

Independent auditor's report

Financial Statements

for the year ended

31 December 2024

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, 2024, 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 such 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, 2024, depreciation for 2024

included in cost of sales, administrative expenses, selling expenses and other operating expenses, depreciation for 2023 and the related comparative amounts presented in the financial statements, as well as 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 the 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, 2024, amortisation for 2024 included in cost of sales, administrative expenses, selling expenses and other operating expenses, amortisation for 2023 and the related comparative amounts presented in the financial statements, as well as 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, 2024 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, 2024 with a carrying amount of UAH 483 386 thousand. At the same time, due to the significant volume of raw and other materials, goods, work in progress, 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, 2024. The aggregate carrying amount of such inventories amounted to UAH 1 175 616 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, 2024.

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

4. Our ability to audit the opening balances and comparative amounts for 2023 was limited 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. We appropriately modified our opinion on the financial statements for the prior period.

From January 1, 2024, the accounting records of these branches, except for an immaterial volume of transactions during a limited period, were maintained in the Company's accounting system. Therefore, the effect of this matter on the balance sheet amounts as at December 31, 2024, as well as on the amounts of financial results, cash flows and changes in equity for 2024, was not material.

Accordingly, we were unable to determine whether any adjustments to the comparative amounts for 2023 presented in these financial statements might have been necessary.

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 2024 as a result of these circumstances.

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

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>Reorganisation of the Company and its reflection in the financial statements</i>	
<p>In 2024, the Company carried out a reorganisation of its operations, as part of which its organisational structure was consolidated: 9 regional offices were formed on the basis of approximately 146 branches. As part of this reorganisation, the assets, liabilities and other accounting balances of the branches were transferred between structural units under transfer acts, followed by the consolidation of balances by region.</p> <p>The accounting for these transactions and their presentation in the financial statements required the application of significant management judgment, in particular with respect to the correctness of the transfer of balances, their classification, the completeness of recognition of assets and liabilities, and the adequacy of disclosures.</p> <p>Given the scale of these changes, the large number of transfer acts, and the complexity of preparing the financial statements after the reorganisation, 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"> – obtaining and analysing regulatory, administrative and other legal documentation supporting the reorganisation of the Company's operations; – obtaining an understanding of the internal reorganisation process related to the establishment of regional offices, changes in the organisational structure, and the transfer of accounting balances between structural units; – analysing journal entries and other accounting records in which the effects of the reorganisation were recorded; – performing sample-based procedures to verify the correctness of the transfer of balances, their classification, and the presentation of the results of the reorganisation in the financial statements; – evaluating the approaches applied by management in preparing the accounting data and financial statements under the changed organisational structure; – evaluating the completeness and appropriateness of disclosures relating to the reorganisation of operations in the financial statements and the 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 2024 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 2024.

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 3 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 2024

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 2024, 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.

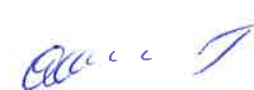
Management is also responsible for:

- 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 2024 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




Olga 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: 23 717

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		
2025	01	01
44768034		
UA80000000000624772		
140		
02.10		

v

Balance Sheet (Statement of Financial Position)

as of December 31, 2024

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	250 650	431 930
initial cost	1001	279 125	464 374
accumulated amortisation	1002	28 475	32 444
Capital investments in progress	1005	554 037	659 342
Property, plant and equipment	1010	3 451 355	4 129 851
initial cost	1011	9 149 904	10 254 067
accumulated depreciation	1012	5 698 549	6 124 216
Investment property	1015	-	32 312
initial cost of investment property	1016	-	36 045
accumulated depreciation of investment property	1017	-	3 733
Non-current biological assets	1020	1 197	1 336
initial cost of non-current biological assets	1021	2 252	1 464
accumulated depreciation of non-current biological assets	1022	1 055	128
Long-term financial investments:			
accounted for using the equity method	1030	16 734	16 734
other financial investments	1035	85	85
Non-current receivables	1040	192	20
Deferred tax assets	1045	-	8 295
Other non-current assets	1090	23	-
Total for Section I	1095	4 274 273	5 279 905
II. Current assets			
Inventories	1100	2 014 393	1 659 001
Production supplies	1101	568 584	510 397
Work in progress	1102	155 784	114 509
Finished goods	1103	1 285 845	1 031 836
Goods	1104	4 180	2 259
Current biological assets	1110	7 639	7 935

SFE "FORESTS OF UKRAINE"

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

Trade receivables for products, goods, works and services	1125	204 408	81 878
Receivables for settlements:			
for advances paid	1130	65 985	70 723
with the budget	1135	682 039	13 826
<i>including income tax</i>	1136	2 590	331
Receivables for accrued income	1140	-	-
Other current receivables	1155	25 509	33 315
Current financial investments	1160	-	-
Cash and cash equivalents	1165	1 050 308	1 344 660
Cash on hand	1166	470	-
Cash in banks	1167	1 049 838	1 344 660
Prepaid expenses	1170	7 701	4 692
Other current assets	1190	144 922	137 527
Total for Section II	1195	4 202 904	3 353 557
III. Non-current assets held for sale and disposal groups	1200	-	-
Balance	1300	8 477 177	8 633 462

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	527 413	527 413
Contributions to unregistered authorized capital	1401	-	-
Revaluation reserve	1405	113 504	60 756
Additional capital	1410	3 925 300	4 971 173
Reserve capital	1415	1 395	-
Retained earnings (uncovered loss)	1420	-	-
Unpaid capital	1425	-	-
Capital withdrawn	1430	-	-
Total for Section I	1495	4 567 612	5 559 342
II. Non-current liabilities and provisions			
Deferred tax liabilities	1500	8 368	-
Long-term bank loans	1510	-	-
Other long-term liabilities	1515	5 572	4 306
Long-term provisions	1520	-	-
Long-term provisions for employee benefits	1521	-	-
Targeted financing	1525	31 214	11 149
Total for Section II	1595	45 154	15 455
III. Current liabilities and provisions			
Short-term bank loans	1600	-	-
Current payables for:			
non-current liabilities	1610	10 178	289
goods, works, services	1615	1 472 457	1 043 064
settlements with the budget	1620	1 042 813	999 357
<i>including income tax</i>	1621	299 416	43 080
social insurance contributions	1625	47 764	4 053
payroll settlements	1630	247 629	33 045
Current payables for advances received	1635	289 131	322 512
Current payables for payments to participants	1640	-	-
Current provisions	1660	660 905	603 011

SFE "FORESTS OF UKRAINE"

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

Deferred income	1665	24 678	16 101
Other current liabilities	1690	68 856	37 233
Total for Section III	1695	3 864 411	3 058 665
IV. Liabilities related to non-current assets held for sale and disposal groups	1700	-	-
Balance	1900	8 477 177	8 633 462

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

Chairman of the Transition
Commission



Chief Accountant

Yurii Bolokhovets

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		
2025	01	01
44768034		

Statement of Financial Results (Statement of Comprehensive Income)

for 2024

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	23 105 905	23 058 244
Cost of sales of products (goods, works and services)	2050	(16 008 921)	(15 986 445)
Gross:			
Profit	2090	7 096 984	7 071 799
Loss	2095		-
Other operating income	2120	461 538	453 343
<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	(3 081 041)	(2 610 062)
Selling expenses	2150	(542 158)	(591 826)
Other operating expenses	2180	(1 003 122)	(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	2 932 201	3 514 135
Loss	2195	-	-
Income from participation in equity	2200	-	-
Other financial income	2220	3	66
Other income	2240	119 121	53 130
Finance expenses	2250	(1 776)	(5 099)
Losses from participation in equity	2255	-	-
Other expenses	2270	(14 948)	(26 292)
Financial result before tax:			
Profit	2290	3 034 601	3 535 940
Loss	2295	-	-
Income tax expense	2300	(554 555)	(665 194)
Profit (loss) from discontinued operations after tax	2305	-	-
Net financial result:			
Profit	2350	2 480 046	2 870 746
Loss	2355	-	-

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	59 338	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	59 338	18 185
Income tax related to other comprehensive income	2455	10 681	3 273
Other comprehensive income after tax	2460	48 657	14 912
Total income (the sum of lines 2350, 2355 and 2460)	2465	2 528 703	2 885 658

III. Elements of Operating Expenses

Item	Line Code	For reporting period	For corresponding period of previous year
1	2	3	4
Material costs	2500	3 219 337	4 109 532
Labour costs	2505	7 098 442	7 651 992
Social insurance contributions	2510	1 396 435	1 600 889
Depreciation and amortisation	2515	790 174	727 139
Other operating expenses	2520	8 229 992	6 773 707
Total	2550	20 734 380	20 863 259

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

Chief Accountant



Yuri Bolokhovets

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		
2025	01	01
44768034		

Statement of Cash Flows (Direct Method)

for 2024

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	18 239 989	18 049 646
Refunds of taxes and duties	3005	3 729	1 816
including value added tax	3006	-	257
Targeted financing	3010	166 481	135 642
Proceeds from subsidies, grants	3011	-	-
Advance payments from customers	3015	9 731 422	9 325 989
Proceeds from the repayment of advances	3020	34 340	35 014
Proceeds from interest accrued on bank accounts	3025	172 314	171 604
Proceeds from debtors' penalties, fines and forfeits	3035	5 268	7 339
Proceeds from operating leases	3040	14 421	5 084
Proceeds from royalties	3045	-	-
Other proceeds	3095	141 917	279 790
Payments for:			
Goods, works and services	3100	(9 542 081)	(7 491 488)
Payments for labour	3105	(5 975 110)	(6 095 779)
Payments for social insurance contributions	3110	(1 498 813)	(1 592 661)
Payments for taxes and duties	3115	(7 500 154)	(8 961 287)
Payments for income tax liabilities	3116	(822 408)	(446 181)
Payments for value added tax liabilities	3117	(3 172 636)	(3 334 396)
Payments for other taxes and duties liabilities	3118	(3 505 110)	(5 180 710)
Payments of advances	3135	(1 536 828)	(1 320 619)
Refunds of advances	3140	(133 285)	(154 876)
Targeted financing	3145	(1 988)	(3 746)
Payments for liabilities under insurance contracts	3150	(-)	(-)
Payments by financial institutions for granting loans	3155	(-)	(-)
Other payments	3190	(394 660)	(366 240)
Net cash flows from operating activities	3195	1 926 962	2 025 228
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	-	-
Repayment of loans	3230	-	-
Other proceeds	3250	-	-

SFE "FORESTS OF UKRAINE"

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

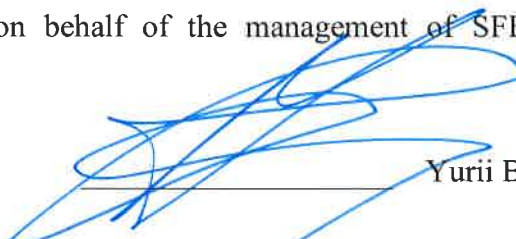
Payments for acquisition of:			
financial investments	3255	-	-
non-current assets	3260	(1 623 643)	(1 005 255)
Payments on derivatives	3270	-	-
Granting of loans	3275	-	-
Other payments	3290	-	-
Net cash flows from investing activities	3295	(1 623 643)	(1 005 255)
III. Cash flows from financing activities			
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	(1 634)	(5 062)
Repayment of finance lease liabilities	3365	(15 471)	(15 362)
Other payments	3390	-	-
Net cash flows from financing activities	3395	(17 105)	(23 372)
Net cash flows for the reporting period	3400	286 214	996 601
Cash balance at the beginning of the period	3405	1 050 308	32 179
Effect of changes in exchange rates on cash balance	3410	8 138	21 528
Cash balance at the end of the period	3415	1 344 660	1 050 308

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

Chairman of the Transformation
Commission



Chief Accountant



Yurii Bolokhovets



Olha Miroshnikova

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

Codes	
2025	01 01
44768034	

Date (year, month, day)
USREOU Code

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

Statement of Equity
for 2024

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	527 413	113 504	3 925 300	1 395	-	-	-	4 567 612
Adjustments:	4005	-	-	-	-	-	-	-	-
Change in accounting policy	4010	-	-	-	-	-	-	-	-
Correction of errors	4090	-	-	-	-	-	-	-	-
Other changes									
Adjusted balance at the beginning of the year	4095	527 413	113 504	3 925 300	1 395	-	-	-	4 567 612
Net profit (loss) for the reporting period	4100	-	-	-	-	2 480 046	-	-	2 480 046
Other comprehensive income for the reporting period	4110	-	48 657	-	-	-	-	-	48 657
Revaluation (devaluation) of non-current assets	4111	-	48 657	-	-	-	-	-	48 657
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:									
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	-	-	-	-	(1 291 542)	-	-	(1 291 542)

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	-	-	1 108 861	-	(1 108 861)	-	-
Amount of net profit allocated to material incentives	4225	-	-	-	-	-	-	-
Contributions of participants:	4240	-	-	-	-	-	-	-
Contributions to capital	4245	-	-	-	-	-	-	-
Repayment of capital contribution receivables	4260	-	-	-	-	-	-	-
Withdrawal of capital:	4265	-	-	-	-	-	-	-
Repurchase of shares (interests)	4270	-	-	-	-	-	-	-
Resale of repurchased shares (interests)	4275	-	-	-	-	-	-	-
Cancellation of repurchased shares (interests)	4280	-	-	-	-	-	-	-
Withdrawal of an interest in capital	4290	-	(101 405)	(62 988)	(1 395)	(79 643)	-	(245 431)
Decrease in the nominal value of shares	4291	-	-	-	-	-	-	-
Other changes in capital	4295	-	(52 748)	1 045 873	(1 395)	-	-	991 730
Acquisition (disposal) of a non-controlling interest in a subsidiary	4300	527 413	60 756	4 971 173	-	-	-	5 559 342
Total changes in equity								
Balance at the end of the year								

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

Chairman of the Transformation Company _____
 Yuri Bolokhovets

Chief Accountant _____
 Olha Miroshnikova



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

Codes	
2024	01 01
44768034	

Date (year, month, day)
 USREOU Code

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

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

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)

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

Enterprise: Pecherskyi District of the city of Kyiv
 Territory: State Forest Resources Agency of Ukraine
 Government authority: State enterprise
 Organizational and legal form of business: Forestry and other forestry activities
 Type of economic activity:
 Measurement unit: UAH thousand

Codes		
Date (year, month, day)	2025	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 2024**

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	accumulated amortisation	of initial (revalued) cost	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	26 323	809	41 430	-	-	-	-	3 863	-	8 930	1 221	76 683	5 893
Rights to use property	020	96 239	4 627	82 637	-	-	19	0	310	-	103 547	-4512	282 404	425
Rights to commercial designations	030	14 050	364	18 710	-	-	113	76	6 194	-	-1090	1 157	31 557	7 635
Rights to industrial property items	040	411	1	-	-	-	3	3	1	-	-375	19	33	18
Copyright and related rights	050	1 765	1 404	4 391	-	-	1 566	1 538	1 687	-	11 267	7 675	15 857	9 228

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

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

II. 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 changed 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	received under finance lease	leased out under operating lease				
1	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Land	3 600	12	501	-	-	-	-	2	-	-4 053	-14	48	-	-	-	-	-
Investment property	-	-	737	27 341	-	11 343	-	660	-	19 310	3 073	36 045	3 733	-	-	16 859	892
Capital expenditures on land improvement	156	154	-	-	-	-	-	2	-	-86	-86	70	70	-	-	-	-
Buildings, structures and transmission devices	3 465 867	1 770 751	382 580	1 5947	417	115 646	69 963	185 305	-	58 435	17 588	3 807 183	1 904 098	-	-	9 474	4 801
Machinery and equipment	2 070 747	1 511 073	157 408	113 304	98 755	206 572	181 130	137 157	-	-125 618	-52 743	2 009 269	1 513 112	-	-	10 109	9 957
Vehicles	2 569 288	1 615 498	422 294	1 392	-	22 491	17 415	287 268	-	364 555	187 380	3 335 038	2 072 731	-	-	12 584	11 404
Tools, instruments, equipment and inventory	202 147	144 861	293 960	37	-	20 197	18 809	65 878	-	225 824	161 722	701 771	353 652	-	-	40	58
Animals	2 277	1 416	110	-	-	239	158	244	-	-52	-42	2 096	1 460	-	-	-	-
Perennial plantations	1 815	1 003	227	-	-	1	1	119	-	100	102	2 141	1 223	-	-	-	-

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

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

Other property, plant and equipment	180	231 165	123 578	20 211	-	-	3 359	2 232	12 888	-	-121 994	-61 131	126 023	73 103	-	-	281	257
Library collections	190	538	538	6	-	-	52	52	6	-	-355	-355	137	137	-	-	-	-
Low-value non-current tangible assets	200	459 567	441 347	100 044	-	-	61 052	60 520	64 006	-	-414 530	-364 473	84 029	80 360	-	-	-	-
Temporary non-title structures	210	131 826	77 563	18 039	-	-	1 088	1 033	16 922	-	36 753	30 180	185 530	123 632	-	-	111	90
Natural resources	220	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Returnable packaging	230	82	33	-	-	-	-	-	13	-	87	87	169	133	-	-	-	-
Rental items	240	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current tangible assets	250	10 829	10 722	567	-	-	293	293	482	-	-10 540	-10 406	563	505	-	-	-	-
Total	260	9 149 904	5 698 549	1 396 684	158 021	99 172	442 333	351 606	770 952	-	27 836	-89 118	10 290 112	6 127 949	-	-	49 458	27 419

From line 260, column 14

Cost of property, plant and equipment with restrictions on ownership rights under applicable legislation
 Cost of property, plant and equipment pledged as collateral
 Residual value of property, plant and equipment temporarily not used: conservation, reconstruction, etc.
 Initial (revalued) cost of fully depreciated property, plant and equipment

Property, plant and equipment of leased integral property complexes

Cost of property, plant and equipment intended for sale

Residual value of property, plant and equipment lost as a result of extraordinary events

Cost of property, plant and equipment acquired through targeted financing

From line 260, column 5

Cost of property, plant and equipment taken under operating lease

From line 260, column 15

From line 105, column 14

Cost of investment property measured at fair value

Cost of Administrative-Territorial Units and Territories of Territorial Communities.

(261)
 (262)
 (263)
 (264)
 (2641)
 (265)

(2651)
 (266)
 (267)
 (268)
 (269)

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

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	280 724	274 733
Acquisition (manufacture) of property, plant and equipment	290	1 064 398	273 579
Acquisition (manufacture) of other non-current tangible assets	300	176 402	6 331
Acquisition (creation) of intangible assets	310	193 438	104 699
Acquisition (growing) of long-term biological assets	320	266	-
Other	330	-	-
Total	340	1 715 228	659 342

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	-	-	-
bonds	400	-	-	-
other	410	-	85	-
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 (421)
at fair value (422)
at amortised cost (423)

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

Current financial investments measured:
at cost (424)
at fair value (425)
at amortised cost (426)

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

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	15 822	1 028
Operating exchange differences	450	38 464	31 559
Sale of other current assets	460	14 137	14 887
Fines, penalties and forfeits	470	3 972	44 782
Maintenance of housing and utilities and social-cultural facilities	480	687	3 524
Other operating income and expenses	490	388 456	907 342
including:			
deductions to the allowance for doubtful debts	491	X	54 597
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	1 776
Finance lease of assets	550	-	-
Other financial income and expenses	560	3	-
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	11 756
Other income and expenses	630	119 121	3 192

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	
		2	3
Cash on hand	640	-	-
Cash in banks	650	1 344 264	-
Other bank accounts	660	396	-
Cash in transit	670	-	-
Cash equivalents	680	-	-
Total	690	1 344 660	-

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	660 905	740 515	-	820 486	48 248	-	532 686
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	-	70 325	-	-	-	-	70 325
	770	-	-	-	-	-	-	-
Allowance for doubtful debts	775	121 157	54 597	-	1 204	8 484	-	166 066
Total	780	782 062	865 437	-	821 690	56 732	-	769 077

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

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
	2	3	4	5
Raw materials and supplies	800	153 292		
Purchased semi-finished products and components	810	10 324		
Fuel	820	99 881		
Packaging materials	830	1 455		
Construction materials	840	11 985		
Spare parts	850	102 319		
Materials for agricultural purposes	860	38 983		
Current biological assets	870	7 935		
Low-value and fast-wearing items	880	92 158		
Work in progress	890	114 509		
Finished goods	900	1 031 836		
Goods	910	2 259		
Total	920	1 666 936		

From line
920, column 3

Carrying amount of inventories
measured at net realisable value
transferred for processing
pledged as collateral
transferred on commission

(921) 1659001
(922) —
(923) —
(924) —
(925) —
(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”.

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

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	81 878	84 699	11 781	99 883
Other current receivables	950	33 315	37 588	19 237	28 071
					1767

Written-off bad receivables during the reporting year
From lines 940 and 950, column 3: receivables from related parties

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	3088
Recognised as receivables from liable persons in the reporting year	970	1428
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	142

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	-

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

XII. Income Tax

Item	Line Code	Amount
	2	3
Current income tax	1210	564770
Deferred tax assets: at the beginning of the reporting year	1220	0
at the end of the reporting year	1225	8295
Deferred tax liabilities: at the beginning of the reporting year	1230	8368
at the end of the reporting year	1235	0
Included in the Statement of Financial Results - total	1240	554555
including: current income tax	1241	564770
decrease (increase) in deferred tax assets	1242	-8295
increase (decrease) in deferred tax liabilities	1243	-1920
Reflected in equity - total	1250	-6448
including: current income tax	1251	0
decrease (increase) in deferred tax assets	1252	0
increase (decrease) in deferred tax liabilities	1253	-6448

XIII. Use of Depreciation (Amortisation) Charges

Item	Line Code	Amount
	2	3
Depreciation (amortisation) charged for the reporting year	1300	790 174
Use of depreciation (amortisation) charges - total	1310	
including:		
construction of facilities	1311	
acquisition (manufacture) and improvement of property, plant and equipment including machinery and equipment	1312	
acquisition (creation) of intangible assets	1313	
repayment of loans obtained for capital investments	1314	
	1315	
	1316	
	1317	

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

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

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		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	beginning of year					
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Long-term biological assets - total	1410	2 252	1 055	246	1 034	936	9	0	0	1 464	128	0	0	0	0	0
including:																
working livestock	1411	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
productive livestock	1412			0	0	0	0	0	0	0	0	0	0	0	0	0
perennial plantations	1413	2 021	971	245	937	936	0	0	0	1 329	35	0	0	0	0	0
	1414	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
other long-term biological assets	1415	231	84	1	97	0	10	0	0	135	93	0	0	0	0	0
Current biological assets - total	1420	7 639	X	2 958	2 620	X	X	42	0	7 935	X	0				0
including:																
animals for growing and fattening	1421	898	X	1 604	528	X	X	0	0	1 974	X	0	0	0	0	0
biological assets in the process of biological transformation, except animals for growing and fattening	1422	222	X	12	117	X	X	0	0	117	X	0	0	0	0	0
	1423	20	X	313	0	X	X	0	0	333	X	0	0	0	0	0
other current biological assets	1424	6 499	X	1 029	1 975	X	X	42	0	5 511	X	0				
Total	1430	9 891	1 055	3 204	3 654	936	9	42	0	9 399	128	0				

From line 1430, columns 5 and 14

From line 1430, columns 6 and 16

From line 1430, columns 11 and 17

(1431)

(1432)

(1433)

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

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

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

Line Code	Item	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
2	1	3	4	5	6	7	8	9	10	11
1500	Crop products and additional biological assets of crop production - total	3 728	-3 728	0	0	0	13 204	-8 203	5 001	5 001
1510	including:	2 253	- 2 253	0	0	0	7 972	-4 790	3 182	3 182
1511	cereals and legumes	56	-56	0	0	0	3 109	-1 680	1 429	1 429
1512	wheat	2 197	-2 197	0	0	0	4 863	-3 110	1 753	1 753
1513	soybeans	143	-143	0	0	0	3 108	-1 777	1 331	1 331
1514	sunflower	0	0	0	0	0	70	-57	13	13
1515	Rapeseed	0	0	0	0	0	0	0	0	0
1516	Sugar beets (factory)	0	0	0	0	0	0	0	0	0
1517	Potatoes	146	-146	0	0	0	131	-146	-15	-15
1518	Fruits (pome fruits, stone fruits)	1 186	-1 186	0	0	0	1 923	-1 433	490	490
1519	Other crop products	0	0	0	0	0	0	0	0	0
1520	Additional biological assets of crop production of livestock production - total	174	-174	0	0	0	344	-285	59	59
1530	including:	0	0	0	0	0	0	0	0	0
1531	Live weight gain — total	0	0	0	0	0	0	0	0	0
1532	including:	0	0	0	0	0	0	0	0	0
1533	cattle	0	0	0	0	0	0	0	0	0
1533	pigs	0	0	0	0	0	0	0	0	0
1534	milk	0	0	0	0	0	0	0	0	0
1534	wool	0	0	0	0	0	0	0	0	0
1535	eggs	0	0	0	0	0	0	0	0	0
1536	other livestock products	84	-84	0	0	0	145	-189	-44	-44
1537	additional biological assets of livestock production	0	0	0	0	0	0	0	0	0
1538	Fish farming products	90	-90	0	0	0	199	-96	103	103
1539		0	0	0	0	0	0	0	0	0
1540	Agricultural produce and additional biological assets - total	3 902	-3 902	0	0	0	13 548	-8 488	5 060	5 060

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

Chairman of the Transformation Commission  Yuri Bolokhovets

Chief Accountant  Olha Miroshnikova

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)

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

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

NOTES to the Annual Financial Statements for 2023

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			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

from line 080,
column 5

cost of intangible assets pledged as collateral (082)

cost of intangible assets created by the enterprise (083)

cost of intangible assets received through targeted financing (084)

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	received under finance lease	leased out under operating lease				
	1	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	-	328 584	1 566 335	346 586	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	-	189 296	1 286 310	2 070 747	1 511 073	3 568	440	9 991	9 638
Vehicles	140	109 224	51 221	203 316	10 801	8 578	28 156	11 470	224 774	-	227 410	1 342 395	2 569 288	1 615 498	-	-	7 332	70 40
Tools, instruments, equipment and inventory	150	7 266	4 363	18 167	-	-	3 065	2 304	19 855	-	179 779	1 229 47	202 147	144 861	-	-	18	17
Animals	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

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	(341)	-	-
Capital investments in investment property	(342)	-	-
Financial expenses included in capital investments			

IV. Financial Investments

Item	Line Code	At the end of the year	
		long-term	current
1	2	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)		(421)	85
Long-term financial investments measured:			
at cost			
at fair value		(422)	-
at amortised cost		(423)	-
Current financial investments measured:			
at cost		(424)	-
at fair value		(425)	-
at amortised cost		(426)	-

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

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:			
deductions to the allowance for doubtful debts	491	X	90 195
unproductive costs and losses	492	X	1 667
			-
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:

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	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 fulfillment 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

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

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		2 022 032
		transferred for processing	(921)	3 731
		pledged as collateral	(922)	
		transferred on commission	(923)	
			(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”.

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

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

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
					4 165

Written-off bad receivables during the reporting year
From lines 940 and 950, column 3: receivables from related parties

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	-

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

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

XII. Income Tax

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

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

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

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		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					beginning of year
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:																
animals for growing and fattening	1421	-	X	1 354	456	X	X	-	-	898	X	-	-	-	-	-
biological assets in the process of biological transformation, except animals 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

(1431)

(1432)

(1433)

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

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

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

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

Line Code	Item	3	4	Financial result from initial recognition		7	8	Cost of sales		Financial result (profit +, loss -) from	
				Income from initial recognition	Expenses related to biological transformation			Decrease in value	Income from sale	Cost of sales	Financial result (profit +, loss -) from initial recognition and sale
		5	6	7	8	9	10	11			
2	1	0	0	0	0	0	0	0	0	0	
1500	Crop products and additional biological assets of crop production - total	8 017	-8 017	0	0	0	28 438	-20 387	8 051	8 (51)	
	including:										
1510	Cereals and legumes	6 992	-6 992	0	0	0	13 982	-9 357	4 625	4 625	
1511	wheat	439	-439	0	0	0	2 763	-1 431	1 332	1 332	
1512	soybeans	1 564	-1 564	0	0	0	3 096	-1 995	1 101	1 101	
1513	sunflower	882	-882	0	0	0	11 575	-8 256	3 319	3 319	
1514	Rapeseed	-	-	0	0	0	-	-	-	-	
1515	Sugar beets (factory)	-	-	0	0	0	-	-	-	-	
1516	Potatoes	-	-	0	0	0	-	-	-	-	
1517	Fruits (pome fruits, stone fruits)	-	-	0	0	0	-	-	-	-	
1518	Other crop products	119	-119	0	0	0	2 847	-2 743	104	104	
1519	Additional biological assets of crop production	24	-24	0	0	0	34	-31	3	3	
1520	Livestock products and additional biological assets of livestock production - total	291	-291	0	0	0	521	-409	112	112	
	including:										
1530	Live weight gain—total	0	0	0	0	0	31	-29	2	2	
1531	cattle	0	0	0	0	0	-	-	-	-	
1532	pigs	0	0	0	0	0	31	-29	2	2	
1533	milk	0	0	0	0	0	-	-	-	-	
1534	wool	0	0	0	0	0	-	-	-	-	
1535	eggs	0	0	0	0	0	-	-	-	-	
1536	other livestock products	253	-253	0	0	0	228	-204	24	24	
1537	additional biological assets of livestock production	0	0	0	0	0	15	-6	9	9	
1538	Fish farming products	38	-38	0	0	0	247	-170	77	77	
1539		0	0	0	0	0	0	0	0	0	
1540	Agricultural produce and additional biological assets - total	8 308	-8 308	0	0	0	28 959	-20 796	8 163	8 163	

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

Chairman of the Transformation Commission  Yuri Bolokhovets

Chief Accountant  Olha Miroshnikova

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

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
State Forest Resources Agency of Ukraine

Government authority: State enterprise
Organizational and legal form of business: Forestry and other forestry activities

Type of economic activity:

Measurement unit: UAH thousand

Codes	
Date (year, month, day)	2025 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 for 2024

Form No. 6

"Segment Information"

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

Line Code	Item	Names of reportable segments										Unallocated items			Total			
		Karpatskyi Forest Office Reporting year	Previous year	Podilskyi Forest Office Reporting year	Previous year	Pivnichnyi Forest Office Reporting year	Previous year	Poliskyi Forest Office Reporting year	Previous year	Stolyehnyi Forest Office Reporting year	Previous year	Tsentralnyi Forest Office Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	
2	1. Income of reportable segments:	4 192 872	4 406 174	2 839 479	2 817 453	3 065 886	3 013 660	4 492 691	4 682 805	4 881 840	2 935 657	2 697 656	1 358 053	1 379 344	23 567 443	23 511 587		
010	Operating income of reportable segments including: revenue from sales of products (goods, works and services); to external customers	4 138 467	4 376 561	2 821 675	2 804 017	3 033 901	2 989 452	4 427 148	4 635 530	4 847 187	2 913 771	2 686 474	1 135 413	1 126 040	23 105 905	23 058 244		
012	to other reportable segments																	
013	Other operating income	54 405	29 613	17 804	13 436	31 985	24 208	65 543	47 275	34 653	21 886	11 182	222 640	253 303	461 538	453 343		

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

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

100	77 528	98 072	65 246	83 043	95 660	94 746	96 895	74 692	120 528	157 680	70 211	67 899	16 090	15 694	542 158	591 826
Other operating expenses	208 468	137 255	98 404	77 375	163 650	112 772	133 369	122 891	232 258	175 619	71 029	43 589	57 818	100 221	964 996	769 722
120																
Financial expenses of reportable segments																
121																
Including: losses from participation in equity directly attributable to the reportable segment																
122																
Other expenses	1 287	2 812	1 505	5 839	1 272	1 506	4 117	13 949	1 106	1 168	1 105	283	4 556	736	14 948	26 292
Total expenses of reportable segments																
140	3 630 607	3 685 792	2 208 068	2 266 073	2 621 188	2 462 788	3 577 848	3 417 276	3 966 431	4 234 740	2 263 038	2 038 340	1 552 092	1 343 054	19 819 272	19 448 063
Unallocated expenses	*	*	*	*	*	*	*	*	*	*	*	*	1 387 249	1 245 974	1 387 249	1 245 974
Including: administrative, selling and other operating expenses not allocated to reportable segments																
151	*	*	*	*	*	*	*	*	*	*	*	*				
152	*	*	*	*	*	*	*	*	*	*	*	*				
Financial expenses																
154	*	*	*	*	*	*	*	*	*	*	*	*				
Income tax																
Deduction of cost of sales of products (goods, works and services) to other reportable segments																
160																
Total expenses of the enterprise (I. 140 + I. 150 - I. 160)																
170	3 630 607	3 685 792	2 208 068	2 266 073	2 621 188	2 462 788	3 577 848	3 417 276	3 966 431	4 234 740	2 263 038	2 038 340	2 939 341	2 589 028	21 206 521	20 694 037
3. Financial result of segment activities (I. 040 - I. 140)																
180	588 874	729 086	637 367	556 305	449 401	557 556	929 465	905 684	730 230	657 471	688 202	662 874	-156 247	47 678	3 867 292	4 116 654
4. Financial result of the enterprise (I. 070 - I. 170)																
190	588 874	729 086	637 367	556 305	449 401	557 556	929 465	905 684	730 230	657 471	688 203	662 874	-154 3493	-1 198 230	2 480 046	2 870 746
Financial result of the enterprise (I. 070 - I. 170)																

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	1 252 541	1 314 461	764 803	755 422	913 514	987 155	1 146 715	1 079 879	1 329 116	1 381 807	894 148	837 849	2 307 265	2 101 171	8 608 102	8 457 744
including: property, plant and equipment and intangible assets	201	691 296	656 306	461 310	453 011	514 102	437 337	723 787	533 753	792 564	726 254	508 222	460 586	870 502	434 757	4 561 782	3 702 004
Capital investments in progress	202	125 351	146 674	65 602	25 716	33 860	81 731	108 432	136 870	75 952	25 924	24 212	39 430	225 933	97 693	659 342	554 038
Inventories	203	235 206	259 304	169 715	197 954	268 706	346 065	172 470	247 015	297 052	455 824	250 695	259 534	265 158	248 698	1 659 002	2 014 394
Receivables	204	32 115	74 811	11 394	19 018	14 645	47 506	18 287	41 472	57 122	93 442	15 124	9 538	50 723	689 756	199 410	975 543
Other	205	168 573	177 366	56 782	59 723	82 201	74 516	123 739	120 769	106 427	80 363	95 895	68 761	894 949	630 267	1 528 566	1 211 765
Unallocated assets	220	*	*	*	*	*	*	*	*	*	*	*	*	25 360	19 433	25 360	19 433
including: financial investments and other non-current assets	221	*	*	*	*	*	*	*	*	*	*	*	*				
Income tax	222	*	*	*	*	*	*	*	*	*	*	*	*	16 734	16 843	16 734	16 843
Deferred tax assets	223	*	*	*	*	*	*	*	*	*	*	*	*	331	2 590	331	2 590
	224	*	*	*	*	*	*	*	*	*	*	*	*	8 295	0	8 295	0
Total assets of the enterprise	230	1 252 541	1 314 461	764 803	755 422	913 514	987 155	1 146 715	1 079 879	1 329 116	1 381 807	894 148	837 849	2 332 625	2 120 604	8 633 462	8 477 177
6. Liabilities of reportable segments	240	427 432	658 062	176 757	292 663	192 597	266 794	283 426	431 341	562 753	804 716	84 132	152 547	347 666	260 629	2 074 763	2 866 752
including: non-current liabilities and provisions	241	15 455	33 403	0	3 301										81	15 455	36 785
Current payables for goods, works and services	242	168 478	240 596	83 900	105 500	62 249	101 103	193 928	282 052	340 618	550 080	39 002	86 491	154 889	106 635	1 043 064	1 472 457
Current provisions	243	149 266	200 082	63 939	94 017	82 989	91 050	31 034	64 221	120 748	137 140	20 345	13 385	134 690	61 010	603 011	660 905
Other payables	244	94 233	183 981	28 918	89 845	47 359	74 641	58 464	85 068	101 387	117 496	24 785	52 671	58 087	92 903	413 233	696 605
Unallocated liabilities	260	*	*	*	*	*	*	*	*	*	*	*	*	999 357	1 042 813	999 357	1 042 813
including: settlements with the budget	261	*	*	*	*	*	*	*	*	*	*	*	*				
	262	*	*	*	*	*	*	*	*	*	*	*	*	999 357	1 042 813	999 357	1 042 813
	263	*	*	*	*	*	*	*	*	*	*	*	*	0	0	0	0
	264	*	*	*	*	*	*	*	*	*	*	*	*	0	0	0	0
Total liabilities of the enterprise (1. 240 + 1. 260)	270	427 432	658 062	176 757	292 663	192 597	266 794	283 426	431 341	562 753	804 716	84 132	152 547	1 347 023	1 303 442	3 074 120	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	90 408	177 364	100 715	63 864	128 325	87 689	289 559	161 236	186 778	75 507	99 450	69 301	819 993	430 510	1 715 228	1 065 471
8. Depreciation and amortisation of non-current assets	290	108 230	105 962	76 460	75 409	97 695	85 399	104 356	109 886	161 039	200 301	104 198	91 628	138 197	65 457	790 174	734 042

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

Item	Line Code	Names of reportable segments																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		Unallocated items		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	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	21 555 143	19 207 199	207 443	2 494 752	17 336	33 977	13 987	12 452	23 844	16 592	152 739	167 230	1 135 413	1 126 042	23 105 905	23 058 244		
Carrying amount of assets of reportable segments	310	6 181 721	5 566 791	59 492	723 050	4 972	9 847	4 011	3 609	6 838	4 809	43 803	48 468	2 332 625	2 120 602	8 633 462	8 477 177		
Capital investments	320	878 311	556 069	8 453	72 226	706	984	570	361	972	480	6 223	4 842	819 993	430 510	1 715 228	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 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				
Revenue from sales of products (goods, works and services) to external customers	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
		4 138 467	4 376 561	2 821 675	2 804 017	3 033 901	2 989 452	4 427 148	4 228 512	4 635 530	4 847 187	2 913 772	2 686 475	1 135 413	1 126 041	23 105 905	23 058 244
Carrying amount of assets of reportable segments	350	1 252 541	1 314 461	764 803	755 422	913 514	987 155	1 146 715	1 079 880	1 329 116	1 381 807	894 148	837 849	2 332 625	2 120 603	8 633 462	8 477 178
Capital investments	360	90 408	177 364	100 715	63 864	128 325	87 689	289 559	161 236	186 778	75 507	99 450	69 301	819 993	430 510	1 715 228	1 065 471
	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

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”

STATE SPECIALIZED FOREST ENTERPRISE “FORESTS OF UKRAINE”		Codes	
Enterprise:		Date (year, month, day)	2024 01 01
Territory:	Pecherskyi District of the city of Kyiv	USREOU Code	44768034
Government authority:	State Forest Resources Agency of Ukraine	CATUTTC Code	UA80000000000624772
Organizational and legal form of business:	State enterprise	SCGB Code	37064
Type of economic activity:	Forestry and other forestry activities	COLFBE Code	140
Measurement unit: UAH thousand		CEA Code	02.10

**APPENDIX TO THE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for 2023**

“Segment Information”
for 2023

Form No. 6

I. Indicators of Primary 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		
		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	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):	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 external customers																	
to other reportable segments	012																
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

020	Financial income of reportable segments including: income from participation in equity directly attributable to the reportable segment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
021		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
022	Other financial income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
030	Other income	8 704	4 925	-	6 684	-	-	7 500	-	10 371	-	-	3 558	-	11 388	-	-	-	-	53 130
040	Total income of reportable segments	4 414 878	2 822 378	-	3 020 344	-	-	4 322 960	-	4 892 211	-	2 701 214	-	1 390 732	-	-	-	-	-	23 564 717
050	Unallocated income	*	*	*	*	*	*	*	*	*	*	*	*	*	66	-	-	-	-	66
051	including: operating income	*	*	*	*	*	*	*	*	*	*	*	*	*	*	-	-	-	-	0
052	financial income	*	*	*	*	*	*	*	*	*	*	*	*	*	66	-	-	-	-	66
060	Deduction of revenue from sales of products (goods, works and services) to other reportable segments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
070	Total income of the enterprise (1.040 + 1.050 + 1.060)	4 414 878	2 822 378	-	3 020 344	-	-	4 322 960	-	4 892 211	-	2 701 214	-	1 390 798	-	-	-	-	-	23 564 783
080	2. Expenses of reportable segments: Operating expenses	2 945 789	1 856 006	-	2 045 419	-	-	2 886 450	-	3 548 263	-	1 668 058	-	1 036 462	-	-	-	-	-	15 986 445
081	including: cost of sales of products (goods, works and services): to external customers	2 945 789	1 856 006	-	2 045 419	-	-	2 886 450	-	3 548 263	-	1 668 056	-	1 036 462	-	-	-	-	-	15 986 445
082	to other reportable segments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
090	Administrative expenses	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

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	-	-	-	-	-	-	-	-	-	-	-	-	-
including: losses from participation in equity directly attributable to the reportable segment	121	-	-	-	-	-	-	-	-	-	-	-	-	0
Other expenses	122	-	-	-	-	-	-	-	-	-	-	-	-	0
Total expenses of reportable segments	130	2 812	-	5 839	-	1 506	13 949	1 168	-	283	-	735	-	26 292
Unallocated expenses	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
including: administrative, selling and other operating expenses not allocated to reportable segments	150	*	*	*	*	*	*	*	*	*	*	1 245 974	-	1 245 974
financial expenses	151	*	*	*	*	*	*	*	*	*	*	575 681	-	575 681
income tax	152	*	*	*	*	*	*	*	*	*	*	5 099	-	5 099
Deduction of cost of sales of products (goods, works and services) to other reportable segments	154	*	*	*	*	*	*	*	*	*	*	665 194	-	665 194
Total expenses of the enterprise (1. 140 + 1. 150 - 1. 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 (1. 040 - 1. 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 (1. 070 - 1. 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 including:	200	1 314 461	-	755 422	-	987 155	-	1 079 880	1 381 807	-	837 849	-	2 101 170	-	8 457 744
201		656 306	-	453 011	-	437 337	-	533 753	726 254	-	460 586	-	434 757	-	3 702 004
202		146 674	-	25 716	-	81 731	-	136 870	25 924	-	39 430	-	97 693	-	554 038
203		259 304	-	197 954	-	346 065	-	247 015	455 824	-	259 534	-	248 698	-	2 014 394
204		74 811	-	19 018	-	47 506	-	41 472	93 442	-	9 538	-	689 756	-	975 543
205		177 366	-	59 723	-	74 516	-	120 770	80 363	-	68 761	-	630 266	-	1 211 765
220		*	-	*	-	*	-	*	*	-	*	-	19 433	-	19 433
221		*	-	*	-	*	-	*	*	-	*	-	*	-	*
222		*	-	*	-	*	-	*	*	-	*	-	16 843	-	16 843
223		*	-	*	-	*	-	*	*	-	*	-	2 590	-	2 590
224		*	-	*	-	*	-	*	*	-	*	-	0	-	0
230		1 314 461	-	755 422	-	987 155	-	1 079 880	1 381 807	-	837 849	-	2 120 603	-	8 477 177
240		658 062	-	292 663	-	266 794	-	431 341	804 716	-	152 547	-	260 629	-	2 866 752
241		33 403	-	3 301	-	-	-	-	-	-	-	-	81	-	36 785
242		240 596	-	105 500	-	101 103	-	282 052	550 080	-	86 491	-	106 635	-	1 472 457
243		200 082	-	94 017	-	91 050	-	64 221	137 140	-	13 385	-	61 010	-	660 905
244		183 981	-	89 845	-	74 641	-	85 068	117 496	-	52 671	-	92 903	-	696 605
260		*	-	*	-	*	-	*	*	-	*	-	1 042 813	-	1 042 813
261		*	-	*	-	*	-	*	*	-	*	-	1 042 813	-	1 042 813
262		*	-	*	-	*	-	*	*	-	*	-	-	-	0
263		*	-	*	-	*	-	*	*	-	*	-	-	-	0
264		*	-	*	-	*	-	*	*	-	*	-	-	-	0
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		-									91 628		65 457		734 042
		105 962		75 409		85 399		109 886		200 301						

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 15	Previous year 16	Reporting year 17	Previous year 18	
		Reporting year 3	Previous year 4	Reporting year 5	Previous year 6	Reporting year 7	Previous year 8	Reporting year 9	Previous year 10	Reporting year 11	Previous year 12	Reporting year 13	Previous year 14					
1	2																	
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																	

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	
		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



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 2024 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 2024, SFE “Forests of Ukraine” comprises the central administrative office, the branches “Skhidnyi Forest Office”, “Pivdennyi Forest Office”, “Forest Fire Centre” and “Forest Reproductive Resources”, as well as 7 regional offices with 128 branches, which were reorganised into the following branches:

- Karpatskyi Forest Office;
- Podilskyi Forest Office;
- Pivnichnyi Forest Office;
- Poliskyi Forest Office;
- Stolychnyi Forest Office;
- Tsentralnyi Forest Office;
- Slobozhanskyi Forest Office.

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 divisions of the Enterprise are covered by the Collective Agreement between SFE “Forests of Ukraine” and its employees for 2023–2025, approved by the general conference of the labour collective on 30 June 2023, as amended on 28 November 2023, 25 April 2024 and 12 December 2024.

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 2024, 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 2024 was 23,717 (2023: 29,818).

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 2024, the Russian armed forces continued to advance on the eastern front and were primarily engaged in offensive operations.

In 2024, 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.

During 2024, the NBU gradually reduced the key policy rate to 14.5% from 14 March 2024, to 13.5% from 26 April 2024, and to 13% from 14 June 2024; however, it increased the rate to 13.5% from 13 December 2024. The rate had been 15% from 15 December 2023. The key policy rate was further increased to 14.5% from 24 January 2025.

In 2024, the inflation rate in Ukraine was 12% compared with 5.1% in 2023, according to statistical data published by the State Statistics Service of Ukraine. Despite the adverse trend in consumer price inflation at the end of 2024, the NBU forecasts that inflation will gradually return to a downward trajectory in 2025 and approach its target level of 5% in 2026.

According to the NBU, Ukraine's real GDP increased by 3.4% in 2024. The slowdown in GDP growth, which amounted to 5.3% in 2023, resulted from lower harvest volumes, weaker-than-expected external demand, intensification of hostilities and Russian air attacks, which caused shortages in electricity supply. Taking into account security risks and the challenging situation in the labour market, the NBU revised its GDP growth forecast for 2025 downward to 3.6%. However, the baseline scenario assumes a gradual return to normal economic conditions, under which GDP growth is expected to moderately accelerate to around 4% in 2026–2027.

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 42.04 per 1 USD.

In 2024, the NBU implemented a policy of gradual easing of the restrictions introduced after Russia's invasion of Ukraine. In particular, on 3 May 2024, the NBU introduced a new package of currency liberalisation measures. These measures were aimed at improving business conditions, supporting economic recovery and attracting new investment into the country.

One of the new measures provides that, starting from 13 May 2024, companies are allowed to repatriate new dividends accrued for the period beginning on 1 January 2024, subject to a monthly limit of EUR 1 million. Other measures introduced include the possibility to repay interest on "old" external loans that were not overdue as at 24 February 2022, the easing of restrictions on repayment of "new" external loans, and the cancellation of currency restrictions on imports of services.

In July 2024, the NBU continued to introduce additional liberalisation measures. In particular, it allowed companies to repatriate dividends for the purpose of making coupon payments on eurobonds, provided that the company acts as a guarantor for eurobonds issued by its parent company or by a company under common control. The liberalisation measures introduced in September 2024 allowed Ukrainian companies acting as guarantors for eurobonds to pay dividends abroad to

their parent companies in an amount covering coupon payments for the period from 24 February 2022 to 9 July 2024.

During 2024, the yield to maturity on US dollar-denominated eurobonds of the Government of Ukraine for instruments with a five-year maturity decreased significantly as a result of the successful restructuring of public debt and amounted to 14.6% as at 31 December 2024, compared with 51.1% as at 31 December 2023. At the same time, the yield on Ukrainian domestic government bonds denominated in hryvnia with a five-year maturity was 15% as at 31 December 2024 compared with 18% as at 31 December 2023.

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 2024, Ukraine received almost USD 42 billion of international financial assistance in the form of loans and grants from its international partners. This assistance is critically important for Ukraine’s ability to continue resisting aggression, finance the budget deficit and regularly service its debt obligations.

In particular, these funds enabled the government to finance a significant budget deficit of around 24% of GDP, excluding grants in revenue, while the National Bank of Ukraine was able to support the stability of the foreign exchange market and increase international reserves to a new record level, increasing them by 8% to USD 43.8 billion as at 1 January 2025.

In February 2025, the US administration initiated negotiations between the United States and Russia, which may affect the geopolitical landscape, including the availability of financial assistance to Ukraine. These developments may affect the operating environment of the Enterprise in the future.

In the 2025 calendar year, Ukraine is expected to receive USD 38.4 billion of external financing. Taking into account the government’s measures aimed at increasing revenue and borrowings in the domestic debt market, these funds should be sufficient to fully cover the planned budget deficit for the year, approximately 19% of GDP excluding grant revenue, without the use of monetary financing. The impact of the war on the current position of the Enterprise and management’s assessment of going concern are disclosed in these notes.

The operating environment of the forestry sector in Ukraine for 2023–2024 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 belonging to the management sphere 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 within the forest fund, including afforestation on land granted for permanent use, i.e. creation of new forests, on 5.9 thousand hectares. Natural regeneration took place on an area of 7.8 thousand hectares. Forest regeneration in 2023 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 2024 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 5 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 2024 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),	In accordance with the title document

Groups	Term of the right of use
commercial (trade) names, etc.), except for those for which acquisition costs are recognised as royalties	
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 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	2

Group of property, plant and equipment and other non-current assets	Minimum allowable useful lives, years
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	
group 5 - vehicles	5
group 6 - tools, devices, inventory and furniture	4
group 7 - animals 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.

Investment property

Investment property is real estate (a land plot, structure, building (part of a building) or a combination thereof) held by the owner or lessee under a finance lease to earn rentals and/or increase equity, and not for use in the production or supply of goods, rendering of services or for administrative purposes, or for sale in the ordinary course of business.

For real estate items in respect of which a decision was made to transfer them for lease in accordance with the Law of Ukraine No. 157-IX "On Lease of State and Municipal Property" dated 3 October 2019, the balance holders of the lease items (branches of SFE "Forests of Ukraine") on whose balance sheets such items were recorded recognised the real estate items in accounting in accordance with National Accounting Standard 32 "Investment Property", approved by Order of the Ministry of Finance of Ukraine No. 779 dated 2 July 2007.

Transfer of real estate to investment property was carried out only when the nature of use of the real estate changed, as evidenced by the cessation of its use as owner-occupied property and its transfer to investment property.

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 animals for growing and fattening and agricultural crops.

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

- livestock biological assets (animals 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 expected credit losses.

The allowance for expected credit losses 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 expected credit losses 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. From 1 December 2024, the levy rate increased from 1.5% to 5% for individuals on any income, including wages, real estate rental income and other income.

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. 1280 dated 8 November 2024, which is effective until 31 December 2027.

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 (expected credit losses).

The matrix for the allowance for doubtful debts (expected credit losses) in 2024 is represented by the following stages.

Expected credit losses with low and medium default risk are estimated based on loss levels in the event of default of issuers with similar credit risk, using

probability of default (PD) indicators for debt obligations of the country of registration of counterparties or their representative offices, if such representative offices are a party to the agreement, from a resource of an international rating agency (<https://www.spglobal.com/ratings/en/> or, if the address of the link changes, at the changed address where such information is posted, or from another resource of an international rating agency), and loss given default (LGD), which reflects the loss of the asset in the event of default by the counterparty in the absence of prior cooperation with the counterparty. Where data are available, the PD and LGD indicators are adjusted for additional credit risk factors present based on the history of cooperation with the counterparty.

For the calculation of loss given default, data on recovery rates after default on sovereign debt obligations of the counterparty's country of registration are used as the average value of this indicator from a resource of an international rating agency (<https://www.moody.com> or, if the address of the link changes, at the changed address where such information is posted, or from another resource of an international rating agency): $(1 - [\text{average recovery rate after default}])$.

Expected credit losses with high default risk are estimated based on the solvency of individual debtors using an individual approach.

At each reporting date (quarterly), an allowance for expected credit losses on core activity receivables and contract assets is recognised based on the expected credit loss model.

For the calculation of the allowance for expected credit losses on receivables with payment overdue up to 366 days (low and medium default risk), the doubtfulness ratio (expected credit losses) is determined as follows:

Doubtfulness ratio (expected credit losses) = (probability of default (PD) of debt obligations of the country of registration of counterparties or their representative offices) * (loss given default (LGD)) (Table 1).

Table 1. Calculation of the doubtfulness ratio (expected credit losses)

Indicator	Calculation of the doubtfulness ratio (expected credit losses)
Probability of default (PD)	a
Loss given default (LGD)	b
Doubtfulness ratio (expected credit losses)	a*b

The calculation is made taking into account the above input data as follows:

- the international rating of the country as at the reporting date;
- probability of default (PD) is an estimate of the probability of default occurring within a certain period of time;
- loss given default (non-recovery ratio) (LGD) takes into account the possibility of repayment of the debt even if default on payments occurs.

The allowance for expected credit losses is measured over the entire life of the asset. Since the calculated rate is an annual indicator, it should be adjusted accordingly for the life of the asset, namely for the period from the date when the receivable arose.

Accordingly, the resulting doubtfulness ratio (expected credit losses) is adjusted for the ageing of the receivable to determine provisioning rates as follows:

(Doubtfulness ratio (expected credit losses)) * (ageing of the receivable) / 366, but not more than specified in the appendix to Resolution of the Cabinet of Ministers of Ukraine No. 1673 dated 29 November 2006 (Table 2).

For the purpose of estimating the allowance for expected credit losses, receivables are classified by levels of credit risk.

Table 2. Calculation table for the provisioning rate with low and medium default risk

Default risk level (credit risk)	Factors affecting default risk	Calculation of the provisioning rate
Low	current receivables and payment overdue up to 30 days	doubtfulness ratio (expected credit losses) * (30/366), but not more than 0.1%
Medium (increase in credit risk)	payment overdue from 31 to 90 days	doubtfulness ratio (expected credit losses) * (90/366), but not more than 5%
	payment overdue from 91 to 120 days	doubtfulness ratio (expected credit losses) * (120/366), but not more than 25%
	payment overdue from 121 to 180 days	doubtfulness ratio (expected credit losses) * (180/366), but not more than 30%
	payment overdue from 181 to 366 days	doubtfulness ratio (expected credit losses) * (366/366), but not more than 40%

For the calculation of the allowance for expected credit losses on receivables with a high level of default risk, the doubtfulness ratio (expected credit losses) is determined as follows:

Table 3. Determination of the doubtfulness ratio (expected credit losses) with high default risk

Default risk level (credit risk)	Factors affecting default risk	Doubtfulness ratio (expected credit losses), percent
High	payment overdue by more than 366 days	100
	opening of bankruptcy proceedings against the counterparty, commencement of the counterparty's liquidation procedure	100
	bad receivables	100
	receivables with payment overdue from 180 days, in respect of which claims work or litigation is in progress and for which there is confidence that they will not be repaid	determined by the commission depending on the individual characteristics of the

		receivable, but not more than 40%
	force majeure circumstances	100

When doubtful receivables become bad receivables (for example, the limitation period expires, the Enterprise receives information on the liquidation of the debtor, the court dismisses the Enterprise’s claim to recover the debt from the debtor, etc.), they are written off against the allowance for expected credit losses.

The materiality threshold for recognising an allowance for expected credit losses at low and medium default risk is established at more than UAH 100 thousand for receivables under a separate agreement and a separate debtor.

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	At the end of the reporting period
1	2	3
I. Non-current assets		
Intangible assets	1000	115 765
initial cost	1001	136 023
accumulated amortisation	1002	20 258
Capital investments in progress	1005	230 858
Property, plant and equipment	1010	3 565 644
initial cost	1011	8 608 598
accumulated depreciation	1012	5 042 954
Investment property	1015	-
initial cost of investment property	1016	-
accumulated depreciation of investment property	1017	-
Non-current biological assets	1020	1 544
initial cost of non-current biological assets	1021	2 637
accumulated depreciation of non-current biological assets	1022	1 093
Long-term financial investments:		
accounted for using the equity method	1030	17 101
other financial investments	1035	85
Non-current receivables	1040	13 463
Deferred tax assets	1045	7 415
Other non-current assets	1090	4 459
Total for Section I	1095	3 956 334
II. Current assets		
Inventories	1100	1 666 590
Production supplies	1101	491 922
Work in progress	1102	486 127
Finished goods	1103	685 137
Goods	1104	3 404
Current biological assets	1110	6 687
Trade receivables for products, goods, works and services	1125	207 110
Receivables for settlements:		
for advances paid	1130	69 424
with the budget	1135	35 497
<i>including income tax</i>	1136	13 678
Receivables for accrued income	1145	2 184
Other current receivables	1155	132 796
Current financial investments	1160	-
Cash and cash equivalents	1165	139 920
Cash on hand	1166	129
Cash in banks	1167	139 791
Prepaid expenses	1170	17 561
Other current assets	1190	97 437
Total for Section II	1195	2 375 206
III. Non-current assets held for sale and disposal groups	1200	-
Balance	1300	6 331 540

Equity and liabilities	Line Code	At the end of the reporting period
1	2	3
I. Equity		
Registered (share) capital	1400	527 412
Contributions to unregistered authorized capital	1401	-
Revaluation reserve	1405	116 677
Additional capital	1410	2 673 638
Reserve capital	1415	1 395
Retained earnings (uncovered loss)	1420	87 657
Unpaid capital	1425	-
Capital withdrawn	1430	-
Total for Section I	1495	3 406 779
II. Non-current liabilities and provisions		
Deferred tax liabilities	1500	-
Long-term bank loans	1510	1 582
Other long-term liabilities	1515	44 971
Long-term provisions	1520	308 718
Long-term provisions for employee benefits	1521	69 968
Targeted financing	1525	32 391
Total for Section II	1595	387 662
III. Current liabilities and provisions		
Short-term bank loans	1600	6 571
Current payables for:		
non-current liabilities	1610	6 239
goods, works, services	1615	905 903
settlements with the budget	1620	559 630
<i>including income tax</i>	1621	40 900
social insurance contributions	1625	24 962
payroll settlements	1630	138 308
Current payables for advances received	1635	209 447
Current payables for payments to participants	1640	
Current payables from intra-entity settlements	1645	461
Current provisions	1660	361 975
Deferred income	1665	111 984
Other current liabilities	1690	211 619
Total for Section III	1695	2 537 099
IV. Liabilities related to non-current assets held for sale and disposal groups	1700	-
Balance	1900	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.

In 2024, SFE “Forests of Ukraine” carried out the next stage of reorganisation by consolidating 9 regional offices and 141 branches and establishing the following branches: “Skhidnyi Forest Office”, “Pivdennyi Forest Office”, “Karpatskyi Forest Office”, “Podilskyi Forest Office”, “Pivnichnyi Forest Office”, “Poliskyi Forest Office”, “Stolychnyi Forest Office”, “Tsentralnyi Forest Office” and “Slobozhanskyi Forest Office”.

8. Settlements and Transactions with Related Parties

Transactions with enterprises and institutions controlled by the state

Balances from transactions with related parties:

Item	31 December 2024, UAH thousand	31 December 2023, UAH thousand
Trade receivables for products, goods, work and services	27 057	6 777
Other current receivables	17 760	2 180
Receivables for advances paid	4 592	6 014
Current trade payables for goods, work and services	14 298	-
Payables for advances received	106	-
Other current liabilities	4 316	-

Income from related party transactions in 2024:

Item	2024, UAH thousand	2023, UAH thousand
Net revenue from sales of products (goods, works and services)	485 375	437 059

Other operating income:

Item	2024, UAH thousand	2023, UAH thousand
Interest accrued on cash balances	172 314	208 297

Remuneration of key management personnel. Key management personnel comprise the Chairman of the Transformation Commission.

As at 31 December 2024, current payables for benefits to key management personnel amounted to UAH 33.2 thousand; as at 1 January 2024, they amounted to UAH 120.3 thousand.

In 2024, payments to the General Director, including the social insurance contribution, amounted to UAH 6 974.5 thousand and comprised salary and related charges. 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 2024 and 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 10. Net revenue from sales of products (goods, works and services), which accounted for 97.6% of total income in 2024 and 97.9% in 2023.

Item	2024, UAH thousand	2023, UAH thousand
Net revenue from sales of products	22 949 036	22 877 017
Net revenue from rendering of services	156 869	181 227
Total net revenue	23 105 905	23 058 244

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

Item	2024, UAH thousand	2023, UAH thousand
Sales of roundwood and timber for industrial and non-industrial use	22 664 361	20 215 436
Sales of wood processing products	211 032	2 574 972
Sales of other forestry products	73 643	86 609
Total net revenue from sales of products	22 949 036	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	2024, UAH thousand	2023, UAH thousand
Production-related services	5 131 607	3 431 137
Employee benefit expenses	5 579 952	6 411 294
Taxes, other than income tax	1 540 550	1 525 106
Fuel expenses	1 209 830	1 229 559
Depreciation of fixed assets and amortisation of intangible assets	618 905	594 753
Third-party services	657 649	1 140 409
Raw materials used	476 406	840 563
Spare parts used	496 747	398 904
Other expenses	297 275	414 720
Total	16 008 921	15 986 445

12. Administrative expenses

Administrative expenses are presented by the following items:

Item	2024, UAH thousand	2023, UAH thousand
Employee benefit expenses	2 506 103	2 085 994
Depreciation of fixed assets and amortisation of intangible assets	90 357	80 161
Repairs and maintenance	218 599	176 319
Information, consulting and other professional services	76 608	95 160
Lease expenses	62 662	33 168
Bank fees and other bank charges	6 993	11 282
Taxes, other than income tax	6 960	14 928
Other administrative expenses	112 759	113 050
Total	3 081 041	2 610 062

13. Selling expenses

Selling expenses are presented by the following items:

Item	2024, UAH thousand	2023, UAH thousand
Transportation services – delivery of goods to customers	214 946	185 118
Employee benefit expenses	196 506	228 960
Third-party services	59 041	81 672
Depreciation of fixed assets and amortisation of intangible assets	13 876	8 586
Repairs and maintenance of fixed assets	34 355	25 699
Other selling expenses	23 434	61 791
Total	542 158	591 826

14. Income Tax

The calculation of income tax, deferred tax assets and deferred tax liabilities for 2024 is presented by the following items.

The tax effect of changes in temporary differences for 2024 is presented below, UAH thousand:

Item	31 December 2023	Charged / (credited) to profit or loss	Charged / (credited) directly to other comprehensive income	Charged / (credited) directly to equity	31 December 2024
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)	(30 176)	2 140	(10 681)	17 120	(21 597)
Allowance for impairment losses on receivables / expected credit losses	21 808	8 075	-	9	29 892
Net deferred tax asset / (liability)	(8 368)	10 215	(10 681)	17 129	8 295

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)

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

Item	2024, UAH thousand	2023, UAH thousand
Profit / (loss) before tax	3 034 601	3 535 940
Theoretical income tax (expense) / benefit at the statutory tax rate of 18%	(546 228)	(636 469)
Tax effect of non-deductible / non-taxable items	(8 327)	(28 725)
Income tax (expense) / benefit for the year	(554 555)	(665 194)

15. Property, Plant and Equipment

Revaluation of property, plant and equipment

In 2024, independent appraisers performed a revaluation of property, plant and equipment at the Enterprise's branches.

Group of property, plant and equipment	Revaluation in 2024, UAH thousand			Revaluation in 2023, UAH thousand		
	of initial / revalued cost	of accumulated depreciation	Net	of initial / revalued cost	of accumulated depreciation	Net
Investment property	27 341		27 341			
Buildings, structures and transmission devices	15 947	417	15 530	40 773	30 652	10 121
Machinery and equipment	113 793	98 755	15 038	8 260	2 419	5 841
Vehicles	1 392		1 392	10 801	8 578	2 223
Tools, devices and inventory (furniture)	37		37			
Total	158 510	99 172	59 338	59 834	41 649	18 185

16. Investment property

Movements in investment property items for 2024 are presented in the table below, UAH thousand:

Group of property, plant and equipment	Balance at the beginning of the year		Received during the year	Revaluation		Disposals during the year		Depreciation charged for the year	Other changes during the year		Balance at the end of the year	
	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
Investment property	-	-	737	27 341	-	11343	-	660	19 310	3 073	36 045	3 733

Taking into account that lease agreements for investment property are concluded by the State Property Fund of Ukraine based on auction results, and that

30% of the lease payment remains with the balance holder (branch), while 70% is transferred to the state budget, disclosure of income from future lease payments under lease agreements is immaterial and cannot influence the decisions of users of the financial statements.

17. Receivables and Allowance for Doubtful Debts (Expected Credit Losses)

As at 31 December 2024, current receivables mostly comprised receivables for timber and other forestry products and receivables from advances issued.

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 2024, UAH thousand	31 December 2023, UAH thousand
Non-current receivables	20	192
Trade receivables for products, goods, works and services	81 878	204 408
Receivables for settlements: for advances paid	70 723	65 985
with the budget	13 826	682 039
Other current receivables	33 315	25 509
Total	199 762	978 133

Trade receivables for products, goods, work and services at nominal value by maturity as at 31 December 2024 were represented by receivables due within 12 months in the amount of UAH 84 699 thousand (as at 31 December 2023: UAH 177 228 thousand), from 12 to 18 months in the amount of UAH 11 781 thousand (as at 31 December 2023: UAH 88,395 thousand), and from 18 to 36 months in the amount of UAH 99 883 thousand (as at 31 December 2023: UAH 16 169 thousand).

The allowance for expected credit losses on trade receivables for products, goods, work and services as at 31 December 2024 amounted to UAH 114 485 thousand (as at 31 December 2023: UAH 77 384 thousand).

Other current receivables at nominal value by maturity as at 31 December 2024 were represented by receivables due within 12 months in the amount of UAH 37 588 thousand (as at 31 December 2023: UAH 15 127 thousand), from 12 to 18 months in the amount of UAH 19 237 thousand (as at 31 December 2023: UAH 25 954 thousand), and from 18 to 36 months in the amount of UAH 28 071 thousand (as at 31 December 2023: UAH 11 463 thousand).

The allowance for expected credit losses on other current receivables as at 31 December 2024 amounted to UAH 51 581 thousand (as at 31 December 2023: UAH 27 035 thousand).

No allowance for expected credit losses on receivables for advances issued was recognised as at 31 December 2024, while as at 31 December 2023 it amounted to UAH 16 738 thousand.

Receivables and the allowance for expected credit losses by ageing are presented by the following items:

Item	31 December 2024, UAH thousand			
	Loss rate	Gross carrying amount	Total ECL	Net carrying amount
as a % of gross amount				
Trade receivables for products, goods, works and services:				
current and less than 30 days overdue	0,1%	50 047	(413)	49 634
30 to 90 days overdue	3,27%	13 984	(457)	13 527
91 to 120 days overdue	4,34%	6 310	(274)	6 036
121 to 180 days overdue	6,53%	6 519	(426)	6 093
181 to 360 days overdue	16,13%	7 839	(1 251)	6 588
more than 360 days overdue	100%	111 664	(111 664)	0
Total	-	196 363	(114 485)	81 878

Receivables and the allowance for expected credit losses by ageing are presented by the following items:

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

Information on movements in the allowance during 2024 and 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 2024, UAH thousand	31 December 2023, UAH thousand
VAT	12	2 081
Income tax	331	2 590
Allocation of part of net profit to the budget	766	670 810
Rent payment for special use of forest resources	1 803	1 202
Military levy	402	179
Other taxes and duties (environmental tax, rent payment for special use of water, rent payment for subsoil use, real estate tax and others)	723	689
Personal income tax	1 672	610
Land tax	622	1 130
Social insurance contribution	7 495	2 748
Total	13 826	682 039

18. 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 2024, UAH thousand	31 December 2023, UAH thousand
Registered (share) capital	412 460	206 742
Contributions to unregistered authorized capital	114 953	320 671
Total	527 413	527 413

As at 31 December 2023, contributions to unregistered authorised capital in the amount of UAH 320,671 thousand were presented separately in line 1401 of the Balance Sheet (Statement of Financial Position).

In preparing the financial statements for 2024, this amount was not presented as a separate line item within the indicators reconciled with the Statement of Equity, but was included in Registered (share) capital within equity.

This presentation did not affect the total amount of equity and relates solely to the classification and presentation of a separate item in the financial statements. This presentation should be taken into account when comparing individual equity items for 2023 and 2024.

There were no changes in the total amount of registered capital in 2024.

Additional capital

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

In 2024, retained earnings of UAH 1 108 861 thousand were allocated to the production development fund (2023: UAH 1 317 627 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 amounted to UAH 2 480 046 thousand for 2024 (2023: UAH 2 870 746 thousand).

The amount of part of net profit allocated by the Enterprise to the state budget for 2024 was UAH 1 291 542 thousand (2023: UAH 1 443 915 thousand).

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

Item	31 December 2024, UAH thousand	31 December 2023, UAH thousand
Net financial result, line 2350 of Form No. 2	2 480 046	2 870 746
Additional basis for accruing part of net profit, including: amortisation of revaluation surplus and write-off of revaluation surplus	102 964	17 086
other accruals	76	-
Net profit used as the basis for allocating part of net profit	2 583 086	2 887 832
Part of net profit payable at the rate of 50%	1 291 542	1 443 915

Revaluation reserve

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

In 2024, the revaluation surplus on non-current assets amounted to UAH 59 338 thousand (2023: UAH 18 185 thousand). Income tax related to other comprehensive income amounted to UAH 10 681 thousand in 2024 (2023: UAH 3 273 thousand).

Other changes in equity

Item	2024, UAH thousand	2023, UAH thousand
Registered (share) capital	-	507 884
including: Registered (share) capital contributed upon accession of state enterprises under transfer acts		507 884
Revaluation reserve	(101 405)	98 233
including: Revaluation reserve contributed upon accession of state enterprises under transfer acts		116 318
Amortisation of revaluation reserve and write-off of revaluation reserve upon disposal of property, plant and equipment	(102 964)	(17 086)
Other changes	1 559	(999)
Additional capital	(62 988)	2 438 468
including: Additional capital contributed upon accession of state enterprises under transfer acts		2 505 020
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	(57 090)	56 319
Expenses of prior periods covered from additional capital	(5 898)	(32 165)
Reserve capital	(1 395)	895
including: Reserve capital contributed upon accession of state enterprises under transfer acts		895
Transfer of reserve capital to additional capital	(1 395)	

Item	2024, UAH thousand	2023, UAH thousand
Retained earnings (uncovered loss)	(79 643)	(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	102 964	17 086
Expenses of prior periods covered from retained earnings and other changes	(182 607)	(109 021)
Total	(245 431)	2 939 065

19. Payables

As at 31 December 2024, 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 2024, UAH thousand	31 December 2023, UAH thousand
Other long-term liabilities	4 306	5 572
Current payables for:		
non-current liabilities	289	10 178
goods, works, services	1 043 064	1 472 457
settlements with the budget	999 357	1 042 813
social insurance contributions	4 053	47 764
payroll settlements	33 045	247 629
Current payables for advances received	322 512	289 131
Other current liabilities	37 233	68 856
Total	2 443 859	3 184 400

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 2024, UAH thousand	31 December 2023, UAH thousand
VAT	246 522	192 130
Income tax	43 080	299 416
Allocation of part of net profit to the budget	206 834	5 619
Rent payment for special use of forest resources	456 427	445 167
Military levy	2 391	4 292
Other taxes and duties (environmental tax, rent payment for special use of water, rent payment for subsoil use, real estate tax and others)	3 523	7 231
Personal income tax	19 568	66 255
Land tax	21 012	22 703
Social insurance contribution	4 053	47 764
Total	1 003 410	1 090 577

20. Provisions and Reserves

As at 31 December 2024, provisions amounted to UAH 603,011 thousand and comprised:

- provision for vacation payments of UAH 532,686 thousand;
- provision for bonuses of UAH 70,325 thousand.

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

Information on movements in provisions during 2024 and 2023 is presented in Section VII of Form No. 5 "Notes to the Annual Financial Statements" for the respective periods.

21. 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 2024 and 31 December 2023, 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.

22. 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 2024	31 December 2023
Current liquidity ratio K1 = line 1195 / line 1695	1,1	1,1
Total liquidity ratio K2 = line 1195 / (line 1595 + line 1695)	1,1	1,1
Equity working capital coverage ratio K3 = (line 1495 - line 1095) / line 1195	0,1	0,1

The current and total liquidity ratios as at 31 December 2024 and 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 2024 and 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 2024 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 2024 and 31 December 2023, all current payables had maturities of up to one year, and the Enterprise had sufficient assets to settle them:

Item	31 December 2024, UAH thousand	31 December 2023, UAH thousand
Current payables for:		
non-current liabilities	289	10 178
goods, works, services	1 043 064	1 472 457
settlements with the budget	999 357	1 042 813
social insurance contributions	4 053	47 764
payroll settlements	33 045	247 629
Other current liabilities	37 233	68 856
Total	2 117 041	2 889 697

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 2024, UAH thousand		
	Monetary financial assets	Monetary financial liabilities	Net carrying position
Ukrainian hryvnias	1 441 655	(2 121 243)	(679 588)
US dollars	52 703	(104)	52 599
Euros	113 802	-	113 802
Other	3 066	-	3 066
Total	1 611 226	(2 121 347)	(510 121)

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)

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 2024, UAH thousand	31 December 2023, UAH thousand
US dollars	5 260	8 685
Euros	11 380	8 807
Other	307	143
Change in net assets	16 947	17 635

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 overdue 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 expected credit losses recognised in respect of financial assets. Information on receivables and their maturities is presented in Note 17.

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 2024 and 31 December 2023, the Enterprise's capital structure was acceptable and did not create significant risks to its financial stability.

23. 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 2024, 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.

24. Authorisation of the Financial Statements

These financial statements of the Enterprise for the year ended 31 December 2024 were authorised for issue and signed by management on *6 April 2026*.

Chairman of the Transformation
Commission



Yurii Bolokhovets

Chief Accountant

Olha Miroshnikova