

Independent auditor's report

Financial Statements

for the year ended

31 December 2023

SFE "FORESTS OF UKRAINE"

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INDEPENDENT AUDITOR'S REPORT

**To the State Forest Resources Agency of Ukraine
and Management of
SFE "Forests of Ukraine"**
9A, Shota Rustaveli St., Kyiv, 01601

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of State Enterprise "Forests of Ukraine" (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2023, and the statement of financial results, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements are prepared, in all material respects, in accordance with the National Accounting Regulations (Standards) of Ukraine and the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated July 16, 1999 No. 996-XIV with respect to the preparation of financial statements.

Basis for Qualified Opinion

1. Our audit procedures regarding the valuation of property, plant and equipment and capital investments transferred to the Company through legal succession under transfer acts approved by orders of the State Forest Resources Agency of Ukraine at the end of 2022 and the beginning of 2023 were subject to limitations. The carrying amount of such property, plant and equipment and capital investments in accordance with these transfer acts amounted to UAH 3 795 674 thousand. Due to the limited documentation and available information, we were unable to obtain sufficient appropriate audit evidence regarding the proper determination of the initial cost of these assets. Accordingly, we were unable to determine whether any adjustments were necessary to the carrying amount of the respective property, plant and

equipment and capital investments as at December 31, 2023, depreciation for 2023 included in cost of sales, administrative expenses, selling expenses and other operating expenses, and the related impact on the Company's financial result and equity.

Our opinion on the financial statements for the prior period was also modified in respect of this matter.

2. Similar limitations also applied to our audit procedures regarding the valuation of intangible assets transferred to the Company through legal succession under transfer acts approved by orders of the State Forest Resources Agency of Ukraine at the end of 2022 and the beginning of 2023. The carrying amount of such intangible assets in accordance with these transfer acts amounted to UAH 115 764 thousand. Due to the limited documentation and available information, we were unable to obtain sufficient appropriate audit evidence regarding the proper determination of the initial cost of such assets. Accordingly, we were unable to determine whether any adjustments were necessary to the carrying amount of the respective intangible assets as at December 31, 2023, amortisation for 2023 included in cost of sales, administrative expenses, selling expenses and other operating expenses, and the related impact on the Company's financial result and equity.

Our opinion on the financial statements for the prior period was also modified in respect of this matter.

3. We were unable to observe the Company's inventory count as at December 31, 2023 because we were appointed as auditors after the date of the financial statements. By performing alternative audit procedures, we were able to obtain sufficient appropriate audit evidence regarding the existence of finished goods as at December 31, 2023 with a carrying amount of UAH 494 870 thousand. At the same time, due to the significant volume of raw and other materials, goods, work in progress and other finished goods balances, and the related accounting data, we were unable to perform alternative audit procedures in a manner that would have enabled us to obtain sufficient appropriate audit evidence regarding their existence as at December 31, 2023. The aggregate carrying amount of such inventories amounted to UAH 1 519 523 thousand. Accordingly, we were unable to determine whether any adjustments might have been necessary in respect of those inventory balances and the related elements of the financial statements for the year ended December 31, 2023.

Our opinion on the financial statements for the prior period was also modified in respect of this matter.

4. During the audit, we did not obtain complete transaction journals and data extracts for 2023 in respect of 9 branches of the Company. These limitations were caused by the fact that certain branches maintained their accounting records wholly or partly in paper form. According to the Company's 2023 financial statements, these 9 branches accounted in aggregate for 2.16% of the Company's revenue, 2.46% of its expenses, and approximately 2.14% of its assets, 2.13% of its liabilities, and 1.95% of its equity.

In these circumstances, we were unable to obtain sufficient appropriate audit evidence regarding the completeness of the recognition of revenue, expenses, assets, liabilities, financial results, equity, and the related disclosures in the financial statements for the year ended December 31, 2023. Accordingly, we were unable to

determine whether any adjustments were necessary in respect of the above financial statement amounts for that year.

This limitation on the scope of the audit does not relate to the comparative information for the year ended December 31, 2022.

5. The Company's financial information is compiled from journals of entries maintained separately by individual branches. Given the significant volume of transactions and adjustments recorded during the reporting period, our ability to apply certain audit procedures to verify specific information underlying certain items in the financial statements was limited.

As a result, we were unable to obtain sufficient appropriate audit evidence in respect of that information. Accordingly, we were unable to determine whether any adjustments might have been necessary to certain items in the financial statements for the year ended 31 December 2023 as a result of these circumstances.

We conducted our audit in accordance with International Standards on Auditing ("ISAs").

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements applicable in Ukraine to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

The Company's financial statements have been prepared on the basis of the going concern assumption.

In connection with the military aggression of the Russian Federation against Ukraine, martial law was introduced in Ukraine by Decree of the President of Ukraine No. 64/2022 dated February 24, 2022, and as at the date of signing of these financial statements has been extended at least until May 4, 2026 by Decree of the President of Ukraine No. 40/2026 dated January 12, 2026, "On the Extension of the Period of Martial Law in Ukraine."

Although the Company continues to operate, the circumstances described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue its operations on a going concern basis.

Our opinion has not been 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 financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not express a separate opinion on these matters.

In addition to the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern sections, we have determined that the matters described below are the key audit matters to be communicated in our report.

List of key audit matters	How the auditor addressed these matters
<i>Reflection of legal succession in the financial statements</i>	
<p>The Company was established at the end of 2022, and the assets, liabilities, rights and obligations of certain state-owned enterprises were transferred to it through legal succession. At the same time, the principal part of the transfer of assets took place in 2023.</p> <p>The preparation of the financial statements in such circumstances required the application of significant management judgment, in particular with respect to the completeness of the transfer of balances, their proper classification, recognition and measurement in the accounting records and financial statements of the Company.</p> <p>Given the significant volume of transferred assets and liabilities, the multiple sources of accounting information, as well as the complexity of the process of forming the opening amounts in the Company's financial statements, we determined this matter to be a key audit matter.</p>	<p>Our approach to addressing this matter was based on performing procedures which, among other things, included:</p> <ul style="list-style-type: none"> – analysis of statutory, regulatory and constituent documents relating to the establishment of the Company and the transfer to it of assets, liabilities, rights and obligations through legal succession; – obtaining and analysing documents supporting the transfer of assets and liabilities from predecessor entities; – testing, on a sample basis, the correctness of the transfer of balances into the Company's accounting records; – evaluation of the approaches applied by management to the recognition, classification and measurement of assets and liabilities received through legal succession; – analysis of the completeness of the accounting data prepared on the basis of information received from predecessor entities; – evaluation of the completeness and appropriateness of disclosures relating to legal succession in the financial statements and notes thereto.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Report in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", but does not include the 2023 financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon in respect of the other information included in the Management Report.

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

have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We were unable to obtain sufficient appropriate audit evidence regarding the matters described in the Basis for Qualified Opinion section of our report. Accordingly, we are unable to conclude whether the other information is materially misstated in respect of these matters.

The financial information included in the Management Report is consistent with the Company's financial statements for 2023.

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

Management is responsible for the preparation of the financial statements in accordance with the National Accounting Regulations (Standards) of Ukraine and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is set out on page 8 in Appendix 1 to this INDEPENDENT AUDITOR'S REPORT, which forms an integral part hereof.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to the requirements of the International Standards on Auditing, in the Independent Auditor's Report we also provide the following information:

Disclosure of information required by Part 4 of Article 14 of the Law of Ukraine No. 2258-VIII dated December 21, 2017, "On the Audit of Financial Statements and Auditing Activity" (hereinafter – Law No. 2258)

1) By Minutes No. 10 of the Supervisory Board meeting of State Enterprise "Forests of Ukraine" dated November 26, 2025, we were appointed as the audit firm to provide statutory audit services in respect of the Company's financial statements for 2022, 2023 and 2024.

2) The total uninterrupted duration of the audit engagement, including renewals of appointments and reappointments to provide statutory audit services, is 2 years.

3) The objective of our audit is to enhance the degree of confidence of the intended users in the Company's financial statements. Our audit assessments include:

- a description and assessment of the most significant risks of material misstatement in the financial statements under audit, including those arising from fraud;
- a clear reference to the relevant item or other disclosure in the financial statements for each description and assessment of the most significant risks in the financial statements under audit;
- a brief description of the measures taken by us to address such risks;
- the principal reservations relating to such risks, as disclosed in the Basis for Qualified Opinion and Key Audit Matters sections of our Independent Auditor's Report.

4) The general procedures for the identification and assessment of the risks of material misstatement due to fraud or error applied in the course of our audit included an understanding of the Company's internal control environment, its process for identifying business risks relevant to financial reporting, an assessment of the significance of such risks, the likelihood of their occurrence, as well as the Company's decisions regarding the methods used to address these risks; external confirmation procedures, inspection of documents subsequent to the reporting period, and an understanding of the Company's internal control system related to the collection of accounts receivable and other financial assets; analysis of regulatory risks; understanding of IT controls; testing of journal entries; analysis of information obtained in prior periods; performance of analytical procedures, including substantive analytical procedures based on detailed data; observation; and other procedures.

In performing our audit procedures, we considered the risks of material misstatement of the financial statements due to fraud. However, for the reasons described in the Basis for Qualified Opinion section, we were unable to obtain sufficient appropriate audit evidence to form conclusions in this respect.

Based on the results of our audit, all identified matters were discussed with those charged with governance of the Company.

We were granted access to the information and documents requested for the purposes of the audit. At the same time, for the reasons described in the Basis for Qualified Opinion section, we were unable to obtain sufficient appropriate audit evidence in relation to certain matters.

5) We confirm that the opinion expressed in our Independent Auditor's Report is consistent with the additional report to the Audit Committee.

6) We confirm that Grant Thornton Legis LLC did not provide the Company with any services prohibited by law.

We confirm that the engagement partner and Grant Thornton Legis LLC are independent of the Company in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements applicable in Ukraine to our audit of the financial statements, and have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

7) We confirm that Grant Thornton Legis LLC did not provide the Company or its controlled entities with any services other than the statutory audit of the Company's financial statements for 2022, 2023 and 2024.

8) Our description of the scope of the audit and the inherent limitations of the audit of the Company's financial statements is also set out in the Auditor's Responsibilities for the Audit of the Financial Statements section.

Basic information about the audit firm

The audit was conducted by the independent audit firm Grant Thornton Legis Limited Liability Company.

Grant Thornton Legis LLC is included in Section IV, "Audit Firms Authorised to Perform Mandatory Audits of Financial Statements of Public-Interest Entities," of the Register of Auditors and Audit Firms under number 3915.

DIRECTOR
GRANT THORNTON LEGIS LLC
Certified Auditor
(No. 100035 in the Register of Auditors and Audit Firms)



I. NOVAK

KEY ENGAGEMENT PARTNER
Certified Auditor
(No. 100212 in the Register of Auditors and Audit Firms)

Y. OLENDII

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Kyiv, Ukraine
April 06, 2026

Appendix 1. Further description of the auditor's responsibilities for the audit of the financial statements

1. In performing an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit engagement;
2. The auditor's responsibilities are to:
 - identify and assess the risks of material misstatement of the financial statements 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 that 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 internal control;
 - evaluate the appropriateness of the 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, determine 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 such a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

Management is responsible for the preparation of financial statements that present fairly the financial position of the State Specialized Forest Enterprise “Forests of Ukraine” (the Company) as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with National Accounting Standards (NAS).


In preparing the financial statements, management is responsible for:

- selecting and applying appropriate accounting policies;
- presenting information, including accounting policies, in a manner that provides relevance, reliability, comparability and understandability;
- providing additional disclosures where compliance with the specific requirements of NAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance of the Company;
- making an assessment of the Company’s ability to continue as a going concern.


Management is also responsible for:

- designing, implementing and maintaining an effective and reliable system of internal control;
- maintaining adequate accounting records that are sufficient to show and explain the Company’s transactions at any time and to disclose, with reasonable accuracy, the financial position of the Company, and to enable management to ensure that the financial statements comply with NAS;
- maintaining accounting records in accordance with applicable legislation and National Accounting Standards;
- taking reasonable steps to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The financial statements as at 31 December 2023 and for the year then ended were approved by management and authorised for issue on 6 April 2026.


Yuri Bolokhovets
*Chairman of the Transformation
Commission*
06 April 2026




Olha Miroshnikova
Chief Accountant
06 April 2026

SFE "FORESTS OF UKRAINE"**Balance sheet (Statement of Financial Position), Form No.1**

Enterprise: **STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE"**
Territory: Pecherskyi District of the city of Kyiv
Organizational and legal form of business: State enterprise
Type of economic activity: Forestry and other forestry activities

Average number of employees: 29 818

Address, phone: 9A, Shota Rustaveli St., Kyiv, 01601

Measurement unit: UAH thousand without decimal (except for section IV of the Statement of financial result (Statement of comprehensive income) (form No. 2), where monetary amounts are presented in hryvnias with kopecks)

Prepared (mark "v" in the appropriate box):

in accordance with National Accounting Standards

in accordance with International Financial Reporting Standards

Date (year, month, day)

USREOU Code

CATUTTC Code

COLFBE Code

CEA Code

Codes		
2024	01	01
44768034		
UA80000000000624772		
140		
02.10		

v

Balance Sheet (Statement of Financial Position)

as at 31 December 2023

Form No.1

Asset	Line Code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
I. Non-current assets			
Intangible assets	1000	11 155	250 650
initial cost	1001	12 207	279 125
accumulated amortisation	1002	1 052	28 475
Capital investments in progress	1005	38	554 037
Property, plant and equipment	1010	151 795	3 451 355
initial cost	1011	329 802	9 149 904
accumulated depreciation	1012	178 007	5 698 549
Investment property	1015	-	-
initial cost of investment property	1016	-	-
accumulated depreciation of investment property	1017	-	-
Non-current biological assets	1020	187	1 197
initial cost of non-current biological assets	1021	187	2 252
accumulated depreciation of non-current biological assets	1022	-	1 055
Long-term financial investments:			
accounted for using the equity method	1030	-	16 734
other financial investments	1035	-	85
Non-current receivables	1040	-	192
Deferred tax assets	1045	612	-
Other non-current assets	1090	-	23
Total for Section I	1095	163 787	4 274 273
II. Current assets			
Inventories	1100	62 979	2 014 393
Production supplies	1101	17 223	568 584
Work in progress	1102	15 406	155 784
Finished goods	1103	30 350	1 285 845
Goods	1104	-	4 180
Current biological assets	1110	-	7 639

SFE "FORESTS OF UKRAINE"

Balance sheet (Statement of Financial Position), Form No.1

Trade receivables for products, goods, works and services	1125	5 421	204 408
Receivables for settlements:			
for advances paid	1130	177	65 985
with the budget	1135	2 031	682 039
<i>including income tax</i>	1136	1 603	2 590
Receivables for accrued income	1140	-	-
Other current receivables	1155	628	25 509
Current financial investments	1160	-	-
Cash and cash equivalents	1165	32 179	1 050 308
Cash on hand	1166	-	470
Cash in banks	1167	32 179	1 049 838
Prepaid expenses	1170	54	7 701
Other current assets	1190	1 941	144 922
Total for Section II	1195	105 410	4 202 904
III. Non-current assets held for sale and disposal groups	1200	-	-
Balance	1300	269 197	8 477 177

Equity and liabilities	Line Code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
I. Equity			
Registered (share) capital	1400	19 529	527 413
Contributions to unregistered authorized capital	1401	-	-
Revaluation reserve	1405	359	113 504
Additional capital	1410	169 205	3 925 300
Reserve capital	1415	500	1 395
Retained earnings (uncovered loss)	1420	(2 789)	-
Unpaid capital	1425	(1)	-
Capital withdrawn	1430	-	-
Total for Section I	1495	186 803	4 567 612
II. Non-current liabilities and provisions			
Deferred tax liabilities	1500	-	8 368
Long-term bank loans	1510	-	-
Other long-term liabilities	1515	-	5 572
Long-term provisions	1520	-	-
Long-term provisions for employee benefits	1521	-	-
Targeted financing	1525	-	31 214
Total for Section II	1595	-	45 154
III. Current liabilities and provisions			
Short-term bank loans	1600	-	-
Current payables for:			
non-current liabilities	1610	-	10 178
goods, works, services	1615	4 816	1 472 457
settlements with the budget	1620	5 877	1 042 813
<i>including income tax</i>	1621	-	299 416
social insurance contributions	1625	230	47 764
payroll settlements	1630	1 070	247 629
Current payables for advances received	1635	2 280	289 131
Current payables for payments to participants	1640		

SFE "FORESTS OF UKRAINE"

Balance sheet (Statement of Financial Position), Form No.1

Current provisions	1660	38 563	660 905
Deferred income	1665	667	24 678
Other current liabilities	1690	28 891	68 856
Total for Section III	1695	82 394	3 864 411
IV. Liabilities related to non-current assets held for sale and disposal groups	1700	-	-
Balance	1900	269 197	8 477 177

Signed and authorised for issue on behalf of the management of SFE "FORESTS OF UKRAINE" on 6 April 2026.

Chairman of the Transformation
Commission

Yurii Bolokhovets

Chief Accountant

Olha Miroshnikova



SFE "FORESTS OF UKRAINE"**Statement of Financial Results (Statement of Comprehensive Income), Form No. 2**

Enterprise: **STATE SPECIALIZED
FOREST ENTERPRISE "FORESTS OF
UKRAINE"**

(name)

Date (year, month, day)

USREOU Code

Codes		
2024	01	01
44768034		

Statement of Financial Results (Statement of Comprehensive Income)

for 2023

Form No.2

I. Financial Results

Item	Line Code	For reporting period	For corresponding period of previous year
1	2	3	4
Net revenue from sales of products (goods, works and services)	2000	23 058 244	-
Cost of sales of products (goods, works and services)	2050	(15 986 445)	-
Gross:			
Profit	2090	7 071 799	-
Loss	2095	-	-
Other operating income	2120	453 343	500
<i>including:</i>			
<i>income from changes in the value of assets measured at fair value</i>	2121	-	-
<i>income from the initial recognition of biological assets and agricultural products</i>	2122	-	-
Administrative expenses	2130	(2 610 062)	(3 901)
Selling expenses	2150	(591 826)	(-)
Other operating expenses	2180	(809 119)	(-)
<i>including:</i>			
<i>expenses from changes in the value of assets measured at fair value</i>	2181	-	-
<i>expenses from initial recognition of biological assets and agricultural products</i>	2182	-	-
Financial result from operating activities:			
Profit	2190	3 514 135	-
Loss	2195	-	(3 401)
Income from participation in equity	2200	-	-
Other financial income	2220	66	-
Other income	2240	53 130	-
Finance expenses	2250	(5 099)	(-)
Losses from participation in equity	2255	-	-
Other expenses	2270	(26 292)	(-)
Financial result before tax:			
Profit	2290	3 535 940	-
Loss	2295	-	(3 401)
Income tax expense	2300	(665 194)	612
Profit (loss) from discontinued operations after tax	2305	-	-
Net financial result:			
Profit	2350	2 870 746	-
Loss	2355	-	(2 789)

SFE "FORESTS OF UKRAINE"

Statement of Financial Results (Statement of Comprehensive Income), Form No. 2

II. Comprehensive Income

Item	Line Code	For reporting period	For corresponding period of previous year
1	2	3	4
Revaluation (devaluation) of non-current assets	2400	18 185	-
Revaluation (devaluation) of financial instruments	2405	-	-
Accumulated exchange differences	2410	-	-
Share of other comprehensive income of associates and joint ventures	2415	-	-
Other comprehensive income	2445		
Other comprehensive income before tax	2450	18 185	-
Income tax related to other comprehensive income	2455	3 273	-
Other comprehensive income after tax	2460	14 912	-
Total income (the sum of lines 2350, 2355 and 2460)	2465	2 885 658	(2 789)

III. Elements of Operating Expenses

Item	Line Code	For reporting period	For corresponding period of previous year
1	2	3	4
Material costs	2500	4 109 532	10
Labour costs	2505	7 651 992	3 126
Social insurance contributions	2510	1 600 889	661
Depreciation and amortisation	2515	727 139	-
Other operating expenses	2520	6 773 707	104
Total	2550	20 863 259	3 901

IV. Calculation of Earnings per Share Indicators

Item	Line Code	For reporting period	For corresponding period of previous year
1	2	3	4
Average annual number of ordinary shares	2600	-	-
Adjusted average annual number of ordinary shares	2605	-	-
Net profit (loss) per one ordinary share	2610	-	-
Adjusted net profit (loss) per ordinary share	2615	-	-
Dividends per one ordinary share	2650	-	-

Signed and authorised for issue on behalf of the management of SFE "FORESTS OF UKRAINE" on 6 April 2026.

Chairman of the Transformation Commission



Yurii Bolokhovets

Chief Accountant

Olha Miroshnikova

SFE "FORESTS OF UKRAINE"**Statement of Cash Flows (Direct Method), Form No. 3**

Enterprise: **STATE SPECIALIZED FOREST
ENTERPRISE "FORESTS OF UKRAINE"**
(name)

Date (year, month, day)

USREOU Code

Codes		
2024	01	01
44768034		

Statement of Cash Flows (Direct Method)
for 2023 Form No.3

Item	Line Code	For reporting period	For corresponding period of previous year
1	2	3	4
I. Cash flows from operating activities			
Proceeds from:			
Sales of products (goods, works, services)	3000	18 049 646	-
Refunds of taxes and duties	3005	1 816	-
including value added tax	3006	257	-
Targeted financing	3010	135 642	-
Proceeds from subsidies, grants	3011	-	-
Advances received from customers	3015	9 325 989	-
Proceeds from the repayment of advances	3020	35 014	-
Interest received on bank account balances	3025	171 604	-
Proceeds from debtors' penalties, fines and forfeits	3035	7 339	-
Proceeds from operating leases	3040	5 084	-
Proceeds from royalties	3045	-	-
Other proceeds	3095	279 790	34 916
Payments for:			
Goods, works and services	3100	(7 491 488)	(315)
Payments for labour	3105	(6 095 779)	(1 596)
Payments for social insurance contributions	3110	(1 592 661)	(432)
Payments for taxes and duties	3115	(8 961 287)	(387)
Income tax paid	3116	(446 181)	(-)
Value added tax paid	3117	(3 334 396)	(-)
Payments for other taxes and duties liabilities	3118	(5 180 710)	(387)
Advances paid	3135	(1 320 619)	(-)
Refunds of advances received	3140	(154 876)	(-)
Targeted financing	3145	(3 746)	(-)
Payments for liabilities under insurance contracts	3150	(-)	(-)
Payments by financial institutions for granting loans	3155	(-)	(-)
Other payments	3190	(366 240)	(7)
Net cash flows from operating activities	3195	2 025 228	32 179
II. Cash flows from investing activities			
Proceeds from the sale of:			
financial investments	3200	-	-
non-current assets	3205	-	-
Proceeds from:			
Interests	3215	-	-
Dividends	3220	-	-
Proceeds from derivatives	3225	-	-

SFE "FORESTS OF UKRAINE"

Statement of Cash Flows (Direct Method), Form No. 3

Repayment of loans	3230	-	-
Other proceeds	3250	-	-
Payments for acquisition of:			
financial investments	3255	-	-
non-current assets	3260	(1 005 255)	(-)
Payments on derivatives	3270	-	-
Granting of loans	3275	-	-
Other payments	3290	-	-
Net cash flows from investing activities	3295	(1 005 255)	(-)
III. Cash flows from financing activities			
Proceeds from:			
Equity contributions	3300	-	-
Loans received	3305	-	-
Proceeds from disposal of an interest in a subsidiary	3310	-	-
Other proceeds	3340	1	-
Payments for:			
Repurchase of own shares	3345	-	-
Repayment of loans	3350	(2 949)	-
Payment of dividends	3355	-	-
Interest paid	3360	(5 062)	(-)
Repayment of finance lease liabilities	3365	(15 362)	(-)
Other payments	3390		
Net cash flows from financing activities	3395	(23 372)	(-)
Net cash flows for the reporting period	3400	996 601	32 179
Cash balance at the beginning of the period	3405	32 179	-
Effect of exchange rate changes on cash	3410	21 528	-
Cash balance at the end of the period	3415	1 050 308	32 179

Signed and authorised for issue on behalf of the management of SFE "FORESTS OF UKRAINE"
on 6 April 2026.

Chairman of the Transformation
Commission

Yurii Bolokhovets

Chief Accountant

Olha Miroshnikova



SFE “FORESTS OF UKRAINE”
Statement of Equity, Form No. 4

Enterprise: **STATE SPECIALIZED FOREST ENTERPRISE “FORESTS OF UKRAINE”**
(name)

Date (year, month, day)
USREOU Code

Codes		
2024	01	01
44768034		

Statement of Equity
for 2023

Form No. 4

Item	Line Code	Registered (share) capital	Revaluation reserve	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Unpaid capital	Capital withdrawn	Total
1	2	3	4	5	6	7	8	9	10
Balance at the beginning of the year	4000	19 529	359	169 205	500	(2 789)	(1)	-	186 803
Adjustments:									
Change in accounting policy	4005	-	-	-	-	-	-	-	-
Correction of errors	4010	-	-	-	-	-	-	-	-
Other changes	4090	-	-	-	-	-	-	-	-
Adjusted balance at the beginning of the year	4095	19 529	359	169 205	500	(2 789)	(1)	-	186 803
Net profit (loss) for the reporting period	4100	-	-	-	-	2 870 746	-	-	2 870 746
Other comprehensive income for the reporting period	4110	-	14 912	-	-	-	-	-	14 912
Revaluation (devaluation) of non-current assets	4111	-	14 912	-	-	-	-	-	14 912
Revaluation (devaluation) of financial instruments	4112	-	-	-	-	-	-	-	-
Accumulated exchange differences	4113	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures	4114	-	-	-	-	-	-	-	-
Other comprehensive income	4116	-	-	-	-	-	-	-	-
Distribution of profit:	4200	-	-	-	-	-	-	-	-
Payments to owners (dividends)	4200	-	-	-	-	-	-	-	-
Allocation of profit to registered capital	4205	-	-	-	-	-	-	-	-
Allocations to reserve capital	4210	-	-	-	-	-	-	-	-
Amount of net profit payable to the budget in accordance with legislation	4215	-	-	-	-	(1 443 915)	-	-	(1 443 915)

The accompanying notes are an integral part of these financial statements.

SFE "FORESTS OF UKRAINE"
Statement of Equity, Form No. 4

Amount of net profit allocated to special (targeted) funds	4220	-	-	1 317 627	-	(1 317 627)	-	-	-
Amount of net profit allocated to material incentives	4225	-	-	-	-	-	-	-	-
Contributions of participants:									
Contributions to capital	4240	-	-	-	-	-	-	-	-
Repayment of capital contribution receivables	4245	-	-	-	-	-	1	-	1
Withdrawal of capital:									
Repurchase of shares (interests)	4260	-	-	-	-	-	-	-	-
Resale of repurchased shares (interests)	4265	-	-	-	-	-	-	-	-
Cancellation of repurchased shares (interests)	4270	-	-	-	-	-	-	-	-
Withdrawal of an interest in capital	4275	-	-	-	-	-	-	-	-
Decrease in the nominal value of shares	4280	-	-	-	-	-	-	-	-
Other changes in equity	4290	507 884	98 233	2 438 468	895	(106 415)	-	-	2 939 065
Acquisition (disposal) of a non-controlling interest in a subsidiary	4291	-	-	-	-	-	-	-	-
Total changes in equity	4295	507 884	113 145	3 756 095	895	2 789	1	-	4 380 809
Balance at the end of the year	4300	527 413	113 504	3 925 300	1 395	-	-	-	4 567 612

Signed and authorised for issue on behalf of the management of SFE "FORESTS OF UKRAINE" on 6 April 2026.

Chairman of the Transformation Commission



[Handwritten signature of Yurii Bolokhovets]

Yurii Bolokhovets

Chief Accountant

[Handwritten signature of Olha Miroshnikova]

Olha Miroshnikova

SFE “FORESTS OF UKRAINE”
Statement of Equity, Form No. 4

Enterprise: **STATE SPECIALIZED FOREST ENTERPRISE “FORESTS OF UKRAINE”**
(name)

Date (year, month, day)
USREOU Code

Codes		
2023	01	01
44768034		

Statement of Equity
for 2022

Form No. 4

Item	Line Code	Registered (share) capital	Revaluation reserve	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Unpaid capital	Capital withdrawn	Total
1	2	3	4	5	6	7	8	9	10
Balance at the beginning of the year	4000	-	-	-	-	-	-	-	-
Adjustments:									
Change in accounting policy	4005	-	-	-	-	-	-	-	-
Correction of errors	4010	-	-	-	-	-	-	-	-
Other changes	4090	-	-	-	-	-	-	-	-
Adjusted balance at the beginning of the year	4095	-	-	-	-	-	-	-	-
Net profit (loss) for the reporting period	4100	-	-	-	-	(2 789)	-	-	(2 789)
Other comprehensive income for the reporting period	4110	-	-	-	-	-	-	-	-
Revaluation (devaluation) of non-current assets	4111	-	-	-	-	-	-	-	-
Revaluation (dévaluation) of financial instruments	4112	-	-	-	-	-	-	-	-
Accumulated exchange differences	4113	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures	4114	-	-	-	-	-	-	-	-
Other comprehensive income	4116	-	-	-	-	-	-	-	-
Distribution of profit:	4200	-	-	-	-	-	-	-	-
Payments to owners (dividends)									
Allocation of profit to registered capital	4205	-	-	-	-	-	-	-	-
Allocations to reserve capital	4210	-	-	-	-	-	-	-	-
Amount of net profit payable to the budget in accordance with legislation	4215	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of these financial statements.

SFE "FORESTS OF UKRAINE"
Statement of Equity, Form No. 4

Amount of net profit allocated to special (targeted) funds	4220	-	-	-	-	-	-	-	-
Amount of net profit allocated to material incentives	4225	-	-	-	-	-	-	-	-
Contributions of participants:									
Contributions to capital	4240	-	-	-	-	-	(1)	-	(1)
Repayment of capital contribution receivables	4245	-	-	-	-	-	-	-	-
Withdrawal of capital:									
Repurchase of shares (interests)	4260	-	-	-	-	-	-	-	-
Resale of repurchased shares (interests)	4265	-	-	-	-	-	-	-	-
Cancellation of repurchased shares (interests)	4270	-	-	-	-	-	-	-	-
Withdrawal of an interest in capital	4275	-	-	-	-	-	-	-	-
Decrease in the nominal value of shares	4280	-	-	-	-	-	-	-	-
Other changes in equity	4290	19 529	359	169 205	500	-	-	-	189 593
Acquisition (disposal) of a non-controlling interest in a subsidiary	4291	-	-	-	-	-	-	-	-
Total changes in equity	4295	19 529	359	169 205	500	(2 789)	(1)	-	186 803
Balance at the end of the year	4300	19 529	359	169 205	500	(2 789)	(1)	-	186 803

Signed and authorised for issue on behalf of the management of SFE "FORESTS OF UKRAINE" on 6 April 2026.

Chairman of the Transformation Commission



Yurii Bolokhovets

Chief Accountant

Olha Miroshnikova

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

APPROVED
by Order of the Ministry of Finance of Ukraine
No. 302 dated 29 November 2000
(as amended by Order No. 602 dated 28 October 2003)

Enterprise: **STATE SPECIALIZED FOREST ENTERPRISE “FORESTS OF UKRAINE”**
Territory: Pecherskyi District of the city of Kyiv
Government authority: State Forest Resources Agency of Ukraine
Organizational and legal form of business: State enterprise
Type of economic activity: Forestry and other forestry activities
Measurement unit: UAH thousand

Codes			
Date (year, month, day)	2024	01	01
USREOU Code	44768034		
CATUTTC ¹ Code	UA80000000000624772		
SCGB Code	37064		
COLFBE Code	140		
CEA Code	02.10		

**NOTES to the Annual Financial Statements
for 2023**

Form No. 5

I. Intangible Assets

Groups of intangible assets	Line Code	Balance at the beginning of the year		Received during the year	Revaluation (increase +, decrease -)		Disposals during the year		Amortisation accrued for the year	Impairment losses for the year	Other changes during the year		Balance at the end of the year	
		initial (revalued) cost	accumulated amortisation		of initial (revalued) cost	of accumulated amortisation	initial (revalued) cost	accumulated amortisation			of initial (revalued) cost	of accumulated amortisation	initial (revalued) cost	accumulated amortisation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Rights to use natural resources	010	6 888	-	5 958	-	-	-	-	3	-	13 477	806	26 323	809
Rights to use property	020	3 815	-	29 702	-	-	-	-	124	-	62 722	4 503	96 239	4 627
Rights to commercial designations	030	-	-	13 918	-	-	-	-	364	-	132	-	14 050	364
Rights to industrial property items	040	-	-	411	-	-	-	-	1	-	-	-	411	1
Copyright and related rights	050	-	-	309	-	-	-	-	250	-	1 456	1 154	1 765	1 404
	060	-	-	-	-	-	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

Other intangible assets	070	1 504	1 052	85 464	-	-	-	-	8 330	-	53 369	11 888	140 337	21 270
Total	080	12 207	1 052	135 762	-	-	-	-	9 072	-	131 156	18 351	279 125	28 475
Goodwill	090	-	-	-	-	-	-	-	-	-	-	-	-	-

from line 080,
column 14

cost of intangible assets with restrictions on ownership rights

cost of intangible assets pledged as collateral (082)

cost of intangible assets created by the enterprise (083)

from line 080,
column 5

cost of intangible assets received through targeted financing (084)

from line 080,
column 15

accumulated amortisation of intangible assets with restrictions on ownership rights (085)

_____ -
_____ -
_____ 443

SFE "FORESTS OF UKRAINE"
Notes to the Annual Financial Statements

II. Property, Plant and Equipment

Groups of property, plant and equipment	Line Code	Balance at the beginning of the year		Received during the year	Revaluation (increase +, decrease -)		Disposals during the year		Depreciation charged for the year	Impairment losses for the year	Other changes during the year		Balance at the end of the year		Including			
		initial (revalued) cost	accumulated depreciation		of initial (revalued) cost	of accumulated depreciation	initial (revalued) cost	accumulated depreciation			initial (revalued) cost	accumulated depreciation	initial (revalued) cost	accumulated depreciation	received under finance lease		leased out under operating lease	
															initial (revalued) cost	accumulated depreciation	initial (revalued) cost	accumulated depreciation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Land	100	-	-	2 307	-	-	-	-	-	-	1 293	12	3 600	12	-	-	-	-
Investment property	105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures on land improvement	110	-	-	-	-	-	-	-	14	-	156	140	156	154	-	-	-	-
Buildings, structures and transmission devices	120	90 690	41 284	122 240	40 773	30 652	73 020	55 930	188 410	-	3285 184	1 566335	3465867	1 770 751	-	-	7 874	4 094
Machinery and equipment	130	94 526	59 678	80 658	8 260	2 419	5 663	5 500	168 166	-	1892966	1286310	2 070747	1 511 073	3 568	440	9991	9 638
Vehicles	140	109 224	51 221	203 316	10 801	8 578	28 156	11 470	224 774	-	2274103	1342395	2569 288	1 615 498	-	-	7332	7040
Tools, instruments, equipment and inventory	150	7 266	4 363	18 167	-	-	3 065	2 304	19 855	-	179779	122947	202 147	144 861	-	-	18	17
Livestock	160	37	35	126	-	-	339	171	185	-	2 453	1 367	2 277	1 416	-	-	-	-
Perennial plantations	170	394	20	109	-	-	2	2	86	-	1 314	899	1 815	1 003	-	-	-	-
Other property, plant and equipment	180	885	532	20 211	-	-	264	254	17 377	-	210 333	105 923	231 165	123 578	-	-	280	234
Library collections	190	-	-	-	-	-	18	7	-	-	556	545	538	538	-	-	-	-
Low-value non-current	200	16 607	16 607	80 155	-	-	18 357	17 837	89 143	-	381 162	353 434	459 567	441 347	-	-	1	1

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

tangible assets																		
Temporary non-title structures	210	10 065	4 159	19 399	-	-	706	656	13 806	-	103 068	60 254	131 826	77 563	-	-	111	75
Natural resources	220	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Returnable packaging	230	-	-	-	-	-	-	-	13	-	82	20	82	33	-	-	-	-
Rental items	240	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current tangible assets	250	108	108	1 805	-	-	522	522	2205	-	9 438	8 931	10 829	10 722	-	-	-	-
Total	260	329 802	178 007	548 493	59 834	41 649	130 112	94653	724 034	-	8 341887	4849512	9149 904	5 698 549	3 568	440	25607	21099

From line 260, column 14	Cost of property, plant and equipment with restrictions on ownership rights under applicable legislation	(261)	-
	Cost of property, plant and equipment pledged as collateral	(262)	-
	Residual value of property, plant and equipment temporarily not used: conservation, reconstruction, etc.	(263)	79 943
	Initial (revalued) cost of fully depreciated property, plant and equipment	(264)	<u>1 871 662</u>
	Property, plant and equipment of leased integral property complexes	(2641)	-
From line 260, column 8	Cost of property, plant and equipment intended for sale	(265)	-
	Residual value of property, plant and equipment lost as a result of extraordinary events	(2651)	161
From line 260, column 5	Cost of property, plant and equipment acquired through targeted financing	(266)	<u>222</u>
Cost of property, plant and equipment taken under operating lease		(267)	746
From line 260, column 15	Depreciation of property, plant and equipment with restrictions on ownership rights	(268)	-
From line 105, column 14	Cost of investment property measured at fair value	(269)	<u>-</u>

¹ Codifier of Administrative-Territorial Units and Territories of Territorial Communities.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

III. Capital Investments

Item	Line Code	For the year	At the end of the year
1	2	3	4
Capital construction	280	129 537	178 591
Acquisition (manufacture) of property, plant and equipment	290	647 003	258 612
Acquisition (manufacture) of other non-current tangible assets	300	99 193	30 077
Acquisition (creation) of intangible assets	310	189 406	86 757
Acquisition (growing) of long-term biological assets	320	-	-
Other	330	332	-
Total	340	1 065 471	554 037

From line 340, column 3

Capital investments in investment property
 Financial expenses included in capital investments

(341) _____
 (342) _____

IV. Financial Investments

Item	Line Code	For the year	At the end of the year	
			long-term	current
1	2	3	4	5
A. Financial investments accounted for using the equity method in:				
associates	350	-	-	-
subsidiaries	360	-	-	-
joint activities	370	-	16 734	-
B. Other financial investments in:				
shares and interests in the authorised capital of other enterprises	380	-	-	-
shares	390	-	85	-
bonds	400	-	-	-
other	410	-	-	-
Total (A + B)	420	-	16 819	-

From line 1035, column 4 of the
 Balance Sheet (Statement of
 Financial Position)

Long-term financial investments measured:
 at cost
 at fair value
 at amortised cost

(421) _____ 85
 (422) _____ -
 (423) _____ -

From line 1160, column 4 of the
 Balance Sheet (Statement of
 Financial Position)

Current financial investments measured:
 at cost
 at fair value
 at amortised cost

(424) _____ -
 (425) _____ -
 (426) _____ -

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

V. Income and Expenses

Item	Line Code	Income	Expenses
1	2	3	4
A. Other operating income and expenses			
Operating lease of assets	440	6 644	839
Operating exchange differences	450	61 562	42 100
Sale of other current assets	460	56 311	41 847
Fines, penalties and forfeits	470	5 995	67 145
Maintenance of housing and utilities and social-cultural facilities	480	291	3 060
Other operating income and expenses	490	322 540	654 128
including:			90 195
deductions to the allowance for doubtful debts	491	X	1 667
unproductive costs and losses	492	X	-
B. Income and expenses from participation in equity by investments in:			
associates	500	-	-
subsidiaries	510	-	-
joint activities	520	-	-
C. Other financial income and expenses			
Dividends	530	-	X
Interests	540	X	5 099
Finance lease of assets	550	-	-
Other financial income and expenses	560	66	-
D. Other income and expenses			
Sale of financial investments	570	-	-
Income from business combinations	580	-	-
Result of fair value measurement	590	-	-
Non-operating exchange differences	600	-	-
Assets received free of charge	610	35 959	X
Write-off of non-current assets	620	X	23 702
Other income and expenses	630	17 171	2 590

Barter transactions involving products (goods, works, services)	(631)	-	
Share of income from sales of products (goods, works, services) under barter arrangements with related parties	(632)	-	%
financial expenses included in the cost of assets	(633)	-	

From line 540 - 560, column 4:

SFE "FORESTS OF UKRAINE"
Notes to the Annual Financial Statements

VI. Cash and Cash Equivalents

Item	Line Code	At the end of the year
1	2	3
Cash on hand	640	470
Cash in banks	650	955 153
Other bank accounts	660	94 164
Cash in transit	670	4
Cash equivalents	680	517
Total	690	1 050 308

From line 1165, column 4 of the Balance Sheet (Statement of Financial Position) Cash and cash equivalents with restrictions on use (691)

VII. Provisions and Reserves

Types of provisions and reserves	Line Code	Balance at the beginning of the year	Increase during the reporting year		Used during the reporting year	Unused amount reversed during the reporting year	Amount of expected reimbursement of expenses by another party taken into account in measuring the provision	Balance at the end of the year
			accrued (created)	additional allocations				
1	2	3	4	5	6	7	8	9
Provision for future vacation payments to employees	710	38 563	1 099 589	575 354	979 293	73 308	-	660 905
Provision for future expenses for additional pension benefits	720	-	-	-	-	-	-	-
Provision for future expenses for warranty obligations	730	-	-	-	-	-	-	-
Provision for future expenses for restructuring	740	-	598	-	598	-	-	-
Provision for future expenses for fulfilment of obligations under onerous contracts	750	-	-	-	-	-	-	-
Other	760	-	-	-	-	-	-	-
	770	-	-	-	-	-	-	-
Allowance for doubtful debts	775	-	90 195	34 993	3 019	1 012	-	121 157
Total	780	38 563	1 190 382	610 347	982 910	74 320	-	782 062

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

VIII. Inventories

Item	Line Code	Balance at the end of the year	Revaluation during the year	
			increase in net realisable value*	decrease in net realisable value
1	2	3	4	5
Raw materials and supplies	800	155 361		
Purchased semi-finished products and components	810	12 892		
Fuel	820	102 579		
Packaging materials	830	1 448		
Construction materials	840	16 613		
Spare parts	850	82 027		
Materials for agricultural purposes	860	43 788		
Current biological assets	870	7 639		
Low-value and fast-wearing items	880	153 876		
Work in progress	890	155 784		
Finished goods	900	1 285 845		
Goods	910	4 180		
Total	920	2 022 032		

From line 920, column 3

Carrying amount of inventories measured at net realisable value	(921)	2 022 032
transferred for processing	(922)	3 731
pledged as collateral	(923)	-
transferred on commission	(924)	-
	(925)	2 125
Inventories held for sale	(926)	-

Assets held in custody — account 02

From line 1200, column 4 of the Balance Sheet (Statement of Financial Position)

* determined in accordance with paragraph 28 of National Accounting Standard (Standard) 9 “Inventories”.

IX. Receivables

Item	Line Code	Total at the end of the year	including by maturity		
			up to 12 months	from 12 to 18 months	from 18 to 36 months
1	2	3	4	5	6
Trade receivables for goods, works and services	940	204 408	177 228	88 395	16 169
Other current receivables	950	25 509	15 127	25 954	11 463

Written-off bad receivables during the reporting year

From lines 940 and 950, column 3: receivables from related parties

4 165

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SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

X. Shortages and Losses from Damage to Assets

Item	Line Code	Amount
1	2	3
Shortages and losses identified (written off) during the year	960	2 956
Recognised as receivables from liable persons in the reporting year	970	1 385
Amount of shortages and losses for which a final decision on the liable persons has not been made by the end of the year (off-balance account 072)	980	1 081

XI. Construction Contracts

Item	Line Code	Amount
1	2	3
Revenue under construction contracts for the year	1110	-
Outstanding balance at the end of the reporting year:		
gross amount due from customers	1120	-
gross amount due to customers	1130	-
for advances received	1140	-
Amount of retentions at the end of the year	1150	-
Cost of work performed by subcontractors under incomplete construction contracts	1160	-

XII. Income Tax

Item	Line Code	Amount
1	2	3
Current income tax	1210	682 608
Deferred tax assets:		
at the beginning of the reporting year	1220	612
at the end of the reporting year	1225	-
Deferred tax liabilities:		
at the beginning of the reporting year	1230	-
at the end of the reporting year	1235	8 368
Included in the Statement of Financial Results - total	1240	665 194
including::		
current income tax	1241	682 608
decrease (increase) in deferred tax assets	1242	612
increase (decrease) in deferred tax liabilities	1243	-18 026
Reflected in equity - total	1250	26 394
including:		
current income tax	1251	0
decrease (increase) in deferred tax assets	1252	0
increase (decrease) in deferred tax liabilities	1253	26 394

XIII. Use of Depreciation (Amortisation) Charges

Item	Line Code	Amount
1	2	3
Depreciation (amortisation) charged for the reporting year	1300	734 042
Use of depreciation (amortisation) charges - total	1310	

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

including:		
construction of facilities	1311	
acquisition (manufacture) and improvement of property, plant and equipment	1312	
including machinery and equipment	1313	
acquisition (creation) of intangible assets	1314	
repayment of loans obtained for capital investments	1315	-
	1316	-
	1317	-

XIV. Biological Assets

Groups of biological assets	Line Code	Accounted for at initial cost								Accounted for at fair value						
		balance at beginning of year		received during the year	disposed of during the year		depreciation charged for the year	impairment	reversal of impairment	balance at end of year		balance at beginning of year	received during the year	changes in value during the year	disposed of during the year	balance at end of year
		initial cost	accumulated depreciation		initial cost	accumulated depreciation				initial cost	accumulated depreciation					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Long-term biological assets - total	1410	187	-	2 414	349	-119	936	-	-	2 252	1 055	-	-	-	-	-
including:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
working livestock	1411	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
productive livestock	1412	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
perennial plantations	1413	187	-	1 975	141	-35	936	-	-	2 021	971	-	-	-	-	-
	1414	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other long-term biological assets	1415	-	-	439	208	-84	-	-	-	231	84	-	-	-	-	-
Current biological assets - total	1420	-	X	9 720	2 081	X	X	-	-	7 639	X	-	-	-	-	-
including:		-	-	-	-	-	-	-	-	-	-	-	-	0	0	0
livestock for growing and fattening	1421	-	X	1 354	456	X	X	-	-	898	X	-	-	-	-	-
biological assets in the process of biological transformation, except livestock for growing and fattening	1422	-	X	230	8	X	X	-	-	222	X	-	-	-	-	-
	1423	-	X	25	5	X	X	-	-	20	X	-	-	-	-	-
other current biological assets	1424	-	X	8 111	1 612	X	X	-	-	6 499	X	-	-	-	-	-
Total	1430	187	-	12 134	2 430	-119	936	-	-	9 891	1 055	-	-	-	-	-

From line 1430, columns 5 and 14

From line 1430, columns 6 and 16

From line 1430, columns 11 and 17

Residual value of long-term biological assets, initial cost of current biological assets and fair value of biological assets lost as a result of extraordinary events

(1431) _____

(1432) _____

(1433) _____

The accompanying notes are an integral part of these financial statements.

SFE "FORESTS OF UKRAINE"
Notes to the Annual Financial Statements

APPROVED

by Order of the Ministry of Finance of Ukraine
 No. 302 dated 29 November 2000
 (as amended by Order No. 602 dated 28 October 2003)

Enterprise: **STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE"**
 Territory: Pecherskyi District of the city of Kyiv
 Government authority: State Forest Resources Agency of Ukraine
 Organizational and legal form of business: State enterprise
 Type of economic activity: Forestry and other forestry activities
 Measurement unit: UAH thousand

Codes			
Date (year, month, day)	2023	01	01
USREOU Code	44768034		
CATUTTC Code	UA80000000000624772		
SCGB Code	37064		
COLFBE Code	140		
CEA Code	02.10		

**NOTES to the Annual Financial Statements
 for 2022**

Form No. 5

I. Intangible Assets

Groups of intangible assets	Line Code	Balance at the beginning of the year		Received during the year	Revaluation (increase +, decrease -)		Disposals during the year		Amortisation accrued for the year	Impairment losses for the year	Other changes during the year		Balance at the end of the year	
		initial (revalued) cost	accumulated amortisation		of initial (revalued) cost	of accumulated amortisation	initial (revalued) cost	accumulated amortisation			of initial (revalued) cost	of accumulated amortisation	of initial (revalued) cost	of accumulated amortisation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Rights to use natural resources	010	-	-	-	-	-	-	-	-	-	6 888	-	6 888	-
Rights to use property	020	-	-	-	-	-	-	-	-	-	3 815	-	3 815	-
Rights to commercial designations	030	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights to industrial property items	040	-	-	-	-	-	-	-	-	-	-	-	-	-
Copyright and related rights	050	-	-	-	-	-	-	-	-	-	-	-	-	-
	060	-	-	-	-	-	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

Other intangible assets	070	-	-	-	-	-	-	-	-	-	1 504	1 052	1 504	1 052
Total	080	-	-	-	-	-	-	-	-	-	12 207	1 052	12 207	1 052
Goodwill	090	-	-	-	-	-	-	-	-	-	-	-	-	-

from line 080,
column 14

cost of intangible assets with restrictions on ownership rights

cost of intangible assets pledged as collateral (082)

cost of intangible assets created by the enterprise (083)

from line 080,
column 5

cost of intangible assets received through targeted financing (084)

from line 080,
column 15

accumulated amortisation of intangible assets with restrictions on ownership rights (085)

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

II. Property, Plant and Equipment

Groups of property, plant and equipment	Line Code	Balance at the beginning of the year		Received during the year	Revaluation (increase +, decrease -)		Disposals during the year		Depreciation charged for the year	Impairment losses for the year	Other changes during the year		Balance at the end of the year		Including			
		initial (revalued) cost	accumulated depreciation		of initial (revalued) cost	of accumulated depreciation	initial (revalued) cost	accumulated depreciation			initial (revalued) cost	accumulated depreciation	initial (revalued) cost	accumulated depreciation	received under finance lease		leased out under operating lease	
															initial (revalued) cost	accumulated depreciation	initial (revalued) cost	accumulated depreciation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Land	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment property	105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures on land improvement	110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings, structures and transmission devices	120	-	-	-	-	-	-	-	-	-	90 690	41 284	90 690	41 284	-	-	-	-
Machinery and equipment	130	-	-	-	-	-	-	-	-	-	94 526	59 678	94 526	59 678	-	-	-	-
Vehicles	140	-	-	588	-	-	-	-	-	-	108 636	51 221	109 224	51 221	-	-	-	-
Tools, instruments, equipment and inventory	150	-	-	-	-	-	-	-	-	-	7 266	4 363	7 266	4 363	-	-	-	-
Livestock	160	-	-	-	-	-	-	-	-	-	37	35	37	35	-	-	-	-
Perennial plantations	170	-	-	-	-	-	-	-	-	-	394	20	394	20	-	-	-	-
Other property, plant and equipment	180	-	-	-	-	-	-	-	-	-	885	532	885	532	-	-	-	-
Library collections	190	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Low-value non-current tangible assets	200	-	-	-	-	-	-	-	-	-	16 607	16 607	16 607	16 607	-	-	-	-
Temporary non-title structures	210	-	-	-	-	-	-	-	-	-	10 065	4 159	10 065	4 159	-	-	-	-
Natural resources	220	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Returnable packaging	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

Rental items	240	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current tangible assets	250	-	-	-	-	-	-	-	-	108	108	108	108	-	-	-	-
Total	260	-	-	588	-	-	-	-	-	329 214	178 007	329 802	178 007	-	-	-	-

From line 260, column 14	Cost of property, plant and equipment with restrictions on ownership rights under applicable legislation	(261)	-
	Cost of property, plant and equipment pledged as collateral	(262)	-
	Residual value of property, plant and equipment temporarily not used: conservation, reconstruction, etc.	(263)	-
	Initial (revalued) cost of fully depreciated property, plant and equipment	(264)	-
	Property, plant and equipment of leased integral property complexes	(2641)	-
From line 260, column 8	Cost of property, plant and equipment intended for sale	(265)	-
	Residual value of property, plant and equipment lost as a result of extraordinary events	(2651)	-
From line 260, column 5	Cost of property, plant and equipment acquired through targeted financing	(266)	-
Cost of property, plant and equipment taken under operating lease		(267)	-
From line 260, column 15	Depreciation of property, plant and equipment with restrictions on ownership rights	(268)	-
From line 105, column 14	Cost of investment property measured at fair value	(269)	-

¹ Codifier of Administrative-Territorial Units and Territories of Territorial Communities.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

V. Income and Expenses

Item	Line Code	Income	Expenses
1	2	3	4
A. Other operating income and expenses			
Operating lease of assets	440	-	-
Operating exchange differences	450	-	-
Sale of other current assets	460	-	-
Fines, penalties and forfeits	470	-	-
Maintenance of housing and utilities and social-cultural facilities	480	-	-
Other operating income and expenses	490	500	-
including:			
deductions to the allowance for doubtful debts	491	X	-
unproductive costs and losses	492	X	-
B. Income and expenses from participation in equity by investments in:			
associates	500	-	-
subsidiaries	510	-	-
joint activities	520	-	-
C. Other financial income and expenses			
Dividends	530	-	X
Interests	540	X	-
Finance lease of assets	550	-	-
Other financial income and expenses	560	-	-
D. Other income and expenses			
Sale of financial investments	570	-	-
Income from business combinations	580	-	-
Result of fair value measurement	590	-	-
Non-operating exchange differences	600	-	-
Assets received free of charge	610	-	X
Write-off of non-current assets	620	X	-
Other income and expenses	630	-	-

	Barter transactions involving products (goods, works, services)	(631)	-
	Share of income from sales of products (goods, works, services) under barter arrangements with related parties	(632)	- %
From line 540 - 560, column 4:	financial expenses included in the cost of assets	(633)	-

The accompanying notes are an integral part of these financial statements.

SFE "FORESTS OF UKRAINE"
Notes to the Annual Financial Statements

VI. Cash and Cash Equivalents

Item	Line Code	At the end of the year
1	2	3
Cash on hand	640	-
Cash in banks	650	32 179
Other bank accounts	660	-
Cash in transit	670	-
Cash equivalents	680	-
Total	690	32 179

From line 1165, column 4 of the Balance Sheet (Statement of Financial Position) Cash and cash equivalents with restrictions on use (691)

VII. Provisions and Reserves

Types of provisions and reserves	Line Code	Balance at the beginning of the year	Increase during the reporting year		Used during the reporting year	Unused amount reversed during the reporting year	Amount of expected reimbursement of expenses by another party taken into account in measuring the provision	Balance at the end of the year
			accrued (created)	additional allocations				
1	2	3	4	5	6	7	8	9
Provision for future vacation payments to employees	710	-	3	38 560	-	-	-	38 563
Provision for future expenses for additional pension benefits	720	-	-	-	-	-	-	-
Provision for future expenses for warranty obligations	730	-	-	-	-	-	-	-
Provision for future expenses for restructuring	740	-	-	-	-	-	-	-
Provision for future expenses for fulfilment of obligations under onerous contracts	750	-	-	-	-	-	-	-
Other	760	-	-	-	-	-	-	-
	770	-	-	-	-	-	-	-
Allowance for doubtful debts	775	-	-	-	-	-	-	-
Total	780	-	3	38 560	-	-	-	38 563

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

VIII. Inventories

Item	Line Code	Balance at the end of the year	Revaluation during the year	
			increase in net realisable value*	decrease in net realisable value
1	2	3	4	5
Raw materials and supplies	800	7220		
Purchased semi-finished products and components	810	1		
Fuel	820	6529		
Packaging materials	830	7		
Construction materials	840	34		
Spare parts	850	2473		
Materials for agricultural purposes	860	-		
Current biological assets	870	-		
Low-value and fast-wearing items	880	959		
Work in progress	890	15406		
Finished goods	900	30350		
Goods	910	-		
Total	920	62979		

From line
920, column 3

Carrying amount of inventories measured at net realisable value	(921)	-
transferred for processing	(922)	-
pledged as collateral	(923)	-
transferred on commission	(924)	-
	(925)	-
Inventories held for sale	(926)	-

Assets held in custody — account 02

From line 1200, column 4 of the Balance Sheet (Statement of Financial Position)

* determined in accordance with paragraph 28 of National Accounting Standard (Standard) 9 “Inventories”.

IX. Receivables

Item	Line Code	Total at the end of the year	including by maturity		
			up to 12 months	from 12 to 18 months	from 18 to 36 months
1	2	3	4	5	6
Trade receivables for goods, works and services	940	5421	5343	78	-
Other current receivables	950	628	628	-	-

Written-off bad receivables during the reporting year

From lines 940 and 950, column 3: receivables from related parties

-
-

SFE "FORESTS OF UKRAINE"
Notes to the Annual Financial Statements

X. Shortages and Losses from Damage to Assets

Item	Line Code	Amount
1	2	3
Shortages and losses identified (written off) during the year	960	-
Recognised as receivables from liable persons in the reporting year	970	-
Amount of shortages and losses for which a final decision on the liable persons has not been made by the end of the year (off-balance account 072)	980	-

XI. Construction Contracts

Item	Line Code	Amount
1	2	3
Revenue under construction contracts for the year	1110	-
Outstanding balance at the end of the reporting year:		
gross amount due from customers	1120	-
gross amount due to customers	1130	-
for advances received	1140	-
Amount of retentions at the end of the year	1150	-
Cost of work performed by subcontractors under incomplete construction contracts	1160	-

XII. Income Tax

Item	Line Code	Amount
1	2	3
Current income tax	1210	-
Deferred tax assets:		
at the beginning of the reporting year	1220	-
at the end of the reporting year	1225	612
Deferred tax liabilities:		
at the beginning of the reporting year	1230	-
at the end of the reporting year	1235	-
Included in the Statement of Financial Results - total	1240	-612
including::		
current income tax	1241	-
decrease (increase) in deferred tax assets	1242	-612
increase (decrease) in deferred tax liabilities	1243	-
Reflected in equity - total	1250	-
including:		
current income tax	1251	-
decrease (increase) in deferred tax assets	1252	-
increase (decrease) in deferred tax liabilities	1253	-

XIII. Use of Depreciation (Amortisation) Charges

Item	Line Code	Amount
1	2	3
Depreciation (amortisation) charged for the reporting year	1300	-
Use of depreciation (amortisation) charges - total	1310	-

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

including: construction of facilities	1311	-
acquisition (manufacture) and improvement of property, plant and equipment	1312	-
including machinery and equipment	1313	-
acquisition (creation) of intangible assets	1314	-
repayment of loans obtained for capital investments	1315	-
	1316	-
	1317	-

XIV. Biological Assets

Groups of biological assets	Line Code	Accounted for at initial cost								Accounted for at fair value						
		balance at beginning of year		received during the year	disposed of during the year		depreciation charged for the year	impairment	reversal of impairment	balance at end of year		balance at beginning of year	received during the year	changes in value during the year	disposed of during the year	balance at end of year
		initial cost	accumulated depreciation		initial cost	accumulated depreciation				initial cost	accumulated depreciation					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Long-term biological assets - total	1410	-	-	187	-	-	-	-	-	187	-	-	-	-	-	-
including:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
working livestock	1411	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
productive livestock	1412	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
perennial plantations	1413	-	-	187	-	-	-	-	-	187	-	-	-	-	-	-
	1414	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other long-term biological assets	1415	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current biological assets - total	1420	-	X	-	-	-	-	-	-	-	X	-	-	-	-	-
including:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
livestock for growing and fattening	1421	-	X	-	-	-	-	-	-	-	X	-	-	-	-	-
biological assets in the process of biological transformation, except livestock for growing and fattening	1422	-	X	-	-	-	-	-	-	-	X	-	-	-	-	-
	1423	-	X	-	-	-	-	-	-	-	X	-	-	-	-	-
other current biological assets	1424	-	X	-	-	-	-	-	-	-	X	-	-	-	-	-
Total	1430	-	-	187	-	-	-	-	-	187	-	-	-	-	-	-

From line 1430, columns 5 and 14

From line 1430, columns 6 and 16

Residual value of long-term biological assets, initial cost of current biological assets and fair value of biological assets lost as a result of extraordinary events

(1431)

(1432)

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

From line 1430, columns 11 and 17

(1433) _____ -

XV. Financial results from initial recognition and sale of agricultural produce and additional biological assets

Item	Line Code	Income from initial recognition	Expenses related to biological transformation	Financial result from initial recognition		Decrease in value	Income from sale	Cost of sales	Financial result (profit +, loss -) from	
				income	expenses				sale	initial recognition and sale
1	2	3	4	5	6	7	8	9	10	11
Crop products and additional biological assets of crop production - total	1500	-	-	-	-	-	-	-	-	-
including:		-	-	-	-	-	-	-	-	-
Cereals and legumes	1510	-	-	-	-	-	-	-	-	-
including:	1511	-	-	-	-	-	-	-	-	-
wheat										
soybeans	1512	-	-	-	-	-	-	-	-	-
sunflower	1513	-	-	-	-	-	-	-	-	-
Rapeseed	1514	-	-	-	-	-	-	-	-	-
Sugar beets (factory)	1515	-	-	-	-	-	-	-	-	-
Potatoes	1516	-	-	-	-	-	-	-	-	-
Fruits (pome fruits, stone fruits)	1517	-	-	-	-	-	-	-	-	-
Other crop products	1518	-	-	-	-	-	-	-	-	-
Additional biological assets of crop production	1519	-	-	-	-	-	-	-	-	-
Livestock products and additional biological assets of livestock production - total	1520	-	-	-	-	-	-	-	-	-
including:		-	-	-	-	-	-	-	-	-
Live weight gain — total	1530	-	-	-	-	-	-	-	-	-
including:	1531	-	-	-	-	-	-	-	-	-
cattle										
pigs	1532	-	-	-	-	-	-	-	-	-
milk	1533	-	-	-	-	-	-	-	-	-
wool	1534	-	-	-	-	-	-	-	-	-
eggs	1535	-	-	-	-	-	-	-	-	-
other livestock products	1536	-	-	-	-	-	-	-	-	-
additional biological assets of livestock production	1537	-	-	-	-	-	-	-	-	-
Fish farming products	1538	-	-	-	-	-	-	-	-	-
	1539	-	-	-	-	-	-	-	-	-
Agricultural produce and additional biological assets - total	1540	-	-	-	-	-	-	-	-	-

Signed and authorised for issue on behalf of the management of SFE “FORESTS OF UKRAINE” on 6 April 2026.

Chairman of the Transformation Commission



[Handwritten signature]

[Handwritten signature]

Yurii Bolokhovets

Olha Miroshnikova

The accompanying notes are an integral part of these financial statements.

SFE "FORESTS OF UKRAINE"
Notes to the Annual Financial Statements

Chief Accountant

Appendix 1
to National Accounting Standard 29 "Segment Reporting"

Enterprise: **STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE"**
Territory: Pecherskyi District of the city of Kyiv
Government authority: State Forest Resources Agency of Ukraine
Organizational and legal form of business: State enterprise
Type of economic activity: Forestry and other forestry activities
Measurement unit: UAH thousand

Codes			
Date (year, month, day)	2024	01	01
USREOU Code	44768034		
CATUTTC Code	UA80000000000624772		
SCGB Code	37064		
COLFBE Code	140		
CEA Code	02.10		

APPENDIX TO THE NOTES to the Annual Financial Statements
" Segment Information "
for 2023

Form No. 6

I. Indicators of Primary (geographical production) Reportable Segments
(business, geographical production, geographical sales)

Item	Line Code	Names of reportable segments												Unallocated items		Total	
		Karpatskyi Forest Office		Podilskyi Forest Office		Pivnichnyi Forest Office		Poliskyi Forest Office		Stolychnyi Forest Office		Tsentralnyi Forest Office		Reporting year	Previous year	Reporting year	Previous year
		Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
I. Income of reportable segments:																	
Operating income of reportable segments	010	4 406 174	-	2 817 453	-	3 013 660	-	4 315 460	-	4 881 840	-	2 697 656	-	1 379 344	-	23 511 587	-
including: revenue from sales of products (goods, works and services): to external customers	011	4 376 561	-	2 804 017	-	2 989 452	-	4 228 512	-	4 847 187	-	2 686 474	-	1 126 040	-	23 058 244	-
to other reportable segments	012		-		-		-		-		-		-		-	0	-
Other operating income	013	29 613	-	13 436	-	24 208	-	86 948	-	34 653	-	11 182	-	253 303	-	453 343	-

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

Financial income of reportable segments	020		-		-		-		-		-		-		0	-
including: income from participation in equity directly attributable to the reportable segment	021		-		-		-		-		-		-		0	-
Other financial income	022				-		-		-		-		-		0	-
Other income	030	8 704	-	4 925	-	6 684	-	7 500	-	10 371	-	3 558	-	11 388	-	53 130
Total income of reportable segments	040	4 414 878	-	2 822 378	-	3 020 344	-	4 322 960	-	4 892 211	-	2 701 214	-	1 390 732	-	23 564 717
Unallocated income	050	*	*	*	*	*	*	*	*	*	*	*	*	66	-	66
including: operating income	051	*	*	*	*	*	*	*	*	*	*	*	*		-	0
financial income	052	*	*	*	*	*	*	*	*	*	*	*	*	66	-	66
Deduction of revenue from sales of products (goods, works and services) to other reportable segments	060						-									0
Total income of the enterprise (l. 040 + l. 050 - l. 060)	070	4 414 878	-	2 822 378	-	3 020 344	-	4 322 960	-	4 892 211	-	2 701 214	-	1 390 798	-	23 564 783
2. Expenses of reportable segments: Operating expenses	080	2 945 789	-	1 856 006	-	2 045 419	-	2 886 450	-	3 548 263	-	1 668 058	-	1 036 462	-	15 986 445
including: cost of sales of products (goods, works and services): to external customers	081	2 945 789	-	1 856 006	-	2 045 419	-	2 886 450	-	3 548 263	-	1 668 056	-	1 036 462	-	15 986 445
to other reportable segments	082						-									0
Administrative expenses	090	501 864	-	243 810	-	208 345	-	319 294	-	352 010	-	258 511	-	189 944	-	2 073 778

The accompanying notes are an integral part of these financial statements.

SFE "FORESTS OF UKRAINE"
Notes to the Annual Financial Statements

Selling expenses	100	98 072	-	83 043	-	94 746	-	74 692	-	157 680	-	67 899	-	15 694	-	591 826	-
Other operating expenses	110	137 255	-	77 375	-	112 772	-	122 891	-	175 619	-	43 589	-	100 221	-	769 722	-
Financial expenses of reportable segments	120															0	
including: losses from participation in equity directly attributable to the reportable segment	121															0	
	122															0	
Other expenses	130	2 812	-	5 839	-	1 506	-	13 949	-	1 168	-	283	-	735	-	26 292	-
Total expenses of reportable segments	140	3 685 792	-	2 266 073	-	2 462 788	-	3 417 276	-	4 234 740	-	2 038 338	-	1 343 056	-	19 448 063	-
Unallocated expenses	150	*	*	*	*	*	*	*	*	*	*	*	*	1 245 974		1 245 974	
including: administrative, selling and other operating expenses not allocated to reportable segments	151	*	*	*	*	*	*	*	*	*	*	*	*	575 681		575 681	
financial expenses	152	*	*	*	*	*	*	*	*	*	*	*	*	5 099		5 099	
income tax	154	*	*	*	*	*	*	*	*	*	*	*	*	665 194		665 194	
Deduction of cost of sales of products (goods, works and services) to other reportable segments	160															0	
Total expenses of the enterprise (l. 140 + l. 150 - l. 160)	170	3 685 792		2 266 073		2 462 788		3 417 276		4 234 740		2 038 340		2 589 030		20 694 037	
3. Financial result of segment activities (l. 040 - l. 140)	180	729 086		556 305		557 556		905 684		657 471		662 876		47 676		4 116 654	
4. Financial result of the enterprise (l. 070 - l. 170)	190	729 086		556 305		557 556		905 684		657 471		662 876		- 1 198 232		2 870 746	

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

5. Assets of reportable segments	200	1 314 461	-	755 422	-	987 155	-	1 079 880	-	1 381 807	-	837 849	-	2 101 170	-	8 457 744	-
including: property, plant and equipment and intangible assets	201	656 306	-	453 011	-	437 337	-	533 753	-	726 254	-	460 586	-	434 757	-	3 702 004	-
Capital investments in progress	202	146 674	-	25 716	-	81 731	-	136 870	-	25 924	-	39 430	-	97 693	-	554 038	-
Inventories	203	259 304	-	197 954	-	346 065	-	247 015	-	455 824	-	259 534	-	248 698	-	2 014 394	-
Receivables	204	74 811	-	19 018	-	47 506	-	41 472	-	93 442	-	9 538	-	689 756	-	975 543	-
Other	205	177 366	-	59 723	-	74 516	-	120 770	-	80 363	-	68 761	-	630 266	-	1 211 765	-
Unallocated assets	220	*	*	*	*	*	*	*	*	*	*	*	*	19 433	-	19 433	-
including: financial investments and other non-current assets	221	*	*	*	*	*	*	*	*	*	*	*	*	16 843	-	16 843	-
income tax	222	*	*	*	*	*	*	*	*	*	*	*	*	2 590	-	2 590	-
Deferred tax assets	223	*	*	*	*	*	*	*	*	*	*	*	*	0	-	0	-
	224	*	*	*	*	*	*	*	*	*	*	*	*	0	-	0	-
Total assets of the enterprise	230	1 314 461	-	755 422	-	987 155	-	1 079 880	-	1 381 807	-	837 849	-	2 120 603	-	8 477 177	-
6. Liabilities of reportable segments	240	658 062	-	292 663	-	266 794	-	431 341	-	804 716	-	152 547	-	260 629	-	2 866 752	-
including: non-current liabilities and provisions	241	33 403	-	3 301	-	-	-	-	-	-	-	-	-	81	-	36 785	-
Current payables for goods, works and services	242	240 596	-	105 500	-	101 103	-	282 052	-	550 080	-	86 491	-	106 635	-	1 472 457	-
Current provisions	243	200 082	-	94 017	-	91 050	-	64 221	-	137 140	-	13 385	-	61 010	-	660 905	-
Other payables	244	183 981	-	89 845	-	74 641	-	85 068	-	117 496	-	52 671	-	92 903	-	696 605	-
Unallocated liabilities	260	*	*	*	*	*	*	*	*	*	*	*	*	1 042 813	-	1 042 813	-
including: settlements with the budget	261	*	*	*	*	*	*	*	*	*	*	*	*	1 042 813	-	1 042 813	-
	262	*	*	*	*	*	*	*	*	*	*	*	*	0	-	0	-
	263	*	*	*	*	*	*	*	*	*	*	*	*	0	-	0	-
	264	*	*	*	*	*	*	*	*	*	*	*	*	0	-	0	-
Total liabilities of the enterprise (l. 240 + l. 260)	270	658 062	-	292 663	-	266 794	-	431 341	-	804 716	-	152 547	-	1 303 442	-	3 909 565	-

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

7. Capital investments	280	177 364	-	63 864	-	87 689	-	161 236	-	75 507	-	69 301	-	430 510	-	1 065 471	-
8. Depreciation and amortisation of non-current assets	290	105 962	-	75 409	-	85 399	-	109 886	-	200 301	-	91 628	-	65 457	-	734 042	-

II. Indicators for Secondary Reportable (business) Segments
(business, geographical production, geographical sales)

Item	Line Code	Names of reportable segments												Unallocated items		Total	
		A. 02.2. Logging		C. Manufacturing		A. 02.1. Forestry and other forestry activities		A. 01.3 Plant propagation (decorative purposes)		A. 01.5. Mixed farming		Other		Reporting year	Previous year	Reporting year	Previous year
		Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Revenue from sales of products (goods, works and services) to external customers	300	19 207 199	-	2 494 752	-	33 977	-	12 452	-	16 592	-	167 230	-	1 126 042	-	23 058 244	-
Carrying amount of assets of reportable segments	310	5 566 791	-	723 050	-	9 848	-	3 609	-	4 809	-	48 468	-	2 120 602	-	8 477 177	-
Capital investments	320	556 069	-	72 226	-	984	-	361	-	480	-	4 842	-	430 510	-	1 065 471	-
	330																
	340																

The accompanying notes are an integral part of these financial statements.

SFE "FORESTS OF UKRAINE"
Notes to the Annual Financial Statements

III. Indicators for Secondary Reportable Geographical (production) Segments
 (production, sales)

Item	Line Code	Names of reportable segments												Unallocated items		Total	
		Karpatskyi Forest Office		Podilskyi Forest Office		Pivnichnyi Forest Office		Poliskyi Forest Office		Stolychnyi Forest Office		Tsentralnyi Forest Office		Reporting year	Previous year	Reporting year	Previous year
		Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Revenue from sales of products (goods, works and services) to external customers	350	4 376 561	-	2 804 017	-	2 989 452	-	4 228 512	-	4 847 187	-	2 686 474	-	1 126 041	-	23 058 244	-
Carrying amount of assets of reportable segments	360	1 314 461	-	755 422	-	987 155	-	1 079 880	-	1 381 807	-	837 849	-	2 120 603	-	8 477 177	-
Capital investments	370	177 364	-	63 864	-	87 689	-	161 236	-	75 507	-	69 301	-	430 510	-	1 065 471	-
	380																
	390																

Signed and authorised for issue on behalf of the management of SFE "FORESTS OF UKRAINE" on 6 April 2026.

Chairman of the Transformation Commission

Yurii Bolokhovets

Chief Accountant

Olha Miroshnikova



SFE "FORESTS OF UKRAINE"
Notes to the Annual Financial Statements

Appendix 1
to National Accounting Standard 29 "Segment Reporting"

Enterprise: **STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE"**
Territory: Pecherskyi District of the city of Kyiv
Government authority: State Forest Resources Agency of Ukraine
Organizational and legal form of business: State enterprise
Type of economic activity: Forestry and other forestry activities
Measurement unit: UAH thousand

Codes			
Date (year, month, day)	2023	01	01
USREOU Code	44768034		
CATUTTC ¹ Code	UA80000000000624772		
SCGB Code	37064		
COLFBE Code	140		
CEA Code	02.10		

APPENDIX TO THE NOTES to the Annual Financial Statements
" Segment Information "
for 2022

Form No. 6

I. Indicators of Primary Reportable Segments
(business, geographical production, geographical sales)

Item	Line Code	Names of reportable segments												Unallocated items		Total	
		Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Income of reportable segments:																	
Operating income of reportable segments	010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
including: revenue from sales of products (goods, works and services): to external customers	011	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
to other reportable segments	012	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

Financial income of reportable segments	020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
including: income from participation in equity directly attributable to the reportable segment	021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial income	022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income of reportable segments	040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated income	050	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
including: operating income	051	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
financial income	052	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Deduction of revenue from sales of products (goods, works and services) to other reportable segments	060	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total income of the enterprise (l. 040 + l. 050 - l. 060)	070	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Expenses of reportable segments: Operating expenses	080	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
including: cost of sales of products (goods, works and services): to external customers	081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
to other reportable segments	082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	090	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

Selling expenses	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating expenses	110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial expenses of reportable segments	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
including: losses from participation in equity directly attributable to the reportable segment	121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	122	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses of reportable segments	140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated expenses	150	*	*	*	*	*	*	*	*	*	*	*	*	*	-	-	-
including: administrative, selling and other operating expenses not allocated to reportable segments	151	*	*	*	*	*	*	*	*	*	*	*	*	*	-	-	-
financial expenses	152	*	*	*	*	*	*	*	*	*	*	*	*	*	-	-	-
income tax	154	*	*	*	*	*	*	*	*	*	*	*	*	*	-	-	-
Deduction of cost of sales of products (goods, works and services) to other reportable segments	160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses of the enterprise (l. 140 + l. 150 - l. 160)	170	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial result of segment activities (l. 040 - l. 140)	180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Financial result of the enterprise (l. 070 - l. 170)	190	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of these financial statements.

SFE “FORESTS OF UKRAINE”

Notes to the Annual Financial Statements

7. Capital investments	280	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Depreciation and amortisation of non-current assets	290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

II. Indicators for Secondary Reportable Segments

(business, geographical production, geographical sales)

Item	Line Code	Names of reportable segments												Unallocated items		Total	
		Reporting year	Previous year	Reporting year	Previous year	Reportin g year	Previous year	Reportin g year	Previous year	Reportin g year	Previous year	Reportin g year	Previous year	Reporting year	Previous year	Reporting year	Previous year
		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Revenue from sales of products (goods, works and services) to external customers	300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount of assets of reportable segments	310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital investments	320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	330																
	340																

SFE “FORESTS OF UKRAINE”
Notes to the Annual Financial Statements

III. Indicators for Secondary Reportable Geographical _____ Segments
 (production, sales)

Item	Line Code	Names of reportable segments												Unallocated items		Total	
														Reporting year	Previous year	Reporting year	Previous year
		Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Revenue from sales of products (goods, works and services) to external customers	350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount of assets of reportable segments	360	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital investments	370	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	380	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	390	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Signed and authorised for issue on behalf of the management of SFE “FORESTS OF UKRAINE” on 6 April 2026.

Chairman of the Transformation Commission



[Handwritten signature in blue ink]

Yurii Bolokhovets

Chief Accountant

[Handwritten signature in blue ink]

Olha Miroshnikova

Notes on accounting policies and other explanatory information**1. General Information about the Enterprise**

These financial statements of the State Specialized Forest Enterprise “Forests of Ukraine” (hereinafter – SFE “Forests of Ukraine”, the Enterprise) for the 2023 financial year have been prepared in accordance with the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” and National Accounting Standards (NAS).

SFE “Forests of Ukraine” was established on 26 October 2022 and is managed by the State Forest Resources Agency of Ukraine (hereinafter – the State Forest Resources Agency of Ukraine).

SFE “Forests of Ukraine” is one of the largest forest management enterprises in Europe and the largest forest user in Ukraine.

As at 31 December 2023, SFE “Forests of Ukraine” comprised the central administrative office, 9 regional offices with 147 branches, which included 1,444 forestry units.

All subdivisions of the Enterprise in 2023 were covered by a single Collective Agreement between SFE “Forests of Ukraine” and the labour collective of SFE “Forests of Ukraine” for 2023-2025, approved by the general conference of the labour collective on 30 June 2023, as amended on 28 November 2023.

The branches ensure protection, conservation, sustainable use and regeneration of forests in the following regions of Ukraine (excluding territories temporarily occupied by the Russian Federation):

- Karpatskyi Forest Office – Zakarpattia, Ivano-Frankivsk and Lviv regions;
- Podilskyi Forest Office – Ternopil, Khmelnytskyi and Chernivtsi regions;
- Pivnichnyi Forest Office – Sumy and Chernihiv regions;
- Poliskyi Forest Office – Volyn and Rivne regions;
- Stolychnyi Forest Office – Kyiv and Zhytomyr regions;
- Tsentralnyi Forest Office – Vinnytsia, Kirovohrad and Cherkasy regions;
- Slobozhanskyi Forest Office – Poltava and Kharkiv regions;
- Skhidnyi Forest Office – Dnipropetrovsk and Zaporizhzhia regions;
- Pivdennyi Forest Office – Mykolaiv, Odesa and Kherson regions.

The branches “Forest Reproductive Resources” and “Forest Fire Centre” operate throughout Ukraine (excluding temporarily occupied territories). The main functions of these branches are:

- Forest Reproductive Resources – ensuring forest management activities and preserving biodiversity of forest ecosystems;
- Forest Fire Centre – providing professional training, as well as methodological and practical support to the Enterprise’s branches on forest fire protection.

The principal activities of the Enterprise are:

- forest management, protection, conservation, rational use and regeneration of forests;
- hunting management, protection, reproduction and rational use of the state hunting fund within hunting areas assigned to the Enterprise;
- generation of profit from commercial activities;
- provision of goods and services to the State or territorial communities on an industrial or commercial basis.

The Enterprise is a legal entity under public law established on state ownership. SFE “Forests of Ukraine” is not financed from the state budget and carries out its operations independently.

The assets of the Enterprise comprise non-current assets and current assets, funds, and other valuables, the value of which is reflected in its standalone balance sheet. The assets are state-owned and assigned to the Enterprise under the right of economic management. The Enterprise possesses, uses and disposes of such assets of such assets in accordance with applicable legislation and its Charter.

Forest land plots are state-owned and granted to SFE “Forests of Ukraine” for permanent use.

As at 31 December 2023, the Enterprise had 6.6 million hectares of forest land in permanent use.

The Enterprise is a dominant participant in the timber market in Ukraine.

The main products of the Enterprise are roundwood and fuelwood for industrial and non-industrial use.

The average number of employees during 2023 was 29,818 (2022: 89).

History of the Enterprise

The Enterprise was established as part of the reform of the forestry sector of Ukraine.

The prerequisites for its establishment were set out in the Decree of the President of Ukraine No. 228/2021 dated 7 June 2021 “On Certain Measures for the Conservation and Regeneration of Forests”.

This Decree is associated with the environmental initiative “Large-scale Afforestation of Ukraine” (the “Green Country” programme). At the same time, the President of Ukraine instructed the Cabinet of Ministers of Ukraine to take measures to reform the forestry sector, including improving the management system of state forestry enterprises.

In 2022, the National Security and Defence Council of Ukraine adopted the decision “On the Protection, Conservation, Use and Regeneration of Forests of Ukraine in a Special Period”, which states that, in order to improve the efficiency of the forestry sector, the issue of establishing a single state business entity responsible for forest management through the reorganisation of state forestry enterprises should be considered.

By Resolution of the Cabinet of Ministers of Ukraine No. 1003 dated 7 September 2022 “On Certain Issues of Reforming the Management of the Forestry

Sector”, it was decided to establish the State Specialized Forest Enterprise “Forests of Ukraine” through the consolidation of state forestry enterprises under the management of the State Forest Resources Agency of Ukraine, with subsequent transformation into a joint-stock company, 100% of the shares of which are owned by the State.

In accordance with this Resolution, the State Forest Resources Agency of Ukraine issued Order No. 804 dated 26 October 2022 “On the Establishment of the State Specialized Forest Enterprise “Forests of Ukraine””.

Registered Address and Place of Business

The registered address of the Enterprise is 9-A Shota Rustaveli Street, Kyiv, 01601, Ukraine.

2. Operating Environment

The Enterprise operates in Ukraine, where the full-scale war with the Russian Federation continues and the legal regime of martial law is in effect.

During the periods covered by these financial statements and as at the date of authorisation of these financial statements, hostilities caused by Russia’s invasion of Ukraine on 24 February 2022 continued in the east and south of Ukraine along the front line. Certain cities and settlements in these regions remain temporarily occupied, and Russia continues to carry out occasional shelling of the territory of Ukraine. In 2023, the Russian armed forces continued to advance on the eastern front and were primarily engaged in offensive operations.

In 2023, Ukraine’s power generation and power transmission facilities were subject to massive attacks, which resulted in a significant shortage of electricity supply in the country during certain months of the year.

The challenges faced by Ukraine as a result of the war hinder the stability and further development of its economy and financial sector.

Accordingly, the conditions in which the Enterprise operates remain challenging.

The outcome and timing of the end of the war cannot be predicted with sufficient certainty.

In 2023, the key policy rate of the National Bank of Ukraine changed several times. The minimum rate was 15.00%, while the maximum rate was 25.00%. The annual average was 19.60%.

At the beginning of the year, the rate was 25.00%, and at the end of the year it was 15.00%.

From 28 July 2023, the key policy rate was reduced from 25% to 22%. These changes affected the availability of loans and the inflation rate in the country.

In 2023, inflation in Ukraine was 5.1% year-on-year, increasing by 0.7% in December compared with 0.5% in November. Core inflation in December 2023 was 0.0% compared with November, and 4.9% for the year as a whole.

In 2023, Ukraine’s real gross domestic product (GDP) increased by 5.3%. Nominal GDP amounted to UAH 6,537.8 billion. This indicates the recovery of the

economy after the deep decline in 2022, which was made possible by the adaptability of businesses and a soft fiscal policy.

Starting from October 2023, the National Bank of Ukraine introduced a managed exchange rate flexibility regime after cancelling the fixed exchange rate regime introduced in response to the military invasion of Ukraine. Under this regime, the official exchange rate is determined on the basis of market rates in interbank transactions and is not set directly by the National Bank of Ukraine. As at the reporting date, the official exchange rate of the hryvnia against the US dollar established by the NBU was UAH 37.9824 per 1 USD.

The policy of the National Bank of Ukraine in 2023 included the following:

- stability of macro financial indicators: the NBU demonstrated the resilience and adaptability of the Ukrainian economy, reducing inflation from 26.6% to 5.1%;
- monetary policy: the NBU applied a consistent interest rate policy to maintain exchange rate stability and increase the attractiveness of hryvnia-denominated instruments;
- additional instruments: the introduction of three-month certificates of deposit for banks linked to the success of increasing households' term hryvnia deposits;
- confidence in the national currency: the NBU made significant efforts to increase Ukrainians' confidence in the hryvnia, which contributed to a stable macro financial system.

These measures helped the NBU ensure macro financial stability and support Ukraine's economic resilience during the full-scale war.

Since the beginning of the war, Ukraine's budget has been in deficit, financed through international financial assistance, domestic borrowings and, as a measure of last resort, direct financing of the deficit by the National Bank of Ukraine.

In 2023, Ukraine received significant international financial assistance, which included USD 42.6 billion of external financing. This assistance accounted for 27% of total financing, while grant funds amounted to USD 11.5 billion. All loans were obtained by Ukraine on concessional terms, which made it possible not to increase the debt burden on the state budget. The largest donors of financial assistance in 2023 were the World Bank, the European Union, the United States and the International Finance Corporation.

In particular, these funds enabled the government to finance a significant budget deficit and the National Bank of Ukraine to support the resilience of the foreign exchange market.

The impact of the war on the Company's current situation and management's assessment of going concern are disclosed in these notes.

The operating environment of the forestry sector in Ukraine for 2023 includes important aspects.

Ukraine has 10.4 million hectares of forests, making it the ninth largest country in Europe by forest area.

The forest cover of Ukraine is 15.9%, and forests are distributed unevenly, with significant differences across natural zones.

Forests have an important role in environmental protection, improve the water regime and increase agricultural yields. More than half of the country's forests are artificially created and require enhanced care. The age structure is dominated by middle-aged stands, while the share of mature and overmature stands is 18.7%. The average age of forests is over 60 years. Forests are gradually ageing, which results in deterioration of their sanitary condition.

Ukraine's forests are formed by more than 30 tree species, among which pine, oak, beech, spruce, birch, alder, ash, hornbeam and fir predominate. Coniferous stands occupy 43% of the total area, including pine at 35%. Hardwood stands account for 43%, including oak and beech at 37%.

The growing stock of timber in forests is estimated at approximately 2.3 billion cubic metres. On average, forests in Ukraine add 35 million cubic metres of timber annually. The average annual timber increment in the forests of the State Forest Resources Agency is 3.9 cubic metres per hectare, ranging from 5.0 cubic metres in the Carpathians to 2.5 cubic metres in the Steppe zone. There is a gradual increase in timber stock, which confirms the significant economic and environmental potential of Ukraine's forests. The timber stock per hectare in the forests of Ukraine is approximately 235 cubic metres, including approximately 251 cubic metres in the forests of the State Forest Resources Agency, ranking tenth in Europe; for comparison, Poland has 288 cubic metres and Sweden has 131 cubic metres.

The vast majority of forests are state-owned. In the process of land delimitation, approximately 1.3 million hectares, or 13%, of forest land plots that are in the permanent use of municipal enterprises subordinated to local self-government bodies may be transferred to municipal ownership. The share of privately owned forests is less than 0.1% of the total forest land area. Approximately 800 thousand hectares of forest land have not been allocated for use. Historically, Ukraine has developed a situation where state forests are assigned to numerous permanent forest users; for forest management purposes, forests have been granted for permanent use to enterprises, institutions and organisations of several dozen ministries and agencies. By departmental subordination, the largest area of forest land, approximately 73%, belongs to the management sphere of the State Forest Resources Agency.

In 2023, state forestry enterprises within the management of the State Forest Resources Agency of Ukraine carried out forest regeneration on an area of 35.2 thousand hectares. Of this amount, 27.4 thousand hectares were regenerated by planting and sowing in the forest fund, including afforestation on land granted for permanent use, meaning the creation of new forests, on 5.9 thousand hectares. Natural regeneration occurred on an area of 7.8 thousand hectares.

In 2023, forest regeneration increased by 3.1 thousand hectares, or 9.7%, compared with 2022.

The implementation of strategic reforms in Ukraine's forestry sector, in particular digitalisation and increased revenue from timber sales, is an important area for supporting economic development.

The operational plan for the implementation of the State Forest Management Strategy of Ukraine until 2035 provides for the adaptation of forests to climate change and the creation of a transparent forest resource management system.

The EU Biodiversity Strategy for 2030 provides for a commitment to plant three billion trees in the EU. Ukraine has also joined this process and, within the framework of the President of Ukraine’s “Green Country” programme, plans to plant 1 billion new trees within three years and thereby increase the forest area by 1 million hectares over ten years.

3. Basis of Preparation

These financial statements are the financial statements of the Enterprise as at and for the year ended 31 December 2023 and have been prepared in accordance with National Accounting Standards of Ukraine.

In these financial statements, the Enterprise applied NAS 1 “General Requirements for Financial Reporting”, individual National Accounting Standards, the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”, other regulatory acts of Ukraine and the Accounting Policy Regulations of SFE “Forests of Ukraine”.

In preparing these financial statements, the Enterprise applied the following principles: prudence, full disclosure, autonomy, consistency, going concern, accrual and matching of income and expenses, substance over form, historical cost, single monetary measurement and periodicity.

The preparation of financial statements in accordance with National Accounting Standards requires the use of certain significant accounting estimates. It also requires management, when applying the Enterprise’s accounting policies, to exercise professional judgement. Areas where such judgement is particularly important, areas involving a high degree of complexity, and areas where assumptions and estimates are significant for the preparation of the financial statements are described in Note 6 to these financial statements.

Presentation currency. These financial statements are presented in Ukrainian hryvnias, and all amounts are rounded to the nearest thousand, unless otherwise stated. The functional currency of the Enterprise is the Ukrainian hryvnia.

Going concern. Management has prepared these financial statements on a going concern basis (see Note 4 to these financial statements), which discloses information about uncertainties related to events or conditions that may cast significant doubt on the Enterprise’s ability to continue as a going concern.

Changes to the financial statements after authorisation for issue. Any changes to these financial statements after their issue require approval by the Enterprise’s management, which authorised these financial statements for issue.

The Enterprise uses estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are assessed on an ongoing basis and are based on management’s past experience and other factors, including expectations of future events that are considered reasonable in the existing

circumstances. In addition to judgements involving accounting estimates, management of the Enterprise also exercises professional judgement in applying accounting policies.

4. Going Concern

Management has prepared these financial statements on a going concern basis, based on the assumption that the Enterprise will be able to realise its assets and settle its liabilities in the ordinary course of business in the foreseeable future.

Management of SFE “Forests of Ukraine” regularly assesses the Enterprise’s ability to continue as a going concern for at least 12 months after the date of preparation of the financial statements.

Key measures supporting the going concern assumption

In order to determine development objectives for the medium term and the ways to achieve them, the Enterprise has developed, and the State Forest Resources Agency of Ukraine, as the authorised management body, has approved, the strategic development plan of SFE “Forests of Ukraine” for 2025–2029. This plan is based on the priorities set out in the State Forest Management Strategy of Ukraine until 2035 and takes into account the interests of the state, business and society.

- The analysis of the Enterprise’s internal and external environment indicates that, given its significant strengths, the Enterprise is able to maintain its activities at the current level; however, further development and improved efficiency require the implementation of management measures. The Enterprise’s products will remain in demand in the Ukrainian market and have significant potential in the markets of European countries.
- In the event of temporary loss of access to the forest raw material base in certain regions due to hostilities and the mining of part of forest areas in frontline regions, the Enterprise implements measures to redistribute harvesting volumes to safer forest areas, constructs new forest roads and cooperates with certified contractors to demine affected areas.
- To reduce the impact on logistics processes, the Enterprise has redirected product supplies and built up inventories of fuel and lubricants, spare parts and consumables to ensure stable operation of branches in critical regions.
- In response to staffing challenges caused by mobilisation, the Enterprise ensures rotation and relocation of personnel between branches and arranges deferments from mobilisation for certain employees, which enables it to maintain the performance of production tasks.
- In the event of damage to infrastructure in frontline branches, temporary arrangements for relocating production processes to safer regions are implemented promptly, with subsequent restoration of access to assets after the situation stabilises. To maintain the functioning of branches in crisis conditions, backup power sources, such as generators, are used, as well as Starlink satellite communication systems to ensure uninterrupted coordination and access to digital management systems.

- To counter natural threats, including fires, pests and forest diseases, the Enterprise implements early detection systems, carries out preventive inspections, purchases modern firefighting equipment and performs phytosanitary protection measures.
- The Enterprise operates on a self-financing basis without attracting external financing. The absence of debt burden, stable cash flow and cost control ensure financial stability, which is a key factor in maintaining going concern in a crisis environment.

Thus, the Enterprise demonstrates resilience to external challenges, the ability to adapt to difficult conditions and ensures an appropriate level of risk management.

Management of the Enterprise assessed the Enterprise's ability to continue as a going concern as at the date of issue of these financial statements and concluded that a material uncertainty exists related to the possible significant escalation of hostilities, which may lead to destruction of infrastructure and destabilisation of the Enterprise's activities and, as a result, may cast significant doubt on the Enterprise's ability to continue as a going concern.

At the same time, based on the existing circumstances and planned response measures, management reasonably expects that the Enterprise will have sufficient resources to continue its operations for at least twelve months after the date of these financial statements.

Management will continue to monitor the potential impact of the above circumstances and will take all possible measures to minimise their adverse consequences.

Taking into account the above, management of the Enterprise has concluded that the use of the going concern assumption in preparing these financial statements is appropriate.

5. Significant Accounting Policies

The financial statements of the Enterprise for 2023 include information whose disclosure is required by National Accounting Standards (NAS) or other regulatory legal acts of the Ministry of Finance of Ukraine on accounting matters.

The financial statements of the Enterprise include the performance indicators of its branches.

The Balance Sheet presents the assets, liabilities and equity of the Enterprise. The branches prepared separate balance sheets. The indicators of the separate balance sheets and the corresponding financial reporting forms were included in the Balance Sheet and the corresponding financial reporting forms of the Enterprise; information on intra-entity settlements (mutual liabilities in equal amounts) was not presented.

The Statement of Financial Results discloses information on income, expenses, gains and losses, other comprehensive income and total comprehensive income of the Enterprise for the reporting period.

The Statement of Cash Flows presents data on cash flows during the reporting period from operating, investing and financing activities using the direct method. Internal changes in cash were not included in the Statement of Cash Flows.

The Statement of Equity discloses information on changes in the Enterprise's equity during the reporting period. The columns of the Statement of Equity intended for presenting components of equity include the indicators presented in Section I "Equity" of the Balance Sheet.

The financial statements of the Enterprise include the performance indicators of the branches comprising the Enterprise.

The financial statements of the Enterprise have been prepared taking into account the indicators of the separate balance sheets and other financial reporting forms of the branches and reflect the financial position, results of operations and cash flows of the Enterprise as a single economic unit.

Intangible assets

Accounting for intangible assets at SFE "Forests of Ukraine" is maintained for each item by the following groups:

- rights to use natural resources;
- rights to use property;
- rights to commercial designations (rights to trademarks (marks for goods and services), commercial (trade) names, etc.), except for those for which acquisition costs are recognised as royalties;
- rights to industrial property items (rights to inventions, utility models, industrial designs, plant varieties, animal breeds, layouts (topographies) of integrated circuits, trade secrets, including know-how, protection against unfair competition, etc.), except for those for which acquisition costs are recognised as royalties;
- copyright and related rights (rights to literary, artistic and musical works, computer programs, electronic computer programs, data compilations (databases), performances, phonograms, videograms, broadcasts (programmes) of broadcasting organisations, etc.), except for those for which acquisition costs are recognised as royalties;
- other intangible assets (the right to conduct activities, to use economic and other privileges, etc.).

Amortisation of intangible assets (except for the right of permanent use of a land plot) is charged over their useful lives, which are established by the Enterprise in an order or specified in commissioning acts when such an item is recognised as an asset (when it is recognised on the balance sheet).

Amortisation of intangible assets is charged taking into account the useful lives established by the Tax Code of Ukraine, namely:

Groups	Term of the right of use
group 1 - rights to use natural resources (the right to use subsoil, other resources of the natural environment, geological and other information on the natural environment)	In accordance with the title document
group 2 - rights to use property (the right to use a land plot, except for the right of permanent use of a land plot in accordance with the law, the right to use a building, the right to lease premises, etc.)	In accordance with the title document
group 3 - rights to commercial designations (rights to trademarks (marks for goods and services), commercial (trade) names, etc.), except for those for which acquisition costs are recognised as royalties	In accordance with the title document
group 4 - rights to industrial property items (rights to inventions, utility models, industrial designs, plant varieties, animal breeds, layouts (topographies) of integrated circuits, trade secrets, including know-how, protection against unfair competition, etc.), except for those for which acquisition costs are recognised as royalties	In accordance with the title document, but not less than 5 years
group 5 - copyright and related rights (rights to literary, artistic and musical works, computer programs, electronic computer programs, data compilations (databases), phonograms, videograms, broadcasts (programmes) of broadcasting organisations, etc.), except for those for which acquisition costs are recognised as royalties	In accordance with the title document, but not less than 2 years
group 6 - other intangible assets (the right to conduct activities, to use economic and other privileges, etc.)	In accordance with the title document

If the title document does not establish the term of the right of use of an intangible asset, such useful life is determined independently, but may not be less than two years or more than 10 years.

In calculating the amortisable amount, the residual value of intangible assets is deemed to be zero, except where:

- there is an irrevocable obligation of another person to acquire the item at the end of its useful life;
- the residual value can be determined on the basis of information from an existing active market and it is expected that such market will exist at the end of the useful life of the item.

Amortisation begins from the month following the month in which the intangible asset is put into economic circulation. The amount of amortisation charged is recognised by the Enterprise as an increase in expenses of the Enterprise and accumulated amortisation of intangible assets.

Amortisation ceases from the month following the month of disposal of the intangible asset.

Property, plant and equipment

The Enterprise holds property, plant and equipment for use in the production or supply of goods, performance of work and rendering of services, for lease to other persons or for administrative and socio-cultural functions, whose expected useful life (operation) exceeds one year (or the operating cycle, if longer than one year) and whose value exceeds the established value threshold. The value threshold is established in accordance with paragraph 14.1.138 of the Tax Code of Ukraine.

Assets whose expected useful life exceeds one year but whose value does not exceed the value threshold are considered low-value non-current tangible assets (LVNTA) within property, plant and equipment. Given the low value of LVNTA, the Enterprise classifies them as property, plant and equipment but depreciates such items using a simplified approach.

For depreciation of items of property, plant and equipment whose value exceeds the established value threshold, the Enterprise uses the straight-line method, under which the annual depreciation amount is determined by dividing the depreciable amount by the useful life of the item of property, plant and equipment.

The monthly depreciation amount under the straight-line method is determined by dividing the annual depreciation amount by 12. The result of applying the straight-line depreciation method is constant charges over the useful life, unless the residual value of the asset changes.

Depreciation begins from the month following the month in which the item of property, plant and equipment became available for use, that is, when it was delivered to its location and brought into the condition in which it is suitable for operation in the manner intended by management.

Depreciation is charged over the useful life (operation) of the item, which is established by an order of the Enterprise or specified in commissioning acts for property, plant and equipment when it is recognised on the balance sheet, and is suspended for the period of its reconstruction, modernisation, extension, additional equipment and mothballing.

Depreciation ceases from the month following the month of disposal of the item of property, plant and equipment, or its transfer for reconstruction, modernisation, extension, additional equipment or mothballing.

Depreciation is charged taking into account the minimum allowable useful lives of property, plant and equipment established by the Tax Code of Ukraine, namely:

Group of property, plant and equipment and other non-current assets	Minimum allowable useful lives, years
group 1 - land plots	-

Group of property, plant and equipment and other non-current assets	Minimum allowable useful lives, years
group 2 - capital expenditure on land improvements not related to construction	15
group 3 - buildings	20
structures	15
transmission devices	10
group 4 - machinery and equipment	5
Of which:	
electronic computers, other machines for automatic information processing, related devices for reading or printing information, related computer programs (except for programs whose acquisition costs are recognised as royalties and/or programs recognised as intangible assets), other information systems, switches, routers, modules, modems, uninterruptible power supplies and devices for connection to telecommunications networks, telephones (including mobile phones), microphones and two-way radios whose value exceeds UAH 20,000	2
group 5 - vehicles	5
group 6 - tools, devices, inventory and furniture	4
group 7 - livestock not related to agricultural activity	6
group 8 - perennial plantations	10
group 9 - other property, plant and equipment	12
group 10 - library collections, preservation of the National Archival Fund of Ukraine	-
group 11 - low-value non-current tangible assets	-
group 12 - temporary (non-title) structures	5
group 13 - natural resources	-
group 14 - returnable containers	6
group 15 - rental items	5
group 16 - long-term biological assets	7

Revaluation of property, plant and equipment of a group whose items have already been revalued shall subsequently be performed with such regularity that their residual value at the balance sheet date does not differ materially from fair value.

The revalued initial cost and accumulated depreciation of an item of property, plant and equipment are determined by multiplying, respectively, the original cost and accumulated depreciation of the item of property, plant and equipment by the revaluation index. The revaluation index is determined by dividing the fair value of the item being revalued by its residual value.

The amount of the revaluation surplus of the residual value of an item of property, plant and equipment is included in revaluation reserve and recognised in other comprehensive income, while the amount of a revaluation deficit is included in expenses.

If, at the date of a subsequent (latest) revaluation surplus of an item of property, plant and equipment, the amount of previous revaluation deficits of the item and impairment losses exceeds the amount of previous revaluation surpluses of the residual value of the item and benefits from reversal of impairment, the amount of the subsequent (latest) revaluation surplus, but not exceeding that excess, is included in income of the reporting period, while the difference (if the amount of the subsequent (latest) revaluation surplus exceeds that excess) is allocated to increase revaluation reserve and recognised in other comprehensive income.

If, at the date of a subsequent (latest) revaluation deficit of an item of property, plant and equipment, the amount of previous revaluation surpluses of the item and benefits from reversal of impairment exceeds the amount of previous revaluation deficits of the residual value of the item and impairment losses, the amount of the subsequent (latest) revaluation deficit, but not exceeding that excess, is allocated to reduce revaluation reserve and recognised in other comprehensive income, while the difference (if the amount of the subsequent (latest) revaluation deficit exceeds that excess) is included in expenses of the reporting period.

Upon disposal of items of property, plant and equipment that were previously revalued, the excess of previous revaluation surpluses over previous revaluation deficits of the residual value of that item of property, plant and equipment is included in retained earnings with a simultaneous decrease in revaluation reserve. The excess of previous revaluation surpluses of an item of property, plant and equipment over previous revaluation deficits of the residual value of that item of property, plant and equipment is included in retained earnings monthly or quarterly in an amount proportionate to depreciation charged, with a simultaneous decrease in revaluation reserve. In this case, upon disposal of the item, the balance of the excess of previous revaluation surpluses over previous revaluation deficits of that item recognised in revaluation reserve is included in retained earnings.

Biological assets

The Enterprise classifies biological assets as long-term and current depending on their terms of use.

- Long-term biological assets are all biological assets that are not current;
- Current biological assets are biological assets capable of producing agricultural produce and/or additional biological assets and generating economic benefits within a period not exceeding 12 months. Current

biological assets include livestock for growing and fattening and agricultural crops.

For accounting purposes, biological assets are classified into the following groups:

- livestock biological assets (livestock for growing and fattening, bee colonies, fish and poultry);
- crop production biological assets (grain crops).

Inventories

Inventories are recognised as an asset if it is probable that the Enterprise will obtain future economic benefits associated with their use and their cost can be measured reliably.

The unit of accounting for inventories is their name or homogeneous group (type).

Purchased (received) or produced inventories are recognised on the balance sheet of the Enterprise at original cost. If, at the time inventories are recognised, their original cost cannot be measured reliably, such inventories may be measured and recognised at fair value with subsequent adjustment to original cost.

The original cost of inventories received by the Enterprise free of charge is their fair value.

Inventories are recognised in accounting and reporting at the lower of two amounts: original cost or net realisable value. Inventories are recognised at net realisable value if, at the balance sheet date, their price has decreased, or they are damaged, obsolete or have otherwise lost their originally expected economic benefit.

Net realisable value is determined for each unit of inventories by deducting from the expected selling price the expected costs to complete production and sell the inventories.

The amount by which the original cost of inventories exceeds their net realisable value, as well as the cost of inventories that are fully lost (damaged or missing), is written off to expenses of the reporting period. Shortages and losses from damage to valuables before a decision is made on specific responsible persons are recognised in off-balance-sheet accounts. After the persons responsible for compensating the losses are identified, the amount to be reimbursed is recognised as receivables (or other assets) and income of the reporting period.

If the net realisable value of inventories that were previously written down and remain assets at the balance sheet date subsequently increases, the amount of the increase in net realisable value, but not exceeding the amount of the previous decrease, is recognised as other operating income with an increase in the value of such inventories.

When inventories are issued to production, released from production, sold or otherwise disposed of, they are measured using the weighted average cost method.

Measurement at weighted average cost is performed for each unit of inventories by dividing the total cost of the balance of such inventories at the beginning of the reporting month and the cost of inventories received during the reporting month by

the total quantity of inventories at the beginning of the reporting month and inventories received during the reporting month.

Measurement of each transaction involving disposal of inventories may be performed at weighted average cost by dividing the total cost of such inventories as at the transaction date by the total quantity of inventories as at the transaction date.

The cost of low-value and rapidly wearing items transferred into use is excluded from assets (written off the balance sheet), with subsequent operational quantitative accounting of such items by places of use and responsible persons during their actual period of use.

Transactions and balances

Monetary assets and liabilities are translated into the functional currency of the Enterprise at the official exchange rate of the National Bank of Ukraine (NBU) as at the end of each relevant reporting period. Foreign exchange gains and losses arising from settlements on transactions and translation of monetary assets and liabilities into the functional currency of the Enterprise at the official NBU exchange rates at year-end are recognised in profit or loss. Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are presented in the Statement of Financial Results (Statement of Comprehensive Income) within finance income or expenses. All other foreign exchange gains and losses are presented in the Statement of Financial Results (Statement of Comprehensive Income) within other operating gains/(losses), net. Year-end translation does not apply to non-monetary items measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including investments in equity instruments, are translated at the exchange rates at the date fair value is determined. The effect of changes in exchange rates on the fair value of non-monetary items measured at fair value is accounted for within gains or losses from changes in fair value.

Cash and cash equivalents

Settlements for goods sold (services rendered) are classified as cashless transactions.

Foreign currency transactions are recognised in accounting at the current exchange rate as at the transaction date.

Balances on foreign currency accounts are remeasured at the current exchange rate as at the reporting date on a monthly basis.

The exchange difference arising from remeasurement of cash balances on foreign currency accounts as at the reporting date is recognised as income or expenses in the period in which it arises. This exchange difference is recognised within other operating income (expenses).

Cash settlements are made in compliance with the limits and in the manner established by Ukrainian legislation.

Branches make cash settlements through cash desks using both funds received as cash proceeds and funds received from banks. The procedure for conducting cash transactions is determined by the Regulation on Cash Transactions in National

Currency in Ukraine, approved by Resolution of the Board of the National Bank of Ukraine No. 148 dated 29 December 2017.

Legal relations arising in connection with settlements by payment cards and/or payment systems are regulated by the Law of Ukraine "On Payment Services", as well as by the rules of payment systems and agreements concluded between participants of payment systems.

Receivables

Receivables are recognised as an asset if it is probable that the Enterprise will obtain future economic benefits and their amount can be measured reliably.

Current receivables for products, goods, work and services are recognised as an asset simultaneously with the recognition of income from the sale of products, goods, work and services and are measured at original cost. If payment for products, goods, work or services is deferred and this gives rise to a difference between the fair value of the receivables and the nominal amount of cash and/or cash equivalents to be received for products, goods, work or services, such difference is recognised as receivables for accrued income (interest) in the period of its accrual.

Current receivables that are financial assets (except for purchased receivables and receivables held for sale) are included in the balance sheet total at net realisable value.

The portion of long-term receivables due to be settled within twelve months from the balance sheet date is presented as current receivables as at that date.

Long-term receivables are the amount of receivables that do not arise in the normal operating cycle and will be settled after twelve months from the balance sheet date.

Receivables from settlements with the budget include amounts due from financial and tax authorities, as well as advance payments, overpayments of taxes and duties and other payments to the budget, and are presented in the balance sheet separately identifying income tax receivables.

Receivables for advances issued are the amount of prepayments made to the accounts of buyers, suppliers and contractors in accordance with the terms of agreements.

The amount of an advance (prepayment) in foreign currency provided to other persons for the acquisition of non-monetary assets (inventories, property, plant and equipment, intangible assets, etc.) and receipt of work and services is translated into the reporting currency when included in the cost of such assets (work, services) using the exchange rate at the beginning of the day of the advance payment date. If advance payments in foreign currency are made to a supplier in instalments and non-monetary assets (work, services) are received from the supplier in instalments, the cost of the assets (work, services) received is recognised in the amount of the advance payments using exchange rates based on the sequence of advance payments made.

Financial instruments measured at amortised cost and contractual assets are presented in the statement of financial position net of the allowance for doubtful debts.

The allowance for doubtful debts on receivables is created for their entire life cycle and accounted for as contra-assets in the relevant accounts, with recognition within other operating expenses.

The allowance for doubtful debts is accrued taking into account the restrictions established for state-owned enterprises by Resolution of the Cabinet of Ministers of Ukraine No. 1673 "On the State of Financial and Budgetary Discipline, Measures to Strengthen the Fight Against Corruption and Control over the Use of State Property and Financial Resources" dated 29 November 2006.

The amount of the allowance for doubtful debts accrued for the reporting period is recognised in the Statement of Financial Results within other operating expenses.

Derecognition of bad receivables from assets is carried out with a simultaneous decrease in the allowance for doubtful debts. If the amount of the accrued allowance for doubtful debts is insufficient, bad receivables for products, goods, work and services are written off from assets to other operating expenses. The amount of reimbursement of previously written-off bad receivables is included in other operating income.

Current receivables for which no allowance for doubtful debts is provided are written off the balance sheet when recognised as bad, with recognition within other operating expenses.

Liabilities and provisions

Current liabilities include:

- current payables for long-term liabilities;
- trade payables for goods, work and services;
- amounts payable to the budget, including income tax;
- amounts payable for insurance settlements;
- advances received;
- amounts payable for payroll settlements;
- current provisions;
- other current liabilities.

Current portion of long-term liabilities includes payments under finance lease agreements.

Provisions are recognised for the following future operating expenses for:

- employee vacation payments;
- bonuses;
- additional pension benefits;
- other purposes.

Employee benefits

Remuneration of employees who are in employment relationships with the Enterprise is regulated by current legislation and internal documents of the Enterprise.

The payroll fund includes accruals to employees in cash and in kind for worked and unworked time subject to payment, or for work performed, regardless of the source of financing of such payments.

The payroll fund of the Enterprise consists of:

- basic wages;
- additional wages;
- other incentive and compensatory payments.

The accrued amount of employee benefits based on submitted documents on time worked and work performed by employees during the reporting period is recognised in accounting as current liabilities and included in expenses of the period in which obligations for such payments arise.

Current employee benefits include wages, other payroll accruals; payments for unworked time (annual leave and other paid unworked time); bonuses and other incentive payments payable within twelve months after the end of the period in which employees perform the relevant work, etc.

The single social contribution is accrued simultaneously with payroll accrual and is payable to the budget together with payment of wages to employees of the Enterprise.

Taxes

In accordance with the Tax Code of Ukraine and regulatory legislative acts of Ukraine, the Enterprise is a payer of the following taxes and duties: VAT, income tax, payment/allocation of part of net profit to the budget, rent payment for special use of forest resources, environmental tax, rent payment for special use of water, rent payment for subsoil use, land tax, real estate tax, excise tax, personal income tax, military levy, social insurance contribution and other types of taxes and duties.

Value added tax. Output VAT on the sale of goods and services is payable to the tax authorities (a) when receivables are collected from customers or (b) when goods are supplied or services are rendered to customers, whichever occurs earlier. Input VAT is generally offset against output VAT upon receipt of a VAT tax invoice. The tax authorities allow VAT settlements on a net basis. VAT relating to purchase and sale transactions is presented gross in the statement of financial position and disclosed separately within assets and liabilities.

Rent payment for special use of forest resources in Ukraine applies to payers that carry out special use of forest resources on the basis of special permits (logging tickets or forest tickets).

Payers are forest users: legal entities, their branches and divisions, as well as individuals who carry out special use of forest resources on the basis of special permits. The object of taxation is timber harvested through final felling, as well as felling for the clearing of forest plots.

Environmental tax is a national mandatory payment that encourages reduction of negative environmental impact and regulates the activities of enterprises that carry out emissions, discharges or waste disposal.

Land tax is paid by the Enterprise, as a permanent land user, for the use of state-owned land plots.

Personal income tax is the main tax in Ukraine paid by individuals on their income, and its rates and rules are regulated by the Tax Code of Ukraine. The main

personal income tax rate is 18% of total taxable income, which includes wages, compensatory payments and other income.

The social insurance contribution is a mandatory insurance contribution directed to the system of compulsory state social insurance in Ukraine. The social contribution rate is 22% of income. The social contribution is paid by the Enterprise.

The military levy is a mandatory payment levied on individuals' income to finance the needs of the Armed Forces of Ukraine.

The part of net profit (income) to be paid / allocated to the state budget by state unitary enterprises and their associations is 80 percent.

The part of net profit (income) to be paid / allocated to the state budget by state specialised economic, forestry, forest protection and other enterprises that fall within the management sphere of the State Forest Resources Agency is determined at 50 percent, provided that they allocate 30 percent of net profit (income) from their activities to the acquisition of non-current assets necessary for measures for the conservation, protection, use and regeneration of forests. The use of 30 percent of net profit (income) is subject to annual state financial audit in accordance with Resolution of the Cabinet of Ministers of Ukraine No. 718 dated 20 July 2021, which is effective until 31 December 2024.

Equity

The Enterprise's equity is represented by registered (statutory) capital, revaluation reserve, additional capital and retained earnings.

The statutory capital of the Enterprise is formed by the authorised management body from state-owned real estate, funds, securities, other property and property rights.

Additional capital

In accordance with its Charter, the Enterprise creates special-purpose funds from profit. Additional capital of the Enterprise consists of deductions to the production development fund. Resources from the production development fund are used for measures for the conservation, protection, use and regeneration of forests and other similar purposes.

Revaluation reserve

Revaluation reserve represents the revaluation reserve for property, plant and equipment of the Enterprise.

The revaluation reserve for property, plant and equipment is transferred to retained earnings (uncovered loss) as the asset is used on a monthly basis, in the amount of the difference between depreciation charges based on the revalued amount and depreciation charges that would have been recognised had the revalued amount model not been applied, or upon sale or disposal of the asset.

Retained earnings

Retained earnings are formed from the net financial result (profit/loss) of the branches and the administrative office.

Ukrainian legislation defines the distribution base as the amount of net profit for the current year, calculated in accordance with National Accounting Standards, and the amount of revaluation reserve subject to transfer to retained earnings.

The allocation to the state budget of part of net profit by state unitary enterprises is regulated by the Law of Ukraine No. 185-V "On Management of State-Owned Assets" dated 21 September 2006. The part of net profit is paid to the state budget on a cumulative basis based on quarterly financial and economic activities for the relevant period within the time limit established by the Tax Code of Ukraine.

The mandatory contribution of part of net profit to the state budget is recognised within liabilities and deducted from capital as at the reporting date as part of net profit for the period that is subject to mandatory transfer to the budget.

The Enterprise allocates profit determined in accordance with legislation to additional capital by forming the production development fund, as provided for by its Charter.

Income

Income is recognised when an asset increases or a liability decreases, resulting in an increase in equity (except for an increase in capital due to contributions from participants of the Enterprise), provided that the amount of income can be measured reliably.

Income recognition criteria are applied separately to each transaction.

Recognised income is classified in accounting into the following groups:

- income (revenue) from sales of products (goods, work, services);
- net income from sales of products (goods, work, services);
- other operating income;
- finance income;
- other income.

Expenses

Expenses are recognised in accounting simultaneously with a decrease in assets or an increase in liabilities.

Expenses of the reporting period are recognised as either a decrease in assets or an increase in liabilities that results in a decrease in the Enterprise's equity, provided that such expenses can be measured reliably.

Expenses are recognised as expenses of a particular period simultaneously with the recognition of the income for which they were incurred.

Expenses that cannot be directly associated with income of a particular period are recognised as expenses of the reporting period in which they were incurred.

If the Enterprise obtains economic benefits over several reporting periods, expenses are recognised by systematic allocation of the relevant cost (for example, depreciation) between the respective reporting periods.

Cost of sales of products (work, services) consists of the production cost of products (work, services) sold during the reporting period, unallocated fixed production overheads and abnormal production costs.

Production cost of products (work, services) includes:

- direct material costs;
- direct labour costs;
- other direct costs;
- variable production overheads and allocated fixed production overheads.

Administrative expenses include general business expenses aimed at servicing and managing the Enterprise.

Selling expenses include expenses related to the sale (distribution) of products (goods, work, services).

Other operating expenses include research and development expenses; cost of inventories sold; bad receivables and deductions to the allowance for doubtful debts; losses from operating foreign exchange differences; inventory impairment losses; shortages and losses from damage to valuables; recognised fines, penalties and forfeits; expenses for maintaining socio-cultural facilities; and other operating expenses.

Income tax

In these financial statements, taxation is presented in accordance with legislative requirements using tax rates and legislation enacted or substantively enacted as at the end of the reporting period.

Income tax expense/benefit includes current tax and deferred tax and is recognised in profit or loss for the year unless it is required to be recognised in other comprehensive income or directly in capital because it relates to transactions that are also recognised in the same or another period in other comprehensive income or directly in capital.

Current tax is the amount expected to be paid to, or recovered from, the tax authorities in respect of taxable profits or losses for the current and prior periods.

If the financial statements of the Enterprise are authorised for issue before the relevant tax returns are filed, the amount of taxable profits or losses is recognised on the basis of estimates. Other taxes, except for income tax, are accounted for within operating expenses.

Deferred income tax is calculated using the balance sheet liability method in respect of tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exception, deferred tax is not recognised for temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and that, at initial recognition, affects neither accounting profit nor taxable profit. Deferred tax amounts are determined using tax rates enacted or substantively enacted as at the end of the reporting period and expected to apply in the period when the temporary differences are reversed or carried-forward tax losses are utilised.

Deferred tax assets for deductible temporary differences and carried-forward tax losses are recognised only to the extent that it is probable that the temporary differences will reverse and sufficient taxable profit will be available in the future against which the temporary differences can be utilised.

Related parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party’s financial and operating decisions.

Related party relationships include, in particular, relationships between the Enterprise and its head and other persons belonging to the key management personnel of the Enterprise, as well as close family members of such persons.

Close family members are the spouse and relatives (recognised as such under legislation) of an individual who is a related party and who may influence, or be influenced by, that individual in making decisions on the financial, economic and commercial policy of the Enterprise. In considering each possible related party relationship, attention should be directed to the substance of the relationship rather than its legal form.

Assets or liabilities in related party transactions are measured, in particular, using the comparable uncontrolled price method. Under this method, the price applied is determined by reference to the price of similar finished products (goods, work, services) sold to a buyer unrelated to the seller under ordinary operating conditions.

The State of Ukraine controls the Enterprise and, accordingly, all enterprises and institutions controlled by the state or under significant influence of the state are considered related parties under common control.

6. Significant accounting estimates and judgements in applying accounting policies

The Enterprise uses estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities during the next financial year. Estimates and judgements are assessed on an ongoing basis and are based on management’s past experience and other factors, including expectations of future events that are considered reasonable in the existing circumstances. In addition to judgements involving accounting estimates, management of the Enterprise also exercises professional judgement in applying accounting policies. Professional judgements that have the most significant effect on the amounts recognised in the financial statements, and estimates that may result in significant adjustments to the carrying amounts of assets and liabilities during the next financial year, include:

- initial recognition of related party transactions – see additional information in Section 8 of the Notes to the financial statements;
- revaluation of fixed assets – see additional information in Section 9 of the Notes to the financial statements;
- useful lives of fixed assets – see additional information in Section 6 of the Notes to the financial statements;
- derecognition of trade and other receivables – see additional information in Section 5 of the Notes to the financial statements;
- estimation of the allowance for doubtful debts .

The matrix for the allowance for doubtful debts in 2023 is represented by the following stages.

Receivables for the purpose of calculating the allowance for doubtful debts are recognised as doubtful only if one of the following factors is present, indicating a significant decrease in the amount of expected recovery of the receivable at the reporting date compared with the date of its initial recognition as an asset:

- the existence of objective evidence of the counterparty's insolvency in respect of contractual obligations for which performance is past due (with the state-sector entity conducting claims and legal proceedings in respect of such counterparty);
- no payment has been received from the debtor within 365 days.

The amount of the allowance for doubtful debts is determined on the basis of the amount of doubtful receivables adjusted by risk coefficients according to factors affecting the risk of default.

RISK COEFFICIENTS
for factors affecting the risk of default on obligations

Risk of default	Factors affecting the risk of default	Risk coefficient, %
Low	payment past due for up to 30 days	0,1
Medium (increase in risk)	payment past due from 31 to 90 days	5
	payment past due from 91 to 120 days	25
	payment past due from 121 to 180 days	30
	payment past due from 181 to 365 days	40
	payment past due from 366 to 730 days	60
High	payment past due for more than 730 days	100
	commencement of bankruptcy proceedings against the counterparty, initiation of its liquidation procedure	
	bad receivables, force majeure circumstances (circumstances of irresistible force)	

No allowance for doubtful debts is calculated for receivables arising from settlements with the budget and state social and pension insurance funds.

7. Changes in the Structure of the Enterprise

The reorganisation of SFE "Forests of Ukraine" is being carried out as part of a large-scale reform of the forestry sector in Ukraine. The structural changes included the liquidation of 24 regional departments of forestry and hunting management and the establishment of the single state specialized forestry enterprise "Forests of Ukraine".

The main objectives of the reorganisation are to simplify the structure of the Enterprise, reduce administrative expenses and increase the transparency of management processes.

From the date of establishment of SFE “Forests of Ukraine” on 26 October 2022 until the preparation of the first annual report for 2022, the assets and liabilities of the Enterprise comprised assets and liabilities transferred under transfer acts from four state enterprises.

In 2023, a further 143 branches were merged into the Enterprise, and their assets and liabilities were transferred under transfer acts.

The transfer acts for balance sheet accounts, non-current and current assets, liabilities, forest inventory materials and documents (hereinafter – the transfer acts), which confirm real rights to land plots, real estate and other property, were signed by the chairperson and members of the termination commissions of state forestry enterprises established by orders of the State Forest Resources Agency of Ukraine and by the directors of the branches of the Enterprise that accepted the property onto the balance sheets of the branches of SFE “Forests of Ukraine”.

The transfer acts were approved by orders of the State Forest Resources Agency of Ukraine.

Under the transfer acts, the following property was received by SFE “Forests of Ukraine” from 147 state forestry enterprises in 2022-2023, UAH thousand:

Asset	Line Code	2022	2023	Total for 2022-2023
1	2	3	4	5
I. Non-current assets				
Intangible assets	1000	11 155	104 610	115 765
initial cost	1001	12 207	123 816	136 023
accumulated amortisation	1002	1 052	19 206	20 258
Capital investments in progress	1005	38	230 820	230 858
Property, plant and equipment	1010	151 207	3 414 437	3 565 644
initial cost	1011	329 214	8 279 384	8 608 598
accumulated depreciation	1012	178 007	4 864 947	5 042 954
Investment property	1015	-	-	-
initial cost of investment property	1016	-	-	-
accumulated depreciation of investment property	1017	-	-	-
Non-current biological assets	1020	187	1 357	1 544
initial cost of non-current biological assets	1021	187	2 450	2 637
accumulated depreciation of non-current biological assets	1022	-	1 093	1 093
Long-term financial investments:	1030	-	17 101	17 101
accounted for using the equity method	1030	-	17 101	17 101
other financial investments	1035	-	85	85
Non-current receivables	1040	-	13 463	13 463
Deferred tax assets	1045	-	7 415	7 415
Other non-current assets	1090	-	4 459	4 459
Total for Section I	1095	162 587	3 793 747	3 956 334
II. Current assets				
Inventories	1100	62 914	1 603 676	1 666 590
Production supplies	1101	17 158	474 764	491 922
Work in progress	1102	15 406	470 721	486 127
Finished goods	1103	30 350	654 787	685 137
Goods	1104	-	3 404	3 404
Current biological assets	1110	-	6 687	6 687

SFE “FORESTS OF UKRAINE”

Notes to the Financial Statements - 31 December 2023

Trade receivables for products, goods, works and services	1125	5 363	201 747	207 110
Receivables for settlements:				
for advances paid	1130	173	69 251	69 424
with the budget	1135	2 027	33 470	35 497
<i>including income tax</i>	1136	1 603	12 075	13 678
Receivables for accrued income	1145	511	1 673	2 184
Other current receivables	1155	509	132 287	132 796
Current financial investments	1160	-	-	-
Cash and cash equivalents	1165	5 063	134 857	139 920
Cash on hand	1166	-	129	129
Cash in banks	1167	5 063	134 728	139 791
Prepaid expenses	1170	54	17 507	17 561
Other current assets	1190	1 941	95 496	97 437
Total for Section II	1195	78 555	2 296 651	2 375 206
III. Non-current assets held for sale and disposal groups	1200	-	-	
Balance	1300	241 142	6 090 398	6 331 540

Equity and liabilities	Line Code	2022	2023	Total for 2022-2023
1	2	3	4	5
I. Equity				
Registered (share) capital	1400	19 529	507 884	527 412
Contributions to unregistered authorized capital	1401	-	-	-
Revaluation reserve	1405	359	116 318	116 677
Additional capital	1410	168 618	2 505 020	2 673 638
Reserve capital	1415	500	895	1 395
Retained earnings (uncovered loss)	1420	-	87 657	87 657
Unpaid capital	1425	-	-	-
Capital withdrawn	1430	-	-	-
Total for Section I	1495	189 006	3 217 774	3 406 779
II. Non-current liabilities and provisions				
Deferred tax liabilities	1500	-	-	-
Long-term bank loans	1510	-	1 582	1 582
Other long-term liabilities	1515	-	44 971	44 971
Long-term provisions	1520	33 452	275 266	308 718
<i>Long-term provisions for employee benefits</i>	1521	-	69 968	69 968
Targeted financing	1525	-	32 391	32 391
Total for Section II	1595	33 452	354 210	387 662
III. Current liabilities and provisions				
Short-term bank loans	1600	-	6 571	6 571
Current payables for:				
non-current liabilities	1610	-	6 239	6 239
goods, works, services	1615	4 816	901 087	905 903
settlements with the budget	1620	5 649	553 981	559 630
<i>including income tax</i>	1621	-	40 900	40 900
social insurance contributions	1625	-	24 962	24 962
payroll settlements	1630	152	138 156	138 308
Current payables for advances received	1635	2 280	207 167	209 447

Current payables for payments to participants	1640			
Current payables from intra-entity settlements	1645		461	461
Current provisions	1660	5 111	356 864	361 975
Deferred income	1665	667	111 317	111 984
Other current liabilities	1690	9	211 609	211 619
Total for Section III	1695	18 684	2 518 414	2 537 099
IV. Liabilities related to non-current assets held for sale and disposal groups	1700		-	-
Balance	1900	241 142	6 090 398	6 331 540

As at 31 December 2023, SFE “Forests of Ukraine” comprised the central office, 9 regional offices with 147 branches, which included 1,444 forestry units.

8. Balances and Transactions with Related Parties

Transactions with enterprises and institutions controlled by the state

Balances from transactions with related parties:

Item	31 December 2023, UAH thousand	31 December 2022, UAH thousand
Trade receivables for products, goods, work and services	6 777	2 200
Other current receivables	2 180	-
Receivables for advances paid	6 014	19

Income from related party transactions in 2023:

Item	2023, UAH thousand	2022, UAH thousand
Net revenue from sales of products (goods, works and services)	437 059	-

Other operating income:

Item	2023, UAH thousand	2022, UAH thousand
Interest accrued on cash balances	208 297	-

Remuneration of key management personnel. Key management personnel of the Enterprise in 2023 comprises the Chairman of the Transformation Commission (the “General Director”).

As at 31 December 2023, current payables for benefits to key management personnel amounted to UAH 120.3 thousand.

In 2023, payments to the General Director, including the social insurance contribution, amounted to UAH 1 802.1 thousand.

9. Segment Information

In determining its segments, the Enterprise analysed which of the criteria for identifying business or geographical segments it met.

Based on the analysis, the Enterprise determined that its primary segment is a geographical production segment based on the location where the Enterprise's products are produced, work is performed and services are rendered. Since the geographical segment is identified based on the activities carried out by the Enterprise's branches in specific regions of Ukraine, the Enterprise independently determined the level of detail for geographical regions based on the locations of the Enterprise's forest offices.

Reportable segments were formed on the basis of the identified geographical segments, namely forest offices grouped by the regions in which business activities are carried out, taking into account the specific regional economic and geopolitical conditions.

A geographical segment was also identified as reportable where the majority of its income was generated from sales of products, goods, work and services to external customers and its activities met one of the following criteria:

- income of the Enterprise's segment from sales of products, goods, work and services to external customers and from intra-entity settlements of the Enterprise amounted to not less than 10% of total income from sales to external customers and from intra-entity settlements of all segments of the relevant type of geographical segment;
- financial result of the segment amounted to not less than 10% of the aggregate financial result of all segments of the relevant type of geographical segment;
- carrying amount of assets of the segment amounted to not less than 10% of the total carrying amount of assets of all segments of the relevant type of geographical segment.

Karpatskyi Forest Office, Podilskyi Forest Office, Pivnichnyi Forest Office, Stolychnyi Forest Office and Tsentralnyi Forest Office met the above criteria for geographical segments and were therefore presented as separate segments. Other forest offices did not meet the above criteria and were therefore treated as dissimilar segments and included in unallocated items.

Segment information is presented in the Appendix to the Notes to the annual financial statements for 2023, Form No. 6.

10. Net revenue from sales of products (goods, works and services)

In the overall structure of the Enterprise's income, the major part is represented by Net revenue from sales of products (goods, works and services), which accounted for 97.9% of total income in 2023.

Item	2023, UAH thousand	2022, UAH thousand
Net revenue from sales of products	22 877 017	-
Net revenue from rendering of services	181 227	-
Total net revenue	23 058 244	-

In 2022, the Enterprise had no net revenue from sales of products (goods, works and services), and the Enterprise did not carry out any sales of products.

The table below presents net revenue from sales of products by type of activity:

Item	2023, UAH thousand	2022, UAH thousand
Sales of roundwood and timber for industrial and non-industrial use	20 215 436	-
Sales of wood processing products	2 574 972	-
Sales of other forestry products	86 609	-
Total net revenue from sales of products	22 877 017	-

11. Cost of sales of products (goods, works and services)

In the overall structure of the Enterprise's expenses, the major part is represented by cost of sales of products (goods, works and services).

The structure of cost of sales of products (goods, works and services) is presented below:

Item	2023, UAH thousand	2022, UAH thousand
Production-related services	3 431 137	-
Employee benefit expenses	6 411 294	-
Taxes, other than income tax	1 525 106	-
Fuel expenses	1 229 559	-
Depreciation of property, plant and equipment and amortisation of intangible assets	594 753	-
Third-party services	1 140 409	-
Raw materials used	840 563	-
Spare parts used	398 904	-
Other expenses	414 720	-
Total	15 986 445	-

12. Administrative expenses

Administrative expenses are presented by the following items:

Item	2023, UAH thousand	2022, UAH thousand
Employee benefit expenses	2 085 994	3 787
Depreciation of property, plant and equipment and amortisation of intangible assets	80 161	-
Repairs and maintenance	176 319	-
Information, consulting and other professional services	95 160	-
Lease expenses	33 168	-
Bank fees and other bank charges	11 282	-
Taxes, other than income tax	14 928	-
Other administrative expenses	113 050	114
Total	2 610 062	3 901

13. Selling expenses

Selling expenses are presented by the following items:

Item	2023, UAH thousand	2022, UAH thousand
Transportation services – delivery of goods to customers	185 118	-
Employee benefit expenses	228 960	-
Third-party services	81 672	-
Depreciation of property, plant and equipment and amortisation of intangible assets	8 586	-
Repairs and maintenance of fixed assets	25 699	-
Other selling expenses	61 791	-
Total	591 826	-

14. Income Tax

The calculation of income tax, deferred tax assets and deferred tax liabilities for 2023 is presented by the following items.

The tax effect of changes in temporary differences for 2023 is presented below, UAH thousand:

Item	31 December 2022	Charged / (credited) to profit or loss	Charged / (credited) directly to other comprehensive income	Charged / (credited) directly to equity	31 December 2023
Tax effect of temporary differences that decrease / (increase) taxable income					
Difference between the tax and accounting carrying amounts of fixed assets (revaluation, different depreciation methods)	0	2 476	(3 273)	(29 379)	(30 176)
Allowance for impairment losses on receivables / expected credit losses	0	15 550	-	6 258	21 808
Tax loss	612	(612)	-	-	-
Net deferred tax asset / (liability)	612	17 414	(3 273)	(23 121)	(8 368)

The tax effect for 2022 is shown below, UAH thousand:

Item	01 January 2022	Charged / (credited) to profit or loss	Charged / (credited) directly to other comprehensive income	Charged / (credited) directly to equity	31 December 2022
Tax effect of temporary differences that decrease / (increase) taxable income					
Difference between the tax and accounting carrying amounts of fixed assets (revaluation, different depreciation methods)	-	-	-	-	-
Allowance for impairment losses on receivables / expected credit losses	-	-	-	-	-
Tax loss	-	612	-	-	-
Net deferred tax asset / (liability)	-	612	-	-	612

Reconciliation of income tax expense and financial result multiplied by the tax rate:

Item	2023, UAH thousand	2022, UAH thousand
Profit / (loss) before tax	3 535 940	(3 401)
Theoretical income tax (expense) / benefit at the statutory tax rate of 18%	(636 469)	612
Tax effect of non-deductible / non-taxable items	(28 725)	-
Income tax (expense) / benefit for the year	(665 194)	612

15. Property, Plant and Equipment**Revaluation of property, plant and equipment**

In 2023, independent appraisers performed a revaluation of property, plant and equipment at the Enterprise's branches.

Group of property, plant and equipment	Revaluation in 2023, UAH thousand			Revaluation in 2022, UAH thousand		
	of initial / revalued cost	of accumulated depreciation	Net	of initial / revalued cost	of accumulated depreciation	Net
Buildings, structures and transmission devices	40 773	30 652	10 121	-	-	-
Machinery and equipment	8 260	2 419	5 841	-	-	-
Vehicles	10 801	8 578	2 223	-	-	-
Total	59 834	41 649	18 185	-	-	-

16. Receivables and Allowance for Doubtful Debts

As at 31 December 2023, the major part of current receivables comprised settlements with the budget and receivables for forest products.

Receivables are presented by the following items:

Item	31 December 2023, UAH thousand	31 December 2022, UAH thousand
Non-current receivables	192	-
Trade receivables for products, goods, works and services	204 408	5 421
Receivables for settlements: for advances paid	65 985	177
with the budget	682 039	2 031
Other current receivables	25 509	628
Total	978 133	8 257

Trade receivables for products, goods, works and services at nominal value, by maturity, as at 31 December 2023 were represented by receivables due within 12 months in the amount of UAH 177 228 thousand (as at 31 December 2022: UAH 5 343 thousand), from 12 to 18 months in the amount of UAH 88 395 thousand (as at 31 December 2022: UAH 78 thousand), and from 18 to 36 months in the amount of UAH 16 169 thousand (as at 31 December 2022: UAH 0 thousand).

The allowance for doubtful debts for trade receivables for products, goods, works and services as at 31 December 2023 amounted to UAH 77 384 thousand (as at 31 December 2022, no allowance for doubtful debts was recognised).

Other current receivables at nominal value, by maturity, as at 31 December 2023 were represented by receivables due within 12 months in the amount of UAH 15 127 thousand (as at 31 December 2022: UAH 628 thousand), from 12 to 18 months in the amount of UAH 25 954 thousand (as at 31 December

2022: UAH 0 thousand), and from 18 to 36 months in the amount of UAH 11 463 thousand (as at 31 December 2022: UAH 0 thousand).

The allowance for doubtful debts for other current receivables as at 31 December 2023 amounted to UAH 27 035 thousand (as at 31 December 2022, no allowance for doubtful debts was recognised).

The allowance for doubtful debts for receivables for advances issued as at 31 December 2023 amounted to UAH 16 738 thousand.

Receivables and the allowance for doubtful debts by ageing are presented by the following items:

Item	31 December 2023, UAH thousand			
	Loss rate	Gross carrying amount	Total allowance	Net carrying amount
as a % of gross amount				
Trade receivables for products, goods, works and services:				
up to 30 days past due	0,1%	140 446	(140)	140 306
31 to 90 days past due	5%	14 937	(747)	14 190
91 to 120 days past due	25%	5 241	(1 310)	3 931
121 to 180 days past due	30%	6 634	(1 991)	4 643
181 to 365 days past due	40%	9 970	(3 989)	5 981
366 to 730 days past due	60%	88 395	(53 038)	35 357
more than 730 days past due	100%	16 169	(16 169)	-
Total	-	281 792	(77 384)	204 408

Information on movements in the allowance during 2023 is presented in Section VII of Form No. 5 "Notes to the Annual Financial Statements" for the respective periods.

Receivables from settlements with the budget are presented by taxes and duties as follows:

Name of tax or duty	31 December 2023, UAH thousand	31 December 2022, UAH thousand
Value Added Tax (VAT)	2 081	402
Corporate Income Tax (CIT)	2 590	1 603
Allocation of part of net profit to the budget	670 810	-
Rent payment for special use of forest resources	1 202	-
Military levy	179	-
Other taxes and duties (environmental tax, rent payment for special use of water, rent payment for subsoil use, real estate tax and others)	689	26
Personal income tax	610	-
Land tax	1 130	-
Social insurance contribution	2 748	-
Total	682 039	2 031

17. Equity

Registered (share) capital and contributions to unregistered authorised capital

The registered capital of the Enterprise is formed by the authorised

management body from state-owned real estate, funds, securities, other property and property rights.

The amount of the Enterprise's registered capital is presented below:

Item	31 December 2023, UAH thousand	31 December 2022, UAH thousand
Registered (share) capital	206 742	-
Contributions to unregistered authorized capital	320 671	19 529
Total	527 413	19 529

Changes in the total amount of registered capital in 2023 occurred due to the registered capital transferred to the Enterprise from state forestry enterprises under transfer acts.

Additional capital

Additional capital of the Enterprise consists of allocations to the production development fund.

In 2023, retained earnings of UAH 1 317 627 thousand were allocated to the production development fund (2022: UAH 0 thousand).

Retained earnings and their allocation

Retained earnings are formed from the net financial result (profit/(loss)) of the branches and the administrative office and in 2023 amounted to UAH 2 870 746 thousand (2022: UAH (2 789) thousand).

The amount of part of net profit allocated by the Enterprise to the state budget for 2023 was UAH 1 443 915 thousand (2022: UAH 0 thousand).

The calculation of the accrued part of net profit is presented below:

Item	2023, UAH thousand	2022, UAH thousand
Net financial result, line 2350 of Form No. 2	2 870 746	(2 789)
Additional basis for accruing part of net profit, including:		
- amortisation of revaluation surplus and write-off of revaluation surplus	17 086	-
- other accruals	-	-
Net profit used as the basis for allocating part of net profit	2 887 832	-
Part of net profit payable at the rate of 50%	1 443 915	0

Revaluation reserve

Revaluation reserve represents the reserve arising from revaluation of the Enterprise's property, plant and equipment.

In 2023, the revaluation surplus on non-current assets amounted to UAH 18 185 thousand (2022: UAH 0 thousand). Income tax related to other comprehensive income amounted to UAH 3 273 thousand in 2023 (2022: UAH 0 thousand).

Other changes in equity

Item	2023, UAH thousand	2022, UAH thousand
Registered (share) capital	507 884	19 529
including: Registered (share) capital contributed upon accession of state enterprises under transfer acts	507 884	19 529
Revaluation reserve	98 233	359
including: Revaluation reserve contributed upon accession of state enterprises under transfer acts	116 318	359
Amortisation of revaluation reserve and write-off of revaluation reserve upon disposal of property, plant and equipment	(17 086)	-
Other changes	(999)	-
Additional capital	2 438 468	169 205
including: Additional capital contributed upon accession of state enterprises under transfer acts	2 505 020	168 617
Accrual of provision for vacation payments for prior periods	(90 706)	
Non-current assets received free of charge and depreciation/amortisation of non-current assets received free of charge	56 319	588
Expenses of prior periods covered from additional capital	(32 165)	
Reserve capital	895	500
including: Reserve capital contributed upon accession of state enterprises under transfer acts	895	500
Retained earnings (uncovered loss)	(106 415)	-
including: Retained earnings (uncovered loss) contributed upon accession of state enterprises under transfer acts	87 657	-
Accrual of provision for vacation payments for prior periods	(102 137)	-
Amortisation of revaluation reserve and write-off of revaluation reserve upon disposal of property, plant and equipment	17 086	-
Expenses of prior periods covered from retained earnings and other changes	(109 021)	-
Total	2 939 065	189 593

18. Payables

As at 31 December 2023, current payables for goods, works and services and payables from settlements with the budget represented the major part of the payables structure:

Item	31 December 2023, UAH thousand	31 December 2022, UAH thousand
Other long-term liabilities	5 572	-
Current payables for:		
non-current liabilities	10 178	-
goods, works, services	1 472 457	4 816
settlements with the budget	1 042 813	5 877
social insurance contributions	47 764	230
payroll settlements	247 629	1 070
Current payables for advances received	289 131	2 280
Other current liabilities	68 856	28 891
Total	3 184 400	43 164

Current payables for goods, works and services comprise payables for logging services, skidding services, repair works, transportation services and the supply of inventories.

Payables from settlements with the budget and insurance settlements are presented by taxes and duties as follows:

Name of tax or duty	31 December 2023, UAH thousand	31 December 2022, UAH thousand
Value Added Tax (VAT)	192 130	-
Corporate Income Tax (CIT)	299 416	-
Allocation of part of net profit to the budget	5 619	-
Rent payment for special use of forest resources	445 167	5 649
Military levy	4 292	18
Other taxes and duties (environmental tax, rent payment for special use of water, rent payment for subsoil use, real estate tax and others)	7 231	-
Personal income tax	66 255	210
Land tax	22 703	
Social insurance contribution	47 764	230
Total	1 090 577	6 107

19. Provisions and Reserves

As at 31 December 2023, provisions comprised provision for vacation payments in the amount of UAH 660 905 thousand.

As at 31 December 2022, provisions comprised provision for vacation payments in the amount of UAH 38 563 thousand.

Information on movements in provisions during 2023 and 2022 is presented in Section VII of Form No. 5 "Notes to the Annual Financial Statements" for the respective periods.

20. Contingent and Other Liabilities

The Enterprise does not recognise contingent liabilities.

Information on a contingent liability is disclosed if the possibility of an outflow of resources embodying economic benefits is not remote.

Contingent tax liabilities. Ukrainian tax legislation enacted or substantively enacted as at the end of the reporting period allows for different interpretations when applied to the Enterprise's transactions and activities. Accordingly, tax positions determined by management and official documentation supporting those tax positions may be challenged by the tax authorities. Ukrainian tax administration is gradually becoming more stringent, including an increased risk of reviews of transactions that do not have a clear financial and business purpose or involve counterparties that do not comply with tax legislation. The tax authorities may review tax matters for financial periods within three calendar years. In certain circumstances, a review may cover longer periods.

Transfer pricing. Ukrainian transfer pricing legislation is, in most respects, consistent with the international transfer pricing principles developed by the Organisation for Economic Co-operation and Development (OECD), subject to certain specific features. The legislation allows the tax authorities to make additional tax assessments for controlled transactions, including transactions between related parties and certain transactions with unrelated parties, if such transactions are not carried out on arm's length terms.

Management has implemented internal control procedures to ensure compliance with the requirements of transfer pricing legislation.

Tax liabilities for controlled transactions are determined based on the actual transaction price. Taking into account that timber is a type of product traded exclusively through auctions/public tenders, the actual transaction price complies with the arm's length principle. Accordingly, the consequences of this risk cannot be material to the financial position and/or activities of the Enterprise.

Environmental matters. The system of measures to ensure compliance with environmental legislation in Ukraine is still developing, and the position of the authorities regarding its enforcement is subject to ongoing review. The Enterprise periodically assesses its obligations under environmental legislation. When obligations arise, they are recognised in the financial statements in the period in which they arise. Potential obligations that may arise as a result of changes in existing regulations and legislation, as well as court proceedings, cannot be reliably estimated but may have a material effect. Under the existing procedures that ensure compliance with applicable legislation, management believes that there are no material obligations arising from environmental pollution.

As at 31 December 2023 and 31 December 2022, management of the Enterprise believes that there are no contingent liabilities that require recognition in accounting or may have a material effect on the financial position of the Enterprise.

As at the date of approval of these financial statements, management of the Enterprise is not aware of any circumstances that would require additional material disclosure of contingent liabilities.

21. Risks

SFE “Forests of Ukraine” faces a wide range of risks in its activities that may have a significant impact on its financial stability, operating efficiency and strategic development. These risks differ by origin, level of impact and possible consequences, and include both external and internal factors. Uncertainty in business activities gives rise to the possibility of unforeseen expenses, reduced income or loss of capital.

The most critical risks for the Enterprise may be classified as follows:

Risk of impact of hostilities. Military conflicts, armed attacks and the unstable security situation may significantly complicate the Enterprise’s operations. Destruction of forest areas as a result of hostilities, disruption of logistics chains, mobilisation of personnel and damage to infrastructure are the main threats that may cause significant economic losses. The Enterprise includes frontline branches, as well as branches located along the borders with Belarus. The state forest fund areas of these branches are subject to constant provocative shelling, significant damage has been caused to infrastructure facilities, the logistics system has deteriorated, and there are significant areas of forest where the Enterprise is unable to carry out economic activities. All of the above has an adverse effect on the operations of the branches due to complications associated with restricted access to resources. In addition, processing enterprises may suspend operations due to power supply interruptions that may arise as a result of hostilities, missile strikes on energy infrastructure or other emergencies. Loss of electricity may lead to downtime in the Enterprise’s production processes due to the absence of demand for timber from processors.

Liquidity risk arises from a decrease in the liquidity of current assets, which may cause a timing mismatch between cash inflows and cash outflows. In terms of its potential financial consequences, this risk is also among the most significant.

Analysis of liquidity risk is presented by the following indicators:

Item	31 December 2023	31 December 2022
Current liquidity ratio K1 = line 1195 / line 1695	1,1	1,28
Total liquidity ratio K2 = line 1195 / (line 1595 + line 1695)	1,1	1,28
Equity working capital coverage ratio K3 = (line 1495 - line 1095) / line 1195	0,1	0,22

The current and total liquidity ratios as at 31 December 2023 indicate that SFE “Forests of Ukraine” is able to settle its short-term liabilities on time using current assets and has sufficient solvency.

The equity working capital coverage ratio of SFE “Forests of Ukraine” as at 31 December 2023 indicates financial stability and the ability to carry out active operations even without access to borrowed funds and external sources of financing.

The financial position of SFE “Forests of Ukraine” as at 31 December 2023 may be characterised as stable.

Liquidity risk is the risk that the Enterprise will be unable to meet its financial obligations on time due to insufficient liquid assets. Liquidity risk is defined as the possibility of losses arising from inability to meet obligations when due. This may occur due to the inability to quickly convert financial assets into cash without significant losses. The Enterprise manages liquidity by monitoring receivables and payables.

As at 31 December 2023 and 31 December 2022, all current payables had maturities of up to one year, and the Enterprise had sufficient assets to settle them:

Item	31 December 2023, UAH thousand	31 December 2022, UAH thousand
Current payables for:		
non-current liabilities	10 178	-
goods, works, services	1 472 457	4 816
settlements with the budget	1 042 813	5 877
social insurance contributions	47 764	230
payroll settlements	247 629	1 070
Other current liabilities	68 856	28 891
Total	2 889 697	40 884

Investment risk is the risk of financial losses arising in the course of investment activities.

Inflation risk is the risk of a decrease in the real value of capital, including the Enterprise's financial assets, as well as expected income from financial transactions, under inflationary conditions.

Foreign currency risk is inherent in entities that conduct foreign economic activities or carry out transactions in foreign currency. It arises from the risk of not receiving expected income as a direct result of changes in foreign exchange rates.

Management sets risk limits by currency and determines the overall acceptable level of risk, with monitoring performed on a daily basis.

The tables below present the Enterprise's foreign currency risk concentration as at:

Currency	31 December 2023, UAH thousand		
	Monetary financial assets	Monetary financial liabilities	Net carrying position
Ukrainian hryvnias	1 927 157	(2 891 400)	(964 243)
US dollars	87 923	(1 075)	86 848
Euros	90 857	(2 786)	88 071
Other	1 441	(8)	1 433
Total	2 107 378	(2 895 269)	(787 891)

Currency	31 December 2022, UAH thousand		
	Monetary financial assets	Monetary financial liabilities	Net carrying position
Ukrainian hryvnias	41 780	(40 714)	1 066
US dollars	-	(68)	(68)
Euros	420	(102)	318
Other	-	-	-
Total	42 200	(40 884)	1 316

A 10% weakening of the hryvnia against the currencies listed in the table below would have resulted in a decrease / increase in equity and net profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The risk was calculated only for monetary balances denominated in currencies other than the Enterprise's functional currency:

Currency	31 December 2023, UAH thousand	31 December 2022, UAH thousand
US dollars	8 685	(7)
Euros	8 807	32
Other	143	
Change in net assets	17 635	25

A 10% strengthening of the hryvnia against the currencies listed in the table would have had an equal but opposite effect on the above amounts, assuming that all other variables remain constant.

Market risk is associated with the possibility of losses arising from adverse changes in market conditions, including changes in foreign exchange rates, interest rates and other price indicators. The Enterprise continuously monitors the impact of such changes on its results of operations and financial position.

Tax risk has a number of forms, including the possibility of introduction of new taxes and duties on certain aspects of business activities, an increase in rates of existing taxes and duties, changes in the timing and terms of individual tax payments, and the possible cancellation of existing tax benefits in the Enterprise's business activities. Being unpredictable, this risk may have a significant impact on the results of the Enterprise's financial activities.

Credit risk. The Enterprise is exposed to credit risk, i.e. the risk of possible financial losses if counterparties fail to fulfil their obligations. Credit risk is mainly associated with receivables and cash balances.

The Enterprise's cash is placed with banking institutions that management considers reliable. Credit risk is monitored on an ongoing basis through analysis of the status of settlements with customers and other debtors, as well as monitoring of past due receivables. Taking into account the specific nature of the Enterprise's activities, sales of products are carried out mainly through exchange-based auction arrangements.

The maximum exposure to credit risk is limited to the carrying amount of financial assets recognised in the statement of financial position. In management’s opinion, the Enterprise is not exposed to a significant risk of losses in excess of the doubtful debts recognised in respect of financial assets. Information on receivables and their maturities is presented in Note 16.

Other risks. The group of other financial risks is broad; however, in terms of probability of occurrence or level of financial losses, these risks are not as significant for business entities as those discussed above. These include risks of natural disasters and other similar force majeure risks, which may result not only in loss of expected income but also in loss of part of an entity’s assets, including property, plant and equipment and inventories; the risk of untimely settlement and cash servicing operations, associated with an unsuccessful choice of servicing commercial bank; issue risk; and other risks.

Capital management

The Enterprise’s capital management is aimed at ensuring going concern, financial stability and timely fulfilment of obligations. The Enterprise monitors its capital structure by analysing liquidity and solvency indicators, the amount of liabilities and the availability of own working capital.

The main source of cash flows is cash generated from operating activities, which is used to finance current operations, capital investments and fulfilment of the Enterprise’s obligations.

In management’s opinion, as at 31 December 2023 and 31 December 2022, the Enterprise’s capital structure was acceptable and did not create significant risks to its financial stability.

22. Events after the Reporting Date

On 26 September 2025, the State Forest Resources Agency of Ukraine decided to transform the Enterprise into a joint-stock company, 100% of whose shares are owned by the state, guided by the Civil Code of Ukraine, the Laws of Ukraine “On Management of State-Owned Assets” and “On Specifics of Regulation of Activities of Legal Entities of Certain Legal Forms during the Transitional Period and Associations of Legal Entities”, Resolutions of the Cabinet of Ministers of Ukraine No. 1003 “Certain Issues of Reforming Forestry Sector Management” dated 7 September 2022 and No. 1104 “On Approval of the Procedure for Transforming a State Enterprise into a Joint-Stock Company or Limited Liability Company, 100% of whose shares/interests are owned by the state” dated 8 September 2025, and the Regulation on the State Forest Resources Agency of Ukraine approved by Resolution of the Cabinet of Ministers of Ukraine No. 521 dated 8 October 2014. Relevant information on the termination of the Enterprise as a result of its reorganisation through transformation was entered in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations.

The transformation of SFE “Forests of Ukraine” into a joint-stock company became the final stage of the reform that started three years ago. It provides for the establishment of a commission to conduct an inventory and oversee the

transformation. This reform forms part of the Government's Action Plan for 2025 and is aimed at reducing forest management costs and improving efficiency.

This event occurred after the reporting date and does not require adjustment of the financial statements for 2023, but is subject to disclosure in the notes as a material event after the reporting date.

As at the date of approval of these financial statements, the process of transforming the Enterprise into a joint-stock company has not been completed. The relevant organisational and registration procedures are ongoing.

There were no other material events after the reporting date that affect the understanding of these financial statements.

23. Authorisation of the Financial Statements

These financial statements of the Enterprise for the year ended 31 December 2023 were authorised for issue and signed by management on 6 April 2026.

Chairman of the Transformation
Commission



_____ Yurii Bolokhovets

Chief Accountant

_____ Olha Miroshnikova