STATE SPECIALIZED FOREST ENTERPRISE
"FORESTS OF UKRAINE"

Державне підприємство
Ліси України

# International Financial Accounting Standards Financial statements and Independent Auditor's Report

## for the year ended December 31, 2025

# CONTENTS

# STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that present fairly the financial position of the STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE" (hereinafter - SFE "Forests of Ukraine" or the "Company") as at December 31, 2025, as well as the results of its operations, cash flows, and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (hereinafter "IFRS").

In preparing the financial statements, the Company's management is responsible for:

— appropriate selecting and applying accounting policies;

— presenting information, including accounting policies, in a manner that ensures its relevance, reliability, comparability and understandability;

— using reasonable estimates and assumptions;

— compliance with the relevant IFRS or disclosure of all material deviations in the notes to the financial statements;

— preparing the financial statements on the assumption that the Company will continue as a going concern in the foreseeable future.

The Company's management is also responsible for:

— developing, implementing and maintaining an effective and reliable internal control system;

— maintaining an accounting system that allows for the preparation, at any time, of information regarding the Company's financial position with a reasonable degree of accuracy and ensures that the financial statements comply with IFRS;

— maintaining accounting records in accordance with applicable laws and IFRS;

— taking all reasonable measures to safeguard the Company's assets; and

— preventing and detecting financial fraud and other irregularities.

The Company's financial statements for 2025 were authorized for issue and signed by management on May 28, 2026:

Chairman of the Transformation Commission ____________ Zubovych I.O.

Chief Accountant ____________ Miroshnikova O.V.

Київ * Україна * Державне спеціалізоване господарське підприємство «Ліси України» Ідентифікаційний код 44768034

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# INDEPENDENT AUDITOR'S REPORT

To the Management and
State Forest Resources Agency of Ukraine
STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE"

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Qualified Opinion

We have audited the financial statements of the STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE" (hereinafter - the "Company"), which comprise the Balance sheet (Statement of financial position) as at December 31, 2025, and the Income Statement (Statement of comprehensive income), 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 (hereinafter - the "financial statements").

In our opinion, except for the effects or possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and meet the requirements of the legislation regarding its preparation.

### Basis for Qualified Opinion

#### - Inventories' availability

We were appointed as the Company's auditors after December 31, 2024, and, accordingly, were unable to observe the stocktaking of inventories as at that date.

Due to the nature and scope of the Company's records, we were unable to obtain sufficient and appropriate audit evidence regarding the availability of a certain amount of inventories as at December 31, 2024, with the use of alternative audit procedures. The carrying amount of such inventories, which includes raw materials, work-in-progress, goods and finished goods, was UAH 1,659,001 thousand.

Accordingly, we were unable to determine whether any adjustments would be necessary to the stated inventories' balances as at December 31, 2024, as well as to the related financial statement indicators for the year then ended.

#### - Log of transactions

The Company's financial information is prepared based on data from the logs of transactions, which are maintained separately for each branch. Due to the significant scope of transactions and adjustments made during the reporting period, as well as the specific nature of the preparation and consolidation of accounting data, we were unable to obtain sufficient and acceptable audit evidence regarding the completeness of the entries presented in logs as at December 31, 2024.

Due to limitations in performing the testing procedures of transaction logs at the beginning of the period, we were unable to obtain sufficient and appropriate audit evidence regarding certain accounting data that form the financial statement indicators. Consequently, we were unable to determine whether any adjustments were necessary to certain financial statement indicators for the year ended December 31, 2024.

We conducted our audit in accordance with the requirements of the Law of Ukraine "On Audit of Financial Statements and Auditing" and International Standards on Auditing (ISAs) of the International Federation of Accountants (IFAC). 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Material uncertainty related to going concern

We draw attention to Notes 4 and 24 to the financial statements, which discloses the impact of the Russian Federation's military aggression against Ukraine and the associated economic and political risks. There is significant uncertainty regarding the currently unpredictable impact of the ongoing military hostilities in Ukraine, and the assumptions underlying management's estimates, which could cast doubt on the Company's ability to continue as a going concern and, consequently, its ability to realize its assets and settle its liabilities in the ordinary course of business activity.

Considering the information described above, there is a possibility of adverse consequences that could cast doubt on the Company's ability to continue as a going concern in the future.

Our opinion has not been modified in respect of this matter.

### Emphasis of Matter

#### · Company's corporatization

We draw attention to Note 1 to the financial statements, which states that on September 26, 2025, the State Forest Resources Agency of Ukraine adopted a decision to transform the Company into a Joint-Stock Company with 100% state ownership, in accordance with the requirements of the Civil Code of Ukraine, the laws of Ukraine "On the State Property Management", "On Peculiarities of Regulating of Activities of Legal Entities of Certain Organizational and Legal Forms in the Transitional Period and Associations of Legal Entities", Resolutions of the Cabinet of Ministers of Ukraine No. 1003 dated September 07, 2022 and No. 1104 dated September 08, 2025, as well as the Regulations on the State Forest Resources Agency of Ukraine, approved by Resolution of the Cabinet of Ministers of Ukraine No. 521 dated October 08, 2014.

An entry regarding the Company's termination as a result of reorganization by transformation has been made in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations.

#### · Reporting in iXBRL format

We draw attention to Note 2 to the financial statements, which states that, in accordance with the requirements of paragraph 5 of Article 12 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", companies that prepare financial statements in accordance with IFRS are required to submit them based on the IFRS financial reporting taxonomy in iXBRL format.

As at the date of approval of these financial statements, the process of preparing and validating the financial statement package in iXBRL format is still ongoing, and the submission of such a package will be made after the completion of the relevant procedures.

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 during our audit of the financial statements of 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 provide a separate opinion on these matters. In addition to the matter described in the section "Material uncertainty regarding going concern", we have determined that the matter described below is a key audit matter that should be disclosed in our report.

| Key audit matter | Audit procedures |
|---|---|
| **Determination of the fair value of property, plant and equipment**<br>(See Note 8 to the financial statements)<br>The Company applies the revalued cost model to the property, plant and equipment groups "Buildings and Structures", "Machinery and Equipment" and "Vehicles", Other groups of property, plant and equipment are carried at cost less accumulated depreciation and impairment. As noted in Note 8, the most recent fair value measurement of property, plant and equipment was performed upon transition to IFRS as at January 01, 2024. Determining the fair value of property, plant and equipment is a key audit matter involving a significant degree of professional judgment and estimation uncertainty, as well as significant sensitivity to assumptions, particularly regarding projected sales volumes, pricing parameters and the discount rate. | During the audit:<br>• we gained an understanding of the policies, processes and methods used to measure the fair value of property, plant and equipment;<br>• with the involvement of external appraisal experts, we assessed the methodology's compliance with the requirements of IFRS 13 "Fair Value Measurement" and international valuation standards. We evaluated the competence and independence of the engaged appraisers;<br>• we tested the input data used in the valuation model for completeness and accuracy;<br>• critically analyzed management's key assumptions, taking into account industry conditions and the results of other audit procedures;<br>• discussed with management the key assumptions regarding the technical condition, useful lives and characteristics of the assets;<br>• assessed the completeness and appropriateness of disclosures in the financial statements. |

We have completed our audit procedures and believe that the disclosure of this matter in the financial statements is appropriate.

### Other Information

The Company's management is responsible for presenting, in conjunction with the financial statements, other information in the form of a Management report and a Report on payments to the state by timber harvesting enterprises for 2025, in accordance with the requirements of the Law of Ukraine "On Accounting and Financial Reporting".

In connection with our audit of the financial statements, it is our responsibility to review other information while considering whether there is a material inconsistency between other information and financial statements or our knowledge obtained during the audit, or whether this information appears to be such that contains significant misstatement. If, on the basis of our work in respect to other information received before the date of the Independent auditor's report, we conclude that there is a material misstatement of this other information, we are obliged to communicate this fact.

In the Management report for 2025 and Report on payments to the state by timber harvesting enterprises for 2025, apart from the potential impact of the matters disclosed in the "Basis for Qualified Opinion" section of our report, we have not identified any material inconsistencies between the other information and the financial statements or our knowledge obtained during the audit, or that this information appears to be materially misstated, and we have not identified any other matters that would need to be included in our Independent Auditor's Report.

### Other Matter

The audit of the Company's financial statements for the year ended December 31, 2024, was conducted by another auditor, who on April 06, 2026, issued a qualified opinion regarding the accuracy of the valuation of property, plant and equipment, capital investments and intangible assets transferred by succession; the availability of a certain amount of inventories as at December 31, 2024; the reliability of certain comparative indicators for 2023; and certain financial statement indicators due to limitations in verifying accounting system data and a significant volume of adjustments. This audit related to the Company's financial statements prepared in accordance with the conceptual framework of the Ukrainian Accounting Standards (UAS).

The Company's financial statements have been audited in accordance with International Financial Reporting Standards (IFRS) for the first time.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

— identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

— conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainly exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 our 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 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 to communicate with 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 with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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 of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Legal and regulatory acts of Ukraine set additional requirements for information related to the audit or review of the financial statements and must be obligatory included in the auditor's report on the results of the statutory audit. Responsibility for such reporting is additional to that of the auditor established by ISA requirements.

### Basic information about the auditor and audit engagement performance circumstances

In accordance with the requirements of Article 14 of the Law of Ukraine "On Audit of Financial Statements and Auditing", we provide basic information about the audit entity that conducted the audit and the circumstances of the performance of this audit engagement.

### Basic information about the audit entity

| | |
|---|---|
| Name of the Company | «Crowe Erfolg Ukraine», Limited Liability Company |
| Identification code of a legal entity | 36694398 |
| Location | 7, L. Pervomaiskoho Str., Kyiv, 01133 |
| Information about inclusion in the Register | The registration number in the Register of Auditors and Audit Entities No. 4316 |
| Website | www.crowe.com.ua/croweaa, croweerfolg.com.ua/ |

### The appointment of the auditor and total duration of the auditor's engagement

The decision to appoint us as the auditor was made in accordance with Order No. 324 of the State Forest Resources Agency of Ukraine dated December 11, 2025.

The total duration of our engagement to audit the Company's financial statements, without interruption and taking into account any extensions of our mandate and reappointments, is one year.

The audit was conducted according to Agreement No. 15-2/12.2025-z dated December 15, 2025. Services were provided from December 15, 2025 to May 30, 2026.

### Description and assessment of significant risks of material misstatement in the financial statements and key audit matters

In the "Basis for Qualified Opinion" and "Key Audit Matters" sections of this report, we have disclosed the matters that were of most significance during our audit of the current period's financial statements and which, in our professional judgment, are worth noting. These matters were considered in the context of our audit of the financial statements as a whole and were taken into account in forming our opinion thereon; however, we do not express a separate opinion on these matters. During the performance of this statutory audit engagement, we did not identify any other matters regarding audit judgments that we consider appropriate to disclose in accordance with the requirements of Section 4.3 of Article 14 of the Law "On Audit of Financial Statements and Auditing".

Crowe

### Confirmation and assurance regarding the audit engagement performance

We confirm that this Independent Auditor's Report is consistent with the Additional Report to the management, Audit Committee of the Supervisory Board and the State Forest Resources Agency of Ukraine that we are providing based on the results of the audit conducted.

We did not provide the Company or its controlled entities with any other services than audit services defined by Article 6 of the Law of Ukraine "On Audit of Financial Statements and Auditing". We have not provided the Company or its controlled entities with any services other than statutory audit services.

### Report on the Company's compliance with the Executives Remuneration Policy and the Supervisory Board Members Remuneration Policy

We have verified the Company's compliance with the Executives Remuneration Policy of state-owned unitary enterprises and heads of executive bodies of business entities in which more than 50 percent of the shares (stakes) in the authorized capital are owned by the state, approved by Resolution of the Cabinet of Ministers of Ukraine No. 1369 dated November 29, 2024 No. 1369 (hereinafter—the Executives Remuneration Policy), as well as the Company's internal documents adopted to implement the Executives Remuneration Policy.

During the audit, we reviewed the following issues:

— Terms of the contract with the Company's CEO;

— Compliance with established requirements regarding the calculation of the fixed and variable components of the Company's CEO's remuneration in 2025;

— The Company's Charter and registration documents;

— Accounting and HR records and source documents (payroll records) regarding payments to the CEO and reimbursement of expenses;

— Achievement of the 2025 bonus targets;

— Minutes of the Supervisory Board meetings.

Based on the results of the audit, we have concluded that, in 2025, the Company complied in all material respects with the requirements set forth in the Executives Remuneration Policy.

The Report on the Supervisory Board Members Remuneration is currently being prepared for consideration at a meeting of the Company's Supervisory Board. Accordingly, we did not perform an audit of compliance with the Remuneration Policy for members of the Supervisory Boards of state-owned unitary enterprises and heads of executive bodies of business entities in which more than 50 percent of the shares (stakes) in the authorized capital are owned by the state, as approved by Resolution of the Cabinet of Ministers of Ukraine No. 1369 dated November 29, 2024.

### Annual Achievement Report set out in the Owner's Letter of Expectations

We have reviewed the indicators presented in the Annual Achievement Report, set forth in the Company's Owner's Letter of Expectations for the year ended December 31, 2025, which was prepared in accordance with the form set forth in Appendix 2 to the Methodological Guidelines for the Preparation of the Owner's Letter of Expectations, approved by Order of the Ministry of Economy of Ukraine No. 24098 dated October 01, 2024.

During the review of the indicators presented in the Annual Achievement Report for the year ended December 31, 2025, the following data for the specified period were examined:

— Annual Achievement Report;

— Owner's Letter of Expectations:

— The Company's financial statements;

— Management Report;

— Other information received from the Company.

In our opinion, the performance indicators presented in the Company's Achievement Report for 2025 accurately reflect the Company's performance, are consistent with the financial statements, and there are no inconsistencies between them and other information obtained during the audit.

"Crowe Erfolg Ukraine", Limited Liability Company, its owners, officers, engagement partner and other employees are independent of the Company, did not participate in the preparation and management decisions of the Company during the period covered by the audited financial statements and in the period of audit services provision for such financial statements.

The engagement partner responsible for the audit resulting in this Independent Auditor's Report, is Pilyugina Tetiana Hryhorivna (Registration number in the Register of auditors and audit entities: 100070).

On behalf of "Crowe Erfolg Ukraine", LLC

Managing Partner Artem VOROBIIENKO

Engagement Partner Tetiana PILYUGINA

ТОВ "КРОУ ЕРФОЛЬГ УКРАЇНА" Ідентифікаційний код 36694398 №1

Kyiv, May 30, 2026

| | Codes | | |
|---|---|---|---|
| Date (YYYY/MM/DD) | 2025 | 12 | 31 |
| EDRPOU | 44768034 | | |
| KATOTTG | UA80000000000624772 | | |
| KOPFG | 140 | | |
| KVED | 02.10 | | |

Company: STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE"
Location: Pecherskyi District, Kyiv
Legal form of business: State-owned enterprise
Type of economic activity: Silviculture and other forestry activities
Average number of employees (full-time): 22,252
Address, phone: 9A Rustaveli Street, Kyiv, 01601, Ukraine
Unit of measurement: thousands UAH without decimals (except for Section IV of the Income Statement (Statement of Comprehensive Income) (Form No. 2), whose monetary figures are presented in hryvnias with kopecks)
Prepared (check the appropriate box):

| | |
|---|---|
| in accordance with National Accounting Standards | |
| in accordance with International Financial Reporting Standards | v |

## Balance Sheet (Statement of Financial Position)
as at December 31, 2025

| Assets | Notes | Line code | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| **I. Non-current assets** | | | | | |
| **Intangible assets** | 8 | **1000** | **637 690** | **544 490** | **341 683** |
| historical cost | 8 | 1001 | 704 321 | 576 987 | 370 680 |
| accumulated amortization | 8 | 1002 | (66 631) | (32 497) | (28 997) |
| **Construction-in-progress** | 8 | **1005** | **748 486** | **529 496** | **468 734** |
| **Property, plant and equipment** | 8 | **1010** | **11 633 137** | **11 806 835** | **11 653 959** |
| historical cost | 8 | 1011 | 33 285 608 | 32 240 887 | 31 493 804 |
| depreciation | 8 | 1012 | (21 652 471) | (20 434 052) | (19 839 845) |
| **Investment property** | 8 | **1015** | **41 594** | **39 803** | **77** |
| Historical cost of investment property | 8 | 1016 | 166 870 | 131 048 | 386 |
| Depreciation of investment property | 8 | 1017 | (125 276) | (91 245) | (309) |
| Non-current biological assets | | 1020 | 209 | 208 | 97 |
| **Non-current financial investments:** accounted for using the equity method | | 1030 | - | - | - |
| other financial investments | | 1035 | 85 | 85 | 85 |
| Non-current accounts receivable | | 1040 | 23 | 21 | 192 |
| Deferred tax assets | | 1045 | - | - | - |
| Other non-current assets | | 1090 | - | - | 23 |
| **Total for Section I** | | **1095** | **13 061 224** | **12 920 938** | **12 464 850** |
| **II. Current assets** | | | | | |
| **Inventories** | 9 | **1100** | **1 924 575** | **1 642 321** | **2 000 079** |
| inventories | 9 | 1101 | 567 074 | 510 397 | 565 440 |
| work-in-progress | 9 | 1102 | 114 602 | 114 509 | 152 202 |
| finished goods | 9 | 1103 | 1 240 952 | 1 015 156 | 1 278 246 |
| goods | 9 | 1104 | 1 947 | 2 259 | 4 191 |
| Current biological assets | | 1110 | 4 577 | 4 489 | 5 867 |
| Trade accounts receivable | 10 | 1125 | 235 789 | 86 160 | 175 980 |
| **Accounts receivable:** for prepayments | 10 | 1130 | 145 077 | 59 057 | 34 805 |
| for settlements with budget | 10 | 1135 | 24 273 | 13 826 | 683 833 |
| *including income tax* | 10 | 1136 | 203 | 331 | 2 488 |
| Accounts receivable for income accrued | | 1140 | 40 777 | - | - |
| Other current accounts receivable | 10 | 1155 | 54 684 | 29 032 | 13 932 |
| Current financial investments | | 1160 | - | - | - |
| **Cash and cash equivalents** | 11 | **1165** | **3 576 544** | **1 344 660** | **1 050 309** |
| cash | 11 | 1166 | 1 | - | 470 |
| bank accounts | 11 | 1167 | 3 576 373 | 1 344 660 | 1 049 839 |
| Deferred expenses | | 1170 | 6 891 | 4 692 | 7 701 |
| Other current assets | | 1190 | 193 695 | 137 526 | 147 186 |
| **Total for Section II** | | **1195** | **6 206 882** | **3 321 763** | **4 119 692** |

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|
| **III. Non-current assets held for sale and disposal groups** | | **1200** | **-** | **-** | **-** |
| **Total Assets** | | **1300** | **19 268 106** | **16 242 701** | **16 584 542** |
| **I. Equity** | | | | | |
| Authorized (share) capital | 12 | 1400 | 540 103 | 527 413 | 527 413 |
| Contributions to unauthorized share capital | 12 | 1401 | - | - | 320 671 |
| Revaluation surplus (reserve) | 12 | 1405 | 5 768 039 | 6 283 081 | 6 903 604 |
| Additional capital | 12 | 1410 | 4 844 090 | 4 753 988 | 3 650 938 |
| Reserve capital | | 1415 | - | - | - |
| Retained earnings (accumulated deficit) | | 1420 | 1 023 503 | (104 909) | (313 491) |
| Unpaid capital | | 1425 | - | - | - |
| Withdrawn capital | | 1430 | - | - | - |
| **Total for Section I** | | **1495** | **12 175 735** | **11 469 573** | **10 768 464** |
| **II. Non-current liabilities and provisions** | | | | | |
| Deferred tax liabilities | 23 | 1500 | 1 276 277 | 1 363 779 | 1 444 401 |
| Long-term bank loans | | 1510 | - | - | - |
| Other non-current liabilities* | | 1515 | 126 341 | 22 126 | 77 743 |
| Non-current provisions | 16 | 1520 | 230 033 | 101 351 | 93 617 |
| non-current provisions for employee benefits | 16 | 1521 | 230 033 | 101 351 | 93 617 |
| Targeted funding | | 1525 | - | - | 741 |
| **Total for Section II** | | **1595** | **1 632 651** | **1 487 256** | **1 616 502** |
| **III. Current liabilities and provisions** | | | | | |
| Short-term bank loans | | 1600 | | - | - |
| Current accounts payable for: | | | | | |
| non-current liabilities | 13 | 1610 | 59 373 | 60 955 | 53 538 |
| goods, works, services | 13 | 1615 | 1 064 618 | 1 037 513 | 1 450 617 |
| settlements with budget | 14 | 1620 | 2 474 036 | 999 357 | 1 043 078 |
| *including income tax* | 14 | 1621 | 93 392 | 43 080 | 299 416 |
| insurance settlements | | 1625 | 47 145 | 4 053 | 47 801 |
| payroll | | 1630 | 257 229 | 33 045 | 246 149 |
| Current accounts payable for advances received | 13 | 1635 | 560 338 | 322 512 | 297 252 |
| Current accounts payable to participants | | 1640 | | - | - |
| Current provisions | 16 | 1660 | 890 917 | 739 186 | 928 479 |
| Deferred income | | 1665 | 38 397 | 41 827 | 20 649 |
| Other current liabilities | 13 | 1690 | 67 667 | 47 424 | 112 013 |
| **Total for Section III** | | **1695** | **5 459 720** | **3 285 872** | **4 199 576** |
| **IV. Liabilities related to non-current assets held for sale and disposal groups** | | **1700** | **-** | **-** | **-** |
| **Total Equity and Liabilities** | | **1900** | **19 268 106** | **16 242 701** | **16 584 542** |

* The line "Other non-current liabilities" (line code: 1515) includes non-current lease liabilities

Signed and approved for issue on behalf of the management of the STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE" on May 28, 2026.

Chairman of the Transformation Commission ____________ Zubovych I.O.

Chief Accountant ____________ Miroshnikova O.V.

| | Codes | | |
|---|---|---|---|
| Date (YYYY/MM/DD) | 2025 | 12 | 31 |
| EDRPOU | 44768034 | | |

Company: STATE SPECIALIZED FOREST ENTERPRISE «FORESTS OF UKRAINE»
(name)

# Income Statement (Statement of Comprehensive Income)for 2025

## I. Financial Results

| Item | Notes | Line code | 2025 | 2024 |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| Sales revenue, net | 17 | 2000 | 29 875 365 | 23 105 905 |
| Cost of sales | 18 | 2050 | (18 909 373) | (16 061 873) |
| **Gross:** Profit | | **2090** | **10 965 992** | **7 044 032** |
| Loss | | 2095 | - | - |
| Other operating income | 21 | 2120 | 668 842 | 461 539 |
| including: income from changes in the value of assets measured at fair value | | *2121* | - | - |
| income from the initial recognition of biological assets and agricultural produce | | *2122* | - | - |
| Administrative expenses | 19 | 2130 | (2 064 064) | (3 074 770) |
| Selling and distribution expenses | 20 | 2150 | (430 744) | (543 404) |
| Other operating expenses | 21 | 2180 | (821 537) | (994 859) |
| including: expenses from changes in the value of assets measured at fair value | | 2181 | - | - |
| expenses from the initial recognition of biological assets and agricultural produce | | 2182 | - | - |
| **Net income from operating activities:** Profit | | **2190** | **8 318 489** | **2 892 538** |
| Loss | | 2195 | - | - |
| Equity gain | | 2200 | - | - |
| Other finance income | | 2220 | 3 | 3 |
| Other income | | 2240 | 48 338 | 21 201 |
| Finance costs | | 2250 | (21 625) | (27 040) |
| Equity loss | | 2255 | - | - |
| Other expenses | | 2270 | (25 434) | (41 124) |
| **Profit before tax:** Profit | | **2290** | **8 319 771** | **2 845 578** |
| Loss | | 2295 | - | - |
| Income tax expense | 22 | 2300 | (1 512 544) | (554 555) |
| Profit (loss) from discontinued operations after tax | | 2305 | - | - |
| **Net financial result:** Profit | | **2350** | **6 807 227** | **2 291 023** |
| Loss | | 2355 | - | - |

## II. Comprehensive income

| Item | Notes | Line code | 2025 | 2024 |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| Revaluation of non-current assets | | 2400 | - | - |
| Revaluation of financial instruments | | 2405 | - | - |
| Accumulated exchange rate differences | | 2410 | - | - |
| Share of other comprehensive income of associates and joint ventures | | 2415 | - | - |
| Other comprehensive income | | 2445 | (104,561) | (1,485) |
| **Other comprehensive income before tax** | | **2450** | **(104,561)** | **(1,485)** |
| Income tax related to other comprehensive income | | 2455 | (18,821) | (267) |
| **Other comprehensive income, net of tax** | | **2460** | **(85,740)** | **(1,218)** |
| **Total income (sum of lines 2350, 2355 and 2460)** | | **2465** | **6,721,487** | **2,289,805** |

### III. Operating expenses

| Item | Notes | Line code | 2025 | 2024 |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| Material costs | | 2500 | 3,442,262 | 3 219,337 |
| Labor costs | | 2505 | 8,512,743 | 7 098,442 |
| Social security contributions | | 2510 | 1,722,721 | 1 396,435 |
| Depreciation and amortization* | | 2515 | 1,170,340 | 917,951 |
| Other operating expenses | | 2520 | 7,824,082 | 8 229,992 |
| **Total** | | **2550** | **22,672,148** | **20,862,157** |

### IV. Earnings per share

| Item | Notes | Line code | 2025 | 2024 |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| Average annual number of common shares | | 2600 | - | - |
| Adjusted average annual number of common shares | | 2605 | - | - |
| Net income (loss) per common share | | 2610 | - | - |
| Adjusted net income (loss) per common share | | 2615 | - | - |
| Dividends per common share | | 2650 | - | - |

* The "Depreciation and amortization" line (line code: 2515) includes expenses for depreciation and impairment of property, plant and equipment and intangible assets

Signed and authorized for issue on behalf of the management of the STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE" on May 28, 2026.

Chairman of the Transformation Commission ____________ Zubovych I.O.

Chief Accountant ____________ Miroshnikova O.V.

| | Codes | | |
|---|---|---|---|
| Date (YYYY/MM/DD) | 2025 | 12 | 31 |
| EDRPOU | 44768034 | | |

Company: STATE SPECIALIZED FOREST ENTERPRISE «FORESTS OF UKRAINE»
(name)

## Statement of Cash Flows (direct method)
for 2025

| Item | Notes | Line code | 2025 | 2024 |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| **Cash flows from operating activities**<br>Revenue from: | | | | |
| Sales of products (goods, work, services) | | 3000 | 23 414 775 | 18 239 989 |
| Tax and fee refunds | | 3005 | 870 | 3 729 |
| including value-added tax | | 3006 | - | - |
| Targeted funding | | 3010 | 53 450 | 166 481 |
| Proceeds from subsidies and grants | | 3011 | - | - |
| Proceeds from advances received from customers | | 3015 | 12 771 796 | 9 731 422 |
| Proceeds from advances repaid | | 3020 | 12 385 | 34 340 |
| Proceeds from Interest received on balances with banks | | 3025 | 346 069 | 172 314 |
| Proceeds from debtors' penalties (fines, fees) | | 3035 | 1 997 | 5 268 |
| Proceeds from operating leases | | 3040 | 40 627 | 14 421 |
| Proceeds from royalties and copyright fees | | 3045 | - | - |
| Other proceeds | | 3095 | 364 575 | 141 917 |
| **Expenditures for payment of:** | | | | |
| Goods (works, services) | | 3100 | (9 431 086) | (9 542 081) |
| Salary and wages | | 3105 | (6 240 227) | (5 975 110) |
| Social security contributions | | 3110 | (1 673 421) | (1 498 813) |
| Taxes and fees payable | | 3115 | (14 144 576) | (7 500 154) |
| Expenditures for income tax payable | | 3116 | (1 612 882) | (822 408) |
| Expenditures for value-added tax payable | | 3117 | (4 364 593) | (3 172 636) |
| Expenditures for payment of other taxes and fees | | 3118 | (8 167 101) | (3 505 110) |
| Expenditures for prepayments made | | 3135 | (1 433 861) | (1 536 828) |
| Expenditures for refund of advances received | | 3140 | (171 941) | (133 285) |
| Expenditures for payment of special-purpose contributions | | 3145 | ( - ) | (1 988) |
| Expenditures of financial institutions for granting loans | | 3155 | ( - ) | ( - ) |
| Other expenditures | | 3190 | (550 867) | (394 660) |
| **Net cash flows from operating activities** | | **3195** | **3 360 565** | **1 926 962** |
| **II. Cash flows from investing activities**<br>Proceeds from sales: | | | | |
| financial investments | | 3200 | - | - |
| non-current assets | | 3205 | - | - |
| **Proceeds from received:** | | | | |
| Interest | | 3215 | - | - |
| dividends | | 3220 | - | - |
| Proceeds from derivatives | | 3225 | - | - |
| Proceeds from loan repayments | | 3230 | - | - |
| Other proceeds | | 3250 | - | - |
| **Expenditures for the acquisition of:** | | | | |
| financial investments | | 3255 | - | - |
| non-current assets | | 3260 | (1 076 789) | (1 623 643) |
| Expenditures for derivatives | | 3270 | - | - |
| Expenditures for granting loans | | 3275 | - | - |
| Other expenditures | | 3290 | - | - |
| **Net cash flows from investing activities** | | **3295** | **(1 076 789)** | **(1 623 643)** |
| **III. Cash flows from financing activities**<br>**Proceeds from:**<br>**Equity** | | 3300 | - | - |
| Loans received | | 3305 | - | - |
| Proceeds from the sale of a stake in a subsidiary | | 3310 | - | - |
| Other proceeds | | 3340 | - | - |

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| **Expenditures for:** | | | - | - |
| Redemption of treasury shares | | 3345 | - | - |
| Repayment of loans | | 3350 | - | - |
| Dividend payments | | 3355 | - | - |
| Interest expense | | 3360 | - | (1 634) |
| Expenditures for payment of lease liabilities | | 3365 | (67 052) | (15 471) |
| Other expenditures | | 3390 | | |
| **Net cash flows from financing activities** | | **3395** | **(67 052)** | **(17 105)** |
| **Net cash flows for the reporting period** | | **3400** | **2 216 724** | **286 214** |
| Cash balance at the beginning of the year | | 3405 | 1 344 660 | 1 050 308 |
| Impact of exchange rate changes on cash balance | | 3410 | 15 160 | 8 138 |
| **Cash balance at the end of the year** | | **3415** | **3 576 544** | **1 344 660** |

Signed and authorized for issue on behalf of the management of the STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE" on May 28, 2026.

Chairman of the Transformation Commission ____________ Zubovych I.O.

Chief Accountant ____________ Miroshnikova O.V.

| | |
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| | Codes |
| Date (YYYY/MM/DD) | 2025 12 31 |
| EDRPOU | 44768034 |

Company: STATE SPECIALIZED FOREST ENTERPRISE «FORESTS OF UKRAINE»
(name)

## Statement of Changes in Equity
## for 2025

| Item | Line code | Authorized (share) capital | Revaluation surplus | Additional capital | Reserve capital | Retained earnings (accumulated deficit) | Unpaid capital | Withdrawn capital | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| **Balance at the beginning of the year** | **4000** | **527,413** | **6,288,081** | **4,758,988** | **-** | **(104,909)** | **-** | **-** | **11,469,573** |
| Adjustments:<br>Change in accounting policy | 4005 | - | - | - | - | - | - | - | - |
| Error corrections | 4010 | - | - | - | - | - | - | - | - |
| Other changes | 4090 | - | - | - | - | - | - | - | - |
| **Adjusted balance at the beginning of the year** | **4095** | **527,413** | **6,288,081** | **4,758,988** | **-** | **(104,909)** | **-** | **-** | **11,469,573** |
| **Net profit (loss) for the reporting period** | **4100** | **-** | **-** | **-** | **-** | **6,807,227** | **-** | **-** | **6,807,227** |
| **Other comprehensive income for the reporting period** | **4110** | **-** | **-** | **-** | **-** | **(85,740)** | **-** | **-** | **(85,740)** |
| Revaluation of non-current assets | 4111 | - | - | - | - | - | - | - | - |
| Revaluation of financial instruments | 4112 | - | - | - | - | - | - | - | - |
| Accumulated exchange rate differences | 4113 | - | - | - | - | - | - | - | - |
| Share of other comprehensive income of associates and joint ventures | 4114 | - | - | - | - | - | - | - | - |
| Other comprehensive income | 4116 | - | - | - | - | (85,740) | - | - | **(85,740)** |
| **Profit allocation:**<br>Payments to owners (dividends) | 4200 | - | - | - | - | - | - | - | - |
| Allocation of profits to authorized capital | 4205 | - | - | - | - | - | - | - | - |
| Allocations to reserve capital | 4210 | - | - | - | - | - | - | - | - |
| Net profit attributable to the budget in accordance with the law | 4215 | - | - | - | - | (5,877,203) | - | - | **(5,877,203)** |
| Amount of net profit allocated to special (designated) funds | 4220 | - | - | 56,863 | - | (56,863) | - | - | - |
| Amount of net profit allocated to material incentives | 4225 | - | - | - | - | - | - | - | - |
| **Contributions by participants:**<br>Capital contributions | 4240 | - | - | - | - | - | - | - | - |
| Repayment of capital debt | 4245 | - | - | - | - | - | - | - | - |
| **Capital withdrawal:**<br>Redemption of shares (stocks) | 4260 | - | - | - | - | - | - | - | - |
| Resale of repurchased shares (stocks) | 4265 | - | - | - | - | - | - | - | - |
| Cancellation of repurchased shares (stocks) | 4270 | - | - | - | - | - | - | - | - |
| Withdrawal of a share in the capital | 4275 | - | - | - | - | - | - | - | - |
| Reduction in par value of shares | 4280 | - | - | - | - | - | - | - | - |
| Other changes in equity | 4290 | 12,690 | (520,042) | 28,239 | - | 340,991 | - | - | **(138,122)** |
| Acquisition (sale) of a non-controlling interest in a subsidiary | 4291 | - | - | - | - | - | - | - | - |
| **Total changes in equity** | **4295** | **12,690** | **(520,042)** | **85,102** | **-** | **1,128,412** | **-** | **-** | **706,162** |
| **Balance at the end of the year** | **4300** | **540,103** | **5,768,039** | **4,844,090** | **-** | **1,023,503** | **-** | **-** | **12,175,735** |

Signed and authorized for issue on behalf of the management of the STATE SPECIALIZED FOREST ENTERPRISE «FORESTS OF UKRAINE» on May 28, 2026.

Chairman of the Transformation Commission ____________ Zubovych I.O.

Chief Accountant ____________ Miroshnikova O.V.

| | Codes | | |
|---|---|---|---|
| Date (YYYY/MM/DD) | 2024 | 12 | 31 |
| EDRPOU | 44768034 | | |

Company: STATE SPECIALIZED FOREST ENTERPRISE «FORESTS OF UKRAINE»
(name)

## Statement of Changes in Equity
## for 2024

| Item | Line code | Authorized (share) capital | Revaluation surplus | Additional capital | Reserve capital | Retained earnings (accumulated deficit) | Unpaid capital | Withdrawn capital | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| **Balance at the beginning of the year** | **4000** | **527,413** | **6,903,604** | **3,650,938** | **-** | **(313,491)** | **-** | **-** | **10,768,464** |
| Adjustments:<br>Change in accounting policy | 4005 | - | - | - | - | - | - | - | - |
| Error corrections | 4010 | - | - | - | - | - | - | - | - |
| Other changes | 4090 | - | - | - | - | - | - | - | - |
| **Adjusted balance at the beginning of the year** | **4095** | **527,413** | **6,903,604** | **3,650,938** | **-** | **(313,491)** | **-** | **-** | **10,768,464** |
| **Net profit (loss) for the reporting period** | **4100** | **-** | **-** | **-** | **-** | **2,291,024** | **-** | **-** | **2,291,024,** |
| **Other comprehensive income for the reporting period** | **4110** | **-** | **-** | **-** | **-** | **(1,218)** | **-** | **-** | **(1,218)** |
| Revaluation of non-current assets | 4111 | - | - | - | - | - | - | - | - |
| Revaluation of financial instruments | 4112 | - | - | - | - | - | - | - | - |
| Accumulated exchange rate differences | 4113 | - | - | - | - | - | - | - | - |
| Share of other comprehensive income of associates and joint ventures | 4114 | - | - | - | - | - | - | - | - |
| Other comprehensive income | 4116 | - | - | - | - | (1,218) | - | - | (1,218) |
| **Profit allocation:**<br>Payments to owners (dividends) | 4200 | - | - | - | - | - | - | - | - |
| Allocation of profits to authorized capital | 4205 | - | - | - | - | - | - | - | - |
| Allocations to reserve capital | 4210 | - | - | - | - | - | - | - | - |
| Net profit attributable to the budget in accordance with the law | 4215 | - | - | - | - | (1,291,542) | - | - | (1 291,542) |
| Amount of net profit allocated to special (designated) funds | 4220 | - | - | 1,108,861 | - | (1,108,861) | - | - | - |
| Amount of net profit allocated to material incentives | 4225 | - | - | - | - | - | - | - | - |
| **Contributions by participants:**<br>Capital contributions | 4240 | - | - | - | - | - | - | - | - |
| Repayment of capital debt | 4245 | - | - | - | - | - | - | - | - |
| **Capital withdrawal:**<br>Redemption of shares (stocks) | 4260 | - | - | - | - | - | - | - | - |
| Resale of repurchased shares (stocks) | 4265 | - | - | - | - | - | - | - | - |
| Cancellation of repurchased shares (stocks) | 4270 | - | - | - | - | - | - | - | - |
| Withdrawal of a share in the capital | 4275 | - | - | - | - | - | - | - | - |
| Reduction in par value of shares | 4280 | - | - | - | - | - | - | - | - |
| Other changes in equity | 4290 | - | (615,523) | (811) | - | 319,179 | - | - | (297,155) |
| Acquisition (sale) of a non-controlling interest in a subsidiary | 4291 | - | - | - | - | - | - | - | - |
| **Total changes in equity** | **4295** | **-** | **(615,523)** | **1,108,050** | **-** | **208,582** | **-** | **-** | **699,891** |
| **Balance at the end of the year** | **4300** | **527,413** | **6,288,081** | **4,758,988** | **-** | **(104,909)** | **-** | **-** | **11,469,573** |

Signed and authorized for issue on behalf of the management of the STATE SPECIALIZED FOREST ENTERPRISE «FORESTS OF UKRAINE» on May 28, 2026.

Chairman of the Transformation Commission ____________ Zubovych I.O.

Chief Accountant ____________ Miroshnikova O.V.

# NOTES, COMPRISING A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

## 1. Corporate information

These financial statements of the STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE" (hereinafter - SFE "Forests of Ukraine" or the "Company") for the 2025 fiscal year have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS").

The Company is registered in Ukraine and is a resident of Ukraine. The Company is a state-owned specialized business entity established in accordance with Order No. 804 of the State Forest Resources Agency of Ukraine dated October 26, 2022 "On the Establishment of the State Specialized Forest Enterprise "Forests of Ukraine" and is managed by the State Agency of Forest Resources of Ukraine.

The prerequisites for the establishment of the Company are set forth in Decree of the President of Ukraine No. 228/2021 dated June 07, 2021 "On Some Measures for the Conservation and Reproduction of Forests", which launched the implementation of the environmental initiative "Large-Scale Afforestation of Ukraine" (the "Green country" program) and obliged the Cabinet of Ministers of Ukraine to improve the management system of state forestry enterprises.

The Company was established through the merger of specialized state forestry enterprises that were managed by the State Forest Resources Agency.

The Company is a legal entity established under public law and based on state ownership.

The Company is one of the largest forest users in Europe and the largest forest user in Ukraine.

As at December 31, 2025, the Company has 6.9 million hectares of state-owned forest land under permanent use.

**Principal activities.** The Company's principal activities are the following:

— forest management, protection, conservation, rational use and reproduction of forest lands;

— hunting management, protection, reproduction and rational use of the state hunting fund within the hunting areas assigned to the Company for use;

— generating profit from commercial activities;

— meeting the needs of the state or territorial communities on an industrial or commercial basis.

The Company is the market leader in the sale of timber in Ukraine.

The Company's main products are roundwood and fuelwood for industrial and non-industrial use.

The average number of employees in 2025 was 22,252 (2024: 23,717).

**Registered address and business location.** The Company's registered address: 9-A Shota Rustaveli Street, Kyiv, 01601, Ukraine.

The Company comprises 9 regional branches: "Karpatskyi Forest Office", "Podilskyi Forest Office", "Pivnichnyi Forest Office", "Poliskyi Forest Office", "Stolychnyi Forest Office", "Tsentralnyi Forest Office", "Slobozhanskyi Forest Office", "Skhidnyi Forest Office", "Pivdennyi Forest Office", as well as the" "Forest Fire Centre" and "Forest Reproductive Resources" branches.

Regional branches ensure the protection, conservation, rational use and reproduction of forests within the Ukrainian regions (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 Company's corporatization.** On September 26, 2025, the State Forest Resources Agency of Ukraine adopted a decision to transform the Company into a Joint-Stock Company with 100% state ownership, in accordance with the Civil Code of Ukraine, the laws of Ukraine "On the State Property Management", "On Peculiarities of Regulating of Activities of Legal Entities of Certain Organizational and Legal Forms in the Transitional Period and Associations of Legal Entities", the Resolutions of the Cabinet of Ministers of Ukraine dated September 07, 2022 No. 1003 "On Some Measures for the Conservation and Reproduction of Forests" dated September 08, 2025, No. 1104 "On Approval of the Procedure for the Transformation of a State-Owned Enterprise into a Joint-Stock Company or a Limited Liability Company with 100% state ownership", the Regulation "On the State Forest Resources Agency of Ukraine", approved by Resolution of the Cabinet of Ministers of Ukraine No. 521 dated October 08, 2014. Relevant information regarding the termination of the Company as a result of its reorganization (transformation) has been entered into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations.

**Presentation currency.** These financial statements are presented in Ukrainian hryvnias, and all amounts are rounded to the nearest thousand ("thousands of UAH"), unless otherwise stated.

## 2. Company's operating environment

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

In 2025, Ukraine's economy continued to operate amid significant uncertainty and high security risks. The recovery of economic activity was uneven and largely supported by domestic consumer demand, business adaptability, and substantial government spending, primarily in the areas of defense and critical infrastructure. According to preliminary estimates by the NBU, Ukraine's real GDP grew by 1.8% in 2025 (2024: 2.9%). Growth was constrained by the effects of prolonged hostilities, the destruction of production capacity and infrastructure, and periodic disruptions to energy supplies resulting from attacks on the power grid. Additional limiting factors included labor shortages, limited investment activity in the private sector, and heightened logistical risks. In the medium term, baseline projections foresee a gradual economic recovery provided that macrofinancial stability is maintained and international support continues; however, actual outcomes will depend significantly on the course of the war and associated risks. Given security risks and the challenging situation in the energy sector, real GDP growth in 2026 is projected at 1.8%.

In 2025, inflationary pressures remained elevated. At the same time, certain factors could have restrained inflation, including monetary and exchange rate policy measures, stabilization of the situation in certain commodity markets, and the gradual adaptation of supply chains. Ukraine's foreign exchange market remained fairly stable in 2025, and the easing of currency restrictions continued. This supported economic recovery and a decline in inflation. In 2025, inflation fell to 8% year-on-year (2024: 12%) which is below previous expectations. Inflation is projected to slow further to 7.5% in 2026, 6% in 2027, and to the 5% target in 2028. This will be facilitated by a reduction in the energy deficit, easing external price pressures, as well as increased crop yields and an improvement in the labor market.

After raising the policy rate to 15.5% in early 2025, the National Bank kept it at that level until the end of the year. Amid the backdrop of persistent inflationary risks, particularly those related to future international financing, this decision was necessary to maintain the attractiveness of UAH-denominated instruments, the stability of the foreign exchange market, and the manageability of expectations in order to bring inflation in line with target levels.

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

Significant international financial assistance remained a key factor in maintaining macrofinancial stability in 2025, helping to finance state budget expenditures, support foreign exchange reserves, and ensure the overall stability of the foreign exchange market. At the end of 2025, the EU Council decided to provide Ukraine with Euro 90 billion in financial assistance for 2026–2027. External assistance will make it possible to finance the still-high budget deficits caused by the war and maintain a high level of reserves. As at January 01, 2026, the volume of gold and foreign exchange reserves had risen to USD 57.3 billion.

The NBU's forecast projects that international reserves will amount to USD 65 billion by the end of 2026 and will continue to grow to USD 71 billion by the end of 2028.

At the same time, the Government of Ukraine continued measures to mobilize domestic revenues, manage public debt, and attract financing in the domestic market. However, risks related to the regularity and volume of external financing remain significant, as any delays or reductions in international support could negatively impact budget financing, the foreign exchange market, inflation expectations, and economic activity.

Military aggression continues and poses risks of further destruction, loss of human capital, migration, deterioration of the labor market, reduced investment attractiveness, and constraints on production capacity. The parameters and possible timeframe for achieving a sustainable peace, as well as scenarios for the further development of the security situation, remain uncertain. The consequences of the war are evolving, and their long-term impact may differ significantly from current estimates and assumptions. The further impact on the Ukrainian economy will depend on how and when the full-scale war ends, on the continued implementation of reforms, the country's recovery and transformation strategy—including in the context of European integration—as well as on continued cooperation with international financial organizations and partners.

The Company operates under conditions of heightened operational and market risks caused by military hostilities, logistical constraints, and periodic disruptions in power supply.

The impact of the war on the Company's current situation and management's assessment of business continuity are disclosed in Note 4.

Expected impact of the Law of Ukraine "On the Timber Market" on the Company's operations: the adoption of this Law is necessary to consolidate the existing transparent, competitive, and effective regulation of the timber market, which ensures the rational use of resources, optimizes administrative procedures, and promotes the harmonization of national legislation with European standards. The Law's impact on the Company will be evolutionary in terms of sales, structural and regulatory in terms of management, and potentially significant in the environmental regulation. The Law transitions the industry from a stage of internal reform to a stage of full regulatory institutionalization in accordance with European standards.

## 3. Basis of preparation

**Basis of preparation.** These financial statements are the financial statements of the Company as at December 31, 2025 and for the 2025 fiscal year, and have been prepared in accordance with IFRS accounting standards on a historical cost basis, adjusted for the initial recognition of financial instruments at fair value and the revaluation of property, plant and equipment of the "Buildings and Structures", "Machinery and Equipment" and "Vehicles" groups. The Company applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS 1) in these financial statements as at January 01, 2024. Each relevant note provides significant information about the accounting policies used in preparing these financial statements. These accounting policies were applied consistently to all periods presented in the financial statements (see Note 4).

In preparing these financial statements, the Company applied the mandatory exceptions to the retrospective application of other IFRS and decided to apply certain optional exemptions in accordance with IFRS 1 (Note 5).

The preparation of financial statements in accordance with IFRS requires the use of certain significant accounting estimates. It also requires that, in applying the Company's accounting policies, management exercise its professional judgment. Areas where such judgments are particularly significant, areas characterized by a high level of complexity, and areas in which assumptions and estimates are critical to the preparation of the financial statements are described in Note 4.

**Compliance with reporting requirements.** According to paragraph 5 of Article 12-1 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" all entities required to prepare financial statements in accordance with IFRS shall prepare and submit financial statements based on the financial reporting taxonomy under IFRS in a single electronic format (hereinafter "iXBRL"). The Financial Reporting System Management Commission announces the approval of the electronic format of the 2025 IFRS XBRL Taxonomy UA (v1.0), which will be applied when preparing annual financial statements for 2025 and interim financial statements in 2026. The relevant decision was adopted on December 02, 2025, at a meeting of the Committee established pursuant according to Memorandum No. 102/15 dated December 18, 2017. The Company's management plans to prepare an iXBRL report and submit it when technically feasible.

**Going concern.** The Company's management has prepared these financial statements on a going concern basis. See Note 4, which provides information on uncertainties related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

**Transactions and settlements.** Monetary assets and liabilities are translated into the Company's functional currency at the official exchange rate of the National Bank of Ukraine (NBU) as at the end of each respective reporting period. Gains and losses from foreign exchange differences arising from settlements of transactions and the translation of monetary assets and liabilities into the Company's functional currency at the NBU's official exchange rates as at the end of the year are recognized in profit or loss. Foreign exchange gains and losses attributable to borrowings and cash and cash equivalents are presented in the Income statement (Statement of comprehensive income) as part of finance income or costs. All other gains and losses from foreign exchange differences are presented in the Income statement (Statement of comprehensive income) as part of other operating profit/(loss), net. Year-end exchange rate adjustments do 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 prevailing on the date the fair value is determined. The effect of exchange rate changes on the fair value of non-monetary items measured at fair value is recognized in other comprehensive income.

**Changes to the financial statements after issue.** Any changes to these financial statements after their issue require authorization by the Company's management that approved these financial statements prior to issue.

## 4. Key accounting estimates and judgments in applying accounting policies

The Company uses estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities during the next fiscal year. Estimates and judgments are continually evaluated and are based on management's past experience and other factors, including expectations regarding future events that are considered reasonable under the existing circumstances. In addition to the judgments involved in accounting estimates, the Company's management also uses professional judgment in applying accounting policies. Professional judgments that have the most significant impact on the amounts reported in the financial statements, and estimates that may result in significant adjustments to the carrying amounts of assets and liabilities during the next fiscal year, include:

**Going concern.** These financial statements have been prepared in accordance with the going concern assumption, based on the assumption that the Company will be able to realize its assets and settle its liabilities in the ordinary course of business activity in the foreseeable future.

The Company's management regularly assesses the Company's ability to continue as a going concern for at least 12 months after the date of the financial statements. As at the date of the financial statements, there are no circumstances known that would cast significant doubt on the Company's ability to continue as a going concern.

Key measures ensuring going concern:

— The transformation of the Company into a Joint-Stock Company with 100% state ownership in accordance with Order No. 267 of the State Forest Resources Agency dated September 26, 2025, is taking place in the form of legal succession with the full preservation of all organizational, personnel, and operational processes. The change in the organizational and legal form is aimed at improving management efficiency, transparency of operations and the investment attractiveness of the Company.

— In the event of a temporary loss of access to timber resources in certain regions due to hostilities and the mining of parts of forest areas in frontline regions, the Company implements measures to redistribute harvesting volumes to safer forest areas, constructs new forest roads, and collaborates with certified contractors on demining operations.

— To minimize the impact on logistics processes, product supply chains have been reoriented, and stockpiles of fuel and lubricants, components, and consumables have been established to ensure the stable operation of branches in critical regions.

— In response to staffing challenges caused by mobilization, the Company is facilitating staff rotation and relocation between branches, as well as retaining employees, which allows for the continued fulfillment of production tasks.

- In the event of infrastructure damage at frontline branches, temporary plans to relocate production processes to safe regions are promptly implemented, with access to assets restored once the situation stabilizes. To maintain branch operations during crises, backup power sources (generators) are used, as well as Starlink satellite communication systems to ensure uninterrupted coordination and access to digital management systems.
- To counter natural threats (fires, pests, forest diseases), the Company implements early detection systems, conducts preventive inspections, purchases modern firefighting equipment, and carries out phytosanitary protection measures.
- The Company operates on a self-financing basis without relying on external funding sources. The absence of debt, stable cash flow, and cost control ensure financial stability, which is a key factor in maintaining business continuity amid crisis challenges.

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

Except for the circumstances described in Note 24, management does not see any circumstances that could cast doubt on the Company's ability to continue as a going concern.

*Initial recognition of related party transactions* – see additional information in Note 7.

*Revaluation of property, plant and equipment* – see additional information in Note 8.

*Useful lives of property, plant and equipment* – see additional information in Note 8.

*Write-off of inventories to net realizable value* – see additional information in Note 9.

*Derecognition of trade receivables and other receivables* – see additional information in Note 10.

*Estimation of expected credit losses* – see additional information in Notes 10 and 24.

*Business-model assessment* – see additional information in Note 10.

*Pension obligations* – see additional information in Note 16.

*Classification of finished goods delivery costs* – see additional information in Note 18

## 5. First-time adoption of IFRS

These financial statements are the Company's first annual financial statements prepared in accordance with IFRS. The Company's transition date to IFRS is January 01, 2024. With certain exceptions, IFRS 1 requires the retrospective application of standards and interpretations effective as at December 31, 2025, in preparing the opening statement of financial position as at January 01, 2024, and in all periods presented in the first financial statements prepared in accordance with IFRS.

When applying IFRS for the first time, the Company did not use the optional exemptions specified in IFRS 1, with the exception of the exemption regarding the measurement of lease liabilities and right-of-use assets at the present value of the remaining lease payments, discounted using the weighted-average cost of additional long-term borrowings as at the date of transition to IFRS.

As at the date of transition to IFRS, the discount rate was applied to contracts that were classified as operating leases prior to the date of initial application was used to determine lease liabilities and right-of-use assets. The rate was 20.8% for contracts in which lease is denominated in hryvnia, and 6% for contracts in which lease payments are made based on the hryvnia equivalent of an amount denominated in foreign currency (USD, Euro).

As at December 31, 2025, the Company was reasonably certain that it would exercise the option to extend the lease term. Accordingly, the lease term was revised, and the lease liability and right-of-use asset were restated using the discount rate as at December 31, 2025, which was 5.9% for contracts where lease payments are made based on the hryvnia equivalent of the amount denominated in foreign currency (USD, Euro).

In preparing these financial statements, the Company applied the following mandatory exceptions to the retrospective application of other IFRS accounting standards:

a) **Accounting estimates.** Accounting estimates under IFRS as at January 01, 2024 and December 31, 2024, must be consistent with the accounting estimates made on those dates in accordance with previous accounting standards, unless there is objective evidence that such estimates were incorrect.

b) **Derecognition of financial assets and liabilities.** Financial assets and liabilities that were derecognized prior to the date of transition to IFRS accounting are not re-recognized. Management has decided not to apply the derecognition criteria under IFRS 9 from an earlier date.

c) **Impairment of financial assets.** The impairment requirements of IFRS 9 are applied retrospectively. If determining whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require significant cost or effort, management has decided to recognize an estimated allowance for credit losses in an amount equal to the expected credit losses over the entire term, as at each reporting date until the financial instrument is derecognized (unless the financial instrument is classified as having low credit risk as at the reporting date).

Other mandatory exceptions to the retrospective application of other IFRS accounting standards are not applied to the Company.

The following information presents a reconciliation and a quantitative assessment of the impact of the transition from Ukrainian Accounting Standards (UAS) to IFRS as at January 01, 2024, December 31, 2024 and for the 2024 fiscal year:

| In thousands of UAH | December 31, 2024 | January 01, 2024 |
|---|---|---|
| **Equity according to UAS** | **5,559,342** | **4,567,612** |
| (i) Recognition of property, plant and equipment at revalued cost: | 7,900,550 | 8,419,029 |
| (ii) Recognition of deferred taxes using the balance sheet liability method | (1,420,137) | (1,497,222) |
| (iii) Allowance for expected credit losses | - | (25,353) |
| (iv) Recognition of deferred taxes using the balance sheet liability method | 56,358 | 61,189 |
| (v) Impairment of property, plant and equipment and construction-in- progress | (301,244) | (308,091) |
| (vi) Provisions for litigation | (112,047) | (183,033) |
| (vii) Provisions for post-employment benefits | (125,479) | (115,185) |
| (viii) Provisions for bonuses | - | (63,224) |
| (ix) Other | (87,770) | (87,258) |
| **Equity according to IFRS** | **11,469,573** | **10,768,464** |

| **In thousands of UAH** | 2024 |
|---|---|
| Profit [Loss] according to UAS | 2,480,046 |
| (i) Adjustment for assets received free of charge | (93,890) |
| (ii) Adjustment to depreciation due to revaluation of property, plant and equipment | (62,297) |
| (iii) Allowance for expected credit losses | (15,033) |
| (iv) Impairment of property, plant and equipment and construction-in-progress | (17,489) |
| (v) Provision for post-employment benefits | (10,027) |
| (vi) Provision for litigation | 4,719 |
| (ix) Other | 3,776 |
| **Total Comprehensive Income [Loss] according to IFRS** | **2,289,805** |

The majority of the adjustments presented above for differences between accounting under UAS and IFRS relate to the following items:

(i) *Recognition of property, plant and equipment at revalued amounts.* Upon transition to IFRS, the Company adopted the revaluation model for property, plant and equipment for the groups "Buildings and Structures", "Machinery and Equipment" and "Vehicles", The Company determined the revalued carrying amount by adjusting the historical cost to market data, and in the absence of market data, to replacement cost.

(ii) *Recognition of deferred taxes using the balance sheet liability method.* The adjustment was necessary to recognize deferred taxes using the balance sheet liability method regarding temporary differences from the revaluation of property, plant and equipment and to recognize the allowance for expected credit losses, which are disclosed in Note 22.

(iii) *Allowance for expected credit losses.* IFRS 9 introduces a new model for recognizing impairment losses on financial assets—the expected credit loss model. The model includes a simplification in the calculation of expected credit losses for trade receivables.

(iv) *Recognition of deferred taxes using the balance sheet liability method.* The adjustment was necessary to recognize deferred taxes using the balance sheet liability method in respect of temporary differences arising from the correction of errors, which are disclosed in Note 22.

(v) *Impairment of property, plant and equipment and construction-in-progress.* Certain property, plant and equipment and construction-in-progress were recognized, but it was determined that the value in use of these assets had decreased. In the financial statements prepared in accordance with UAS, the carrying amount of the assets was not adjusted to the amount of expected recovery, and an impairment loss was recognized as at January 01, 2024.

(vi) *Provision for litigation.* Expenses are recognized in the relevant reporting period as they occur. In accordance with the accrual principle, economic events that have a financial impact on the Company are recognized in the reporting period in which they occurred.

(vii) *Provision for post-employment benefits.* Expenses are recognized in the relevant reporting period as they are incurred. In the financial statements prepared in accordance with UAS, provisions for post-employment benefits were not recognized as at January 01, 2024.

(viii) *Provisions for bonuses.* Expenses are recognized in the relevant reporting period as they are incurred. In the financial statements prepared in accordance with UAS, provisions for bonuses were not recognized as at January 01, 2024.

(ix) *Other.* In the financial statements prepared in accordance with UAS, impairment of accounts receivable for prepayments, other current accounts receivable that had been without movement for more than 12 months, write-off of inventories to net realizable value, etc., were not recognized.

The transition from the Ukrainian Accounting Standards (UAS) to the International Financial Reporting Standards (IFRS) has affected certain items of the Company's equity. As a result of a change in accounting policy regarding assets received free of charge from third parties, as at January 01, 2024 and December 31, 2024, the Company reduced its additional capital by UAH 274,362 thousand and recognized this amount as part of retained earnings (accumulated deficit) as at those dates. To correct the identified errors, the Company adjusted the previously recognized revaluation reserve for certain property, plant and equipment, resulting in a decrease of revaluation reserve as at January 01, 2024 and December 31, 2024, and retained earnings (accumulated deficit) increased by UAH 113,503 thousand, respectively.

The Company's cash flows from operating, investing and financing activities, as presented in the financial statements in accordance with UAS, did not differ materially from such cash flows according to IFRS.

## 6. New and Amended Standards and Interpretations

Some new Standards and Interpretations have been issued that will be mandatory for adoption in annual periods beginning on or after January 01, 2026, or in later periods. The Company did not apply these Standards and Interpretations prior to their mandatory adoption.

***Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on May 30, 2024 and effective for annual periods beginning on or after January 01, 2026).*** On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the recognition and derecognition date of certain financial assets and liabilities, including a new exception for certain financial liabilities settled via an electronic payment system;

(b) clarify and supplement new principles for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

(c) introduce new disclosure requirements for certain instruments with contractual terms that could change cash flows (e.g., certain instruments with characteristics linked to the achievement of Environmental, Social and Governance (ESG) targets); and

(d) update disclosure requirements for equity instruments classified as measured at fair value through other comprehensive income (FVOCI).

***Amendments to IFRS 9 and IFRS 7 "Renewable Electricity Contracts" (issued on December 18, 2024, and effective for annual periods beginning on or after January 01, 2026).*** The IASB issued amendments to assist companies in more accurately reflecting the financial impact of contracts for the supply of electricity from renewable sources, which are often structured as Power Purchase Agreements (PPAs). Current accounting requirements may not adequately capture the effect of these contracts on an entity's performance. To enable companies to report these contracts more faithfully in their financial statements, the IASB made targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. These amendments include: (a) clarifying the application of the "own-use" requirements; (b) providing relief from certain hedge accounting requirements when these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the impact of these contracts on financial performance and cash flows.

*IFRS 18 "Presentation and Disclosure in Financial Statements" (issued on April 09, 2024, and effective for annual periods beginning on or after January 01, 2027).* In April 2024, the IASB issued IFRS 18, a new standard on presentation and disclosure in financial statements, with a focus on updating the statement of profit or loss. Key new concepts introduced by IFRS 18 relate to:

— the structure of the statement of profit or loss;

— mandatory disclosures in financial statements regarding certain profit or loss performance measures that are reported in reports other than the entity's financial statements (i.e., management-defined performance measures); and

— revised aggregation and disaggregation principles applicable to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many other existing principles of IAS 1 will remain with minor changes. IFRS 18 will not affect the recognition or measurement of the financial statements items, but it may change what an entity reports as 'profit or loss from operating activities'. IFRS 18 will be effective for reporting periods beginning on or after January 01, 2027, and will also be applied to comparative information.

*IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (issued on May 09, 2024, and effective for annual periods beginning on or after January 01, 2027).* The International Accounting Standards Board (IASB) has issued IFRS Accounting Standards for subsidiaries. IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. The adoption of IFRS 19 will reduce the cost of preparing financial statements for subsidiaries while maintaining the usefulness of the information for users of their financial statements. Subsidiaries that use IFRS for their own financial statements provide disclosures that may not meet the information needs of their users. IFRS 19 addresses these issues by:

— enabling subsidiaries to maintain only one set of accounting records to meet the needs of both their parent company and users of their financial statements;

— reducing disclosure requirements—IFRS 19 allows for condensed disclosures to better meet the needs of users of their financial statements.

*IFRS 14 "Regulatory Deferral Accounts" (issued on January 30, 2014).* IFRS 14 permits first-time adopters of IFRS to continue to recognize amounts related to rate regulation in accordance with their previous GAAP upon transition to IFRS Accounting Standards. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires the effects of rate regulation to be presented separately from other items. Entities already reporting under IFRS Accounting Standards are not permitted to apply this standard. This standard will become effective from a date to be determined by the IASB.

*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).* These amendments address an inconsistency between the requirements of IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business. If the assets do not constitute a business, even if they are held by a subsidiary, only a partial gain or loss is recognized. In 2015, the IASB decided to defer the effective date of these amendments indefinitely.

*Annual Improvements to IFRS Accounting Standards (issued in July 2024 and effective for annual periods beginning on or after January 01, 2026).* According to the clarification in IFRS 1, a hedging relationship is discontinued upon transition to IFRS Accounting Standards if it does not meet the qualifying criteria, rather than the hedging accounting conditions. This aims to avoid potential misinterpretations arising from inconsistencies between the wording in IFRS 1 and the hedge accounting requirements in IFRS 9. IFRS 7 requires disclosure of the gain or loss arising from the derecognition of financial assets in which the entity has continuing involvement, including whether the fair value measurement included 'significant unobservable inputs'. This new phrase replaced the reference to 'significant inputs that are not based on observable market data,' ensuring consistency with the terminology in IFRS 13. Furthermore, certain examples in the Implementation Guidance of IFRS 7 were clarified, adding text to specify that these examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. The amendment to IFRS 16 clarifies that when a lessee determines that a lease liability is extinguished in accordance with IFRS 9, the lessee is required to apply the provisions of IFRS 9 to recognize the resulting gain or loss in profit or loss. This clarification applies to lease liabilities extinguished on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The Company expects that the adoption of the abovementioned amendments will not have a material impact on the financial statements during the period of their first adoption.

## 7. Related party transactions

### Significant accounting policies

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

The State of Ukraine exercises control over the Company; accordingly, all state-controlled entities or those under significant influence of the state are considered related parties under common control.

### Transactions with state-controlled entities and institutions

The Company enters into significant transactions with entities and institutions that are controlled, jointly controlled, or significantly influenced by the State of Ukraine. The Company has elected to apply the disclosure exemption regarding individually immaterial transactions and balances with the government and its related parties.

The Company purchases goods and services and supplies timber and wood products to a large number of state-owned entities. These transactions are generally conducted on arm's length terms (market terms). Transactions with the state also include tax settlements, which are disclosed in Notes 10, 14 and 23.

Balances with related parties were as follows:

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Cash and cash equivalents | 3,576,543 | 1,344,660 | 1,049,839 |
| Trade accounts receivable | 3,776 | 27,057 | 6,777 |
| Other current accounts receivable | 627 | 17,760 | 2,180 |
| Accounts receivable for prepayments | 7,152 | 4,592 | 6,014 |
| Current trade accounts payable | 7,871 | 14,298 | - |
| Accounts payable for advances received | 961 | 106 | - |
| Provisions | 5,517 | 11,900 | 10,206 |
| Other current liabilities | 1,483 | 4,316 | - |

Income and expenses from related party transactions for 2025 and 2024 were as follows:

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| Sales revenue | 138,020 | 485,375 |
| Interest received on balances with banks | 414,075 | 172,314 |

***Key management remuneration.*** Key management includes CEO and 4 members of the Supervisory Board.

As at December 31, 2025, current liabilities related to payments to key management amounted to UAH 375.4 thousand (December 31, 2024 – UAH 33.2 thousand; January 01, 2024 – UAH 120.3 thousand).

In 2025 and 2024, payments to the CEO consisted mainly of salary, wages and related social contributions and amounted to UAH 14,259.50 thousand and UAH 6,974.50 thousand, respectively. In 2025, payments to the members of the Supervisory Board consisted mainly of salary, wages and related social contributions and amounted to UAH 13,792.16 thousand.

## 8. Property, plant and equipment, construction-in-progress, investment property and intangible assets

### Significant accounting policies

The Company applies the revaluation model to the following property, plant and equipment groups "Buildings and Structures," "Machinery and Equipment" and "Vehicles". Other groups of property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Property, plant and equipment include prepayments and assets under construction (construction-in-progress) intended for future use as property, plant and equipment.

The historical cost of an item of property, plant and equipment comprises costs directly attributable to the acquisition or construction of the asset.

Subsequent to initial recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably is carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Buildings and structures, vehicles, machinery and equipment are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. An increase in the carrying amount arising on revaluation is recognized in other comprehensive income and accumulated in equity under the revaluation surplus. A decrease in the carrying amount of an asset that offsets a previous increase in the carrying amount of the same asset is recognized in other comprehensive income and reduces the revaluation surplus previously recognized in equity. All other decreases in the carrying amount are recognized in profit or loss for the period.

The revaluation surplus related to buildings and structures, vehicles, machinery and equipment, included in equity, is transferred directly to retained earnings (accumulated deficit) when the revaluation surplus is realized, i.e. when the asset is disposed of or derecognized, or as the asset is used. In the latter case, the amount realized represents the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's historical cost.

Subsequent costs are capitalized in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Repair and maintenance costs are recognized as expenses as incurred. The cost of replacing significant components of property, plant and equipment is capitalized and the carrying amount of the replaced component is derecognized.

Gains and losses on disposal of assets are determined by comparing the proceeds from disposal with the carrying amount of the assets disposed of and are recognized in profit or loss for the period within other operating income/(expenses).

*Depreciation.* Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their historical or revalued cost to their residual value over their useful lives using the following rates:

| Group | Useful lives, years |
|---|---|
| Buildings and structures | [10 - 50] |
| Vehicles | [5 - 10] |
| Machinery and equipment | [2 - 15] |
| Tools, appliances and supplies | [6 - 10] |
| Other property, plant and equipment | [6 – 30] |

The residual value of property, plant and equipment is determined as follows:

— the residual value represents the amount of cash or the value of other assets that the Company expects to obtain from the transfer (disposal) of non-current assets after the end of their useful life, less the costs of transfer (disposal);

— if the Company does not expect to obtain assets suitable for further use upon disposal of non-current assets at the end of their useful lives, or if the proceeds are expected to be lower than the disposal costs, or if the disposal proceeds are insignificant, the residual value is considered to be zero.

*Revaluation of property, plant and equipment.* The revalued carrying amount is determined by adjusting the gross carrying amount to market data, and in the absence of market data, to the replacement cost. Accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after reflecting accumulated impairment losses.

*Impairment of property, plant and equipment.* Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount is reduced to the recoverable amount, and an impairment loss is recognized in profit or loss to the extent that it exceeds any previous revaluation surplus related to that asset recognized in equity. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. For impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash inflows that are largely independent from the cash inflows of other assets (cash-generating units). Previous impairment losses for non-financial assets are reviewed for potential reversal at each reporting date.

*Intangible assets.* Subsequent initial recognition, an entity carries an intangible asset at its cost less any accumulated amortization and any accumulated impairment losses. Subsequent costs related to an intangible asset incurred after its acquisition or creation are recognized as expenses in the period in which they are incurred, except in the following cases:

— such expenditures increase the future economic benefits from the use of the intangible asset; and

— such expenditures can be measured reliably.

Provided the abovementioned conditions are met, the cost of intangible assets is increased by the amount of expenditures related to the improvement of these intangible assets and the enhancement of their capabilities and useful life, which contributes to an increase in the initially expected future economic benefits and whose cost can be measured reliably.

Expenses incurred to maintain the asset in a condition suitable for use and to obtain the originally determined amount of future economic benefits from its use are recognized as expenses of the relevant period.

Amortization begins when the asset becomes available for use and is calculated using the straight-line method over its useful life. The residual value of all the Company's intangible assets is considered to be zero.

The Company classifies its intangible assets into the following groups with corresponding useful lives:

| Group | Useful lives, years |
|---|---|
| Right of use natural resources: | |
| — materials for basic forest management | — not less than 10 years |
| — hunting management | — not less than 15 years |
| rights of permanent use of land plots and buildings: | |
| — right of permanent use of land plots | — unlimited (not subject to amortization) |
| — right of permanent use of buildings | |
| Rights for commercial designation | — according to the FSC, PEFC certification term, but not less than 5 years |
| Copyright and related rights | — according to the actual useful life of software |
| Other intangible assets: | |
| — environmental impact assessment | — not less than 5 years but not more than 10 years |
| — licenses for fuel storage | — 5 years |
| — other intangible assets | — according to the contractual terms or other legal rights |

Rights of permanent use of land plots are classified as assets with an indefinite useful life, as they are granted on a perpetual basis. Such assets are not subject to amortization but are instead tested for impairment annually (or whenever there are signs of impairment) in accordance with IAS 36. The useful life of such assets is reviewed at each reporting period to determine whether circumstances continue to justify classifying the useful life as indefinite.

An intangible asset is derecognized upon its disposal or if no further economic benefits are expected from its use. The gain or loss on derecognition is determined as the difference between the net proceeds from disposal and the asset's carrying amount and is included in the statement of comprehensive income in the derecognition period.

*Investment property* is real estate (land or a building, or part thereof, or both) held by the Company for the purpose of earning lease income, increasing capital, or for both purposes, rather than for use in operating or administrative activities.

The Company's investment property is formed from existing real estate properties as a result of a change in their purpose and their reclassification from the category of real estate occupied by the Company to the category of investment property.

Initially, investment property is measured at cost, which includes the purchase price and all costs directly attributable to the transaction.

Subsequent to initial recognition, the Company accounts for investment property using the cost model— at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment property is calculated using the straight-line method in accordance with the useful lives.

The useful life for investment property is determined in the same manner as for assets in the "Buildings and Structures" group of property, plant and equipment.

Expenses for routine maintenance, repairs, and technical maintenance of investment property are recognized as expenses of the period when incurred.

**Key accounting estimates and judgments in applying accounting policies**

*Revaluation of property, plant and equipment.* Management performs an annual assessment to determine whether the carrying amount of items of property, plant and equipment differs materially from their fair value as at the end of the reporting period.

This assessment is based on price indices, changes in foreign exchange rates since the date of the last revaluation, and other relevant factors. If the results indicate that the fair value of property, plant and equipment differs materially from their carrying amount, the Company performs a revaluation.

Based on the assessment performed as at 31 December 2025, management concluded that the carrying amount of property, plant and equipment had changed insignificantly compared with the revaluation performed by an independent appraiser as at 1 January 2024.

Based on the assessment performed as at 31 December 2024, management concluded that the carrying amount of property, plant and equipment had changed insignificantly compared with the revaluation performed by an independent appraiser as at 1 January 2024.

*Useful lives of property, plant and equipment.* The estimation of the useful lives of property, plant and equipment requires the application of professional judgement, taking into account the useful lives of similar assets in the past. The Company derives future economic benefits from the assets primarily through their use. However, factors such as technical and economic obsolescence often result in a reduction of the economic benefits expected from the assets.

Management assesses the remaining useful lives based on the current technical condition of the assets and the estimated period during which the Company is expected to obtain benefits from their use. The following key factors are considered:

a) the intended use of the assets;

b) expected wear and tear depending on operational parameters and maintenance schedules; and

c) technical or economic obsolescence resulting from changes in market conditions.

The roll-forward of property, plant and equipment and construction-in-progress for the years ended December 31, 2025 and December 31, 2024, is presented as follows:

| In thousands of UAH | Buildings and structures | Right-of-use assets (buildings and structures) | Machinery and equipment | Vehicles | Tools, appliances and supplies | Other PPE | Prepayments and construction in progress | Total PPE |
|---|---|---|---|---|---|---|---|---|
| **Historical or revalued cost as at January 01, 2024** | **21,159,999** | **112,062** | **5,222,224** | **4,182,951** | **206,733** | **609,835** | **468,734** | **31,962,538** |
| **Accumulated depreciation** | **(13,890,037)** | **-** | **(3,924,355)** | **(1,348,174)** | **(143,820)** | **(533,459)** | **-** | **(19 839,845)** |
| **Carrying amount as at January 01, 2024** | **7,269,962** | **112,062** | **1,297,869** | **2,834,777** | **62,913** | **76,376** | **468,734** | **12,122,693** |
| Additions | 382,580 | - | 157,408 | 422,294 | 293,960 | 140,443 | 60,762 | 1 457,447 |
| Transferred (to)/from investment property | (39,718) | - | - | - | - | - | - | (39,718) |
| Transfer to another category | - | - | - | - | - | - | - | - |
| Disposals | (45,683) | | (25,442) | (5,076) | (1,388) | (13,137) | - | (90,726) |
| Depreciation | (204,238) | (48,000) | (151,171) | (316,619) | (65,878) | (95,343) | - | (381,249) |
| Impairment recognized in profit or loss | - | - | - | (17,489) | - | - | - | (17,489) |
| Reversal of impairment through profit or loss | - | - | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - | - | - |
| Other | (141,162) | - | (102,541) | (181,563) | 94,117 | 116,522 | | (214,627) |
| **Carrying amount as at December 31, 2024** | 7,221,741 | 64,062 | 1,176,123 | 2,736,324 | 383,724 | 224,861 | 529,496 | 12,336,331 |
| **Historical or revalued amount as at December 31, 2024** | **20,826,726** | **112,062** | **3,534,303** | **6,396,294** | **803,744** | 567,758 | **529,496** | 32,770,383 |
| **Accumulated depreciation** | (13,604,985) | (48,000) | (2,358,180) | (3,659,970) | **(420,020)** | (342,897) | - | (20,434,052) |

| In thousands of UAH | Buildings and structures | Right-of-use assets (buildings and structures) | Machinery and equipment | Vehicles | Tools, appliances and supplies | Other PPE | Prepayments and construction in progress | Total PPE |
|---|---|---|---|---|---|---|---|---|
| Additions | 195,542 | 156,747 | 101,431 | 449,995 | 74,697 | 10,206 | 1,013,454 | **2,002,072** |
| Transferred (to)/from investment property | (2,947) | - | 899 | - | - | - | - | **(2,048)** |
| Transfer to another category | 27,095 | - | (36,977) | 32,898 | 742 | (23,758) | 144 | **144** |
| Disposals | (8,973) | - | (432) | (906) | (92) | (168) | (802,032) | **(812,603)** |
| Depreciation | (468,119) | (47,948) | (147,269) | (347,888) | (58,241) | (27,335) | - | **(1,096,800)** |
| Impairment recognized in profit or loss | (7,916) | - | (1,602) | (27,121) | (241) | (269) | - | **(37,149)** |
| Other | (3,083) | - | 11,895 | (30,921) | 5,520 | 841 | 7,424 | **(8,324)** |
| **Carrying amount as at December 31, 2025** | **6,953,340** | **172,861** | **1,104,068** | **2,812,381** | **406,109** | **184,378** | **748,486** | **12,381,623** |
| **Historical or revalued amount as at December 31, 2025** | **21,035,400** | **268,809** | **3,599,714** | **6,935,574** | **884,018** | **562,093** | **748,486** | **34,034,094** |
| **Accumulated depreciation** | **(14,082,060)** | **(95,948)** | **(2,495,646)** | **(4,123,193)** | **(477,909)** | **(377,715)** | **-** | **(21,652,471)** |

Movements in intangible assets for the years ended December 31, 2025 and December 31, 2024, are presented as follows:

| In thousands of UAH | Rights of use natural resources | Rights of permanent use of land plots and buildings | FSC, PEFC certifications | Copyright and related rights | Other intangible assets | Total intangible assets |
|---|---|---|---|---|---|---|
| **Historical cost as at January 01, 2024** | **26,323** | **99,792** | **14,050** | **1,765** | **228,750** | **370,680** |
| **Accumulated amortization** | **(809)** | **(4,627)** | **(364)** | **(1,404)** | **(21,793)** | **(28,997)** |
| **Carrying amount as at January 01, 2024** | **25,514** | **95,165** | **13,686** | **361** | **206,958** | **341,683** |
| Additions | 41,430 | 82,637 | 18,710 | 4,391 | 43,527 | 190,695 |
| Disposals | - | (19) | (37) | (28) | (182) | (266) |
| Amortization deductions | (3,863) | (310) | (6,194) | (1,687) | (7,159) | (19,213) |
| Other | 3,234 | 108,863 | (2,256) | 3,683 | (81,933) | 31,591 |
| **Carrying amount as at December 31, 2024** | **66,315** | **286,335** | **23,909** | **6,720** | **161,211** | **544,490** |
| **Historical cost as at December 31, 2024** | **72,215** | **286,779** | **31,558** | **16,208** | **170,227** | **576,987** |
| **Accumulated amortization** | **(5,900)** | **(444)** | **(7,649)** | **(9,488)** | **(9,016)** | **(32,497)** |
| Additions | 48,072 | 15,065 | 20,799 | 6,112 | 152,126 | 242,174 |
| Disposals | (105) | (95) | - | (30) | (114,743) | (114,973) |
| Amortization deductions | (11,747) | (894) | (9,370) | (2,599) | (10,065) | (34,675) |
| Other | 491 | 267 | 445 | (21) | (507) | 674 |
| **Carrying amount as at December 31, 2025** | **103,026** | **300,679** | **35,782** | **10,182** | **188,021** | **637,690** |
| Historical cost as at December 31, 2025 | 120,673 | 302,003 | 52,801 | 21,903 | 206,941 | 704,321 |
| Accumulated amortization | (17,647) | (1,324) | (17,019) | (11,721) | (18,920) | (66,631) |

Construction-in-progress consists primarily of ongoing construction works. Upon completion, these assets are transferred to the respective group of property, plant and equipment. As at December 31, 2025, prepayments for property, plant and equipment amounted to UAH 14,757 thousand (December 31, 2024 – UAH 5,143 thousand; January 01, 2024 – UAH 29,122 thousand, respectively).

Impairment losses on property, plant and equipment and construction-in-progress were recognized on an individual basis in the amount of UAH 37,150 thousand during 2025 (as at December 31, 2024 – UAH 301,244 thousand; January 01, 2024 – UAH 308,091 thousand).

*Revaluation of property, plant and equipment as at January 01, 2024*

Buildings and structures, vehicles, machinery and equipment were revalued to fair value as at January 01, 2024. Fair value was determined based on appraisals performed by an independent appraiser with experience in valuing similar assets and was based on historical, market, and forward-locking information, taking into account differences in the nature, location, or condition of the relevant asset compared to similar assets and comparable benchmarks.

Buildings and structures, machinery and equipment were valued using the cost approach, while vehicles were valued using the market approach.

— As at January 01, 2024, the fair value of assets was determined using the following valuation techniques, which are classified as Level 3 of the fair value hierarchy in accordance with IFRS 13:

— Buildings and structures: direct reproduction or replacement cost method;

— Machinery and equipment: direct reproduction or replacement cost method;

Vehicles: market comparative method, including unobservable inputs.

The fair value of buildings and structures is determined as the initial construction cost of these assets at current prices, net of economic obsolescence and physical depreciation as at the relevant date. The main parameters used in this valuation method are the current construction cost (price index per 1 $m^3$) and functional obsolescence.

The fair value of machinery and equipment is based on the replacement cost (reproduction cost), estimated through the analysis of available market information for similar items of property, plant, and equipment (published data, catalogues, statistical data, etc.), as well as insights from industry experts and suppliers. In the absence of market price information for analogues or their technical specifications, the indexation of historical cost was applied to determine the replacement cost of such assets. The key inputs used in this valuation technique are the producer price indices (PPI) for machinery and the physical condition (depreciation) coefficient.

The fair value of vehicles was calculated using the comparative (market) approach, adjusted for differences in technical specifications and remaining useful lives of specific items compared to market analogues.

The following table presents the revaluation surplus amounts included in the carrying amount of the revalued assets:

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Buildings and structures | 5,154,457 | 5,619,179 | 6,169,224 |
| Machinery and equipment | 611,518 | 666,652 | 731,908 |
| Vehicles | 1,268,220 | 1,382,561 | 1,517,896 |
| **Total** | **7,034,195** | **7,668,392** | **8,419,028** |

The following table presents the carrying amounts that would have been recognized had the assets been accounted for under the cost model, net of accumulated depreciation and any accumulated impairment losses:

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Buildings and structures | 1,798,883 | 1,602,562 | 1,100,738 |
| Vehicles | 492,550 | 509,471 | 565,961 |
| Machinery and equipment | 1,544,161 | 1,353,763 | 1,316,881 |
| **Total** | **3,835,594** | **3,465,796** | **2,983,580** |

The carrying amount of investment property as at December 31, 2025, was UAH 41,594 thousand (December 31, 2024 – UAH 39,803 thousand; January 01, 2024 – UAH 77 thousand, respectively), which is immaterial to the Company's financial statements as a whole.

Considering that investment property lease agreements are entered into by the State Property Fund of Ukraine based on auction results and that 30% of the rentals remains with the balance sheet holder (branch), and 70% is transferred to the state budget, the disclosure of information regarding income from future lease payments is immaterial and cannot influence the decisions of users of the financial statements.

## 9. Inventories

### Significant accounting policies

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is determined using the weighted-average cost method. The cost of finished goods and work-in-progress includes direct material costs, direct labor costs, other direct costs, and an appropriate portion of manufacturing overhead costs, allocated on the basis of normal production capacity.

Net realizable value is the estimated selling price in the ordinary course of business activity less estimated costs of completion and estimated costs necessary to make the sale.

### Key accounting estimates and judgments in applying accounting policies

**Write-off of inventories to net realizable value**

The Company applies an approach where the calculation of partial write-off of inventory to net realizable value is based on the period during which inventories remained without movement. For production inventories, this is: 25% for 12–24 months, 50% for 24–36 months, and 100% for over 36 months. During the annual stocktaking, an assessment of individual impairment of inventories is performed.

In addition, the Company analyzes sales of finished goods and makes adjustments to net realizable value if the expected sales proceeds of inventories, net of selling expenses, are lower than cost.

If the circumstances that previously caused the write-off of inventories below cost no longer exist, or if there is clear evidence of an increase in net realizable value due to a change in economic circumstances, the amount of the partial write-off is reversed.

As at December 31, 2025, December 31 and January 01, 2024, inventories are presented as follows:

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Finished goods | 1,240,952 | 1,015,156 | 1,278,246 |
| Fuelwood for industrial and non-industrial use | 653,422 | 480,073 | 598,450 |
| Roundwood (coniferous) | 333,221 | 91,401 | 154,411 |
| Roundwood (deciduous) | 214,112 | 368,178 | 305,698 |
| Other forestry products | 21,914 | 32,068 | 44,367 |
| Sawn timber | 11,370 | 14,763 | 138,843 |
| Agricultural produce | 5,139 | 4,872 | 1,225 |
| Long-length timber | 1,774 | 23,801 | 35,252 |
| Production inventories | 567,074 | 510,397 | 565,440 |
| Work-in-progress | 114,602 | 114,509 | 152,202 |
| Inventories | 1,947 | 2,259 | 4,191 |
| **Total inventories** | **1,924,575** | **1,642,321** | **2,000,079** |

The table above presents the cost of inventories net of the reserve for partial write-off of inventories to their net realizable value. The reserve for partial write-off of inventories to their net realizable value as at December 31, 2025, amounted to UAH 84,930 thousand (December 31, 2024 – UAH 18,728 thousand and January 01, 2024 – UAH 12,505 thousand).

## 10. Trade and other accounts receivable

### Significant accounting policies

*Initial recognition.* Trade receivables arising from transactions with customers are initially recognized at transaction price, as defined in IFRS 15, unless the trade receivables contain a significant financing component.

All other trade and other receivables are initially recognized at fair value, adjusted for transaction costs, except for those classified as at fair value through profit or loss. The best evidence of fair value at initial recognition is the transaction price. A gain or loss at initial recognition is recognized only if there is a difference between fair value and the transaction price, evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. Following initial recognition, an allowance for expected credit losses is recognized for trade and other receivables measured at amortized cost, resulting in an accounting loss immediately after the initial recognition of the asset.

All purchases or sales of trade and other receivables that require delivery within a time frame established by regulation or convention in the marketplace ("regular way" purchases and sales) are recognized on the trade date, i.e., the date that the Company commits to deliver the asset. All other purchases of financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

*Classification and subsequent measurement – measurement categories.* The Company classifies trade and other receivables into the following measurement categories: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost. The classification and subsequent measurement of trade and other receivables depend on (i) the Company's business model for managing the respective portfolio of assets and (ii) the cash flow characteristics of the asset.

*Classification and subsequent measurement – business model.* The business model reflects the way the Company manages assets to generate cash flows: whether the Company's objective is (i) solely to collect contractual cash flows from the assets ("held to collect contractual cash flows"), or (ii) to collect contractual cash flows and cash flows arising from the sale of assets ("held to collect contractual cash flows and sell"), or if neither point (i) nor point (ii) applies, trade and other receivables are classified into "other" business models and measured at fair value through profit or loss (FVTPL).

The business model is determined for a group of assets (at the portfolio level) based on all relevant evidence of the activities the Company intends to undertake to achieve the objective set for the portfolio as at the assessment date. Factors the Company considers in determining the business model include the objective and composition of the portfolio, risk assessment and management approaches, methods for evaluating asset performance, and the remuneration scheme for management.

*Reclassification.* Financial instruments are reclassified only if the business model for managing the portfolio as a whole change. Reclassification is applied prospectively from the beginning of the first reporting period following the change in the business model. The Company has not changed its business model during the current and comparative periods and has not performed any reclassifications.

*Write-off.* Trade and other receivables are written off, either partially or in full, when the Company has exhausted all practical recovery efforts and concluded that there is no reasonable expectation of recovery. A write-off constitutes a derecognition event. Indicators of no reasonable expectation of recovery include: the initiation of bankruptcy proceedings against the debtor, information received regarding the debtor's liquidation, or the expiry of the statute of limitations. The Company may write off financial assets that are still subject to enforcement activity when the Company attempts to recover contractual amounts even though there is no reasonable expectation of recovery.

*Derecognition.* The Company derecognizes trade and other receivables when (a) the assets are extinguished or the rights to receive cash flows from the assets have otherwise expired, or (b) the Company has transferred the rights to receive cash flows from the financial assets or entered into a transfer arrangement, and either (i) has transferred substantially all the risks and rewards of ownership of the assets, or (ii) has neither transferred nor retained substantially all the risks and rewards of ownership but has relinquished control.

Control is considered retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated party without imposing additional restrictions on resale.

*Prepayments.* Prepayments are carried at cost less impairment allowance. Prepayments are classified as non-current if the goods or services for which the prepayment was made are to be received after one year or more, or if the prepayments relate to an asset that will be classified as a non-current asset upon initial recognition. Prepayments made to acquire an asset are included in its carrying amount once the Company obtains control over that asset and it is probable that the Company will receive future economic benefits associated with it. Other prepayments are charged to profit or loss upon receipt of the services for which they were made. If there is evidence that the assets, goods, or services for which the prepayment was made will not be received, the carrying amount of the prepayment is reduced accordingly, and a corresponding impairment loss is recognized in profit or loss.

**Significant accounting estimates and judgments in applying accounting policies**

*Derecognition of trade receivables and other receivables.* Management uses professional judgment to determine whether substantially all the risks and rewards of ownership of trade receivables and other receivables are transferred to the counterparties, specifically which risks and rewards are most significant and what constitutes substantially all the risks and rewards.

*Business model assessment.* Trade and other receivables are classified based on the business model. In assessing the business model, management has applied judgement to determine the level of aggregation and portfolios. In the process of evaluating sales transactions, the Company analyses their historical frequency, timing, and value, the reasons for such sales, and expectations regarding future sales activity. Sales aimed at minimizing potential losses due to credit quality deterioration are considered consistent with a business model where the instrument is held to collect contractual cash flows. Other sales prior to maturity that are not related to credit risk management activities also remain consistent with the "held to collect" business model, provided they are infrequent or insignificant both individually and in aggregate. The Company assesses the materiality of sales by comparing the value of sales to the value of the portfolio being assessed over its average life. Furthermore, sales of a financial asset expected only in a stress scenario or in response to an isolated event beyond the Company's control, which is non-recurring and could not have been predicted, are considered inconsistent with the business model objective and do not affect the classification of the respective financial assets.

The "held to collect and sell" business model implies that assets are held to collect cash flows, but selling the assets is integral to achieving the business model objective, such as managing liquidity needs, achieving a specific yield, or matching the duration of financial assets to the duration of the liabilities that fund those assets.

The residual category includes trade and other receivable portfolios managed with the objective of realizing cash flows primarily through sales used to generate profit. This business model is often associated with the collection of contractual cash flows.

*Estimation of expected credit losses.* The estimation of expected credit losses (ECL) is a significant estimate that involves determining the methodology and models. The ECL estimation methodology is described in detail in Note 24. The following components have a significant impact on the allowance for credit losses: the definition of default, probability of default (PD), exposure at default (EAD), and loss given default (LGD). The Company regularly analyses and verifies the accuracy of the models and input parameters to reduce the difference between the estimated expected credit loss and the actual credit loss.

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Financial assets measured at amortized cost | | | |
| Trade accounts receivable | 357,445 | 200,645 | 277,111 |
| Other financial receivables | 136,252 | 80,572 | 46,235 |
| Expected credit losses | (203,224) | (166,025) | (133,434) |
| Accounts receivable for income accrued | 40,777 | - | - |
| **Total financial assets measured at amortized cost** | **331,250** | **115,192** | **189,912** |
| Other non-financial assets | | | |
| Prepayments for goods and services | 145,077 | 63,931 | 53,072 |
| Less: impairment reserve | - | (4,874) | (18,267) |
| Statutory receivables | 24,070 | 13,495 | 681,345 |

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Income tax prepayments | 203 | 331 | 2,488 |
| Total other non-financial assets | 169,350 | 72,883 | 718,638 |
| Total accounts receivable and other non-financial assets | 500,600 | 188,075 | 908,550 |

Trade accounts receivable as at December 31, 2025, in the amount of UAH 505 thousand (December 31, 2024 – UAH 331 thousand; January 01, 2024 – UAH 9,310 thousand), net of the estimated allowance for credit losses, are denominated in foreign currencies.

The Company applies a simplified approach to trade accounts receivable, which requires the allowance for credit losses to be measured at an amount equal to the lifetime expected credit losses, to be recognized at the time of initial recognition of such an asset.

To estimate expected credit losses, trade receivables are grouped into categories based on shared credit risk characteristics and the number of days past due. The allowance for credit losses for trade receivables is determined using a provision matrix, which is presented in the tables below:

| (in thousands of UAH) | December 31, 2025 | | | |
|---|---|---|---|---|
| % of gross carrying amount | ECL rate | Gross carrying amount | Lifetime ECL | Net carrying amount |
| **Trade accounts receivable:** | | | | |
| - current and past due by less than 30 days | 0.1% | 163,991 | (140) | 163,851 |
| - past due 30 to 90 days | | 46,135 | (1,582) | 44,553 |
| - past due 91 to 120 days | 3.43% | 3,723 | (171) | 3,552 |
| - past due 121 to 180 days | 4.60% | 4,038 | (277) | 3,761 |
| - past due from 181 to 360 days | 6.86% | 24,731 | (4,659) | 20,072 |
| - past due for more than 360 days | 18.84% | 114,827 | (114,827) | - |
| **Total** | | **357,445** | **(121,653)** | **235,789** |

| (in thousands of UAH) | December 31, 2024 | | | |
|---|---|---|---|---|
| % of gross carrying amount | ECL rate | Gross carrying amount | Lifetime ECL | Net carrying amount |
| **Trade accounts receivable:** | | | | |
| - current and past due by less than 30 days | 0.1% | 54,329 | (413) | 53,916 |
| - past due 30 to 90 days | | 13,984 | (457) | 13,527 |
| - past due 91 to 120 days | 3.27% | 6,310 | (274) | 6,036 |
| - past due 121 to 180 days | 4.34% | 6,519 | (426) | 6,093 |
| - past due from 181 to 360 days | 6.53% | 7,839 | (1,251) | 6,588 |
| - past due for more than 360 days | 16.13% | 111,664 | (111,664) | - |
| **Total** | | **200,645** | **(114,485)** | **86,160** |

| (in thousands of UAH) | January 01, 2024 | | | |
|---|---|---|---|---|
| % of gross carrying amount | ECL rate | Gross carrying amount | Lifetime ECL | Net carrying amount |
| **Trade accounts receivable:** | | | | |
| - current and past due by less than 30 days | 0.1% | 140,446 | (140) | 140,306 |
| - past due 30 to 90 days | 1.46% | 14,937 | (218) | 14,719 |
| - past due 91 to 120 days | 1.95% | 5,241 | (102) | 5,139 |
| - past due from 121 to 180 days | 2.92% | 6,634 | (194) | 6,440 |
| - past due from 181 to 360 days | 5.95% | 9,970 | (594) | 9,376 |
| - past due for more than 360 days | 100% | 99,883 | (99,883) | - |
| **Total** | | **277,111** | **(101,131)** | **175,980** |

The following table presents changes in the amount of the estimated allowance for credit losses on trade accounts receivable under the simplified ECL model and other financial receivables from the beginning to the end of the annual period:

| In thousands of UAH | 2025 | | |
|---|---|---|---|
| | Trade accounts receivable | Other financial receivables | Total expected credit losses |
| Allowance for credit losses as at January 01 | (114,485) | (51,540) | (166,025) |
| Changes in estimates and assumptions | - | - | - |
| Other changes | (21,452) | (31,630) | (53,082) |
| **Total impairment (charge)/reversal recognized in profit or loss** | **(21,452)** | **(31,630)** | **(53,082)** |
| Used or paid during the year | 14,281 | 1,602 | 15,883 |
| Changes in exchange rates | - | - | - |
| Changes in contract cash flows | - | - | - |
| **Allowance for credit losses as at December 31** | **(121,656)** | **(81,568)** | **(203,224)** |

| In thousands of UAH | 2024 | | |
|---|---|---|---|
| | Trade accounts receivable | Other financial receivables | Total expected credit losses |
| Allowance for credit losses as at January 01 | (101,131) | (32,303) | (133,434) |
| Changes in estimates and assumptions | - | - | - |
| Other changes | (23,042) | (19,237) | (42,279) |
| **Total impairment (charge)/reversal recognized in profit or loss** | **(23,042)** | **(19,237)** | **(42,279)** |
| Used or paid during the year | 9,688 | | 9,688 |
| Changes in exchange rates | - | - | - |
| Changes in contract cash flows | - | - | - |
| **Allowance for credit losses as at December 31** | **(114,485)** | **(51,540)** | **(166,025)** |

## 11. Cash and cash equivalents

### Significant accounting policies

Cash and cash equivalents consist of cash on hand, bank balances and cash in transit.

Cash and cash equivalents are carried at amortized cost using the effective interest rate method.

As at December 31, 2025, December 31, 2024 and January 01, 2024, the balances of cash and cash equivalents were as follows:

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Cash in bank accounts | 3,576,373 | 1,344,660 | 1,049,839 |
| Cash on hand | 1 | - | 470 |
| Cash in transit | 170 | - | - |
| Total cash and cash equivalents | 3,576,544 | 1,344,660 | 1,050,309 |

The table below presents summary information regarding cash and cash equivalents by credit quality based on Moody's ratings for long-term deposits in foreign and local currency as at December 31, 2025, December 31, 2024 and January 01, 2024.

| | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| In thousands of UAH | Cash in bank accounts | Cash in bank accounts | Cash in bank accounts |
| Neither past due nor impaired | | | |
| Rating: Caa2, Caa3 | 3,504,652 | 1,062,578 | 730,824 |
| - unrated | 71,721 | 282,082 | 319,015 |
| Total cash and cash equivalents | 3,576,373 | 1,344,660 | 1,049,839 |

As at December 31, 2025, December 31, 2024 and January 01, 2024, the Company had no restricted cash.

The Company did not pledge cash and cash equivalents as collateral for borrowings.

The Company assesses expected credit losses(ECL) on the impairment of cash and cash equivalents as immaterial at the end of each reporting period.

As at December 31, 2025, December 31, 2024 and January 01, 2024, the Caa2, Caa3, and "unrated" categories include state-owned banks.

## 12. Equity

### Significant accounting policies

*Statutory profit distribution to the state budget (hereinafter — "dividends").* Dividends are recognized as liabilities and deducted from equity at the reporting date as the portion of net profit for the period subject to mandatory transfer to the budget.

The basis for profit distribution is the Company's statutory financial statements.

Under Ukrainian legislation, the distribution base is defined as the amount of net profit for the current year, calculated in accordance with IFRS Accounting Standards, and the amount of revaluation surplus subject to transfer to retained earnings. This total may also include a portion of retained earnings or unused funds formed as a result of prior profit distributions, in amounts determined by the governing body, subject to the availability of financial resources following the Company's performance.

### Authorized (share) capital and contributions to unauthorized share capital

The Company's authorized (share) capital is formed by the Governing Body through contributions of state-owned real estate, cash, securities, other assets, and property rights.

The amount of the Company's authorized (share) capital is presented as follows:

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Authorized (share) capital | 493,946 | 412,460 | 206,742 |
| Contributions to unauthorized share capital | 46,157 | 114,953 | 320,671 |
| **Total** | **540,103** | **527,413** | **527,413** |

Currently, the procedure for registering an increase in the Company's authorized (share) capital is ongoing, as the Company is the successor to the rights of state-owned forestry enterprises in connection with the reform of Ukraine's forestry sector in accordance with the Decree of President No. 228/2021 dated June 07, 2021 "On Some Measures for the Conservation and Reproduction of Forests".

### Additional capital

In accordance with its Charter, the Company establishes special-purpose (targeted) funds out of its profit. The Company's additional capital consists of appropriations to the production development fund. Resources from the production development fund are used for measures related to the conservation, protection, use, and restoration of forests, as well as other similar purposes.

### Profit allocation

In accordance with Ukrainian legislation, the Company allocates its entire profit, determined under statutory regulations, as dividends (portion of net profit) or transfers it to additional capital to form a production development fund, as provided by its Charter.

The transfer of a portion of net profit to the state budget by state unitary enterprises is regulated by the Law of Ukraine No. 185-V "On the State Property Management" dated September 21, 2006. The portion of net profit is paid to the state budget on an accrual basis based on quarterly financial and business performance for the respective period, within the timeframe established by the Tax Code of Ukraine.

Based on the 2025 results, the Company accrued for payment to the state budget 80% of its net profit (income) calculated in accordance with IFRS, amounting to UAH 5,877,203 thousand.

As at January 01 and December 31, 2024, the impact of the transition to IFRS is reflected in retained earnings (accumulated deficit) in accordance with the requirements of IFRS 1.

### Revaluation surplus (reserve)

The revaluation surplus represents the revaluation reserve of the Company's property, plant and equipment.

The revaluation reserve is transferred to retained earnings (accumulated deficit) as the asset is used on a monthly basis, in the amount of the difference between depreciation based on the revalued carrying amount and depreciation that would have been recognized if the revaluation model had not been applied, or upon the sale or disposal of the asset.

### Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns and benefits for other stakeholders. The amount of capital managed by the Company as at December 31, 2025 is UAH 12,175,735 thousand (December 31, 2024: UAH 11,469,573 thousand; January 01, 2024: UAH 10,768,464 thousand).

The Company's primary source of liquidity is cash flows from operating activities. Generally, these funds are used to finance operations, capital expenditures, and tax payments.

## 13. Trade and other accounts payable

### Significant accounting policies

*Recognition and measurement.* Trade payables arising from operating activities are recognized when the counterparty has fulfilled its obligations under the agreement and are initially recognized at fair value; subsequently, they are measured at amortized cost using the effective interest rate method.

*Derecognition.* Trade accounts payable and other accounts payable are derecognized when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled, or expires).

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Trade accounts payable | 1,064,618 | 1,037,513 | 1,450,617 |
| Other financial liabilities | 30,330 | 27,622 | 68,822 |
| Current portion of non-current liabilities | 59,373 | 60,955 | 53,538 |
| **Total financial trade accounts payable and other financial liabilities measured at amortized cost** | **1,154,321** | **1,126,090** | **1,572,977** |
| Advances received | 560,338 | 322,512 | 297,252 |
| Obligations under grant contracts | 9,834 | 11,149 | 30,473 |
| Other liabilities | 27,503 | 8,653 | 12,718 |
| **Total non-financial liabilities** | **597,675** | **342,314** | **340,443** |
| **Total trade accounts payable and other accounts payable** | **1,751,996** | **1,468,404** | **1,913,420** |

Current portion of non-current liabilities represents the current portion of lease liabilities.

Information regarding the maturity of accounts payable is provided in Note 24.

## 14. Current tax and other statutory liabilities

### Significant accounting policies

*Value Added Tax (VAT).* Output VAT on sales of goods and services is payable to the tax authorities upon the earlier of (a) receipt of receivables from customers or (b) delivery of goods or rendering of services to customers. Input VAT is generally offset against output VAT upon receipt of a VAT tax invoice. The tax authorities permit VAT settlements on a net basis. VAT related to purchase and sale transactions is presented in the statement of financial position on a gross basis and is disclosed separately within assets and liabilities. Where an allowance for expected credit losses has been recognized for receivables, the impairment loss is recorded based on the gross amount of the receivable, including VAT.

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Taxes payable within one year include: | | | |
| Income tax payable | 93,392 | 43,080 | 299,416 |
| Value-added tax (VAT) payable | 403,421 | 246,522 | 192,130 |
| Dividends payable (portion of net profit) | 1,438,651 | 206,834 | 5,619 |
| Rent for special use of forest resources | 429,253 | 456,427 | 445,167 |
| Other taxes payable | 109,319 | 46,494 | 100,746 |
| **Total tax and other statutory payables** | **2,474,036** | **999,357** | **1,043,078** |

## 15. Reconciliation of liabilities arising from financing activities

The table below presents an analysis of liabilities arising from financing activities and the changes in such liabilities for each reporting period. These items represent the components of cash flows from financing activities as presented in the statement of cash flows.

| In thousands of UAH | Lease liabilities |
|---|---|
| **Liabilities arising from financing activities as at January 01, 2025** | **83,081** |
| **Cash flows** | |
| Repayment of principal | 78,981 |
| **Non-cash changes** | |
| Interest accrued | (2,839) |
| New lease contracts | (156,747) |
| Foreign exchange adjustment | 324 |
| Other | (22,352) |
| **Liabilities arising from financing activities as at December 31, 2025:** | **185,714** |

| In thousands of UAH | Lease liabilities |
|---|---|
| **Liabilities arising from financing activities as at January 01, 2024** | **131,281** |
| **Cash flows** | |
| Repayment of principal | 69,742 |
| **Non-cash changes** | |
| Interest accrued | (5,684) |
| Foreign exchange adjustment | (9,450) |
| Other | (6,408) |
| **Liabilities arising from financing activities as at December 31, 2024** | **83,081** |

## 16. Provisions

### Significant accounting policies

Provisions are recognized in the financial statements when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense within finance costs.

### Key accounting estimates and judgments in applying accounting policies

*Post-employment benefit obligations.* The calculation of the present value of pension obligations depends on a number of factors determined on an actuarial basis using a set of assumptions. The assumptions used to determine the net cost (income) for pension obligations include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension obligations.

The Company determines the appropriate discount rate at the end of each year. This discount rate is the interest rate that should be used to calculate the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the yields on government bonds denominated in the same currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is provided below in this note.

The movement in provisions is disclosed as follows:

| In thousands of UAH | Post-employment and jubilee benefits | Provision for unused vacation | Provision for bonuses | Provision for litigation | Other provisions | Total |
|---|---|---|---|---|---|---|
| **Balance as at January 01, 2024** | **115,185** | **660,655** | **63,223** | **111,170** | **71,863** | **1,022,096** |
| Non-current portion | *93,617* | - | - | - | - | *93,617* |
| Current portion | 21,568 | 660,655 | 63,223 | 111,170 | 71,863 | 928,479 |
| (Reversed)/accrued for the year | 11,205 | 740,514 | 70,325 | 3,482 | (8,201) | 817,325 |
| Unwinding of discount | 19,582 | - | - | - | - | 19,582 |
| Utilized or paid during the year | (21,978) | (868,483) | (63,223) | (56,973) | (9 294) | (1,019,951) |
| Actuarial (gain)/loss | 1,485 | - | - | - | - | 1,485 |
| **Balance as at December 31, 2024** | **125,479** | **532,686** | **70,325** | **57,679** | **54,368** | **840,537** |
| Non-current portion | 101,351 | - | - | - | - | 101,351 |
| Current portion | 24,128 | 532,686 | 70,325 | 57,679 | 54,368 | 739,186 |
| (Reversed)/accrued for the year | 31,183 | 881,394 | 112,616 | 63,499 | 1,650 | 1,090,342 |
| Unwinding of discount | 19,110 | - | - | - | - | 19,110 |
| Utilized or paid during the year | (16,377) | (794,832) | (68,339) | (48,585) | (5 467) | (933,600) |
| Actuarial (gain)/loss | 104,561 | - | - | - | - | 104,561 |
| **Balance as at December 31, 2025** | **263,956** | **619,248** | **114,602** | **72,593** | **50,551** | **1,120,950** |
| Non-current portion | 230,033 | - | - | - | - | 230,033 |
| *Current portion* | *33,923* | *619,248* | *114,602* | *72,593* | *50,551* | *890,917* |

*Post-employment and jubilee benefit provisions.* The Company has an obligation to reimburse the State of Ukraine for pension payments made by the State to the Company's employees who worked for a certain period in hazardous conditions and, therefore, are entitled to early retirement and pension benefits (Program No. 1. Pensions granted on preferential terms).The Company also operates a pension plan that provides for lump-sum payments to each employee upon retirement, depending on their length of service with the Company (Program No. 2. Retirement benefits).

In accordance with the collective agreement, the Company provides a lump-sum bonus payment upon employees reaching a jubilee age or a jubilee length of service with the Company (Program No. 3. Jubilee age or length of service benefits).

These benefit programs are not funded by the Company's employees, and the pension programs are not covered by any plan assets.

The obligations for pension and bonus payments are calculated annually by professional actuaries using the projected unit credit method. The present value of the obligations at the end of each year for each program is equal to the sum of the present values of the obligations under that program, calculated for each employee (pensioner) individually.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income (only for payments under pension programs). Past service cost is recognized immediately in profit or loss.

The amounts recognized in the Income statement (Statement of comprehensive income) were as follows:

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| Current service cost | 4,450 | 11,205 |
| Interest expense (unwinding of discount) | 19,110 | 19,582 |
| Remeasurement of jubilee benefit obligations | 26,733 | - |
| **Total expenses recognized in the Income statement** | **50,293** | **30,787** |
| | | |
| Remeasurement of defined benefit liability recognized in other comprehensive income | 104,561 | 1,485 |
| **Total expenses recognized in other comprehensive income** | **104,561** | **1,485** |

The movements in the present value of the net defined benefit obligation were as follows:

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| **Balance as at January 01** | **125,479** | **115,185** |
| Current service cost | 31,183 | 11,205 |
| Interest expense (Unwinding of discount) | 19,110 | 19,582 |
| Benefits paid | (16,377) | (21,978) |
| **Remeasurement of defined benefit liability arising from:** | **104,561** | **1,485** |
| - changes in financial assumptions | 9,378 | 1,485 |
| - experience adjustments | 182,229 | - |
| - changes in demographic assumptions | (87,046) | - |
| **Balance as at December 31** | **263,956** | **125,479** |

The key actuarial assumptions used in determining employee benefit obligations are presented as follows:

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Discount rate, % | 14.27% | 15.23% | 17% |
| Staff turnover rate, % | 15% | 8% | 8% |
| Inflation, % | 2026 - 6.2%<br>2027 - 4.8%<br>thereafter - 5.75% | 2025 - 8.0%<br>2026 - 5.9%<br>thereafter - 5.0% | 2024 - 9.7%<br>2025 - 8.1%<br>thereafter - 6.9% |
| Expected wage growth, % | 2026 - 10.42%<br>2027 - 6.98%<br>2028 - 8.55%<br>thereafter - 7.62% | 2025 - 13.0%<br>2026 - 9.5%<br>2027 - 8%<br>2028 - 7%<br>2029 - 6%<br>thereafter - 5.8% | 2024 - 13.3%<br>2025 - 12.45%<br>2026 - 10.6%<br>2027–2028 – 7%<br>thereafter - 6.9% |

The following table presents the sensitivity analysis for the key assumptions:

| In thousands of UAH | December 31, 2025 | December 31, 2024 | January 01, 2024 |
|---|---|---|---|
| Increase/decrease in the discount rate by 1% | (3.53%)/3.69% | (3.79%)/4.07% | (3.41%) / 4.83% |
| Increase/decrease in the staff turnover rate by 1% | (4.75%)/4.93% | (1.20%)/1.28% | (2.47%) / 2.64% |
| Increase/decrease in wages by 1% | 3.87%/(3.75%) | 2.09%/(2.20%) | 2.63% / (2.56%) |
| Increase/decrease in the inflation index by 1% | 3.18%/(3.08%) | 0.07%/(0.07%) | 0.11% / (0.10%) |

The sensitivity analysis presented above may not represent actual changes in the employee benefit obligation, as it is unlikely that changes in assumptions will occur independently of one another, since some assumptions may be interrelated.

As at December 31, 2025, the average duration of employee benefit obligations is 16 years (December 31, 2024: 16 years; January 01, 2024: 16 years).

*Litigation.* The Company is involved in a number of legal proceedings as a plaintiff or a defendant. Provisions for legal claims represent management's estimate of the probable outflow of the Company's resources arising from an adverse court ruling. Management has obtained appropriate legal advice and believes that no significant losses will be incurred as a result of these legal claims in excess of the amounts already accrued.

*Other provisions.* Other provisions are primarily established for potential liabilities that may arise in connection with the legal challenge of tax assessment notices received by the merged entities following audits conducted by the territorial bodies of the State Tax Service of Ukraine. The amount of the provision is determined based on management's best estimate of the expected costs required to settle the respective obligations as at the reporting date. Management expects that the provision amount as at 31 December 2025 will be utilized by the end of 2026, depending on the timing of the completion of proceedings in courts and/or administrative bodies.

Information on balances with related parties is disclosed in Note 7.

## 17. Sales revenue, net

### Significant accounting policies

*Revenue recognition.* Revenue is measured at the fair value of the consideration received or receivable, and represents amounts to be received for goods supplied, net of discounts, returns and value added tax. The Company recognizes revenue if the amount can be measured with sufficient reliability, it is probable that future economic benefits will flow to the Company, and specific criteria are met for each of the Company's activities as described below.

*Revenue from the sale of roundwood and timber.* Revenue from the sale of timber and wood products is recognized at the point in time when control over the goods is transferred, i.e., when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery is considered to have occurred when the goods have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all acceptance criteria have been satisfied.

*Revenue from loading and unloading services for timber and wood products.* The Company provides services under fixed-price contracts. If the Company transfers control of a service over time and, accordingly, satisfies a performance obligation over time, revenue from the rendering of services is recognized in the reporting period in which the services are provided. For fixed-price contracts, revenue is recognized based on the actual services provided by the end of the reporting period as a proportion of the total services to be provided (percentage of completion), as the customer simultaneously receives and consumes the benefits. If the Company does not transfer control of a service over time, revenue is recognized at a point in time when the Company satisfies the performance obligation.

The Company does not offer discounts or loyalty programs to counterparties in its ordinary course of business.

The following table presents the Company's net revenue from sales of products and services:

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| Net revenue from sales of products under IFRS 15 | 29,777,762 | 22,949,036 |
| Net revenue from services | 97,603 | 156,869 |
| **Total net revenue** | **29,875,365** | **23,105,905** |

The table below presents net revenue from sales of products under IFRS 15 broken down by types of activity:

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| Sales of roundwood and timber for industrial and non-industrial use | 29,670,103 | 22,664,361 |
| Sales of processed wood products | 58,657 | 211,032 |
| Sales of other products | 49,002 | 73,643 |
| **Total net revenue from sales of product under IFRS 15** | **29,777,762** | **22,949,036** |
| Revenue recognized at a point in time | | |
| Revenue recognized over time | | |

Contract liabilities consist of prepayments received, which are presented in the statement of financial position under the line item "Advances received".

The vast majority of contract liabilities under contracts signed as at December 31, 2025 will be satisfied (recognized as revenue) during the next reporting period.

## 18. Cost of sales

### Key accounting estimates and judgments in applying accounting policies

#### Classification of finished goods delivery costs

The Company's management exercises professional judgement to determine the classification of costs as either cost of sales or selling expenses. To this end, management considers which costs are necessary to bring roundwood and timber to the condition and location where they are ready for immediate sale. The Company considers products ready for immediate sale once they have been transported to the warehouses. Accordingly, costs incurred up to the point when finished goods are delivered to the warehouse are attributed to the cost of sales, while all subsequent transportation costs to the point where control over the products is transferred are classified as selling and distribution expenses. Management believes that this approach complies with the requirements of IAS 2 and IAS 1.

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| Production services | 5,628,526 | 5,131,607 |
| Employee benefits expense | 7,836,812 | 5,579,952 |
| Taxes, other than income tax | 1,523,184 | 1,540,550 |
| Fuel expenses | 1,039,901 | 1,209,830 |
| Depreciation of property, plant and equipment, amortization of intangible assets, and right-of-use assets | 1,004,063 | 671,857 |
| Third-party services | 708,580 | 657,649 |
| Raw materials expense | 409,440 | 476,406 |
| Spare parts used | 418,661 | 496,747 |
| Other | 340,206 | 297,275 |
| **Total** | **18,909,373** | **16,061,873** |

## 19. Administrative expenses

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| Employee benefits expense | 1,830,670 | 2,506,103 |
| Depreciation of property, plant and equipment, amortization of intangible assets, and right-of-use assets | 78,163 | 98,456 |
| Repairs and maintenance | 54,391 | 218,599 |
| Information, consulting, and other professional services | 48,292 | 76,608 |
| Lease expenses | 2,123 | 48,292 |
| Bank fees | 2,439 | 6,993 |
| Taxes, other than income tax | 371 | 6,960 |
| Other | 47,615 | 112,759 |
| **Total** | **2,064,064** | **3,074,770** |

## 20. Selling and distribution expenses

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| Transportation and delivery services | 201,455 | 214,946 |
| Employee benefits expense | 150,743 | 196,506 |
| Third-party services | 11,796 | 59,041 |
| Depreciation of property, plant and equipment, amortization of intangible assets, and right-of-use assets | 11,125 | 15,122 |
| Repair and maintenance of property, plant and equipment | 43,723 | 34,355 |
| Other | 11,902 | 23,434 |
| **Total** | **430,744** | **543,404** |

## 21. Other operating income and expenses

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| Cost of timber seized for the needs of the Armed Forces of Ukraine | 243,036 | 334,939 |
| Contributions for cultural, sports and health-care activities | 165,513 | 107,393 |
| Employee benefits expense | 116,640 | 265,337 |
| Fines, penalties and forfeits | 82,631 | 44,782 |
| Allowance for doubtful debts (expected credit losses) | 42,435 | 69,630 |
| Foreign exchange losses | 20,285 | 31,559 |
| Cost of other current assets sold | 1,031 | 14,887 |
| Taxes, other than income tax | 8,271 | 13,710 |
| Other | 141,695 | 112,622 |
| **Total other operating expenses** | **821,537** | **994,859** |
| | | |
| Interest received on balances with banks | 414,075 | 172,314 |
| Foreign exchange gains | 37,341 | 38,464 |
| Income from fines, penalties and forfeits | 6,775 | 3,972 |
| Gain on disposal of non-current assets | 1,536 | 14,137 |
| Rental income | 41,492 | 15,822 |
| Other operating income | 167,623 | 216,830 |
| **Total other operating income** | **668,842** | **461,539** |
| **Net other operating expenses (income)** | **152,695** | **533,320** |

## 22. Income tax

### Significant accounting policies

*Income taxes.* In these financial statements, taxation is presented in accordance with legislative requirements using tax rates and statutory norms that were enacted or substantively enacted as at the end of the reporting period.

Income tax expense/credit includes current taxes and deferred taxation and is recognized in profit or loss, unless it relates to items recognized in other comprehensive income or directly in equity in the same or a different period, in which case it is also recognized in other comprehensive income or directly in equity.

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 Company's financial statements are authorized for issue before the relevant tax returns are filed, the amount of taxable profits or losses is reported based on estimates. Taxes other than income tax are recorded 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 exemption, deferred tax is not recognized for temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither accounting nor taxable profit. Deferred tax amounts are determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the temporary differences are reversed or the tax loss carryforwards are utilized.

Deferred tax assets for deductible temporary differences and tax loss carryforwards are recorded only to the extent that it is probable that the temporary differences will reverse and sufficient future taxable profit will be available against which the temporary differences can be realized.

Offsetting of deferred tax assets and liabilities is performed only when:

— the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

— the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

## (a) Components of income tax expense/(benefit)

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| Current tax | 1,644,636 | 564,770 |
| Deferred tax | (132,092) | (10,215) |
| **Income tax expense/(benefit) for the year** | **1,512,544** | **554,555** |

## (b) Reconciliation of tax expense and financial result multiplied by the statutory tax rate

| In thousands of UAH | 2025 | 2024 |
|---|---|---|
| **Profit/(loss) before tax** | **8,319,771** | **2,845,579** |
| Theoretical tax expense/(benefit) at the statutory rate of 18%: | 1,497,559 | 512,204 |
| Tax effect of items that are non-deductible for tax purposes: | | |
| - non-deductible expenses | 14,985 | 42,351 |
| - other | - | - |
| **Income tax expense/(benefit) for the year** | **1,512,544** | **554,555** |

## (c) Deferred taxes analyzed by type of temporary difference

Differences between Ukrainian tax regulations and IFRS Accounting Standards give rise to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

The tax effect of changes in these temporary differences is presented below.

| In thousands of UAH | January 01, 2025 | Charged / (credited) to profit or loss | Charged / (credited to other comprehensive income | Charged / (credited directly to equity | December 31, 2025 |
|---|---|---|---|---|---|
| **Tax effect of temporary differences reducing/ (increasing) taxable income** | | | | | |
| Difference in carrying amount of property, plant and equipment (revaluation, different depreciation methods) | **(1,420,137)** | 119,241 | - | (59,473) | **(1,360,369)** |
| Reserve for impairment of receivables/expected credit losses | **30,769** | 6,746 | - | (935) | **36,580** |
| Partial write-off of inventories to net realizable value | **3,003** | - | - | (3,003) | - |
| Reserve for impairment of prepayments and other receivables | - | - | - | - | - |
| Provisions and accruals | **22,586** | 6,105 | 18,821 | - | **47,512** |
| **Net deferred tax liability** | **(1,363,779)** | **132,092** | **18,821** | **(63,411)** | **(1,276,277)** |
| Deferred tax asset | 56,358 | 12,851 | 18,821 | (3,938) | 84,092 |
| Deferred tax liability | (1,420,137) | 119,241 | - | (59,473) | (1,360,369) |

| In thousands of UAH | January 01, 2024 | Charged / (credited) to profit or loss | Charged / (credited to other comprehensive income | Charged / (credited directly to equity | December 31, 2024 |
|---|---|---|---|---|---|
| **Tax effect of temporary differences reducing/ (increasing) taxable income** | | | | | |
| Difference in carrying amount of intangible assets (different depreciation methods) | **(1,779)** | - | - | 1,779 | - |
| Difference in carrying amount of property, plant and equipment (revaluation, different depreciation methods) | **(1,492,912)** | 2,140 | - | 70,635 | **(1,420,137)** |
| Reserve for impairment of receivables/expected credit losses | **18,203** | 8,075 | - | 4,491 | **30,769** |
| Partial write-off of inventories to net realizable value | **2,251** | - | - | 752 | **3,003** |
| Reserve for impairment of prepayments and other receivables | **9,103** | - | - | (9,103) | - |
| Provisions and accruals | **20,733** | - | 267 | 1,586 | **22,586** |
| Net deferred tax liability | (1,444,401) | 10,215 | 267 | 70,140 | **(1,363,779)** |
| Deferred tax asset | 50,290 | 8,075 | 267 | (2,274) | 56,358 |
| Deferred tax liability | (1,494,691) | 2,140 | - | 72,414 | (1,420,137) |

## 23. Contingencies and commitments

### Significant accounting policies

The Company does not recognize any contingent liabilities.

Information about contingent liabilities is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

*Legal proceedings.* In the ordinary course of business activity, the Company occasionally receives claims. Based on its own assessment, as well as internal and external professional advice, management believes that the Company will not incur significant losses as a result of legal claims that would exceed the provisions established in these financial statements.

As at December 31, 2025, the Company was a party to legal proceedings regarding the recovery of damages caused to the environment and the fulfillment of contractual obligations with counterparties. Management has not recognized a provision as it is confident that the likelihood of significant losses is immaterial.

*Tax contingencies.* Ukrainian tax legislation, which is enacted or substantively enacted as at the end of the reporting period, is subject to varying interpretations as applied to the transactions and activities of the Company. Consequently, tax positions adopted by management and the official documentation supporting these positions may be challenged by the tax authorities. Ukrainian tax administration is gradually strengthening, including an increased risk of audits of transactions that lack a clear business purpose or involve counterparties that fail to comply with tax regulations. Tax authorities may audit tax matters for financial periods within three calendar years. Under certain circumstances, audits may cover longer periods.

*Transfer pricing.* Ukrainian transfer pricing legislation largely aligns with the international transfer pricing principles developed by the Organization for Economic Cooperation and Development (OECD), with certain specific features. The legislation allows tax authorities to impose additional tax assessments on controlled transactions (transactions between related parties and certain transactions with unrelated parties) if these transactions are not conducted on arm's length terms.

Management has implemented internal control procedures to ensure compliance with these transfer pricing regulations.

Tax liabilities for controlled transactions are determined based on the actual transaction price. Given that timber (wood products) belongs to the types of products traded exclusively at auctions (public tenders), the actual transaction price complies with the arm's length principle. Therefore, the impact of this risk is not expected to be material to the Company's financial position and/or operations.

*Environmental matters.* The system of environmental protection enforcement in Ukraine is currently evolving, and the government's position on compliance is subject to continuous review. The Company periodically evaluates its obligations under environmental legislation. When obligations arise, they are recognized in the financial statements in the period in which they are incurred. Potential liabilities that may arise as a result of changes in existing regulations and legislation, as well as legal proceedings, cannot be reliably estimated but could have a material impact. Under the current framework for ensuring compliance with existing legislation, management believes that there are no significant liabilities resulting from environmental pollution.

## 24. Financial risk management

The risk management function within the Company is performed in respect of financial risks, as well as operational and legal risks. Financial risks comprise market risk (including currency risk, fair value interest rate risk, and price risk), credit risk, and liquidity risk. The primary objectives of financial risk management are to establish risk limits and to ensure that these limits are not exceeded. Management of operational and legal risks is aimed at ensuring the proper functioning of internal procedures and policies designed to minimize these risks.

*Credit risk.* The Company is exposed to credit risk, which arises when a counterparty to a contract is unable to fulfill its obligations, in part or in full, when they fall due. Credit risk arises from the Company's sales of products on credit terms and other transactions with counterparties that result in financial assets.

The maximum exposure to credit risk amounted to UAH 3,907,793 thousand as at December 31, 2025 (December 31, 2024 – UAH 1,459,852 thousand and January 01, 2024 – UAH 1,239,751 thousand), which represents the carrying amount of financial assets—trade accounts receivable and cash, as presented in the statement of financial position and disclosed in detail in Notes 10 and 11.

The Company structures the levels of credit risk it accepts by setting limits on the amount of risk exposure for a single counterparty or groups of counterparties.

Management regularly approves credit risk limits. Such risks are monitored and reviewed at least annually or more frequently.

The Company's management analyses outstanding trade receivables by maturity and subsequently monitors overdue balances. Accordingly, management considers it appropriate to provide information on the aging of receivables and other credit risk disclosures in Note 10.

Management believes that the level of credit risk is accurately reflected in the allowance for expected credit losses as at 31 December 2025 and for all other periods presented in these financial statements.

*Concentration of credit risk.* The Company is exposed to a concentration of credit risk in respect of cash and cash equivalents.

As at December 31, 2025, 100% of cash and cash equivalents were held in accounts at state-owned banks (December 31, 2024 – 100%, January 01, 2024 – 100%).

The Company does not have a significant concentration of credit risk related to trade receivable balances, as it operates with a large number of counterparties and does not concentrate its transactions with specific parties.

*Estimation of expected credit losses (ECL).* Expected credit losses are an estimate of the present value of future cash shortfalls, weighted by probability (i.e., the weighted average of credit losses using the respective risks of default occurring within a certain period as weights). The estimation of ECL is objective and is determined by evaluating a range of possible outcomes.

The Company applies the simplified approach under IFRS 9, which requires the recognition of lifetime expected credit losses for trade receivables and other current receivables.

The allowance for expected credit losses is measured on both an individual and a collective basis. The allowance measured on an individual basis is based on an analysis of specific debtors. The amount of the allowance measured on a collective basis is adjusted by the amount of the allowance calculated on an individual basis.

*Key principles for calculating credit risk parameters.* The allowance for expected credit losses (ECL) on a collective basis is measured using ECL rates based on the number of days past due. When analyzing financial assets for impairment, the Company considers macroeconomic factors that may influence future credit losses and determines the provision rate based on historical probability of default (PD) and loss given default (LGD) for issuers with similar credit risk. This provision rate, determined as at the reporting date, has been adjusted to reflect the expected maturity of the receivables.

The allowance for expected credit losses is calculated by multiplying the carrying amount of the financial asset in each category by the ECL rate.

For the purpose of assessing the probability of default, the Company defines default as a situation where the risk meets one or more of the following criteria:

— the payment is past due by more than 365 days;
— the debtor meets the criteria for probable insolvency:
    — the debtor ceases operations;
    — the debtor is insolvent;
    — the debtor has breached financial discipline;
    — here is an increasing probability that the debtor will enter bankruptcy proceedings.

An instrument is no longer considered in default if it no longer meets any of the default criteria for 12 consecutive months.

*Market risk.* The Company is exposed to market risks. Market risks arise from open positions in (a) currencies, (b) interest rates, and (c) equity investments, all of which are highly sensitive to general and specific market movements. Management sets limits on the amount of risk exposure that may be accepted and monitors compliance on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

*Currency risk.* Management sets limits on exposure by currency and the overall acceptable level of risk (monitored on a daily basis).

The following tables present the Company's currency risk concentration as at:

| In thousands of UAH | December 31, 2025 | | |
|---|---|---|---|
| | **Monetary financial assets** | **Monetary financial liabilities** | **Net balance sheet position** |
| UAH | 3,725,656 | (1,097,139) | 2.628,517 |
| USD | 54,742 | (57,182) | (2,440) |
| Euro | 123,884 | - | 123,884 |
| Other | 3,512 | - | 3,512 |
| **Total** | **3,907,794** | **(1,154,321)** | **2,753,473** |

| In thousands of UAH | December 31, 2024 | | |
|---|---|---|---|
| | **Monetary financial assets** | **Monetary financial liabilities** | **Net balance sheet position** |
| UAH | 1,292,322 | (1,066,430) | 225,892 |
| USD | 52,703 | (59,660) | (6,957) |
| Euro | 111,761 | - | 111,761 |
| Other | 3,066 | - | 3,066 |
| **Total** | **1,459,852** | **(1,126,090)** | **333,762** |

| In thousands of UAH | January 01, 2024 | | |
|---|---|---|---|
| | **Monetary financial assets** | **Monetary financial liabilities** | **Net balance sheet position** |
| UAH | 1,064,848 | (1,536,626) | (471,778) |
| USD | 83,075 | (111,300) | (28,225) |
| Euro | 90,857 | (2,786) | 88,071 |
| Other | 1,441 | (3) | 1,433 |
| **Total** | **1,240,221** | **(1,650,720)** | **(410,499)** |

A 10% weakening of the Hryvnia against the currencies indicated in the following table 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 in currencies other than the Company's functional currency:

| In thousands of UAH | **December 31, 2025** | **December 31, 2024** | **January 01, 2024** |
|---|---|---|---|
| USD | (244) | (696) | (2.823) |
| Euro | 12,388 | 11,176 | 8,807 |
| Other currencies | 352 | 307 | 144 |
| **Change in net assets** | **12,496** | **10,787** | **6,128** |

A 10% strengthening of the Hryvnia against the currencies indicated in the table would have had an equal but opposite effect on the amounts shown, provided that all other variables remain constant.

*Interest rate risk.* The Company is exposed to risk due to the impact of fluctuations in prevailing market interest rate levels on its financial position and cash flows.

The risk of changes in market interest rates relates solely to the Company's cash at bank. Interest is accrued on cash balances in bank accounts at a fixed interest rate on current account balances.

*Risks related to military actions.* The most significant factor of uncertainty is the ongoing armed aggression against Ukraine. Under martial law, the Company's activities are subject to increased security risks. The primary manifestations of military risk include:

— Risk of losing access to the timber resource base. Due to landmines, shelling, and proximity to active combat zones, the Company may lose access to part of its forest resources. Some forest areas are currently mined, hazardous, or temporarily inaccessible for logging operations. This limits timber harvesting volumes and creates a risk of failing to meet production plans in affected regions.

— Risk of infrastructure damage and logistical constraints. Military actions lead to the destruction of transport and production infrastructure (forestry offices, warehouses, access roads), complicating the transportation of products and the supply of resources. Disruption or blockage of logistics routes reduces the ability to deliver timber to consumers on time and provide branches with necessary materials, threatening the continuity of production processes.

- Risk of physical loss of assets or loss of access to them. Some of the Company's production units are located in frontline regions and near the state border with the Republic of Belarus. In recent years, there have been instances of shelling of the state forest fund territories and damage to production facilities. This has negatively impacted access to certain assets and disrupted operations in specific units.
- Risk of loss or critical shortage of human resources. Conscription processes and the direct threat of hostilities in certain areas where the Company's units are located create a potential risk of losing part of the workforce. Over 2,000 employees have been conscripted into the Armed Forces of Ukraine, significantly reducing staff numbers on the ground. Further staff outflow may complicate production tasks, create additional pressure on remaining personnel, lead to disruptions in production processes, decrease the efficiency of forestry work, and hinder the fulfillment of contractual obligations.
- Risk of attacks on energy facilities and decreased domestic demand. Potential damage to energy facilities due to enemy missile attacks causes power outages, which may lead to the temporary suspension of activities in the wood processing industry — the primary consumers of the Company's products. This creates a risk of reduced sales volumes and a shortfall in planned revenue.

*Liquidity risk.* Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company faces this risk daily in connection with requirements for the use of its available cash. The Company's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Analysis of financial liabilities by maturity is presented below. The data are based on an undiscounted cash flows, which differ slightly from discounted cash flows.

Analysis of liabilities as at December 31, 2025:

| In thousands of UAH | Up to 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Gross lease obligations | 50,570 | 59,133 | 76,011 | - | **185,714** |
| Trade accounts payable | 1,064,618 | - | - | - | **1,064,618** |
| **Total future payments, including future principal and interest payments** | **1,115,188** | **59,133** | **76,011** | **-** | **1,250,332** |

Analysis of liabilities as at December 31, 2024:

| In thousands of UAH | Up to 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Gross lease obligations | 60,454 | 22,598 | 29 | - | 83,081 |
| Trade accounts payable | 1,037,513 | - | - | - | 1,037,513 |
| **Total future payments, including future principal and interest payments** | **1,097,967** | **22,598** | **29** | **-** | **1,120,594** |

Analysis of liabilities as at January 01, 2024:

| In thousands of UAH | Up to 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Gross lease obligations | 56,931 | 57,032 | 17,318 | - | 131,281 |
| Accounts payable from core operations | 1,450,617 | - | - | - | 1,450,617 |
| **Total future payments, including future principal and interest payments** | **1,507,548** | **57,032** | **17,318** | **-** | **1,581,898** |

## 25. Fair value disclosures

### (a) Fair value hierarchy

The Company classifies fair value measurements into categories using a fair value hierarchy that depends on the inputs used in the valuation, as described below:

- Level 1 — measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

— Level 2 — valuation techniques with all significant inputs observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

— Level 3 — measurements that are not based on observable market data (i.e. the valuation requires significant application of unobservable inputs).

Management applies professional judgment when classifying financial instruments using the fair value hierarchy.

For fair value measurements using inputs that relate to different levels of the hierarchy, the entire measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

If market-based inputs are used in the fair value measurement that require significant adjustments, that measurement corresponds to a Level 3 measurement. The significance of the inputs used in the valuation process is determined relative to the entire fair value amount.

### (b) Fair value of financial assets and liabilities

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, amounts due from and to related parties, as well as trade and other payables, measured at their nominal amounts, approximate their fair values due to the predominantly short-term nature of these instruments.

The fair value of all financial instruments presented in the Company's statement of financial position as at December 31, 2025, December 31, 2024 and January 01, 2024, is approximately equal to their carrying amount as at those dates, and its valuation is based on cash flows using rates defined within Level 3 of the fair value hierarchy, except for cash, for which Level 1 inputs were used. There were no transfers between levels of the fair value hierarchy during the reporting period.

## 26. Events after the reporting date

The following significant events occurred at the Company between the balance sheet date and the date of authorization of these financial statements prior to their issue:

*Changes in the composition of the Supervisory Board.* In February 2026, Oleksii Kucher, a member of the Supervisory Board representing the state, resigned at his own request. As at the date of authorization of the financial statements, the independent members of the Supervisory Board continue to perform their duties. The process of identifying and approving candidates for state representatives to be appointed to the Company's Supervisory Board is ongoing.

*Changes in the composition of the Transformation Committee.* By Order No. 132 of the State Forest Resources Agency of Ukraine dated May 08, 2026 "On Amendments to the Composition of the Transformation Commission of the STATE SPECIALIZED FOREST ENTERPRISE "FORESTS OF UKRAINE", Ihor Zubovich, Chief Operating Officer of SFE "Forests of Ukraine", was appointed Chairman of the Company's Transformation Commission.

These events represent events after the reporting date related to changes in corporate governance and have no impact on the measurement and recognition of the Company's assets, liabilities, equity,or financial results as at December 31, 2025.

*Legal proceedings.* In March 2026, the First Deputy Head of the Ivano-Frankivsk Regional Prosecutor's Office, acting in the interests of the state represented by the State Environmental Inspection of the Carpathian District and the Yabluniv Village Council, filed a lawsuit against the Company with the Commercial Court of Ivano-Frankivsk Region (Case No. 909/287/26).

The subject of the lawsuit is the recovery of damages caused by a violation of environmental protection legislation in the amount of UAH 386,814 thousand.

Subsequently, by a ruling dated March 30, 2026, the Commercial Court of Ivano-Frankivsk Oblast decided to accept this complaint for consideration, to open proceedings in Case No. 909/287/26 and to split the claim, separating certain claims into separate proceedings:

— to recover UAH 15,094,365.00 of damages caused by a violation of environmental protection legislation, in case No. 909/287/26.

— to recover UAH 18,273,623.50 of damages caused by a violation of environmental protection legislation, in case No. 909/435/26.

— to recover UAH 16,348,255.00 of damages caused by a violation of environmental protection legislation, in case No. 909/436/26.
— to recover 79,563,693.00 UAH of damages caused by a violation of environmental protection legislation, in case No. 909/437/26.
— to recover UAH 81,219,468.00 of damages caused by a violation of environmental protection legislation, in case No. 909/438/26.
— to recover UAH 10,595,959.00 of damages caused by a violation of environmental protection legislation, in case No. 909/439/26.
— to recover UAH 17,753,021.00 of damages caused by a violation of environmental protection legislation, in case No. 909/440/26.
— to recover UAH 18,834,471.50 of damages caused by a violation of environmental protection legislation, in case No. 909/441/26.
— to recover UAH 31,527,125.50 of damages caused by a violation of environmental protection legislation, in case No. 909/442/26.
— to recover UAH 18,058,716.50 of damages caused by a violation of environmental protection legislation, in case No. 909/443/26.
— to recover UAH 79,543,145.00 of damages caused by a violation of environmental protection legislation, in case No. 909/444/26.

The abovementioned legal dispute is classified as an event after the reporting date that does not require an adjustment to the financial statements as at December 31, 2025.

This information is disclosed to ensure that users of the financial statements are properly informed about significant factors that may affect future periods.

## 27. Authorization of the financial statements

The Company's financial statements for the year ended December 31, 2025, were authorized for issue and signed by Management on May 28, 2026.

Chairman of the Transformation Commission ____________ Zubovych I.O.

Chief Accountant ____________ Miroshnikova O.V.