at the level of 25%. This uncertainty arises because the compensation process for heat-generating entities may be delayed, as the realization of compensation depends on the approval of a new tariff methodology and changes in fiscal policy, which could delay actual payments. In addition, the existing uncertainty is influenced by the lack of final approval of legislative initiatives, particularly the draft amendments to the State Budget of Ukraine for 2025 (a detailed description is provided below).

During 2024, management of the Group reviewed its judgment regarding the probability of realization of settlements of the debts of heat-generating entities subject to the provisions of Law No. 1730 and reduced the corresponding estimate from 50% to 25%. The change in judgment is driven by updated expectations regarding the actual implementation of the compensation mechanism for debt settlements for heat-generating entities from the State Budget of Ukraine. Despite the existence of legislative initiatives as at 31 December 2023, including the draft Law amending the State Budget of Ukraine for 2024 to ensure compensation for the tariff differences, which was supported by the Committee of the Ukraine on Energy and Housing and Utilities, the document has not been considered by the Budget Committee in 2024, which indicates the continued uncertainty regarding the practical implementation of the respective mechanism. One of another key factor for the revision was the position outlined in the Memorandum on Economic and Financial Policy signed by Ukraine with the International Monetary Fund dated 17 June 2024, which envisages deferring the implementation of a comprehensive settlement of debts of district heating companies until the fiscal pressure caused by military expenditures is reduced. As part of this approach, priority is given to the development of a new tariff methodology as the basis for future settlement, which, in turn, lowers the probability of realization of the compensation mechanism in the short term.

The revision of the judgment regarding the probability of realization of the compensation mechanism from 50% to 25% led to an increase in the expected credit losses as of 31 December 2024 in the amount of UAH 9,583,242 thouthand. The change in judgment, which occurred as of 31 December 2023 from 25% to 50%, resulted in a reduction of expected credit losses by UAH 6,921,634 thouthand.

The judgment regarding the probability of realization of settlements of the debts of regional gas supply and gas distribution entities subject to Law No. 1639 remained unchanged, given the incompleteness of the approval of the NCSREPU methodologies for verifying the compensation amounts to mentioned entities and remained at the level of 25%.

The calculated EAD is further subject to estimation of the expected credit loss using the PD and LGD for the individual counterparty calculated in accordance with the provisioning methodology for doubtful debts. The Group assesses the credit quality of the customer and related PD, considering its financial position, experience of payments and other factors.

8. TRADE ACCOUNTS RECEIVABLE (Continued)

The Company also used supportable forward-looking information for ECL measurement, primarily from its own macro-economic forecasting model. To consider forward-looking macroeconomic information in measuring ECL, the Company analyses sensitivity of default levels to macroeconomic, political and regulatory factors.

LGD is an estimate of the loss arising on default and varies by type of the counterparty and the availability of collateral or other credit support. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive after a default event.

9. PREPAYMENTS MADE, ACCOUNTS RECEIVABLE ON SETTLEMENTS WITH THE STATE BUDGET, OTHER CURRENT ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

The Company's prepayments made, accounts receivable on settlements with the state budget, other current accounts receivable and other current assets were as follows:

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Financial assets		
Financial aid to subsidiaries (line 1155)	12,133,401	14,046,752
Promissory notes receivable (line 1155)	1,372,464	1,372,464
Advance payment for natural gas (line 1130)	106	1,221,796
Receivables under assignment agreements in respect of natural gas sales (line 1155)	1,145,171	1,184,426
Cash collateral for participation in the State procurement procedures (Note 26) (line 1190)	343,635	343,635
Other financial assets	2,814,116	3,133,149
Less: provision for impairment	(15,743,180)	(15,780,450)
Total financial assets	***2,065,713***	***5,521,772***
Non-financial assets		
Prepayments made to suppliers for materials, works and services (line 1130)	3,373,818	5,475,301
Settlements with the budget on VAT recoverable (line 1135)	16,183	2,203,594
Income tax prepaid (line 1136)	-	1,711,013
Other non-financial assets	757,110	933,503
Less: provision for impairment	(2,192,962)	(1,858,946)
Total non-financial assets	***1,954,149***	***8,464,465***
Total	**4,019,862**	**13,986,237**

As at 31 December 2024, prepayments made to suppliers for goods, works and services include UAH 20,082 thousand of prepayments for gas transit services in favor of "Gas Transmission System Operator of Ukraine" LLC (31 December 2023: UAH 2,776,566 thousand).

9. PREPAYMENTS MADE, ACCOUNTS RECEIVABLE ON SETTLEMENTS WITH THE STATE BUDGET, OTHER CURRENT ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS (Continued)

Movements in the provision for impairment for prepayments made and other current assets were as follows:

In thousands of Ukrainian hryvnias	2024		2023	
	Financial assets	Non-financial assets	Financial assets	Non-financial assets
Balance as at 1 January	**15,780,450**	**1,858,946**	**15,480,707**	**1,859,001**
Net movement in provision	(15,625)	334,004	366,013	(55)
Write-off against reserve	-	-	(67,078)	-
Other changes	(21,645)	12	808	-
Balance as at 31 December	**15,743,180**	**2,192,962**	**15,780,450**	**1,858,946**

As of 31 December 2024, the amount of the allowance for impairment of financial assets related to receivables under the refundable financial aid provided to "Chornomornaftogaz" NJSC amounted to UAH 12,022,196 thousand (31 December 2023: UAH 12,022,196 thousand).

Material accounting policies

Prepayments made and other current assets. Prepayments are carried at cost, excluding VAT and less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year or when the prepayment relates to an asset which itself will be classified as non-current upon initial recognition.

If there is an indication that the assets, goods, or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the statement of profit or loss.

10. SHARE CAPITAL

As at 31 December 2024 registered, issued, and fully paid share capital of the Company was UAH 190,796,729 thousand, comprising 190,796,729 ordinary shares at a par value of UAH 1,000 per share. As at 31 December 2023 registered, issued, and fully paid share capital of the Company was UAH 190,150,481 thousand, comprising 190,150,481 ordinary shares at a par value of UAH 1,000 per share. As at 31 December 2023 issued shares in the amount of UAH 646,248 thousand were not registered and presented as unregistered share capital.

As at 31 December 2024 and 2023, the Company's additional capital has been adjusted for the effect of hyperinflation recognized in 2001 in accordance with the requirements of IAS 29 "Financial Reporting in Hyperinflationary Economies" by UAH 4,156,259 thousand.

As at 31 December 2024 and 31 December 2023, the Company complied with external capital requirements established by the Law of Ukraine "On Joint-Stock Companies".

The Company has a positive equity value as of 31 December 2024 in the amount of UAH 398,594,415 thousand (as of 31 December 2023: UAH 365,573,748 thousand).

10. SHARE CAPITAL (Continued)

Profit distribution

Under Ukrainian legislation, the amount of dividends is limited to net profit of the reporting period or other distributable reserves, but it does not exceed retained earnings as calculated in the financial statements prepared in accordance with IFRS. The Company is required to make a decision on distribution of the part of profit by 30 April and pay the dividend to the State budget by 30 June of the year following the reporting year. The Cabinet of Ministers of Ukraine approves a percentage of net profit to be distributed each year under a separate resolution.

In accordance with Resolution of the Cabinet of Ministers of Ukraine #129 dated 9 February 2024, the Company has established a basic standard for the allocation of a share of profit, which is used to pay dividends based on the results of financial and economic activities in 2023 at the level of 95% of net profit.

In February 2024, to comply with the Order of the Cabinet of Ministers of Ukraine # 163-p dated 27 February 2024, the Company madean advance payment of dividends for 2023 to the state budget in the amount of UAH 16,275 thousand of dividends for 2023. This amount is 95% of the net profit calculated based on the projected results of the Company’s financial and economic activities in 2023.

The amendments to the Law of Ukraine "On Management of State-Owned Property", which were adopted in February 2024, introduced the following requirement "Business entities in which the state holds 50 per cent or more of the share capital are required to prepare and submit consolidated financial statements in accordance with the law, by a resolution of the general meeting adopted not later than 30 April of the year following the reporting year, distribute consolidated profit based on the results of financial and economic activities reflected in the consolidated annual financial statements confirmed by an independent auditor."

According to the order of the CMU #567-r dated 21 June 2024, dividends, at the level of 95% of consolidated profit for 2023, is determined by reference to the Group’s consolidated financial statements prepared in accordance with International Financial Reporting Standards, attributable to the Company’s shareholder in the amount of UAH 12,180,040 thousand were paid to the state budget.

Additionally, as of at 31 December 2024 the Company accrued liabilities in the amount of UAH 8,826,529 thousand in respect of the minimum obligatory portion from the of consolidated profit in 30% of profit according to the State Dividend Policy, approved by the Resolution of the Cabinet of Ministers of Ukraine #1369 dated 29 November 2024 and in accordance with the Law of Ukraine “On managing objects that are in State ownership” # 185-V dated 21 September 2006.

11. BORROWINGS AND OTHER NON-CURRENT LIABILITIES

Borrowings and other non-current liabilities were as follows:

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Non-current		
Eurobonds (line 1515)	55,055,444	50,359,889
Bank borrowings (line 1510)	4,298,537	-
Lease payable (line 1515)	651,356	648,567
Total non-current portion	***60,005,337***	***51,008,456***
Current		
Eurobonds (line 1610)	6,956,445	6,043,950
Current portion of non-current borrowings (line 1610)	7,982,516	11,520,035
Short-term bank borrowings (line 1600)	18,877,601	22,756,232
Interest accrued (line 1600)	1,926,732	8,471,352
Lease payable (line 1610)	383,610	257,106
Total current portion	***36,126,904***	***49,048,675***
Total	**96,132,241**	**100,057,131**

As of 31 December 2024, the carrying amount of Eurobonds in the amount of UAH 63,591,941 thousand includes the principal amount of UAH 62,011,889 thousand and accrued interest in the amount of UAH 1,580,052 thousand (31 December 2023: the carrying amount UAH 64,376,364 thousand includes the principal amount UAH 56,403,839 thousand and accrued interest in the amount of UAH 7,972,525 thousand). As of 31 December 2024, the carrying amount of bank loans in the amount of UAH 31,505,334 thousand includes the principal amount of UAH 31,158,654 thousand and accrued interest in the amount of UAH 346,680 thousand (31 December 2023: the carrying amount of bank loans of UAH 34,775,095 thousand consists of the principal amount of UAH 34,276,267 thousand and accrued interest in the amount of UAH 498,828 thousand).

11. BORROWINGS AND OTHER NON-CURRENT LIABILITIES (Continued)

Eurobonds disclosed in the above table were issued by Kondor Finance plc (a public company with limited liability incorporated in England and Wales) for the purpose of funding a loan to the Company.

The coupon rate and the carrying amount of Eurobonds issued were as follows:

		Coupon rate, %		Maturity		Nominal value in original currency		Carrying amount	
In thousands of Ukrainian hryvnias	Original currency	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Issue of July 2019 (Tranche A)	Euro	7.125	7.125	July 2026	July 2026	694,638	600,000	30,513,077	25,324,741
Issue of July 2019 (Tranche B)	US dollars	7.65	7.65	July 2025	July 2025	165,476	318,250	6,956,445	12,087,898
Issue of November 2019	US dollars	7.625	7.625	November 2028	November 2028	583,800	500,000	24,542,367	18,991,200
								62,011,889	**56,403,839**

The average effective interest rates and currency denomination of borrowings were as follows:

	31 December 2024		31 December 2023	
In thousands of Ukrainian hryvnias	Carrying amount	% per annum	Carrying amount	% per annum
EUR	40,438,551	6.8	43,119,712	6.4
USD	39,969,432	7.7	41,303,752	7.8
UAH	14,689,292	16.3	14,727,994	19.4
Total	**95,097,275**		**99,151,458**	

11. BORROWINGS AND OTHER NON-CURRENT LIABILITIES (Continued)

The average discount rates and the currency of the lease liability are as follows:

	31 December 2024		31 December 2023	
In thousands of Ukrainian hryvnias	Carrying amount	Discount rates	Carrying amount	Discount rates
USD	1,034,966	8.4	905,673	7.6
Total	**1,034,966**		**905,673**	

Pledges

As at 31 December 2024 and 2023, the Company's borrowings were secured by the following assets:

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Inventories	7,777,142	14,173,331
Proceeds from future sales	14,457,562	4,812,477
Total	**22,234,704**	**18,985,808**

***Guarantees*.** As at 31 December 2024, the Company's borrowings were guaranteed by the State in the amount of 10,749,357 thousand (31 December 2023: UAH 14,627,989 thousand).

Reconciliation of liabilities arising from financing activities

2024

In thousands of Ukrainian hryvnias	1 January 2024	Cash flows from financing activities	Foreign exchange differences	Non-cash transactions	Interest expense (Note 23)	31 December 2024
Lease payable	905,673	(89,887)	100,715	(3,621)	122,086	1,034,966
Bank borrowings	34,775,094	(15,824,593)	293,773	9,136,261	3,124,798	31,505,333
Eurobonds	64,376,364	(10,587,874)	4,872,334	-	4,931,118	63,591,942
Total	**100,057,131**	**(26,502,354)**	**5,266,822**	**9,132,640**	**8,178,002**	**96,132,241**

2023

In thousands of Ukrainian hryvnias	1 January 2023	Cash flows from financing activities	Foreign exchange differences	Non-cash transactions	Interest expense (Note 23)	31 December 2023
Lease payable	848,128	(84,660)	33,928	29,775	78,502	905,673
Bank borrowings	24,920,562	(11,924,601)	1,042,781	17,339,110	3,397,242	34,775,094
Eurobonds	58,373,038	(2,110,803)	3,575,520	-	4,538,609	64,376,364
Total	**84,141,728**	**(14,120,064)**	**4,652,229**	**17,368,885**	**8,014,353**	**100,057,131**

Non-cash transactions on bank loans in 2024 and 2023 consisted of payments by the European Bank for Reconstruction and Development to suppliers for purchased natural gas.

11. BORROWINGS AND OTHER NON-CURRENT LIABILITIES (Continued)

According to the agreements on restructuring of Tranche A, Tranche B and the Tranche of the November 2019 Eurobonds issue with investors reached in September 2022 – July 2023, in July 2024 the interests accrued on Eurobonds issued of July 2019 (Tranche A) and issued of July 2019 (Tranche B) were capitalized to the principal amount of the debt in amount of EUR 94.6 million (UAH 4,157 million) and USD 12.7 million (UAH 534 million) respectively. In addition, in July 2024 the mandatory payment of the principal amount of the nominal value of Eurobonds issued in July 2019 (Tranche B) was made in accordance with the restructuring schedule in the amount of USD 165.5 million (UAH 6,786 million).

The Company made coupon payments in 2024 of USD 42.8 million (UAH 1,912 million) and USD 12.2 million (UAH 499 million) for Tranches A and B, respectively.

In addition, in November 2024, the deferred payment period for the November 2019 tranche of the loan agreement expired. The Company used its right to capitalize the deferred coupon payments and made the next required payments in full. Thus, in November 2024, the Company capitalized USD 83.8 million (UAH 3,523 million) and paid USD 19.1 million (UAH 789 million) of the next coupon payments. As at 31 December 2023 the outstanding debt under the loan from the European Bank for Reconstruction and Development is guaranteed by the state of Ukraine and the G7 countries amounted of UAH UAH 12,656,232 thousand. In February – March 2024 the Company paid off this debt in full amount.

On 22 November 2023 the Company entered into a new credit agreement with the European Bank for Reconstruction and Development to obtain a revolving credit line with a total limit of EUR 200 million to finance emergency gas purchases. The Company used the credit line in August-November 2024 in total amount of UAH 9,136,261 thousand in the form of payments by the European Bank for Reconstruction and Development to the Company's suppliers for purchased natural gas. The credit line is short-term, the interest rate of 6M EURIBOR+1% is charged for the outstanding amount. The loan is guaranteed by the state of Ukraine.

The other balances of borrowings, except for with the European Bank for Reconstruction and Development loan as stated above, are represented by borrowings from Ukrainian state-owned banks. The contractual maturity of the long-term bank loans in the amount of UAH 4,298,537 thousand is in 2027.

According to the terms of bank loan agreements amounting to UAH 15,828,630 thousand the Company should comply with the financial covenant, which requires the Net Debt-to-EBITDA ratio not to exceed 3. This covenant does not bring to the risk of early settlement of the loan.

12. NON-CURRENT AND CURRENT PROVISIONS

Movements in provisions were as follows:

In thousands of Ukrainian hryvnias	Provision for litigations	Employee benefit obligations	Other provisions	Total
Balance as at 1 January 2023	**4,069,271**	**1,534,342**	**65,016**	**5,668,629**
Non-current	-	*152,683*	-	*152,683*
Current	*4,069,271*	*1,381,659*	*65,016*	*5,515,946*
Charged during the year	2,567,999	(335,481)	-	2,232,518
Unwinding of discount (Note 23)	-	29,656	-	29,656
Used or paid during the year	(5,933,280)	(39,968)	-	(5,973,248)
Remeasurements	-	40,021	-	40,021
Balance as at 31 December 2023	**703,990**	**1,228,570**	**65,016**	**1,997,576**
Non-current	-	*190 826*	-	*190 826*
Current	*703,990*	*1 037 744*	*65,016*	*1 806 750*
Charged/(reversed) during the year	1,197,269	(592,595)	-	604,674
Unwinding of discount (Note 23)	-	38,734	-	38,734
Used or paid during the year	(787,067)	(34,017)	-	(821,084)
Remeasurements	-	21,264	-	21,264
Balance as at 31 December 2024	**1,114,192**	**661,956**	**65,016**	**1,841,164**
Non-current	-	*224,679*	-	*224,679*
Current	*1,114,192*	*437,277*	*65,016*	*1,616,485*

12. NON-CURRENT AND CURRENT PROVISIONS (Continued)

Provision for litigations

The Company is involved in a number of litigations both as a plaintiff and as a defendant. Provision for litigation represents management assessment of probable outflow of the Company's resources arising from a negative (adverse) outcome of court and arbitration procedures.

On 28 December 2023, the Antimonopoly Committee of Ukraine issued decisions imposing fines on the Group's companies for violation of competition laws. During March 2024, the Company filed lawsuits to cancel the relevant decisions of the Antimonopoly Committee of Ukraine, as of the date of signing the consolidated financial statements for the year ended 31 December 2023 no court hearings on these claims have been held and the Company recognized the liabilities on these fines as the contingent liabilities.

As at 31 December 2024 the likelihood of resolving these litigations was re-reviewed based on the development of these litigations in the court and the Company recognized provisions in the amount of UAH 971,646 thousand . As a result of the court proceeding, on 15 April 2025, the Company paid penalties in the amount of UAH 249,752 thousand .

Employee benefit obligations

The Company has certain obligations to its employees prescribed by the provisions of collective agreements. The benefits include lump sum benefits payable upon retirement and post-retirement benefit programs. Those employee benefits plans are not funded, and there are no plan assets.

Current provisions for employee benefits consist of the provision for performance bonuses based on the performance results for the reporting year.

Other provisions

Other provisions include a current provision for gas storage services.

Material accounting policies.

Employee benefits: Defined Contributions Plan. The Company makes statutory unified social contributions to the State Pension Fund of Ukraine in respect of its employees. The contributions are calculated as a percentage of current gross salary, and are expensed when incurred. Discretionary pensions and other post-employment benefits are included in labour costs in the statement of profit or loss.

Employee benefits: Defined Benefit Plan. The Company provides lump sum benefits, payments on reaching certain age, and other benefits as prescribed by a collective agreement. The liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

12. NON-CURRENT AND CURRENT PROVISIONS (Continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the statement of profit or loss.

Key accounting estimates and judgments in applying accounting policies. The Company acts as a defendant in litigations with its counterparties. The provision for litigation is the management assessment of possible losses that may result from negative court decisions.

13. TRADE ACCOUNTS PAYABLE

Trade accounts payable of the Company were as follows:

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Accounts payable for natural gas primarily to Group companies	37,916,293	24,963,062
Accounts payable of joint activities under the concession agreement with "EGPC"	836,444	963,712
Accounts payable for natural gas transportation	68,502	68,502
Accounts payable under debt transfer agreements	46,099	46,099
Other trade accounts payable	9,783	9,782
Total	**38,877,121**	**26,051,157**

As at 31 December 2024, trade accounts payable for natural gas include accounts payable for natural gas consumed by the population in the amount of UAH 3,230,989 thousand (as at 31 December 2023: UAH 3,230,989 thousand)

14. ADVANCES RECEIVED AND OTHER CURRENT LIABILITIES

Advances received and other current liabilities of the Company were as follows:

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Financial liabilities		
Short-term financial aid (line 1690)	15,393,450	22,246,440
Contributions to the subsidiaries' statutory capitals payable (line 1690)	1,506,073	1,687,992
Other financial liabilities	810,000	558,873
Total financial liabilities	***17,709,523***	***24,493,305***
Non-financial liabilities		
Advances for gas transmission organisation services through the territory of Ukraine (line 1635)	-	2,188,684
Advances received for natural gas (line 1635)	164,625	182,400
Advances received on geophysical surveys (line 1635)	165,802	165,802
Accounts payable per court decisions (line 1690)	2,100,689	17,348
Other non-financial liabilities	20,975	278, 080
Total non-financial liabilities	***2,452,091***	***2,832,314***
Total	**20,161,614**	**27,325,619**

Contract liabilities include advances received.

As at 31 December 2024, other current liabilities include financial aid from subsidiary "Ukrtransgaz" JSC in the amount of UAH 15,393,450 thousand (31 December 2023: UAH 22,246,440 thousand).

14. ADVANCES RECEIVED AND OTHER CURRENT LIABILITIES (Continued)

Advances received as at 31 December 2023 have been recognized as revenue in 2024.

Arbitration proceedings in the case of execution of the natural gas supply In December 2020, the Company became a party to proceedings at the Arbitration Institute of the Stockholm Chamber of Commerce in a case brought by a foreign counterparty regarding the performance of a natural gas supply contract. Claims against the Company, excluding interest, totaled approximately 110 million US dollars. On 29 August 2024, the majority of the Arbitral Tribunal issued the Final Award, which partially satisfied the claims of the foreign counterparty and ordered the Company to pay approximately USD 41 million, in contractual penalties and other cost associated with the arbitration, in addition interest in favour of the claimant accruing from the date of the award until full payment has been made. As at the reporting date, the Company recognised a current liability in the amount of UAH 2,082,021 thousand, which includes contractual penalties and interest, to comply with the said court decision.

In October 2024, the creditor initiated enforcement proceedings in the Swiss Confederation under the arbitral award and encumbered the Company's property. In January 2025, the Company finally repaid the debt to the creditor, and the relevant enforcement proceedings were terminated.

Reconciliation of liabilities arising from financing activities

2024

In thousands of Ukrainian hryvnias	**1 January 2024**	**Cash flows from financing activities**		**31 December 2024**
		Received	Repaid	
Short-term financial aid	22,246,440	799,010	(7,652,000)	15,393,450

2023

In thousands of Ukrainian hryvnias	**1 January 2023**	**Cash flows from financing activities**		**31 December 2023**
		Received	Repaid	
Short-term financial aid	37,853,250	6,191,921	(21,798,731)	22,246,440

15. REVENUE

Revenue for the years ended 31 December was as follows:

In thousands of Ukrainian hryvnias	**2024**	**Including discontinued operations**	**2023**	**Including discontinued operations**
Sales of natural gas	114,908,379	-	99,338,549	-
Gas transit organisation services	42,395,131	42,395,131	38,677,520	38,677,520
Other	543,456	-	543,725	-
Total	**157,846,966**	**42,395,131**	**138,559,794**	**38,677,520**

15. REVENUE (Continued)

For each performance obligation satisfied over time, the Company recognizes revenue over the period, assessing the degree of completion of the performance obligation. In determining the appropriate method for measuring progress (Output Method or Input Method), the Company considers the nature of the goods or services promised to the customer and excludes from the measurement of progress goods or services for which control has not been transferred to the customer.

The Company recognises revenue for Gas transit services over time using output method of results measurement. The Agreement between the Company and Gazprom provides the payment on a ship-or-pay basis and there is no contractual compensation that can be recognised as variable. The analysis of the existing court proceedings and the established provisions is reflected in Notes 6 and 12 of this financial statement.

16. COST OF SALES

Cost of sales for the years ended 31 December was as follows:

In thousands of Ukrainian hryvnias	2024	Including discontinued operations	2023	Including discontinued operations
Cost of natural gas sold	104,086,507	-	122,462,309	-
Costs of gas transmission organisation through the territory of Ukraine	32,232,880	32,232,880	29,421,063	29,421,063
Others	242	-	417	-
Total	**136,319,629**	**32,232,880**	**151,883,789**	**29,421,063**

The cost of sales of natural gas sold during 2024 includes an adjustment of natural gas inventories to its net realizable value in the amount of UAH (3,833,531) thousand (2023: UAH 685,252 thousand).

17. OTHER OPERATING INCOME

Other operating income for the years ended 31 December was as follows:

In thousands of Ukrainian hryvnias	2024	2023
Income from grant received (Note 2)	-	7,328,253
Net operating foreign exchange gain	3,793,525	3,693,518
Income was received under a settlement agreement	407,710	-
Purchase and sale of foreign currency	19,317	235,451
Penalties and fines received (Note 4)	42,807	76,097
Other operating income	91,913	30,883
Total	**4,355,272**	**11,366,234**

Income from received grant funding is represented by gas purchased using the funds received from the EBRD Special Crisis Response Fund in the amount of EUR 189 million, under the guarantee of the Government of Norway (Note 2).

18. GENERAL ADMINISTRATIVE EXPENSE

General administrative expense for the years ended 31 December were as follows:

In thousands of Ukrainian hryvnias	**2024**	**2023**
Staff costs and related social charges	416,673	598,024
Legal and audit fees	352,881	267,920
Costs of joint activities under the concession agreement with "EGPC"	116,796	170,476
Depreciation and amortisation	122,117	129,580
Costs of organizational and technical services	109,097	112,357
Security costs	56,929	102,146
Expenses for services of third parties	46,554	12,485
Other	112,088	99,522
Total	**1,333,135**	**1,492,510**

In connection with the audit of the consolidated and separate financial statements of "Naftogaz of Ukraine" JSC for the year ended 31 December 2024, the remuneration payable to "KPMG Audit" PJSC is UAH 68,000 thousand in accordance with the contractual terms.

19. SELLING AND DISTRIBUTION EXPENSE

Selling and distribution expense for 2024 includes costs on gas storage and gas withdrawal from the underground gas storage facilities amounting to UAH 3,078,223 thousand (2023: UAH 2,873,245 thousand), VAT on gas sales at a price lower than the purchase price in the amount of UAH 1,177 thousand (2023: UAH 369,760 thousand).

20. OTHER OPERATING EXPENSE

Other operating expenses for the years ended 31 December were as follows:

In thousands of Ukrainian hryvnias	2024	Including discontinued operations	2023	Including discontinued operations
Net movement in provision for impairment of trade accounts receivable, non-current accounts receivable, prepayments made, other current assets, and direct write-offs (Notes 6, 8 and 9)	10,838,021	9,840,452	10,706,700	4,217,773
Loss on initial recognition of financial assets at amortised cost (Note 6)	1,760,640	-	1,882,410	-
VAT is allocated to expenses	392,549	-	-	-
Court fees and other expenses on court decisions	143,666	-	-	-
Impairment of construction in progress	-	-	316,755	-
Fines and penalties	-	-	139,775	-
Expenditures on research, development and exploration		-	24,542	-
Net movement in provisions (Note 12)	3,179,784	225,623	16,640	180,223
Other	58,613	-	103,611	-
Total	**16,373,273**	**10,066,075**	**13,190,433**	**4,397,996**

21. OTHER FINANCE INCOME

Other finance income for the years ended 31 December were as follows:

In thousands of Ukrainian hryvnias	2024	2023
Unwinding of discount	1,251,995	884,318
Interest income on bank deposits and bank accounts	1,289,029	237,019
Other financial income	17,469	15,941
Total	**2,558,493**	**1,137,278**

Unwinding of discount mainly relates to long-term restructured accounts receivable (Note 6).

22. FINANCE COSTS

Finance costs for the years ended 31 December were as follows:

In thousands of Ukrainian hryvnias	2024	2023
Interest expenses on bank borrowings and bonds (Note 11)	8,055,916	7,935,851
Bank commissions and fees	104,859	359,163
Unwinding of discount on finance lease liabilities	122,086	78,502
Unwinding of discount on employee benefit obligations (Note 12)	38,734	29,656
Other finance costs	54,569	89,216
Total	**8,376,164**	**8,492,388**

23. OTHER EXPENSE

Other expenses for 2024 include net expenses from non-operating foreign exchange rate differences in the amount of UAH 3,325,596 thousand; reversal of impairment of financial investments in the amount of UAH 581,685 thousand and impairment of financial investments in the amount of UAH 4,923,294 thousand (2023: include net expenses from non-operating foreign exchange rate differences in the amount of UAH 3,360,553 thousand and impairment of the financial investment in the amount of UAH 424,824 thousand). Major part of impairment of financial investments relate to a subsidiary where the Company contributed cash to increase share capital for support of operational activities but which is expected to have overall negative financial performance.

24. INCOME TAX

The components of income tax expense for the years ended 31 December were as follows:

In thousands of Ukrainian hryvnias	**2024**	**2023**
Current income tax	-	-
Deferred income tax expense/(benefit)	1,742,882	(3,527,328)
Income tax expense	**1,742,882**	**(3,527,328)**

The Company is subject to taxation in Ukraine. During 2024 and 2023, the Ukrainian corporate income tax was levied on taxable profit, less allowable income and expenses that are not deductible for tax purposes at the rate of 18%.

Reconciliation between the expected and actual tax charges is provided below:

In thousands of Ukrainian hryvnias	**2024**	**2023**
Profit/(Loss) before income tax	**25,677,043**	**(4,309,681)**
Income tax expense/(benefit) at the statutory rate of 18%	**4,621,868**	**(775,743)**
Tax effect of items that are non-deductible or non-taxable for taxation purposes:		
- Non-deductible expenses	386,400	224,673
- Non-taxable income	(5,350,232)	(4,808,613)
- Change in unrecognised deferred tax asset	2,084,846	1,832,355
Income tax expense/(benefit)	**1,742,882**	**(3,527,328)**

Included in non-taxable income/ non-deductible expenses, is income from investments in subsidiaries and associates, expenses from impairment of investments in subsidiaries and associates. The unrecognised deferred tax asset includes net movement in the provision for impairment of accounts receivable.

24. INCOME TAX (Continued)

Net deferred tax asset as at 31 December 2024 was as follows:

In thousands of Ukrainian hryvnias	31 December 2023	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2024
Unused tax losses	6,756,171	(1,117,186)	-	5,638,985
Provisions	138,423	73,836	-	212,259
Inventories	1,012,538	(740,710)	-	271,828
Trade accounts payable	89,401	21,441	-	110,842
Property, plant and equipment	139,178	5,204	-	144,382
Other non-current assets	44,360	14,533	-	58,893
Net deferred tax asset	**8,180,071**	**(1,742,882)**	**-**	**6,437,189**

Net deferred tax asset as at 31 December 2023 was as follows:

In thousands of Ukrainian hryvnias	31 December 2022	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2023
Unused tax losses	-	6,756,171	-	6,756,171
Provisions	642,716	(504,293)	-	138,423
Inventories	897,360	115,178	-	1,012,538
Trade accounts payable	3,007,823	(2,918,422)	-	89,401
Property, plant and equipment	76,917	62,261	-	139,178
Other non-current assets	27,927	16,433	-	44,360
Net deferred tax asset	**4,652,743**	**3,527,328**	**-**	**8,180,071**

As at 31 December 2023 and 2024, unrecognised deductible temporary differences were:

In thousands of Ukrainian hryvnias	31 December 2024	31 December 2023
Provision for impairment of long-term and current trade accounts receivables, prepayments made, other current assets and direct write-offs	167,724,618	156,142,138
Inventories	7,423,212	7,423,212
Provisions	1,000,960	1,000,960
Total	**176,148,790**	**164,566,310**

The non-recognition of temporary tax differences related to trade receivables, prepayments made, and other non-current and current assets - primarily due from government and other entities - is due to the specific requirements of Ukrainian tax legislation, which must be met in order for such expenses to be deductible for taxable profit purposes. In accordance with the Tax Code of Ukraine, an asset may only be treated as a deductible expense once it has been written off and the relevant criteria for write-off have been satisfied. Given the Company's historical practice of writing off receivables and the detailed list of conditions that must be fulfilled, Management believe that it is not probable that the unrecognised temporary differences will become deductible for taxable profit purposes.

24. INCOME TAX (Continued)

Key accounting estimates and judgments in applying accounting policies. Deferred tax assets are recorded to the extent that realisation of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes judgments and applies estimaties based on historic taxable profits and expectations of future taxable income that are believed to be reasonable under the circumstances.

25. CONTINGENCIES, CONTRACTUAL COMMITMENTS AND OPERATING RISKS

Tax legislation. Ukraine's tax environment is characterised by complexity in tax administering, arbitrary interpretation by tax authorities of tax laws and regulations that, inter alia, can increase fiscal pressure on tax payers. Inconsistent application, interpretation, and enforcement of tax laws can lead to litigation which, as a consequence, may result in the imposition of additional taxes, penalties, and interest, and these amounts could be material.

Management believes that the Company has been in compliance with all requirements of the effective tax legislation and changes of tax legislation does not have significant effect on operation of the Company and its separate financial statements.

Ukrainian tax, currency and customs legislation continues to develop. Controversial regulations give rise to different interpretations. Management believes that its interpretations are appropriate and reliable, but there can be no assurance that they will not give rise to claims by tax authorities.

As at 31 December 2024, the Company's management estimated the potential impact of the transactions that the Company and tax authorities may interpret differently at UAH 3,688,288 thousand (31 December 2023: UAH 678,125 thousand).

Claim against the russian federation regarding assets in Crimea. In October 2016, Naftogaz of Ukraine and its subsidiaries initiated arbitration proceedings against the russian federation seeking compensation of losses caused by illegal seizureof the Group's assets in Crimea by the russian federation. These arbitration proceedings were initiated under the Agreement between the Cabinet of Ministers of Ukraine and the Government of the russian federation on facilitation and mutual protection of investments.

On 22 February 2019, The Hagues Arbitration Tribunal at the Permanent Chamber of the Arbitration Court in The Hague issued the Partial Award on jurisdiction and responsibility in favour of the Group. The Tribunal acknowledged its jurisdiction over the claims and ruled that the russian federation is responsible for violation of the particular articles of the Agreement between the Cabinet of Ministers of Ukraine and the government of the russian federation on mutual facilitation andl protection of investments, including the Article on prohibition of illegal seizure.

25. CONTINGENCIES, CAPITAL COMMITMENTS AND OPERATING RISKS (Continued)

On 12 April 2023, The Arbitration Tribunal decided that the russian federation is obliged to compensate the Group for damages in the amount of about 5 billion USD (as of the date of judgement) caused by the illegal expropriation of the Group's assets in Crimea in 2014. The Arbitration Tribunal established that the amount of such compensation should be equal to the fair value of Group assets before their expropriation. In addition, the Arbitration Tribunal ruled that the russian federation should pay the plaintiffs interest calculated on the amount of compensation for the period until the full implementation of the decision and reimburse them for the costs related to this arbitration proceeding.

On 25 June 2019, the russian federation filed an application with the Court of Appeal in The Hague to set aside the Partial Award. On 19 July 2022, the Court of Appeal of The Hague ruled in favour of the Group and dismissed the application of the russian federation to set aside the Partial Award. On 6 December 2024, the Supreme Court of the Netherlands dismissed the appeal of the russian federation against the decision of the Court of Appeal of The Hague of 19 July 2022 and finally confirmed the validity of the Partial Award.

On 13 July 2023, the russian federation filed an application with the Court of Appeal of The Hague to set aside the Final Decision, which is expected to be heard on 3 November 2025.

As the russian federation does not voluntarily comply with the Final Decision, the Group has initiated a number of proceedings for the recognition and enforcement of the Final Decision in foreign jurisdictions where the russian federation's assets are located, in particular in the United States, England and Finland. The Group is taking active steps to locate the assets of the russian federation for further recovery. In particular, on 24 October 2024, a court enforcement officer encumbered the property of the russian federation in Finland for the duration of the Group's application for recognition and enforcement of the Final Decision in the Helsinki Local Court.

Given the uncertainty as to the inflow of the compensation as at 31 December 2024, the Group did not recognize any receivable or related income.

Legal proceedings. From time to time and in the normal course of business, claims against the Company are filed. Where the risk of outflow of financial resources associated with such claims is assumed as probable, a respective liability is recognised as a component of the provision for litigations (Note 12). Where management estimates the risk of outflow of financial resources associated with such claims as possible, or amount of outflow cannot be measured reliably, no provision is recognised, and the respective amount is disclosed in the separate financial statements. Management believes that it has provided for all material losses in these separate financial statements.

Legal proceedings with "Ukrnafta" PJSC. The Company is involved in disputes with "Ukrnafta" PJSC, in respect of recovering the volumes of gas and revenue from sales of this gas, the commitment to sign natural gas supply contracts, finding the natural gas storage contracts as appropriately concluded and the obligation to refrain from hindering disposal of property.

The Resolution of the Cabinet of Ministers of Ukraine #1729 "On providing the natural gas to consumers", effective in the periods before 2016, envisaged that natural gas produced in Ukraine would be sold to Naftogaz of Ukraine in order to enable the latter to meet the needs of households.

25. CONTINGENCIES, CAPITAL COMMITMENTS AND OPERATING RISKS (Continued)

The Company proposed to sign contracts with "Ukrnafta" PJSC for gas sales and purchases at regulated prices approved by the NCREU at the time, however, "Ukrnafta" PJSC refused as it believed that regulation of the gas price for such sales of gas was not justified. In addition, "Ukrnafta" PJSC did not sign a gas storage contract with "Ukrtransgaz" JSC during this period.

As a result of the use of gas held in the Unified Gas Transportation System and the lack of formal business contracts for storage and sales of this natural gas during 2007-2013, each of Naftogaz, "Ukrnafta" PJSC, "Ukrtransgaz" PJSC and non-controlling shareholders of "Ukrnafta" PJSC have initiated a large number of court proceedings in the Ukrainian courts and international arbitration proceedings, some of which remain pending to date.

At the same time, "Ukrnafta" PJSC makes claims of a similar nature to different jurisdictions that may lead to duplicating its requests to return assets.

In March 2018, "Ukrnafta" PJSC filed a claim before the Commercial court against Naftogaz of Ukraine seeking recovery of gas in the total volume of 8.039 bcm. The case was postponed during 2018 and renewed upon request of "Ukrnafta" PJSC in April 2021 claiming 8.039 bcm of gas from Naftogaz of Ukraine with the estimated value of UAH 71.4 billion according to the calculation of "Ukrnafta" PJSC at the time of filing the claim.

In June 2021, "Ukrnafta" PJSC increased its claim to 10.1 bcm of natural gas and in August 2021 "Ukrnafta" PJSC reduced its claim to recovery of about 9.067 bcm of natural gas produced during 2007-2013. In addition, "Ukrnafta" PJSC claims recovery of revenues that have been or potentially could have been received from sales of 10.1 bcm of natural gas.

In December 2021, the Commercial court of Kyiv closed the preparatory proceedings and scheduled the case for trial. The hearing of the dispute actually took place on 18 April 2023, as a result of which no decision was made.

In March 2022, "Ukrnafta" PJSC and "Ukrtransgaz" PJSC agreed on arrangements in respect of 0.591 bcm of natural gas and signed the respective documents. In addition, "Ukrnafta" PJSC concluded an agreement for the gas storage services on this volume of gas and paid for storage services for the entire past period up to the time of agreement.

On 2 October 2023, a court hearing was held at the Commercial court of the city of Kiev on the claim of "Ukrnafta" PJSC against Naftogaz of Ukraine for the recovery of groundlessly acquired property - 9.067 billion cubic meters of natural gas and all income received from it. Based on the results of the consideration of the case, the Commercial court of Kyiv made a decision to reject the claim of "Ukrnafta" PJSC .

"Ukrnafta" PJSC filed an appeal against the said court decision. By the decision of the Northern Commercial Court of Appeal dated 16 November 2023, the appeal proceedings were opened in this case.

On 19 November 2024, the Northern Commercial Court of Appeal held the proceedings in the case in term of the appointment of a court examination.

25. CONTINGENCIES, CAPITAL COMMITMENTS AND OPERATING RISKS (Continued)

Possible transfer of the Company's equity interest in subsidiaries to the State. In 1998, upon creation of the Company, the Government of Ukraine contributed shares of joint stock companies to the share capital of the Company, including "Long-Distance Pipelines "Druzhba" JSC and "Prydniprovskyi Long-Distance Pipeline" JSC (that were subsequently contributed to share capital of "Ukrtransnafta" JSC), "Ukrspetstransgaz" SE, "Chornomornaftogaz" NJSC, "Ukrnafta" OJSC, and fifty four regional gas distribution entities. The Government of Ukraine may decide to transfer shares (stakes) or ownership or control over all or part of the Company's equity interest in those joint stock companies and/or other companies, and those actions could have a material adverse effect on the Company's operations.

26. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), concentration risk, credit risk, and liquidity risk. The Company reviews and approves risk management policies to minimize the potential adverse effects of those risks on the Company's financial performance.

Major categories of financial instruments were as follows:

In thousands of Ukrainian hryvnias	Note	31 December 2024	31 December 2023
Long-term accounts receivable and other non-current assets	6	38,659,326	25,692,232
Trade accounts receivable	8	58,906,986	44,423,004
Prepayments made		106	1,221,796
Other current accounts receivable		1,721,972	3,956,341
Current financial investments		801,369	724,040
Other current assets		343,635	343,635
Cash and cash equivalents		30,343,726	34,685,688
Total financial assets		**130,777,120**	**111,046,736**
Borrowings and other non-current liabilities	11	(95,097,275)	(99,151,458)
Trade accounts payable	13	(38,877,121)	(26,051,157)
Other current liabilities	14	(17,316,997)	(24,493,305)
Total financial liabilities		**(151,291,393)**	**(149,695,920)**

26. FINANCIAL RISK MANAGEMENT (Continued)

***Market risk*.** The Company is exposed to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities, and (c) equity investments, all of which are exposed to general and specific market movements.

***Currency risk*.** The Company operates within Ukraine and its exposure to foreign currency risk is determined mainly by purchases of natural gas from foreign suppliers, which are denominated in USD and EUR. The Company also receives borrowings in foreign currencies. The Company does not hedge its foreign currency positions.

Below is presented the Company's exposure to foreign currency risk based on the carrying amounts of respective foreign currency denominated assets and liabilities:

In thousands of	31 December 2024			31 December 2023		
Ukrainian hryvnias	**US dollars**	**Euro**	**Other**	**US dollars**	**Euro**	**Other**
Trade accounts receivable for gas transmission organisation services through the territory of Ukraine	32,843,189	-	-	19,693,442	-	-
Trade accounts receivable	578,550	-	-	298,956	-	-
Other current assets	801,573	-	-	-	4	-
Cash and cash equivalents	7,552,132	21,598,960	3,467	19,888,079	9,163,960	42
Borrowings	(39,969,432)	(40,438,551)	-	(41,303,752)	(43,119,712)	-
Trade accounts payable	(842,959)	-	-	(969,964)	-	-
Other current liabilities	(2,140,117)	(132,113)	-	(173,386)	(62,636)	-
Net long (short) currency position	**(1,177,064)**	**(18,971,704)**	**3,467**	**(2,566,625)**	**(34,018,384)**	**42**

The following table presents sensitivities of profit or loss before tax and equity, to reasonably possible changes in exchange rates applied at the reporting dates, with all other variables held constant.

26. FINANCIAL RISK MANAGEMENT (Continued)

The exposure was calculated only for monetary balances denominated in foreign currencies, other than the functional currency of the Company. Since the most significant impact on the Company’s operations is fluctuations in USD/EUR exchange rates against UAH, the risk exposure was calculated only for the balances denominated in those currencies.

	31 December 2024	
In thousands of Ukrainian hryvnias	**Impact on profit or loss**	**Impact on equity**
USD strengthening by 20%	(193,038)	(193,038)
USD weakening by 10%	96,519	96,519
EUR strengthening by 20%	(3,111,359)	(3,111,359)
EUR weakening by 10%	1,555,680	1,555,680

	31 December 2023	
In thousands of Ukrainian hryvnias	**Impact on profit or loss**	**Impact on equity**
USD strengthening by 20%	(420,927)	(420,927)
USD weakening by 10%	210,463	210,463
EUR strengthening by 20%	(5,579,015)	(5,579,015)
EUR weakening by 10%	2,789,507	2,789,507

***Interest rate risk*.** The Company normally has no significant interest bearing assets, and its income and operating cash flows are substantially independent on changes in market interest rates. The Company’s interest rate risk exposure arises from borrowings at variable interest rates. Borrowings at fixed rates expose the Company to the fair value interest rate risk.

The Company attracts borrowings at both fixed and floating interest rates. As at 31 December 2024 the Company’s borrowings were provided at fixed rates for the amount UAH 80,647,763 thousand and floating interest rates for the amount UAH 12,522,780 thousand and 31 December 2023 the Company’s borrowings were provided at fixed rates for the amount UAH 87,680,106 thousand and floating interest rates for the amount UAH 3,000,000 thousand.

The risk of increase in market interest rates is monitored by the Treasury Department of the Company. The key objective of managing the interest rate risk is to get financing at a minimum costs, and match the liquidity needs with the proceeds from borrowings. The borrowing activities are reviewed during budgeting process. Long-term investing activities and associated funding are considered separately and are subject to approval by the Government of Ukraine.

The maturity dates of financial instruments are further disclosed in this Note.

Concentration risk

As at 31 December 2024 and 31 December 2023, 98.6% and 99.8% of cash and cash equivalents, respectively, were placed with Ukrainian state-owned banks. As of 31 December 2024 and 31 December 2023, 61.34% and 47.89% of trade receivables were due from "Gas supply company Naftogaz Trading" LLC.

26. FINANCIAL RISK MANAGEMENT (Continued)

***Credit risk*.** The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. The Company's policies are that the customers that wish to pay on credit terms are subject to the solvency review. Significant outstanding balances are also reviewed on an ongoing basis. At the same time, the Company must follow the state regulations as a guaranteed supplier of natural gas to the households and state-owned entities irrespective whether they settle their obligations or not.

As at 31 December 2024, cash and cash equivalents included cash on bank current accounts amounting to UAH 30,343,726 thousand (31 December 2023: UAH 34,685,688 thousand).

The following table presents the credit quality analysis of cash and cash equivalents and cash collateral for participation in the State procurement procedures and restricted cash, State treasury bonds as at 31 December based on Fitch ratings:

	2024		2023	
In thousands of Ukrainian hryvnias	**Bank current accounts**	**Cash collateral for participation in the State procurement procedures (Note 9)**	**Bank current accounts**	**Cash collateral for participation in the State procurement procedures (Note 9)**
CCC-	29,928,522	343,635	34,616,655	343,635
A-	-	-	521	-
No rating	415,204	-	68,512	-
Total	**30,343,726**	**343,635**	**34,685,688**	**343,635**

The Company does not hold any collateral as a security for its credit risks related to financial assets, except for guarantees received in respect of restructured accounts receivable from gas consumers within the scope of the Law of Ukraine "On Measures to Settle the Debts for the Natural Gas Consumed by Municipal Heat Generating Entities and Distribution and Water Supplying Companies" #1730.

***Liquidity risk*.** Prudent liquidity management involves maintaining sufficient cash and the availability of funding to meet the existing obligations as they fall due. The Company's objective is to maintain a balance between the continuity of funding and flexibility through the use of credit terms provided by suppliers and banks. Prepayments are commonly used to manage both liquidity and credit risks. The Company analyses ageing of its assets and maturity of its liabilities and plans liquidity depending on their expected repayment.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are undiscounted cash flows of principal and interest payments.

26. FINANCIAL RISK MANAGEMENT (Continued)

The maturity analysis of financial liabilities as at 31 December was as follows:

31 December 2024

In thousands of Ukrainian hryvnias	Up to 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
Borrowings	21,399,502	19,033,356	35,567,566	32,297,487	-	108,297,911
Lease payable	83,937	95,498	190,995	572,986	387,125	1,330,541
Trade accounts payable	38,877,121	-	-	-	-	38,877,121
Other current liabilities	17,325,913	-	-	-	-	17,325,913
Total	**77,686,473**	**19,128,854**	**35,758,561**	**32,870,473**	**387,125**	**165,831,486**

31 December 2023

In thousands of Ukrainian hryvnias	Up to 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
Borrowings	24,255,635	29,476,190	38,702,684	21,277,641	-	113,712,150
Lease payable	74,018	84,390	168,686	502,252	341,501	1,170,847
Trade accounts payable	26,051,157	-	-	-	-	26,051,157
Other current liabilities	24,493,305	-	-	-	-	24,493,305
Total	**74,874,115**	**29,560,580**	**38,871,370**	**21,779,893**	**341,501**	**165,427,459**

27. FAIR VALUE

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

The estimated fair values have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgment is required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value. The estimates presented herein are not necessarily indicative of the amounts the Company could realise in a market exchange from the sale of its full holdings of a particular instrument or pay in the transfer of liabilities.

27. FAIR VALUE (Continued)

Management believes that carrying amounts of financial assets and liabilities do not differ significantly from their fair values as at 31 December 2024 and 2023 except as disclosed below:

	31 December 2024		31 December 2023	
In thousands of Ukrainian hryvnias	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial liabilities				
Eurobonds (Note 11)	63,591,942	50,253,370	64,376,364	37,198,822

For the purposes of these financial statements, the fair value measurements are categorised by Level 1, 2 or 3, depending on whether inputs used to determine fair values are observable, and on significance of a particular input to the entire measurement, as presented below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities, which are available to the entity at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for an asset or a liability.

For the assets and liabilities recognised in financial statements on a regular basis, the Company determined, whether there were transfers between levels in the fair value hierarchy from revising the categorisation (based on the lowest level input that is significant to the entire measurement) as at each reporting date.

27. FAIR VALUE (Continued)

The following table provides information about how the fair values of the restructured accounts receivable from gas consumers, current financial investments and borrowings and other non-current liabilities were determined (in particular, the valuation techniques and inputs used):

Financial assets/ liabilities	Fair value hierarchy	Valuation techniques and key inputs
Non-bank borrowings	2 (2024)	Fair value as of 31 December 2024 of other borrowings is measured at quoted prices observed in active markets using interest rates of 75.17%-93.02% p.a.
	2 (2023)	Fair value as of 31 December 2023 of other borrowings is measured at quoted prices observed in active markets using interest rates of 37.6%-57.8% p.a.
Bank borrowings	2 (2024)	Discounted cash flows. Future cash flows are estimated based on the inputs that are observable, either directly or indirectly. The estimates use one or more observable quoted prices for orderly transactions in the markets that are not considered active. The fair value of the portion of loans as at 31 December 2024 was determined at 13.43%-17.31% for loans denominated in hryvnia and 4.29%-6.27% for loans denominated in foreign currency.
	2 (2023)	Discounted cash flows. Future cash flows are estimated based on the inputs that are observable, either directly or indirectly. The estimates use one or more observable quoted prices for orderly transactions in the markets that are not considered active. The fair value of the portion of loans as at 31 December 2023 was determined at 16.5% for loans denominated in hryvnia and 4.1%-6.6% for loans denominated in foreign currency.
Restructured accounts receivable from gas consumers	2	Discounted cash flows. Future cash flows are based on contractual terms. The estimates use one or more observable quoted prices for orderly transactions in the markets that are not considered active. The fair value of the restructured accounts receivable was estimated using UAH-denominated interest rates of 18.9% p.a. (31 December 2023: 19.4%).

28. SUBSEQUENT EVENTS

Loans repayment. From the beginning of 2025 until the date of the issue of the Company's financial statements, the Company repaid UAH 19,040,543 thousand of bank loans and received loans in the amount of UAH 10,070,000 thousand.

29. BASIS OF PREPARATION

Statement of compliance. These financial statements represent the Company’s separate financial statements prepared in accordance with IFRS in terms of preparation and presentation of separate financial statements of entities as required by law (the Law of Ukraine "On Accounting and Financial Reporting in Ukraine"). Thus, these separate financial statements differ from the consolidated financial statements also prepared by the Company which incorporate the financial statements of the Company and its subsidiaries (“the Group”) and present them as a single entity by combining similar items of assets and liabilities, income and expense, and cash flows of the Company with similar items of its subsidiaries. In these separate financial statements, investments in subsidiaries are accounted for using equity method. Users of these separate financial statements should read them together with the Group’s consolidated financial statements as at and for the year ended 31 December 2024 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole.

Basis of preparation. The separate financial statements have been prepared on the historical cost basis, except for certain property, plant and equipment that are measured at revalued amounts, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In accordance with p.5 Article 12^1 of the Law of Ukraine “On Accounting and Reporting in Ukraine”, enterprises that apply IFRS for the preparation of financial statements must prepare and present their financial statements based on the taxonomy of financial statements under IFRS in a single electronic format ("iXBRL"). As of the release date of these separate financial statements, the UA XBRL taxonomy for IFRS for 2023 has not yet been published, and the process of submitting financial statements for 2024 in a single electronic format has not yet been initiated by the National Securities and Stock Market Commission. The Company's management plans to prepare the iXBRL report when it becomes possible.

Functional and presentation currency. Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The separate financial statements are presented in Ukrainian Hryvnias (“UAH”), which is the Company’s functional currency. All amounts presented in the separate financial statements are presented in UAH and rounded to the nearest thousand, unless otherwise indicated.

29. BASIS OF PREPARATION (Continued)

Transactions denominated in currencies other than the relevant functional currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction.

Foreign exchange gains and losses arising from settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currency at the end of year are recognised in the statement of profit or loss. Translation at year-end does not apply to non-monetary items, including equity investments. The effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss. Foreign exchange gains and losses from operating activities are recognised as operating income or expense, and foreign exchange gains and losses from non-operating activities are recognised as other income or expense in the statement of profit or loss. Other non-operating exchange rate differences also include exchange rate differences in the balances of cash and cash equivalents in the Company's accounts.

As at 31 December, the exchange rates used for translating foreign currency balances were as follows:

In Ukrainian hryvnias	**2024**	**2023**
USD 1.00	42.04	37.98
EUR 1.00	43.93	42.21

Average exchange rates for the years ended 31 December were as follows:

In Ukrainian hryvnias	**2024**	**2023**
USD 1.00	40.15	36.57
EUR 1.00	43.45	39.56

During 2024, Ukraine was subject to currency restrictions approved by the National Bank of Ukraine, as described in Note 2. Currently, the hryvnia is not a freely convertible currency outside of Ukraine.

30. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the Company's accounting policies, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Agreement on natural gas transit service through the territory of Ukraine- see Note 3 for additional information.

Tax legislation - see Note 26 for additional information.

Restructuring of trade accounts receivable for gas under the Law "On Measures Taken to Settle the Debts for the Natural Gas Consumed by District Heating Companies and Distribution and Water Supplying Companies" - see Note 6 for additional information.

Trade accounts receivable - see Note 8 for additional information

Prepayment for natural gas - see Note 9 for additional information.

Deferred tax asset recognition - see Note 25 for additional information.

Provision for litigations - see Note 12 for additional information.

31. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

1. New currently effective requirements

Effective date	New accounting standards or amendments
1 January 2024	*Non-current Liabilities with Covenants – Amendments to IAS 1* and *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

2. Forthcoming requirements

Effective date	New accounting standards or amendments
1 January 2025	*Lack of Exchangeability – Amendments to IAS 21*
1 January 2026	*Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7*
	Annual Improvements to IFRS Accounting Standards – Volume 11
1 January 2027	*IFRS 18 Presentation and Disclosure in Financial Statements*
	IFRS 19 Subsidiaries without Public Accountability: Disclosures
Available for optional adoption/effective date deferred indefinitely	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*