



STATE INSTITUTION "ENERGY EFFICIENCY FUND"

**Financial Statements
in accordance with International Financial Reporting Standards
for the year ended December 31, 2023**

and Independent Auditor's Report



STATE INSTITUTION "ENERGY EFFICIENCY FUND" (EDRPOU code: 42325431)
Financial statements for the year ended December 31, 2023 (in thousands of UAH)

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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board and Board of Directors of
STATE INSTITUTION "ENERGY EFFICIENCY FUND"

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SI "Energy Efficiency Fund" (hereinafter - the "Fund"), which comprise the Balance Sheet (Statement of Financial Position) as at December 31, 2023, Income Statement (Statement of Profit or Loss and Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows (direct method) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023, and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the legislation regarding the preparation of financial statements.

Basis for opinion

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 Fund in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and ethical requirements applicable in Ukraine to our audit of the financial statements, and perform other duties of ethics in accordance with these requirements and the IESBA Code.

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

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 IFRSs, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 judgment 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, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund 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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 circumstances of the performance of this audit engagement:

Basic Information About the Audit Entity

Full name	"Crowe Erfolg Ukraine", Limited Liability Company
Identification code of a legal entity	36694398
Address	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/

Confirmation and Assurance Regarding the Performance of the Audit Engagement

We confirm that this independent auditor's report is consistent with the Additional report for the Supervisory Board that we provide as a result of our audit. We did not provide services to the Fund that are prohibited by legislation.

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

Key audit partner on the audit resulting in this independent auditor's report is Tetyana Volodymyrivna Byvala (registration number in the Register of Auditors and Audit Entities: 101107).

On behalf of "Crowe Erfolg Ukraine", LLC

Partner/Head of International Audit
(registration number in the Register of auditors and audit entities: 100265).

Key Audit Partner/Auditor

Kyiv, April 10, 2024



Artem Vorobiienko

Tetyana Byvala

STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements of the State Institution "Energy Efficiency Fund" (hereinafter — the "Fund") are general purpose financial statements which have been prepared for the purpose of presenting fairly the Fund's financial position, financial performance and cash flows in order to meet the requirements of a wide range of users in making economic decisions

The conceptual basis of these financial statements are accounting policies and principles based on the requirements of International Financial Reporting Standards (hereinafter — IFRS), International Accounting Standards (IAS) and Interpretations (IFRIC, SIC), as issued by the International Accounting Standards Board (IASB) in the edition effective as at January 01, 2023 and are officially published on the website of the Ministry of Finance of Ukraine.

In preparing the financial statements, the Fund was also guided by the requirements of national legislative and regulatory acts on the organization and maintenance of the accounting and preparation of the financial statements in Ukraine, to the extent they do not contradict with the IFRS requirements.

The financial statements prepared by the Fund clearly and without any precautions meet all the requirements of the current IFRS, taking into account the amendments introduced by the IASB as at January 01, 2023, compliance with which ensures the reliable presentation of information in the financial statements, namely, relevant, reliable, comparable and understandable information.

These financial statements include:

- Form № 1 Balance Sheet (Statement of financial position)
- Form № 2 Income Statement (Statement of profit or loss and other comprehensive income)
- Form № 3 Statement of Cash Flows (direct method)
- Form № 4 Statement of Changes in Equity
- Notes to the financial statements, in accordance with the requirements of IFRS.

These notes are an integral part of the financial statements and correspond to the financial position and activity of the Fund.

Chief Executive Officer

Yehor Farenjuk

Chief Accountant

Valentyna Kulinska



STATE INSTITUTION "ENERGY EFFICIENCY FUND" (EDRPOU code: 42325431)
Financial statements for the year ended December 31, 2023 (in thousands of UAH)

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
as at December 31, 2023

Annex 1
to the National Accounting Regulation (Standard) 1
"General Requirements for Financial Statements"

Entity STATE INSTITUTION "ENERGY EFFICIENCY FUND" Territory Kyiv, Pechersky district Legal organizational business form State institution (agency, enterprise) Type of economic activity Other activities auxiliary to financial services, except insurance and pension funding Average number of employees ¹ 61 Address: 24, Dilova Street, Kyiv, 03150, phone No.: 044 222-95-90 Unit of measurement: thousands of hryvnias without decimals (apart from section IV of Income Statement (Statement of profit or loss and other comprehensive income) (Form No. 2), which is presented in hryvnias and kopéks) Prepared in accordance with (put "v" where appropriate): National Accounting Regulations (Standards) International Financial Reporting Standards	Date (YYYY MM DD)	2023 12 31
	EDRPOU	42325431
	KOATUU	8038200000
	KOPFG	425
	KVED	66.19

Balance Sheet (Statement of Financial Position) as at December 31, 2023	
Form No. 1	DKUD Code 1801001

Assets	Line code	At the beginning of the reporting period	At the end of the reporting period	Note
1	2	3	4	5
I. Non-current assets				
Intangible assets	1000	2 670	2 927	5.1
historical cost	1001	3 120	4 249	
accumulated amortization	1002	(450)	(1 322)	
Construction in progress	1005	-	-	
Property, plant and equipment	1010	2 939	2 491	5.2
historical cost	1011	4 503	4 939	
depreciation	1012	(1 564)	(2 448)	
Investment property	1015	-	-	
Non-current financial investments: accounted for using the equity method	1030	-	-	
other financial investments	1035	-	-	
Non-current receivables	1040	-	-	
Deferred tax assets	1045	-	-	
Other non-current assets	1090	-	-	
Total Section I	1095	5 609	5 418	
II. Current assets				
Inventories	1100	259	233	5.3
Current biological assets	1110	-	-	
Accounts receivable for goods, works and services	1125	-	-	
Accounts receivable related to: prepayments	1130	552	597	5.4
budget settlements	1135	87	66	
including income tax	1136	-	-	
accounts receivable on accrued income settlements	1140	-	200	5.5
Other current accounts receivable	1155	91 943	89 493	5.6
Current financial investments	1160	-	-	
Cash and cash equivalents	1165	2 473 735	2 281 033	5.7
Deferred expenses	1170	-	-	
Other current assets	1190	80	63	5.8
Total Section II	1195	2 566 656	2 371 685	
III. Non-current assets held for sale and disposal groups	1200	-	-	
Total assets	1300	2 572 265	2 377 103	

STATE INSTITUTION "ENERGY EFFICIENCY FUND" (EDRPOU code: 42325431)
Financial statements for the year ended December 31, 2023 (in thousands of UAH)

Equity and liabilities	Line code	At the beginning of the reporting period	At the end of the reporting period	Note
1	2	3	4	5
I. Equity				
Registered (share) capital	1400	2 819 329	2 819 329	5.9
Revaluation surplus	1405	-	-	
Additional paid-in capital	1410	-	-	
Reserve capital	1415	-	-	
Retained earnings (accumulated loss)	1420	(2 057 727)	(1 764 140)	
Unpaid capital	1425	-	-	
Withdrawn capital	1430	-	-	
Total Section I	1495	761 602	1 055 189	
II. Non-current liabilities and provisions				
Deferred tax liabilities	1500	-	-	
Long-term bank loans	1510	-	-	
Other non-current liabilities	1515	-	-	
Non-current provisions	1520	144 895	1 325	5.10
Targeted funding	1525	-	-	
Total Section II	1595	144 895	1 325	
III. Current liabilities and provisions				
Short-term bank loans	1600	-	-	
Current accounts payable for:				
non-current liabilities	1610	-	-	
goods, works and services	1615	43	13	5.11
budget settlements	1620	-	-	
including income tax	1621	-	-	
insurance settlements	1625	-	-	
employee benefits	1630	122	131	5.12
Current provisions	1660	1 664 201	1 290 995	5.13
Deferred income	1665	828	1 602	5.14
Total current liabilities	1690	574	27 848	5.15
Total Section III	1695	1 665 768	1 320 589	
IV. Liabilities related to non-current assets held for sale and disposal groups	1700	-	-	
Total equity and liabilities	1900	2 572 265	2 377 103	

Chief Executive Officer

Yehor Farenjuk

Chief Accountant

Valentyna Kulinska



STATE INSTITUTION "ENERGY EFFICIENCY FUND" (EDRPOU code: 42325431)
 Financial statements for the year ended December 31, 2023 (in thousands of UAH)

INCOME STATEMENT
(STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME)
 for the year ended December 31, 2023

Entity STATE INSTITUTION "ENERGY EFFICIENCY FUND"

Date (YYYY MM DD)
 EDRPOU

CODES		
2023	12	31
42325431		

Income Statement (Statement of Profit or Loss and Other Comprehensive Income)
 for 2023

I. Financial performance

Form No. 2

DKUD Code

1801003

Item	Line code	For the reporting period	For the same period of the previous year	Notes
1	2	3	4	5
Net sales revenue	2000	-	-	
Cost of sales	2050	-	-	
Gross:				
profit	2090	-	-	
loss	2095	-	-	
Other operating income	2120	946 230	557 481	5.16
Administrative expenses	2130	(51 710)	(46 421)	5.17
Selling and distribution expenses	2150	-	(96)	5.18
Other operating expenses	2180	(522 183)	(626 718)	5.19
Operating results:				
profit	2190	372 337	-	
loss	2195	-	(115 754)	
Equity income	2200	-	-	
Other finance income	2220	-	-	
Other income	2240	368	258	5.20
Finance costs	2250	(79 118)	(181 117)	5.21
Equity loss	2255	-	-	
Other expenses	2270	-	(13)	
Financial result before taxation:				
profit	2290	293 587	-	
loss	2295	-	(296 626)	
Income tax expense (benefit)	2300	-	-	
Profit (loss) from discontinued operations after taxation	2305	-	-	
Net financial result:				
profit	2350	293 587	-	
loss	2355	-	(296 626)	

II. Comprehensive income

Item	Line code	For the reporting period	For the same period of the previous year	Notes
1	2	3	4	5
Revaluation surplus (decrease) of non-current assets	2400	-	-	
Revaluation surplus (decrease) of financial instruments	2405	-	-	
Accumulated foreign currency translation differences	2410	-	-	
Share of other comprehensive income of associates and joint ventures	2415	-	-	
Other comprehensive income	2445	-	-	
Other comprehensive income before taxation	2450	-	-	
Income tax related to other comprehensive income	2455	-	-	
Other comprehensive income after taxation	2460	-	-	
Comprehensive income (total of lines 2350, 2355, and 2460)	2465	293 587	(296 626)	

STATE INSTITUTION "ENERGY EFFICIENCY FUND" (EDRPOU code: 42325431)
 Financial statements for the year ended December 31, 2023 (in thousands of UAH)

III. Elements of operating expenses

Item	Line code	For the reporting period	For the same period of the previous year	Notes
1	2	3	4	5
Materials	2500	277	321	5.22
Employee benefits	2505	36 676	34 303	5.23
Social security charges	2510	7 645	7 418	5.24
Depreciation and amortization	2515	1 802	1 004	5.25
Other operating expenses	2520	526 729	630 188	5.26
Total	2550	573 129	673 234	

IV. Earnings per share

Item	Line code	For the reporting period	For the same period of the previous year	Notes
1	2	3	4	5
Weighted-average annual number of ordinary shares	2600	-	-	
Adjusted weighted-average annual number of ordinary shares	2605	-	-	
Net earnings (loss) per ordinary share	2610	-	-	
Diluted net earnings (loss) per ordinary share	2615	-	-	
Dividend per ordinary share	2650	-	-	

Chief Executive Officer

Yehor Farenjuk

Chief Accountant

Valentyna Kulinska



STATE INSTITUTION "ENERGY EFFICIENCY FUND" (EDRPOU code: 42325431)
Financial statements for the year ended December 31, 2023 (in thousands of UAH)

STATEMENT OF CASH FLOWS (DIRECT METHOD)
for the year ended December 31, 2023

Entity STATE INSTITUTION "ENERGY EFFICIENCY FUND"

Date (YYYY MM DD)
EDRPOU

CODES		
2023	12	31
42325431		

Statement of Cash Flows (direct method)
for 2023

Item	Line code	Form No. 3 DKUD Code		Notes
		For the reporting period	For the same period of the previous year	
1	2	3	4	5
I. Cash flows from operating activity				
Proceeds from:				
Sales of goods, works and services	3000	-	-	
Taxes and duties refunded	3005	-	-	
including value added tax	3006	-	-	
Targeted funding	3010	-	-	
Proceeds from return of advances	3020	1	-	
Interest on current accounts cash balance	3025	24 078	6 202	5.27
Forfeits, fines and penalties received	3035	-	3	5.28
Other proceeds	3095	476 828	474 037	5.29
Payments for:				
Purchase of goods, works and services	3100	(4 041)	(3 813)	5.30
Wages and salaries	3105	(28 999)	(26 764)	
Social security charges	3110	(7 611)	(7 408)	
Taxes and duties paid	3115	(7 096)	(6 676)	
Prepayments	3135	(113)	(97)	
Advances returned	3140	-	-	
Targeted contributions	3145	-	-	
Other expenses	3190	(648 151)	(594 599)	5.31
Net cash flow from operating activity	3195	(195 104)	(159 115)	
II. Cash flows from investing activity				
Proceeds from sales of: financial investments	3200	-	-	
non-current assets	3205	-	-	
Proceeds from received:				
interest	3215	-	-	
dividends	3220	-	-	
Receipts from derivatives	3225	-	-	
Other proceeds	3250	-	-	
Payments for acquisition of:				
financial investments	3255	-	-	
non-current assets	3260	(496)	(1 914)	5.32
Payments for derivatives	3270	-	-	
Other payments	3290	-	-	
Net cash flows from investing activity	3295	(496)	(1 914)	
III. Cash flows from financing activity				
Proceeds from: Equity	3300	-	-	
Borrowings received	3305	-	-	
Other proceeds	3340	-	-	
Expenses for: Purchase of treasury shares	3345	-	-	
Repayment of borrowings	3350	-	-	
Dividends paid	3355	-	-	
Other payments	3390	-	-	
Net cash flows from financing activity	3395	-	-	
Net cash flows for the reporting period	3400	(195 600)	(161 029)	
Cash and cash equivalents at the beginning of the year	3405	2 473 735	2 634 764	
Effect of exchange rate changes on cash balance	3410	2 898	-	
Cash and cash equivalents at the end of the year	3415	2 281 033	2 473 735	

Chief Executive Officer

Yehor Farenjuk

Chief Accountant

Valentyna Kulinska



STATE INSTITUTION "ENERGY EFFICIENCY FUND" (EDRPOU code: 42325431)
 Financial statements for the year ended December 31, 2023 (in thousands of UAH)

STATEMENT OF CHANGES IN EQUITY
 for the year ended December 31, 2023

Entity STATE INSTITUTION "ENERGY EFFICIENCY FUND"

Date (YYYY MM DD)
 EDRPOU

CODES		
2023	12	31
42325431		

Statement of Changes in Equity
 for 2023

Form No. 4

DKUD Code

1801005

Item	Line code	Registered (share) capital	Revaluation surplus	Additional paid-in capital	Reserve capital	Retained earnings (accumulated loss)	Unpaid capital	Withdrawn capital	Total	Notes
1	2	3	4	5	6	7	8	9	10	11
Balance at the beginning of the year	4000	2 819 329	-	-	-	(2 057 727)	-	-	761 602	
Adjustments:										
Change in accounting policy	4005	-	-	-	-	-	-	-	-	
Correction of errors	4010	-	-	-	-	-	-	-	-	
Other changes	4090	-	-	-	-	-	-	-	-	
Restated balance at the beginning of the year	4095	2 819 329	-	-	-	(2 057 727)	-	-	761 602	
Net profit (loss) for the reporting period	4100	-	-	-	-	293 587	-	-	293 587	
Other comprehensive income for the reporting period	4110	-	-	-	-	-	-	-	-	
Distribution of profit:										
Payments to shareholders (dividends)	4200	-	-	-	-	-	-	-	-	
Reinvestment in share capital	4205	-	-	-	-	-	-	-	-	
Allocations to reserve capital	4210	-	-	-	-	-	-	-	-	
Participants' contributions:										
Contributions to share capital	4240	-	-	-	-	-	-	-	-	
Repayment of capital obligations	4245	-	-	-	-	-	-	-	-	
Capital distribution:										
Treasury shares (participatory interest) purchased	4260	-	-	-	-	-	-	-	-	
Treasury shares (participatory interest) sold	4265	-	-	-	-	-	-	-	-	
Annulment of purchased treasury shares (participatory interest)	4270	-	-	-	-	-	-	-	-	
Withdrawn capital	4275	-	-	-	-	-	-	-	-	
Other changes in equity	4290	-	-	-	-	-	-	-	-	
Total changes in equity	4295	-	-	-	-	293 587	-	-	293 587	
Balance at the end of the year	4300	2 819 329	-	-	-	(1 764 140)	-	-	1 055 189	

Chief Executive Officer

Yehor Farenjuk

Chief Accountant

Valentyna Kulinska



STATE INSTITUTION "ENERGY EFFICIENCY FUND" (EDRPOU code: 42325431)
Financial statements for the year ended December 31, 2023 (in thousands of UAH)

Entity STATE INSTITUTION "ENERGY EFFICIENCY FUND"

Date (YYYY MM DD)
EDRPOU

CODES		
2022	12	31
42325431		

**Statement of Changes in Equity
for 2022**

Item	Line code	Registered (share) capital	Revaluation surplus	Additional paid-in capital	Reserve capital	Retained earnings (accumulated loss)	Unpaid capital	Withdrawn capital	1801005	
									Total	Notes
1	2	3	4	5	6	7	8	9	10	11
Balance at the beginning of the year	4000	2 819 329	-	-	-	(1 761 101)	-	-	1 058 228	
Adjustments:	4005	-	-	-	-	-	-	-	-	
Change in accounting policy										
Correction of errors	4010	-	-	-	-	-	-	-	-	
Other changes	4090	-	-	-	-	-	-	-	-	
Restated balance at the beginning of the year	4095	2 819 329	-	-	-	(1 761 101)	-	-	1 058 228	
Net profit (loss) for the reporting period	4100	-	-	-	-	(296 626)	-	-	(296 626)	
Other comprehensive income for the reporting period	4110	-	-	-	-	-	-	-	-	
Distribution of profit:										
Payments to shareholders (dividends)	4200	-	-	-	-	-	-	-	-	
Reinvestment in share capital	4205	-	-	-	-	-	-	-	-	
Allocations to reserve capital	4210	-	-	-	-	-	-	-	-	
Participants' contributions:										
Contributions to share capital	4240	-	-	-	-	-	-	-	-	
Repayment of capital obligations	4245	-	-	-	-	-	-	-	-	
Capital distribution:										
Treasury shares (participatory interest) purchased	4260	-	-	-	-	-	-	-	-	
Treasury shares (participatory interest) sold	4265	-	-	-	-	-	-	-	-	
Annulment of purchased treasury shares (participatory interest)	4270	-	-	-	-	-	-	-	-	
Withdrawn capital	4275	-	-	-	-	-	-	-	-	
Other changes in equity	4290	-	-	-	-	-	-	-	-	
Total changes in equity	4295	-	-	-	-	(296 626)	-	-	(296 626)	
Balance at the end of the year	4300	2 819 329	-	-	-	(2 057 727)	-	-	761 602	

Chief Executive Officer

Yehor Farenjuk

Chief Accountant

Valentyna Kulinska



NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2023

1. BACKGROUND INFORMATION

The State Institution "Energy Efficiency Fund" (hereinafter - the "Fund") was incorporated by Resolution of the Cabinet of Ministers of Ukraine No. 1099 dated December 20, 2017 in accordance with the Law of Ukraine "On Energy Efficiency Fund" No. 2095-VIII dated June 08, 2017.

Full and abbreviated name of the Fund:

in Ukrainian:

full - Державна установа "Фонд енергоефективності",

abbreviated - ДУ "Фонд енергоефективності";

in English:

full - State Institution "Energy Efficiency Fund",

abbreviated - SI "Energy Efficiency Fund".

Legal and actual address of the Fund:

Legal address: 24, Dilova Street, Kyiv, 03150, Ukraine.

Actual address: 24, Dilova Street, Kyiv, 03150, Ukraine.

Contact phone No.: (044) 222-95-90

e-mail address: info@eefund.org.ua

website: <https://eefund.org.ua/>

Purpose, principles and type of activities of the Fund

The Fund is established to support the energy efficiency initiatives, implement tools for stimulation and support of implementation of energy efficiency of buildings and energy saving measures, particularly, in residential sector taking into consideration the national plan on energy efficiency, reduction of carbon dioxide emissions for the purpose of implementation of the Paris Agreement, implementation of *acquis communautaire* of the European Union and the Energy Community Treaty and to ensure compliance of Ukraine with its international obligations and commitments in the energy efficiency area.

The Fund is a state institution, a legal entity of public law.

EDRPOU code: 42325431.

The Fund is an institution that does not intend to make a profit and is registered with the Main Department of the State Tax Service of Ukraine in Kyiv as a non-profit organization by the Decision on inclusion of a non-profit organization in the Register No. 1826554600325 dated August 06, 2018, with a non-profit status: 0031 budgetary institution. Date of the non-profit status assignment: July 24, 2018.

The Fund's registered paid-in share capital is UAH 2,819,329,220 (two billion eight hundred nineteen million three hundred twenty-nine thousand two hundred twenty) hryvnias. According to the Charter, the Fund's founder is the State represented by the Cabinet of Ministers of Ukraine.

The State's share in the Fund's share capital is 100%.

As at December 31, 2023 and December 31, 2022, the number of employees of the Fund was 61 and 63 employees, respectively.

As at December 31, 2023, the official UAH/ USD exchange rate is UAH 37.9824, as at December 31, 2022, the official UAH/ USD exchange rate is UAH 36.5686.

The Fund uses an automated accounting system. The accounting department is headed by the Chief Accountant.

Fund governing bodies are the following:

Supervisory Board, which is the Fund's highest governing body;

Board of Directors, which is the Fund's executive body that exercises current management of its activities.

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Fund control bodies

The Fund establishes the permanent Internal Audit department as a component of the internal control system. The Internal Audit department is subordinated and reportable to the Supervisory Board and operates on the basis of the regulation approved by the Supervisory Board.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Statement of compliance with International Financial Reporting Standards

The Fund's annual financial statements are prepared in accordance with International Financial Reporting Standards. The term 'International Financial Reporting Standards' refers to standards and interpretations approved by the International Accounting Standards Board (IASB):

- International Financial Reporting Standards (IFRS);
- International Accounting Standards (IAS);
- Interpretations developed by the Committee on International Financial Reporting Interpretations (IFRIC) or Standing Interpretation Committee (SIC).

According to paragraph 5 of Article 12 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" entities who prepare IFRS financial statements prepare and submit financial statements based on the Taxonomy of financial statements under the international standards in a single electronic format (iXBRL).

The Fund, as a reporting entity, is registered on the Portal of the Financial Reporting Collection Center "Financial Reporting System" and submits financial statements based on the IFRS UA XBRL Taxonomy.

On December 19, 2023, on the meeting of the Financial Reporting System Management Committee created in accordance with Memorandum No. 102/15 on mutual understanding regarding the development and implementation of the financial reporting system dated 18.12.2017, the electronic format of the IFRS UA XBRL Taxonomy 2022 was approved, which was developed with the assistance of the project "Implementation of EU practice in accounting, financial reporting and auditing in Ukraine" (EU-FAAR). The electronic format of IFRS UA XBRL Taxonomy 2022 was approved for further use by reporting entities when preparing annual financial statements in electronic format for 2022 and interim financial statements for 2023 (1st quarter 2023, six months of 2023 and nine months of 2023).

However, as at the date of issue of these financial statements, taxonomy forms for the year ended December 31, 2023 have not yet been published. The Fund's management plans to prepare a reporting package in iXBRL format and submit it as soon as the relevant forms become available.

2.2. Functional and presentation currency, the level of rounding

The functional currency of these financial statements is the national currency of Ukraine, the hryvnia. The financial statements are presented in thousands of Ukrainian hryvnias and all amounts are rounded to the nearest thousand Ukrainian hryvnias.

2.3. Financial statement reporting period

The financial statements have been prepared as at December 31, 2023 and for the reporting period - calendar year: from January 01, 2023 to December 31, 2023.

The financial statements for 2023 were approved on February 29, 2024.

2.4. Going concern assumption

On 24 February 2022, the Russian Federation has launched a full-scale invasion of Ukraine, which affected all areas of life and economy of Ukraine. The territories of Kyiv, Chernihiv, Sumy, Kharkiv and part of Kherson regions were occupied at the beginning of the war, but were liberated later. As at December 31, 2023, Crimea and most of the Donetsk, Luhansk, Kherson and Zaporizhzhia regions are still under the occupation, and active hostilities continue there. During 2023, Russia continued to attack Ukraine's energy infrastructure with missiles and combat drones, which led to its destruction and required resources for restoration.

Despite the enormous loss of human lives and the country's production potential, the country's economy continues to function as an integral system and is gradually recovering from the initial shock of the war. The decline in production has been stopped, new technological processes are being established, and the real sector is being converted. Ukrainian business, located outside the main war zones, is gradually stabilizing production processes.

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In 2023, the GDP of Ukraine increased by approximately 5.0% (2022: a decrease by 28.8%), according to the officially published data of the State Services of Ukraine. This is a recovery growth after a sharp decline in 2022. In the first quarter of 2023, GDP was still falling, but it was growing for the remaining three quarters. Despite the GDP recovery in 2023, the drop relative to the pre-war period remains significant - about 25%. The situation remains tense, it affects not only the Ukrainian, but also the global economy, and its further impact and duration are difficult to predict and quantify.

Due to the uncertainty and continuation of the events related to the military invasion of the Russian Federation in Ukraine, the Fund does not have a practical opportunity to accurately and reliably assess the quantitative impact of these events on the financial position and financial performance.

Recognizing that there may be events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern:

- Beneficiaries' ability to implement their Projects during martial law;
- the Fund's ability to timely repay tranches of Grants to such Beneficiaries;
- IFC's ability to timely reimburse the Fund's share of Grants

the Management has taken the following measures to assess such events and/or conditions:

- the Fund continued the practice of conducting a survey of Beneficiaries, which was introduced in 2022, regarding plans, prospects and deadlines for the implementation of Projects. According to the results of such surveys, the Fund made amendments to the EnergoDim Program, which allowed to release a certain amount of reserves (provisions) that were created for future payments, to introduce a procedure for advancing grants to Beneficiaries for construction works, which, even under the conditions of martial law, allows Beneficiaries to implement energy modernization measures for their buildings;
- amendments were made to the Reimbursement Agreement dated December 02, 2021, which was concluded between the Fund and IFC, regarding the increase in the share of reimbursement of Grants up to 100% retroactively since March 2022 to May 2023 allowed to receive 100% reimbursement from IFC under the EnergoDim Program in 2023;
- amendments were made to the EnergoDim Program regarding the extension of the Beneficiaries' project implementation period for - 36 (thirty-six) months from the Joining Date with the possibility of extending the project implementation period by another 12 months by submitting a corresponding application;
- in the Fund's EnergoDim Program, a new package for the implementation of energy efficiency measures has been introduced - the Light package, which allows housing cooperative with a smaller financial resource and the deadline for the implementation of measures to implement the necessary minimum measures that ensure efficient consumption of energy resources.

Since November 2022, the VidnovyDim Fund's Program came into effect, according to which the Fund provides funding for associations of co-owners of multi-apartment buildings (hereinafter - housing cooperative), whose houses were damaged as a result of Russian aggression and military actions. The Program is designed for two stages - a pilot project financed 100% by IFC in the amount of EUR 5 million, and the next - main stage - with IFC funding of EUR 20 million. An appropriate contract for reimbursement of Grants has been concluded with IFC. Since September 2023, the VidnovyDim Program operates throughout Ukraine, except for temporarily occupied territories and territories of active hostilities. In October 2023, the main stage of the VidnovyDim program came into effect. At the end of 2023 - beginning of 2024, there was a sharp increase in the Fund's receipt of applications under the VidnovyDim Program.

In 2023, the Fund, having analyzed the issue of the use of alternative energy sources in the implementation of housing restoration projects, began work on the development of a new initiative - the GreenDIM Program aimed at the development of renewable energy sources and developed the concept of the new "GreenDIM" Grant Program. In 2024, the Fund plans to implement the GreenDIM Program.

In accordance with the Law of Ukraine "On the Energy Efficiency Fund", the Supervisory Board of the Fund approves strategic documents for the development of the institution. On December 21, 2023, the Supervisory Board of the Fund approved the Strategy of the State Institution "Energy Efficiency Fund" for 2024-2026. (<https://eefund.org.ua/documents/strategiya-fondu-energoefektyvnosti/>).

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The Supervisory Board has approved the Fund's cost estimates for 2024. A forecast CF has been prepared under three possible scenarios until July 01, 2025, which allows to be confident about the sufficiency of funds and capital for the Fund to carry out its statutory activities.

The going concern assumption is assessed by the Management based on the analysis of the implementation of strategic and operational and financial engagements provided in the abovementioned documents.

Currently, the Fund is considering and working on increasing of sources of medium and long term funding of the Fund:

- increase of the registered capital with monetary funds of the founder of the Fund - CMU for the implementation of programs and implementation of the Fund's statutory activities;
- revision of the Grant reimbursement rate for projects of Beneficiaries under the EnergoDim Program from 50% to 80% by the International Financial Corporation (hereinafter - IFC);
- involvement of other donors in the funding of the Fund's programs.

As at today, the Fund is closely monitoring the financial consequences caused by the abovementioned events. Considering the specifics of the Fund's activities, this impact is insignificant.

Considering the abovementioned factors, the Management believes that it has all factors to continue as a going concern in the near future. The going concern principle is appropriate for the preparation of these financial statements in the absence of significant uncertainties that are beyond the Fund's control and cast doubt on the ability to continue as a going concern.

2.5. Adoption of new and revised standards

The Fund did not apply in the reporting period certain new published standards and interpretations that are mandatory for annual periods beginning on or after January 01, 2024, but will apply from the beginning of their mandatory application.

It is expected that the following standards and interpretations after entry into force will not significantly affect the Fund's financial statements.

IAS 1 "Presentation of Financial Statements"

No changes were made to the accounting policy applied for the preparation and submission of financial statements for 2023 regarding the classification of liabilities as current or non-current and new requirements for the submission of non-current liabilities with special conditions.

The amendments shift the emphasis from the expectation and intention of the business entity to refinance or postpone the obligation to more objective criteria - whether the business entity has the right to do this at the end of the reporting period. The amended paragraph clarifies that the possibility of refinancing is not considered if, at the end of the reporting period, there is no right to defer payment under the existing loan agreement. The amendments make the assessment more objective, as it depends less on the intentions of the business entity and more on its actual rights and agreements effective at the end of the reporting period. The amendments require an additional analysis of the fulfillment of special conditions of loan agreements for the purpose of classification of liabilities, and also impose additional requirements regarding the disclosure of information about such loan agreements.

The document "Classification of liabilities as current or non-current", issued in January 2020, is applied for annual reporting periods beginning on or after January 01, 2024 retrospectively in accordance with IAS 8. If these amendments are applied to an earlier period after the issue of the document "Non-current liabilities with special conditions" also the document "Non-current liabilities with special conditions" is applied for such a period. The document "Non-current liabilities with special conditions", issued in October 2022, is applicable for annual reporting periods beginning on or after January 01, 2024, retrospectively in accordance with IAS 8.

These transitional provisions may have an impact on future reporting periods if the Fund has current and non-current liabilities, including those with special conditions (covenants).

The Fund did not apply amendments regarding the classification of liabilities as current or non-current and new requirements for presenting non-current liabilities with special conditions in the financial statements for 2023.

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IFRS 16 "Leases"

Additions regarding sales and leaseback transactions were not made to the accounting policy applied for the preparation and submission of financial statements for 2023 due to the absence of such assets in the Fund.

After the lease commencement date, in a sale-leaseback transactions, the seller-lessee applies paragraphs 29-35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36-46 of IFRS 16 to the lease liability arising from leaseback. In applying paragraphs 36 to 46, a seller-lessee defines "lease payments" or "revised lease payments" so that the seller-lessee does not recognize any amount of gain or loss relating to the right of use retained by the seller-lessee. The application of these requirements does not prevent the seller-lessee from recognizing in profit or loss any gain or loss related to the partial or full termination of the lease, as required by paragraph 46(a) of IFRS 16. The amendment does not establish specific requirements to the assessment of lease liabilities arising from a leaseback. The initial assessment of the lease liability arising from a leaseback may result in the seller-lessee determining "lease payments that differ from the general definition of lease payments in Appendix A to IFRS 16. The seller-lessee will be required to develop and apply accounting policies that provide relevant and reliable information in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The document "Lease liability in Sales and Leaseback Transactions", issued in September 2022, seller-lessee applies to the annual reporting periods beginning on or after January 01, 2024. Early adoption is allowed. The seller-lessee applies the amendment retrospectively in accordance with IFRS (IAS) 8 to sales and leaseback transactions conducted after the date of the first application (i.e., the amendment is not applied to sales and leaseback transactions conducted before the date of the first application). The date of initial adoption is the beginning of the annual reporting period in which the organization first applied IFRS 16.

These transitional provisions may have an impact on future reporting periods, if in the future the Fund will have assets for which the Fund will carry out sales and leaseback transactions.

The Fund did not apply amendments to the classification of liabilities as current or non-current and new requirements for sale-leaseback transactions in the 2023 financial statements.

IAS 7 "Statement of Cash Flows", IFRS 7 "Financial Instruments: Disclosures"

No additions were made to the accounting policy used for the preparation and submission of financial statements for 2023 regarding supplier finance arrangements.

The amendments clarify the disclosure requirements to strengthen the existing requirements, which are designed to help users of financial statements to understand the impact of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk. The amendments clarify the characteristics of supplier finance arrangements. Under these arrangements, one or more financial service suppliers pay amounts owed by the organization to its suppliers. Herewith, the entity agrees to repay these amounts to the financing suppliers in accordance with the terms and conditions of the arrangements, either on the same date or on a later date than the date on which the finance suppliers settle with the entity's suppliers. The amendments require an entity to provide information on the impact of supplier finance arrangements on liabilities and cash flows, including the terms and conditions of such arrangements, quantitative information on the obligations of the arrangements, quantitative information on the liabilities related to these arrangements, at the beginning and end of the reporting period, as well as the type and impact of non-monetary changes in the carrying amount of these arrangements. Information about such arrangements shall be aggregated, except where individual arrangements have different or unique terms and conditions. In the context of the quantitative liquidity risk disclosure required by IFRS 7, supplier finance arrangements are included as an example of other factors that may be appropriate to disclose.

The amendments are effective for annual reporting periods beginning on or after January 01, 2024. Early adoption is permitted, but disclosure will be required. The amendments provide some transitional relief for comparative and quantitative information at the beginning of the annual reporting period and interim disclosures.

These transitional provisions may have an impact on future reporting periods if the Fund uses supplier finance arrangements in its activities.

The Fund did not apply the amendments regarding the disclosure of information about supplier finance amendments in the financial statements for 2023.

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IAS 21 "The Effects of Changes in Foreign Exchange Rates"

No additions were made to the accounting policy applied for the preparation and submission of financial statements for 2023 regarding the lack of foreign currency exchange possibility.

The amendment to IAS 21 clarifies how an entity should assess whether currency is convertible and how it should determine the spot exchange rate if there is no convertibility. Currency is considered converted into another currency if an entity can obtain other currency within a period of time that takes into account the usual administrative delay, as well as by means of a market or exchange mechanism, in which the exchange transaction creates legally secured rights and obligations. If the currency cannot be exchanged for another currency, the entity must estimate the spot exchange rate on the valuation date. The purpose of the business entity in evaluating the spot exchange rate is to reflect the exchange rate at which a normal exchange transaction between market participants would take place on the valuation date under prevailing economic conditions. The amendments state that business entity may use an observable exchange rate without adjustment or other valuation method. If an entity measures a spot rate because one currency is not exchanged for another currency, it discloses information that enables users of the financial statements to understand how such currency that is not exchanged for another currency affects or is expected to affect financial performance, financial position and cash flows of the business entity.

The amendments are effective for annual reporting periods beginning on or after January 01, 2025. Early adoption is permitted, but disclosure will be required. When applying the amendments, the organization should not restate comparative information.

These transitional provisions may have an impact on future reporting periods if the Fund uses a non-exchangeable currency in its activities.

The Fund did not apply amendments regarding the lack of currency exchange possibility in the financial statements for 2023.

IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"

No additions regarding the sale or contribution of assets between an investor and its associate or joint venture were made to the accounting policy applied for the preparation and submission of financial statements for 2023, due to the absence of transactions in the Fund that require the adoption of such IFRS as in the reporting year, and in the future in view of the legislation, legal and regulatory documents, according to which the Fund was established and which regulate its activities.

The amendments resolve the conflict between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" in the part related to the loss of control over a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that gain or loss is recognized in full if the transfer to an associate or joint venture relates to a business as defined in IFRS 3 "Business Combinations". Gain or loss on the sale or contribution of non-business assets is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

In December 2015, the IFRS Board decided to delay the effective date of the amendments until it had completed work on any amendments resulting from its research project regarding equity method. Early adoption of amendments is still allowed. Amendments should be applied prospectively.

The specified transitional provisions cannot have an impact on the future reporting periods due to the lack of the Fund's ability to sell or contribute assets between the investor and its associate or joint venture in the future in its activities in view of the review of legislation, legal and regulatory documents, according to which the Fund was established and which regulate its activities.

The Fund's management expects that the entry into force of these standards and interpretations will not have a material impact on the financial statements. As at today, the Fund does not plan early adoption of the listed standards and interpretations.

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2.5. Format and titles of the financial statements

The Fund applies the form and composition of the financial statements items as defined in accordance with the National Accounting Regulation (Standard) 1 "General Requirements for Financial Statements", approved by the Order of the Ministry of Finance of Ukraine No. 73 dated February 07, 2013, registered with the Ministry of Justice of Ukraine under No. 336/22868 dated February 28, 2013.

The Fund applies the norms of the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in the accounting for business transactions and events.

2.6. Methods of presenting information in the financial statements

Under IAS 1 "Presentation of Financial Statements", the Income Statement provides the presentation of expenses recognized in profit or loss under classification based on the 'function of expense' method, according to which expenses are classified according to their functions as part of the cost or, for example, expenses for administrative or other operating activities. However, since information about the nature of expenses is useful for forecasting future cash flows, this information is given in Notes 5.21-5.25.

Cash flows from operating activity are presented in the Statement of cash flows using the direct method, according to which major classes of cash inflows or outflows are disclosed. Information on the main types of cash receipts and cash payments is formed on the basis of the Fund's accounting records.

2.7. Information on changes in the accounting policies

The Fund selects and applies its accounting policies consistently for similar transactions, other events and conditions, unless an IFRS specifically requires or permits categorization of items for which different policies may be appropriate. The Fund did not apply changes in accounting policies in 2023 compared to the accounting policies that the Fund used to prepare the financial statements for the period ended December 31, 2022.

In 2023, the accounting policies of the Fund was updated due to changes in the procedure for reimbursement of the share of IFC grants (since June 2023, the reimbursement rate is 0%), the introduction of the main stage under the VidnovyDim Fund's Program, the free receipt of intangible assets from partners under the memorandum of international technical assistance that did not affect the review and changes in accounting policies adopted earlier.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

3.1. Estimates, judgments and assumptions

The preparation of financial statements in accordance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Management makes a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in accordance with IFRS. The estimates and underlying assumptions are based on factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The preliminary estimates and underlying assumptions are constantly reviewed for the need to be changed. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Fund's assets and liabilities are initially measured upon acquisition or inception and subsequently measured at the balance sheet date for each reporting period in accordance with the requirements of International Financial Reporting Standards. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is presented below.

3.1.1. Making judgments regarding transactions, events or conditions in the absence of specific IFRS

In the absence of an IFRS that specifically is applied to a transaction, other event or condition, the Fund's management uses its judgment in developing and applying an accounting policies that results in information that is reliable and relevant to the economic decision making needs of the user, in the sense that the financial statements:

- present fairly the Fund's financial position, financial performance and cash flows;
- reflect the economic substance of a transaction and not just its legal form;
- are neutral, i.e. free from bias;
- are complete in all material respects.

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In exercising judgment, the Fund's management refers to the acceptability of the following sources, in descending order:

- the requirements in IFRS on similar and related issues; and
- the definitions, recognition criteria, and measurement concepts for assets, liabilities, income, and expenses in the Conceptual Framework

In exercising judgment, the Fund's management considers the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature, and accepted industry practices, to the extent that they do not conflict with the abovementioned sources.

3.1.2. Recognition criteria of the financial statements elements

An asset is a resource controlled by the Fund as a result of past events and which are used to pay Grants under the terms of the Fund's programs and to support the Fund's operations.

Assets (non-current/current) and liabilities by maturity (non-current/current) are classified on initial recognition depending on the period of existence, use, and ownership of them by the Fund compared to a period of twelve months. An asset is classified as current if it is:

- expected to be used within 12 months; or
- cash or cash equivalents, unless its exchange or use to settle an obligation is restricted within twelve months after the balance sheet date.

All other assets are classified as non-current.

When incurred, current receivables for goods, works and services are recognized as assets simultaneously with the recognition of revenue from sales of goods, works and services, and are measured at fair value as of the date of recognition. Currently, the Fund has no such receivables due to the absence of such economic transactions in its operating activities.

A liability is a present obligation of the Fund arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled within 12 months from the date of occurrence;
- it is expected to be settled within 12 months after the balance sheet date; or the Fund does not have an unconditional right to defer settlement of the liability until 12 months after the balance sheet date.

Liabilities that do not meet any of the above criteria are classified as non-current. The portion of non-current liabilities required to be paid within the coming 12 months are categorized as current liabilities. Non-current and current liabilities are divided into liabilities for goods, works and services and obligations to Beneficiaries on payment of Grants under the terms of the Fund programs, and other liabilities.

To determine the date of recognition or settlement of assets and liabilities, the Fund's contracts, Program documents, and applicable laws are used.

Quantitative criteria and qualitative attributes of materiality of information on business transactions, events and items of the Fund's financial statements.

The materiality threshold is set:

- for assets, liabilities, and equity of the Fund at 0,001% of total assets, liabilities, and equity, respectively;
- for impairment of the items of property, plant and equipment at the deviation of the residual value from their fair value by 10%;
- for items of the financial statements at UAH 1,000.

Unless required by IFRS, the Fund does not recognize assets, liabilities, income and expenses.

The Fund keeps unchanged the presentation and classification of items in financial statements from period to period. The Fund will reclassify comparative amounts when there are changes in the presentation or classification of items in the financial statements, otherwise disclose the case.

Equity is the residual share in assets of the Fund after deducting all its liabilities.

Income is an increase in economic benefits during the accounting period in the form of inflows (or increase) of assets or decrease of liabilities that result in increase in equity, other than those relating to contributions from equity participants.

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Expenses are decrease in economic benefits during the accounting period in the form of outflows of assets or increase of liabilities that result in decrease in equity, other than those relating to distributions to owners (equity participants).

Income and expenses are recognized on an accrual basis.

The elements to be recognized in the financial statements are those that:

- meet the definition of an element;
- satisfy the criteria for recognition.

The criteria for recognition:

- it is probable that any future economic benefit associated with the item that meets the definition of an element will flow to or from the entity; and
- the item's cost or value can be measured with reliability.

All assets held by the Fund are controlled and are measured reliably. Assets and liabilities are measured so that the provisions created for them and the actions taken exclude the possibility of transferring existing financial risks to future reporting periods.

3.2. Judgments concerning property, plant and equipment and intangible assets

The Fund distinguishes property, plant and equipment and intangible assets - both received for its own funds and received from project partners under memorandums and agreements on international technical assistance. Such property, plant and equipment and intangible assets are accounted for separately.

For all property, plant and equipment and intangible assets, the historical value (cost) accounting model is used.

3.3. Judgments concerning inventories

Inventories are assets held by the Fund for consumption in the process of meeting administrative (managerial) needs.

Inventories comprise:

- household materials (tangible assets necessary to ensure the Fund's activities, as well as for the repair and maintenance of other non-current assets);
- low-value and short-lived items – items used by the Fund for no more than one year (regardless of their value);
- low-value non-current tangible assets that are not put into operation.

Inventories are measured at the balance sheet date at the lower of: cost or net realizable value.

3.4. Judgments concerning lease costs

In 2021, the Fund entered into a lease agreement for non-residential premises with State Property Fund of Ukraine. The lease price is UAH 1.00 per year. The lease term is 4 years and 11 months.

3.5. Judgments concerning presentation of provisions

The Fund creates provisions both in accordance with the requirements of current legislation – provision for unused vacation to employees, and in accordance with the terms of the Fund's Programs - a provision for the payment of Grants to ultimate beneficiaries as part of its statutory activities.

Provision for unused vacation is created during the year on a monthly basis by dividing the double wage fund for the current month by the number of calendar days (less holidays). At December 31 of each reporting year, a provision for unused vacation is reviewed and the results are reflected in the Balance sheet (Statement of financial position).

The provision for the payment of Grants may be current or non-current. Depending on the set deadline for the implementation of each stage of the project under the Fund's programs, the provisions created for the payment of Grants for the first and second stages of the Beneficiary's implementation of the project under the EnergoDim Program are current. Provisions created under the third stage of the project implementation by the Beneficiary are non-current - with a term of 24 months from the date of the Beneficiary joining the program (notification of approval of the application for participation in the program). Non-current provisions are recognized at their amortized cost.

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The effective interest rate is set once for each individual Beneficiary, depending on the date the provision is recognized and the approximate term of repayment. The discount rate setting is prescribed in the Fund's accounting policies. The rate is determined as the weighted average rates for the previous fiscal year (at the rate of the month of joining to the Fund Program) in the national currency of the relevant maturity, calculated by the NBU and given in the statistical data "Financial markets statistics" available at the link <https://bank.gov.ua/statistic/sector-financial/data-sector-financial#1ms> in the section "clause 4.1.1.2. Interest rates on new loans to non-financial corporations by maturity".

3.6. Judgments concerning fair value

Cash is initially and subsequently measured at fair value equal to its nominal value.

The Fund's management believes that the above disclosures on fair value are sufficient and does not believe that there is any material information beyond the financial statements regarding fair value application, which can be useful for users of financial statements.

These financial statements have been prepared on a historical cost basis, measuring at fair value certain financial instruments in accordance with IFRS 9 "Financial Instruments", using valuation techniques for financial instruments permitted under IFRS 13 "Fair Value Measurement", and where the effect of the time value of money is material to the amount of provision that is expected to be required to settle the obligation. Such valuation techniques include using the current market value of a similar instrument, discounted cash flow analysis or other fair value measurement models. The estimated fair values of financial assets and liabilities are determined using available market information and appropriate valuation techniques and discount rates for appropriate financial instruments.

These financial statements have been prepared under the historical cost convention, except for non-current provisions measured at discounted value.

The Fund applies IFRS-compliant methods for determining fair value and amortized cost.

The Fund measures its current receivables and payables at the amount of the original invoice, contract, if the effect of discounting is immaterial.

The Fund's receivables and payables are measured initially at their nominal (contractual) value, and subsequently, based on the assumption that receivables and payables are current, the Fund assumes that their nominal value is fair value and is not amortized.

These financial statements have been prepared on the assumption that the Fund is an organization that is able to continue as a going concern in the near future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are the specific principles, bases, conventions, regulations and practices applied by the Fund when preparing and submitting financial statements according to IFRS that result in financial statements containing relevant and reliable information about transactions, other events and conditions to which they are applied.

The accounting policy complies with all IFRSs effective at the end of the reporting period (Note 2.4.) for which the IFRS financial statements are prepared.

Accounting and preparation of financial statements is carried out in compliance with the principles of prudence, full disclosure, consistency, continuity, accrual and compliance of revenues and expenses, prevalence of essence over form, and periodicity.

The accounting policy of the Fund is designed in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Before preparing the annual report, a full annual end of year stocktaking of the Fund's assets and liabilities recognized on the Balance sheet was carried out. The results of the stocktaking are reflected in the Fund's Balance sheet as at December 31, 2023.

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4.1. Inventories

Initial recognition

Inventories are considered assets if it is probable that any future economic benefit will arise from their use associated with the implementation of a set of actions aimed at solving tasks that meet the Fund's statutory objectives, and they have a value that can be measured with reliability.

Inventories are recognized in the Balance sheet at historical cost, which comprises their purchase price or production cost.

Disposal value

When disposed of, inventories are measured using the first in, first out (FIFO) method.

Analytical accounting data for inventories are presented in a quantitative and summarized form.

Inventories received free of charge as an international technical assistance from project partners.

Such inventories are accounted for using the grant accounting model under IAS 20. Such inventories are considered a grant related to assets in the form of a nonmonetary asset and are accounted for using the income method, under which the grant is recognized in profit or loss over the project's life at the amount of the original cost of the inventories received.

The historical cost of such inventories is their fair value at date of receipt.

Such inventories are recognized on the Balance sheet using the "Targeted funding" account with analytical accounting by project's partners. Such inventories are expensed as a component of cost related to statutory activities using the identified cost method, with a corresponding recognition in "Deferred income" item.

4.2. Property, plant and equipment

Initial recognition

Property, plant and equipment is considered an asset if its expected useful life (operation) is more than one year and if it is probable that the Fund will receive future economic benefits from its use associated with the implementation of a set of actions aimed at solving tasks that meet the Fund's statutory objectives, and it has a value that can be measured with reliability.

Initial measurement depending on the method of obtaining

Acquisition of property, plant and equipment at the expense of the Fund according to the targeted funding estimate

An item of property, plant and equipment is recognized in the Fund's Balance sheet at historical cost, plus any costs specified in IAS 16.

Property, plant and equipment granted free of charge in the form of technical assistance from partners for the project 'Support of the National Energy Efficiency Fund and of a climate-friendly reform agenda (S2I) in Ukraine' implementation are accounted for in separate items.

Such property, plant and equipment are accounted for using the grant accounting model under IAS 20. Such property, plant and equipment are considered a grant related to assets in the form of a nonmonetary asset and are accounted for using the income approach, under which a grant is recognized in profit or loss over the project's life or the useful life and in the proportions in which depreciation is charged.

The historical cost of such an item is its fair value at date of receipt.

Such property, plant and equipment is recognized in the balance sheet using the "Targeted funding" account with analytical accounting by project's partners and subsequent gradual (periodic) attribution to "Deferred income" item in the proportions in which depreciation on those property, plant and equipment is charged.

The residual value and the useful life of property, plant and equipment are determined by the Committee in the act of commissioning.

Free use of property, plant and equipment under a contract (memorandum) on the provision of temporary free use of property as technical assistance from partners for the project 'Support of the National Energy Efficiency Fund and of a climate-friendly reform agenda (S2I) in Ukraine' implementation according to Article 107 of the Fund's Charter.

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The accounting for such property, plant and equipment is in accordance with IFRS 16 "Leases". If the underlying asset is a low-value asset within the meaning of IFRS 16, the Fund recognizes the lease payments associated with such a lease as an expense on a straight-line basis over the lease term.

The historical cost of such an item of property, plant and equipment is its fair value at date of receipt, plus any other costs directly attributable to bringing the item to working condition for its intended use. Such property, plant and equipment are recognized in item 01 "Leased non-current assets".

Depreciation is not charged.

If such asset does not meet the abovementioned criteria, the historical cost of the item is its fair value at date of receipt and a "right-of-use asset" is recognized in the Fund's assets.

Such right-of-use asset is recognized in the Balance sheet using the "Targeted funding" account with analytical accounting by project's partners and subsequent gradual (periodic) attribution to "Deferred income" item in the proportions in which depreciation on those right-of-use asset is charged.

Gratuitous receipt is documented by an act of acceptance – transfer, and, together with the technical documentation, is transferred to the relevant departments.

Useful lives and residual values of property, plant and equipment are set out in Orders when the respective property, plant and equipment are put into operation or are ready for use.

Subsequent measurement

After initial recognition, property, plant and equipment (irrespective of the method of receipt) are carried at cost less any accumulated depreciation and any accumulated impairment losses.

At the end of each reporting year, the Fund assesses whether there is any indication that an item of property, plant and equipment may be impaired. The procedures for impairment testing and accounting for impairment losses are set forth in the "Impairment" section of the Accounting Policies.

Depreciation

Depreciation in accounting is calculated on a straight-line basis over the estimated useful life of the asset, which is indicated in the act of commissioning.

Depreciation of an asset ceases at the earlier of

- the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"; and
- the date that the asset is derecognized.

Derecognition

Property, plant and equipment or significant component thereof is written-off from the Statement of financial position on disposal or when it is withdrawn from use and no future economic benefits are expected from its continued use.

Also, the asset is derecognized under property, plant and equipment on reclassification to assets held for sale. Subsequently, such assets are accounted for in accordance with IFRS 5.

Any gain or loss arising from derecognition of the asset (calculated as the difference between the net proceeds from disposal of the asset and its carrying amount) is included in profit or loss statement for the year in which the asset is derecognized.

Subsequent expenses

Expenses related to current repairs and maintenance of property, plant and equipment, both owned and rented, in proper condition are recognized as expenses of the period in which they are incurred.

Accounting for computer equipment

When computer equipment is recognized on the Balance sheet, the unit of an item of property, plant and equipment is deemed to be that equipment itself with installed software needed for the operation of such equipment, which is documented in the act of commissioning of property, plant and equipment. The historical cost of such an item comprises the equipment cost and the software cost. Software that meets the criteria for recognition as an intangible asset is accounted for individually.

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The useful life of property, plant and equipment is established considering the allowable useful lives of property, plant and equipment under tax law.

Groups of property, plant and equipment	Useful life
Machinery and equipment	2 - 5 years
Vehicles	5 - 7 years
Office equipment	4 - 8 years
Other property, plant and equipment	5 - 7 years

4.3. Intangible assets (IA)

IA recognition

Purchased or received intangible asset is recognized in the Balance sheet only if it is probable that any future economic benefit will arise from their use associated with the implementation of a set of actions aimed at solving tasks that meet the entity's statutory objectives, and it has a value that can be measured reliably.

Intangible assets received free of charge (software for computer equipment received in the form of technical assistance from project partners for the project 'Support of the National Energy Efficiency Fund and of a climate-friendly reform agenda (S2I) in Ukraine' implementation according to Article 107 of the Fund's Charter) are accounted for under IAS 20.

If the software is an integral part of the related hardware, computer software is treated as a property, plant and equipment.

IA initial measurement

The historical cost of an intangible asset comprises its purchase price and any directly attributable cost of preparing it for its intended use.

The historical cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended.

IA useful life

The useful life of an intangible asset is established according to the documents of title when it recognized on the balance sheet.

Where the term of the right to use an intangible asset is not determined in accordance with the document of title such a useful life may be determined by the Fund itself, but may not be less than two and more than 10 years.

An intangible asset with an indefinite useful life is not amortized. For such IA, the Fund verifies the reduction in the usefulness of the intangible asset with an indefinite useful life by comparing its recoverable amount with its carrying amount each year.

The useful life of an intangible asset is reviewed at the end of the reporting period if the asset's useful life or conditions for future economic benefits are expected to change in the next period.

Subsequent measurement

After initial recognition, an intangible asset is carried at cost model less any accumulated amortization and any accumulated impairment losses.

Amortization

Intangible assets are amortized on a straight-line basis over their expected useful lives. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets are amortized until the value of the asset becomes equivalent to its residual value.

Residual value

For intangible assets, residual value is zero.

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Subsequent expenses

Subsequent expenses associated with an intangible asset incurred after the initial recognition of an intangible asset are recognized by the Fund as expenses in the period in which they are incurred.

Derecognition

Intangible assets are written off from the Statement of financial position when no future economic benefits are expected from its continued use to flow to the Fund. Gains or losses arising from derecognition of the intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit or loss when the asset is disposed.

4.4. Financial instruments

Financial assets

Classification of financial assets

A financial asset is recognized at the moment when the Fund becomes a party to the contract in respect of this asset. A classification of financial assets is made on the basis of both:

- the entity's business model for managing financial assets; and
- the contractual cash flow characteristics of the financial asset.

On initial recognition of such assets, the Fund's finance office determines which of the following categories the financial asset belongs to:

- financial assets measured at amortized cost when both of the following conditions are met:
 - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- financial assets measured at fair value through profit or loss;
- financial assets measured at fair value through other comprehensive income.

Initial recognition and initial measurement

Accounts receivables and deposits are recognized on the date of their / occurrence / receipt. All other financial assets are initially recognized on the date of the transaction, as a result of which the Fund becomes a party to the relevant contract.

On initial recognition, a financial asset or a financial liability is measured at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

When an entity uses settlement date accounting for an asset that is subsequently measured at cost or amortized cost, the asset is recognized initially at its fair value on the trade date.

Subsequent measurement

After initial recognition, depending on the chosen classification, a financial asset is measured:

- amortized cost; or
- fair value:
 - through profit or loss;
 - through other comprehensive income

Financial assets measured at amortized cost

The following elements are recognized in profit or loss:

- interest income calculated using the effective interest rate method;
- expected credit losses and recoveries of any amounts written off.

Financial assets measured at fair value

Gains and losses arising from changes in fair value are recognized in other comprehensive income. The following elements are recognized in profit or loss:

- interest income calculated using the effective interest rate method;
- expected credit losses and recoveries of any amounts written off.

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Impairment

For debt instruments at amortized cost or at fair value through other comprehensive income, the reduced usefulness requirements for the recognition and estimation of a provision for losses are applied.

At each reporting date, financial assets are assessed to determine whether their credit risk (risk of default) has changed since initial recognition.

The amount of expected credit losses is determined as:

- the difference between contractual cash flows and cash flows expected to be received (the amount of cash "shortfall");
- weighted by the degree of probability of possible results of loss;
- discounted using the original effective interest rate.

Expected credit losses on a financial asset are determined by creating an allowance for its impairment.

If in a subsequent period the amount of a previously recognized impairment loss decreases, the impairment loss is reversed by reducing the allowance account accordingly.

Impairment losses (reversals of impairment losses) are included in finance costs (income) for the period in profit or loss as they arise.

Derecognition, write-off

A financial asset is derecognized only if:

- the contractual rights on cash flow of the financial asset terminate; or
- financial asset is transferred to other party.

A financial asset is transferred only if:

- the contractual rights on cash flow of the financial asset are transferred; or
- the Fund has retained the contractual rights to receive the cash flows from the financial asset, but has assumed a contractual obligation to pass those cash flows on to one or more recipients.

On derecognition of a financial asset, the difference between the carrying amount (as at the date of derecognition) and the recoverable amount is recognized in profit or loss in accordance with IFRS 9, paragraph 3.2.12.

Any previously recognized components of other comprehensive income related to the financial asset being disposed of are included in the financial result from its disposal by transferring these components to profit or loss.

When an asset transfer results in the creation of new financial assets or financial liabilities, such assets or liabilities are recognized separately and measured on initial recognition at fair value.

Financial liabilities

Classification of financial liabilities

The financial liabilities include:

- trade payables and other current liabilities;
- obligations to the Beneficiary on the results of implementation of energy efficiency measures for each individual stage of the project by reducing (using) the reserve (provision) that was previously created.

Initial measurement

On initial recognition, the financial liability is measured at fair value (transaction price).

Derecognition of financial liabilities

A financial liability is derecognized when, and only when, it is extinguished, i.e. when it is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

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4.5. Leases

Fund as a lessee

Lease classification

The Fund recognizes, measures and presents leases in its financial statements in accordance with IFRS 16 "Leases".

At the commencement date of a contract, the Fund evaluates whether the contract is a lease or contains a lease. The lease term is defined together with both: periods covered by an option to extend the lease; and periods covered by an option to terminate the lease.

Initial recognition

On initial recognition a right-of-use asset and an associated lease liability is recognized (if the lease is at the expense of the Fund's own funds) or the "Targeted Funding" account (if at the expense of donors).

Determining the present value of the lease payments is calculated using the interest rate implicit in the lease agreement if it is available.

Otherwise, the weighted average lending rate in the national currency of the relevant maturity on the date of the lease agreement, calculated by the NBU and given in the statistical data "Financial markets statistics" available at the link <https://bank.gov.ua/statistic/sector-financial/data-sector-financial#1ms> in the section "clause 4.1.1.2 Interest rates on new loans to non-financial corporations by maturity".

Initial direct costs incurred in entering into a lease agreement are included in the value of the right-of-use asset.

Right-of-use asset subsequent measurement

The right-of-use asset upon recognition is carried at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any revaluation of the lease liability.

The requirements of IAS 36 "Impairment of Assets" are applied to impairment of right-of-use assets.

Subsequent measurement of lease liabilities

After initial recognition, the lease liability is increased by accrued interest, decreased by lease payments, and adjusted by the lease reassessment.

Interest on lease liabilities after the commencement date is recognized in profit or loss.

The Fund does not apply the abovementioned lease accounting treatment to short-term leases (12 months or less) and leases for which the underlying asset is of low value within the meaning of IFRS 16. In this case, the Fund recognizes the lease payments associated with such a lease as an expense on a straight-line basis over the lease term.

4.6. Provisions

Classification

The Fund recognizes the following types of provisions:

- for grant payments (Fund's share) to the Beneficiaries under the energy efficiency project (with sub-accounts opened for each stage of the project), for grant payments (Fund's share) to Beneficiaries under other programs of the Fund. Analytical accounting of such reserves is carried out per Beneficiaries. Provisions are recognized as current or non-current depending on the projected and/or term of the project implementation or a separate stage of the project determined by the Fund's program:
 - provisions for vacations to employees;
 - other provisions satisfying the recognition criteria.

Recognition

Provision is recognized in accounting and financial statements if the following criteria are met:

- The Fund has a current obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount of the obligation can be measured reliably.

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Provision measurement method

The most likely outcome is used according to paragraphs 36-52 of IAS 37. According to paragraph 36, the amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. This best estimate means the amount that the Fund would reasonably pay to settle the obligation at the end of the reporting period, provided that there is no proof that the estimated obligation may be significantly less or more than the calculated amount.

Provisioning costs are recorded as expenses for the period.

Where the effect of the time value of money is considered material, the relationship between the nominal amount and the present amount of a provision is more than 1%. When discounting is applied, the effect of unwinding the discount is recorded as an increase in the book value of the provision and the borrowing costs (finance costs) are recognized simultaneously.

Discount rate

At initial recognition of a provision that meets the conditions of the Accounting Policy, the weighted average rates for the previous fiscal year in the national currency of the relevant maturity, calculated by the NBU and given in the statistical data "Financial markets statistics" available at the link <https://bank.gov.ua/statistic/sector-financial/data-sector-financial#1ms> in the section "clause 4.1.1.2. Interest rates on new loans to non-financial corporations by maturity". It is determined that this rate is most consistent with the condition that the discount rate should be a rate that reflects current market assessments of the time value of money and the risks inherent in the obligation.

Subsequent measurement of provision

When preparing the financial statements, a provision is reviewed at the end of each reporting period and is adjusted to reflect the current best estimate. When discounting is applied, the book value of the provision increases in each period to reflect the passage of time. This increase is recognized as a borrowing cost.

Contingent assets and contingent liabilities are not recognized in the statement of financial position. The information is disclosed in the notes to the financial statements.

4.7. Impairment

At the end of each reporting year, the presence of any indicators of asset impairment is reviewed and, if any, the amount of the expected recovery of the asset value is determined. An asset is impaired if its carrying amount exceeds its recoverable amount.

The impairment loss is recognized as an expense in the Income statement.

As at December 31, 2023, there is no evidence of impairment of the Fund's assets.

4.8. Expenses

The Fund recognizes expenses based on the matching principle provided for in the Conceptual Framework of IAS 1 "Presentation of Financial Statements", and if:

- it is not probable that an outflow of assets embodying economic benefits will be required;
- the amount of costs can be measured with reliability.

The Fund classifies expenses based on the nature of expenses in accordance with IAS 1.

4.9. Related parties

The related parties include individuals and legal entities in accordance with the list approved by the Board of Directors of the Fund for disclosing information about transactions with related parties.

The criteria for determining related parties are the following:

For individuals:

- a) being part of those charged with governance of the Fund;
- b) being part of key management (that is, those members of management who have the authority and responsibility for planning, directing and controlling the activities of the Fund);
- c) being a close family member of any person referred to in subparagraph (a) or (b);
- d) having a significant business relationship with any person referred to in subparagraph (a) or (b);

Transactions with related parties are required to be disclosed.

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4.10. Statement of cash flows

The Statement of cash flows is prepared by the direct method from the Fund's accounting registers.

4.11. Employee benefits

Remuneration of the Fund's employees is performed in accordance with the provisions on remuneration of labor, staff schedule, established tariff rates, using the data of the timesheet.

Employee benefits are short-term payments

All short-term employee benefits are recognized and measured as liabilities (accrued expenses).

The Fund does not have long-term retirement benefit plans for employees.

4.12. Equity

Elements of the Fund's equity

Registered (share) capital. Unpaid capital.

The provisions regulating the order of formation, size and amending share capital are set in Art. 27- Art. 32 of the Charter of SI "Energy Efficiency Fund". The equity is made up of funds received from the state budget to the appropriate account of the Fund opened with the State Treasury of Ukraine.

Debts of participants on formation of share capital at the end of the reporting period are recorded in the "Unpaid capital" account broken down by participants. In the Statement of Financial Position (Balance Sheet) and the Statement of Changes in Equity such debts are reported as a negative amount in a separate item "Unpaid capital" and are disclosed in the notes to the financial statements providing full information on the participants, amounts, terms and reasons for incomplete formation of share capital.

Revaluation surplus

Revaluation surplus is designed to record and summarize information about the financial instrument revaluation increase (decrease), which, in accordance with international accounting standards, are recognized in equity with disclosure in the Income statement (Statement of profit or loss and other comprehensive income).

Additional paid-in capital

The assets received in accordance with Article 22 of the Charter, except for contributions to the share capital, are recognized in "Additional paid-in capital" item. As at December 31, 2023, such assets are absent.

Reserve capital

Due to the specific activity of the Fund, which is not aimed at generating profit, the reserve capital is not formed through retained earnings. There are no other legal grounds for the formation of reserve capital.

Retained earnings (accumulated loss)

This equity item represents the allocation of financial result from the Fund's activities during the reporting period.

All changes in equity items are reflected in the Statement of Equity, which is an integral part of the Fund's financial statements, accompanying by their disclosure in the notes to the financial statements.

4.13. Grants

Government grants are not recognized until there is reasonable assurance that the Fund will comply with the conditions attached to it and that the grants will be received during the period in which the Fund recognizes the expenses that the grants are intended to compensate. Specifically, grants whose primary condition is that the Fund should purchase, construct or otherwise acquire non-current assets are recognized as government grants (grants) in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

4.14. Transactions in foreign currency

Initial recognition of an asset or liability in a foreign currency

The initial recognition of an asset or liability in a foreign currency is translated in the national currency - the hryvnia - at the relevant official exchange rate of the NBU on the date of the business transaction.

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Further influence of hryvnia exchange rate fluctuations against foreign currency

Monetary assets and liabilities recognized in foreign currencies are translated in hryvnias at the relevant exchange rates established by the National Bank of Ukraine on the Balance sheet date, as well as on the date of the business transaction within its limits.

Non-monetary assets and liabilities measured at fair value, originally denominated in foreign currencies, are translated into the functional currency at the exchange rate established on the fair value determination date. Non-monetary items in foreign currencies that are valued at historical cost are calculated using the exchange rate at the date of the transaction.

Exchange rate differences arising from the translation of monetary items are recognized in the financial statements on a net basis in income or expenses (clause 35 of IAS 1).

Income and expenses arising from transactions in foreign currencies are material, subject to disclosure in the notes to the financial statements (item 35 of IAS 1).

4.15. Accounting for reimbursement by the International Financial Corporation (hereinafter - IFC) of the Fund's expenses for the payment of Grants to Beneficiaries

Initial recognition of the IFC debt

In accordance with the terms of the Reimbursement Agreement concluded between the Fund and the IFC on December 02, 2021 (effective date is December 13, 2022) (hereinafter - the Reimbursement Agreement), the amount of the IFC's partial reimbursement of the Grant, which the IFC notes in the notifications to the Fund, is recognized by the Fund simultaneously in income and expenses on the date of approval of the relevant application for the Beneficiary.

In accordance with the terms of the Second Letter dated December 05, 2022 on amendments to the Reimbursement Agreement in connection with the retroactive increase in the reimbursement rate, the amount that was previously determined as the share of the grant that is financed by the Fund is recognized as income on the date of the document (EEF Grant Disbursement Request - Application of the Fund for Grant Payment), which was sent to IFC for the reimbursement of funds in foreign currency.

With respect to Fund Grants subject to 0 percent Reimbursement Rate under the Reimbursement Agreement (in accordance with the terms of the Third Letter dated June 21, 2023 on amendments to the Agreement), the amount of IFC's partial reimbursement of the Grant, which IFC indicates in the notifications to the Fund, is recognized by the Fund exclusively in expenses (without simultaneous recognition in income) on the date of approval of the relevant application for the Beneficiary

In accordance with the terms of the Reimbursement Agreement of Grants under the VidnovyDim Program, concluded between the Fund and the IFC on November 28, 2022 (effective date is November 28, 2022) (hereinafter referred to as the Reimbursement Agreement under the VidnovyDim Program), the amount of the IFC's reimbursement of the Grant, which the IFC indicates in the notifications to the Fund, is recognized by the Fund simultaneously in income and expenses on the date of approval of the relevant application for the Beneficiary.

To account such debt, the model of accounting for grants based on the income method (IAS 20) is used.

Further accounting of IFC debt and its repayment

Further accounting of IFC's debt to the Fund is carried out in accordance with the terms of the Reimbursement Agreements, including in foreign currency, using the accounting of transactions in foreign currency.

Income and expenses from the initial recognition of the IFC's debt to the Fund are disclosed in the financial statements separately (on a gross basis) (item 35 of IAS 1).

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5. DISCLOSURE OF FINANCIAL STATEMENTS

5.1. Roll-forward of intangible assets by groups

	Computer software, licenses	Accounting and other software	EDI system	Reuse projects "Overhaul (thermal modernization) of reinforced concrete"	Marketplace Web platform	IT platform	Investments in intangible assets in progress	Total
As at December 31, 2021								
Historical cost	152	42	330	890			1 080	2 494
Accumulated amortization	(72)	(22)	(5)	(30)	-	-	-	(129)
Net carrying amount	80	20	325	860	-	-	1 080	2 365
Additions (historical cost)	631	7	-	-	-	-	-	638
Disposals (historical cost)	12	-	-	-	-	-	-	12
Disposals (amortization)	7	-	-	-	-	-	-	7
Amortization deductions	(69)	(14)	(66)	(178)	-	-	-	(327)
As at December 31, 2022								
Historical cost	771	49	330	890	-	-	1 080	3 120
Accumulated amortization	(134)	(36)	(72)	(208)	-	-	-	(450)
Net carrying amount	637	13	258	682	-	-	1 080	2 670
Additions (historical cost)	-	-	-	-	1 086	1 080	55	2 221
Transfer from unfinished investments to operation	-	-	-	-	-	-	(1 080)	(1 080)
Disposals (historical cost)	12	-	-	-	-	-	-	12
Disposals (amortization)	9	-	-	-	-	-	-	9
Amortization deductions	(153)	(4)	(65)	(178)	(151)	(330)	-	(881)
As at December 31, 2023								
Historical cost	759	49	330	890	1 086	1 080	55	4 249
Accumulated amortization	(278)	(40)	(137)	(386)	(151)	(330)	-	(1 322)
Net carrying amount	481	9	193	504	935	750	55	2 927

In 2023:

- the Company purchased accounting software Business automation software Accounting CORP and the "Conto-Budgeting for BAS" module;
- the IA Marketplace Web platform was received free of charge in the form of technical assistance from partners for the implementation of the project "Support of the National Energy Efficiency Fund and the Program of Environmental Reforms (S2I) in Ukraine;
- there was no impairment as at December 31, 2023.

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5.2. Roll-forward of property, plant and equipment by groups

In 2023, property, plant and equipment with carrying amount of UAH 50 thousand were disposed. There was no impairment during 2023.

There are no property, plant and equipment and intangible assets on the Balance sheet that are temporarily withdrawn from use or classified as held for sale and/or in respect of which there are statutory restrictions of ownership, use or disposal.

As at December 31, 2023, there are no fully depreciated property, plant and equipment.

	Machinery and equipment	Vehicles	Other property, plant and equipment	Total
As at December 31, 2021				
Historical cost	2 450	580	357	3 387
Accumulated depreciation	(776)	(124)	(45)	(945)
Net carrying amount	1 674	456	312	2 442
Additions (historical cost)	1 193	-	28	1 221
Disposals (historical cost)	105	-	-	105
Disposals (depreciation)	58	-	-	58
Depreciation deductions	(520)	(114)	(43)	(677)
As at December 31, 2022				
Historical cost	3 538	580	385	4 503
Accumulated depreciation	(1 238)	(238)	(88)	(1 564)
Net carrying amount	2 300	342	297	2 939
Additions (historical cost)	426	-	60	486
Disposals (historical cost)	50	-	-	50
Disposals (depreciation)	37	-	-	37
Depreciation deductions	(744)	(114)	(63)	(921)
As at December 31, 2023				
Historical cost	3 914	580	445	4 939
Accumulated depreciation	(1 945)	(352)	(151)	(2 448)
Net carrying amount	1 969	228	294	2 491

5.3. Inventories

The Fund's "Inventories" recognized in the Balance sheet intended to ensure administrative (managerial) needs are presented as follows:

	as at December 31, 2023	as at December 31, 2022
Low-value and short-lived items at warehouses	3	3
Consumables to ensure the operation of office equipment, other inventories	166	186
Other non-current tangible assets	64	70
TOTAL	233	259

Taking into consideration the results of the review of the market value and market conditions regarding the potential sales prices of inventories as at December 31, 2023 and December 31, 2022, cost of inventories does not require depreciation. As at December 31, 2023 and December 31, 2022, inventories are not pledged.

As at December 31, 2023, inventories were recognized in material costs in the amount of UAH 225 thousand (as at December 31, 2022: UAH 234 thousand).

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5.4. Accounts receivable for prepayments

	as at December 31, 2023	as at December 31, 2022
Guarantee payment under the lease agreement, insurance of leased property	16	10
Use of e-mail, website, security services, etc.	346	278
Online access to services and software	102	92
Periodicals	5	10
Car insurance	27	26
Audit of the financial statements	83	83
Property, plant and equipment	-	52
Other	18	1
TOTAL	597	552

5.5. Accounts receivable for accrued income settlements

	as at December 31, 2023	as at December 31, 2022
Interest accrued on current account cash balance	200	-
TOTAL	200	-

5.6. Other current accounts receivable

	as at December 31, 2023	as at December 31, 2022
Settlements with the International Finance Corporation	88 109	91 239
	including UAH 44,715 thousand = USD 1,177 thousand	including UAH 51,596 thousand = USD 1,411 thousand
Settlements with housing cooperatives	1 188	532
Compulsory state social security settlements	196	172
TOTAL	89 493	91 943

In this table, accounts receivable as at December 31, 2023 on settlements with the International Financial Corporation, in the amount of UAH 88,109 thousand and accounts receivable on settlements with housing cooperatives in the amount of UAH 1,188 thousand is financial.

Provision for expected credit losses in 2023 was not accrued due to non-fulfillment of the criteria for the creation of such provision in accordance with the Resolution of the CMU No. 1673 dated November 29, 2006 (as amended), namely:

- claim and lawsuit work regarding the return of funds by housing cooperative was started by the Fund in January 2024 (funds for such work are included in the Fund's budget and estimate for 2024);
- lack of receipt of payment from the debtor for less than 365 days.

5.7. Cash and cash equivalents

	as at December 31, 2023	as at December 31, 2022
Cash in national currency, including:	2 281 033	2 172 461
<i>Account in the Department of State Treasury Service of Ukraine</i>	1 653 368	2 122 021
<i>Banks</i>	627 665	50 440
Cash equivalent to USD 8,239 thousand	-	301 274
TOTAL	2 281 033	2 473 735

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The account in the Department of the State Treasury Service of Ukraine in the Pechersk District of Kyiv is used by the Fund in accordance with Resolution of the CMU No. 590 dated 09.06.2021 "On Approval of the Procedure for the Execution of Powers by the State Treasury Service in a Special Regime Under Martial Law Conditions". The Treasury makes payments on behalf of the Fund, taking into account the resource availability of a single treasury account, and currently, the payment deadline is one week from the date of the Fund's drawing up of the payment order.

5.8. Other current assets

	as at December 31, 2023	as at December 31, 2022
Monetary documents	63	80
TOTAL	63	80

5.9. Registered (share) capital

	as at December 31, 2023	as at December 31, 2022
Share capital	2 819 329	2 819 329
TOTAL	2 819 329	2 819 329

The Fund's founder is the State represented by the Cabinet of Ministers of Ukraine. Share capital is formed solely at the expense of the state budget.
There is no debt on the contributions to the share capital at December 31, 2023.

5.10. Non-current provisions

This item reflects provisions created for the future payment of grants to the Beneficiaries under the Fund's Program.

	as at December 31, 2023	as at December 31, 2022
Balance of the provision at the beginning of the year	144 895	1 090 461
Gross amount of non current provision	1 959	226 590
Adjustment	2 841	-
Discount rates*		
Discount	(368)	(31 693)
Discount amortization	14 937	181 118
Used	(136)	(26 668)
Reclassified to current provisions	(166 086)	(1 321 692)
Discount relating to provisions that are reclassified as current and upon termination of contracts	3 283	26 779
Balance of the provision at the end of the year	1 325	144 895

The term of non-current provisions is up to 2 years, the currency of these provisions is hryvnia.

*Discount rates depending on the period of joining the Program in 2021 are the following:

January - 12,64%, February - 12,36%, March - 11,97%; April - 11,65%; May - 11,42%; June - 11,26%; July - 11,15%; August - 11,05%; September - 11,07%; October - 11,08%; November - 11,03%; December - 11,15%.

Discount rates depending on the period of joining the Program in 2022 are the following:

January - 11,18%, February - 11,16%, March - 11,17%; April - 11,19%; May - 11,27%; June - 11,37%; July - 11,62%; August - 11,78%; September - 12,30%; October - 12,52%.

The discount rate depending on the period of joining the Program in 2023 is: February - 14.49%.

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5.11. Current accounts payable for goods, works and services

	as at December 31, 2023	as at December 31, 2022
Web hosting	-	43
Car repair	13	-
TOTAL	13	43

5.12. Current accounts payable for settlements with employees

According to IAS 19, the Fund pays employees in accordance with official salaries and an approved staff schedule. In the reporting period, remuneration was paid to individuals who are not members of the Fund staff with the application of contracts of civil law nature (contracts with members of the Supervisory Board, contract for services rendered).

As at December 31, 2023, there are no current employee benefits payable. There is no overdue debts on payment of salaries and wages as at December 31, 2023.

	as at December 31, 2023	as at December 31, 2022
Remuneration to members of the Supervisory Board	130	122
Other	1	-
TOTAL	131	122

5.13. Current provisions

This item represents the provision for unused vacation for employees and provision for future payments of Beneficiary's Grants under the Fund's EnergoDim Program and VidnovyDim

	as at December 31, 2023	as at December 31, 2022
Provision for unused vacation		
Provision balance at the beginning of the year	3 135	2 308
Additions for the year	3 224	3 121
Used during the year	(2 929)	(2 294)
Provision balance at the end of the year	3 430	3 135
Provision for Grants payment		
<i>EnergoDim Fund's Program:</i>		
Balance of the provision for Grants payment under the EnergoDim Program at the beginning of the year	1 661 066	502 462
Additions for the year	30 207	128 935
Used provision (Grants paid)	(173 117)	(265 244)
Adjustment of the provision (contract termination)	(488 159)	-
Reclassified from non-current provision to current	166 086	1 321 692
Amortization of discount	64 181	-
Discount on provisions reclassified to current and as a result of termination of the Grant Agreement	5 623	(26 779)
Balance of the provision for Grants payment under the EnergoDim Program at the end of the year	1 265 887	1 661 066
<i>VidnovyDim Fund's Program:</i>		
Balance of the provision for Grants payment under the VidnovyDim Program at the beginning of the year	-	-
Additions for the year	46 798	-
Used during the year (Grants paid)	(25 120)	-
Balance of the provision for Grants payment under the VidnovyDim Program at the end of the year	21 678	-
TOTAL	1 290 995	1 664 201

The total amount of current provisions includes current provisions for Grants for Beneficiaries located in the temporarily occupied territories since the beginning of the military aggression of the Russian Federation and on the demarcation line is UAH 93,083 thousand. The discount on such provisions is UAH 2,862 thousand.

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The Management of the Fund made a decision regarding housing cooperatives located in temporarily occupied territories, temporarily, until the de-occupation, their subsequent applications under the Program will not be considered. Provisions created for such Beneficiaries upon joining the Program are not subject to release, which enables housing cooperatives to remain joined to the Program and implement their projects after the de-occupation.

5.14. Deferred income

	as at December 31, 2023	as at December 31, 2022
Balance at the beginning of the year	828	1 189
Free receipt of assets (PP&E, IA) from partners within the international technical assistance framework	1 139	-
Accrued costs related to the use of assets	(352)	(249)
Funds returned by the Beneficiaries or taken into account in the reduction of Grants (according to the requirements of the State Audit Service of Ukraine)	(13)	(112)
Balance at the end of the year	1 602	828

5.15 Total current liabilities

	as at December 31, 2023	as at December 31, 2022
Settlements with the International Finance Corporation (IFC's share - funds that were previously reimbursed by IFC to the Fund of those Beneficiaries with whom grant agreements were terminated in 2023)	338	-
Settlements with Beneficiaries under the "VidnovyDim" Fund's Program	25 811	-
Settlements with Beneficiaries under the "EnergoDim" Fund's Program	1 699	574
TOTAL	27 848	574

5.16. Other operating income

	for 2023	for 2022
Interest on current account cash balance	24 279	6 175
Currency realization	5 627	1 293
Operating exchange rate difference	5 684	494
Income from the termination of Grant agreements under the EnergoDim Program (requirements to refund the funds of the first tranche of the grant)	1 104	-
IFC reimbursement for the payment of Grants under the EnergoDim Program	163 653	538 848
IFC reimbursement for the payment of Grants under the VidnovyDim Program	301 361	10 559
Other	10	112
According to the EnergoDim Program, the general decrease of provisions (which in turn leads to an increase in income):	444 512	There was no general decrease in the amount of the provision
<i>Adjustment of provisions in the process of implementation of projects by Beneficiaries under the EnergoDim Program</i>	<i>(34 483)</i>	<i>-</i>
<i>Adjustment of provisions due to termination of Grant agreements</i>	<i>488 031</i>	<i>-</i>
<i>Initial recognition of provisions under the Light package</i>	<i>(9 035)</i>	<i>-</i>
TOTAL	946 230	557 481

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5.17. Administrative expenses

	for 2023	for 2022
Material costs	294	234
Employee benefits, including accruals	44 213	41 302
Amortization and depreciation	1 802	1 004
Business trips	230	81
Utility costs	2 294	1 745
Other (services of third-party organizations to ensure the functioning of the Fund)	2 877	2 055
TOTAL	51 710	46 421

5.18. Selling and distribution expenses

	for 2023	for 2022
Advertising on TV and on the Internet	-	-
Marketing services	-	-
Advertising materials	-	96
TOTAL	-	96

5.19. Other operating expenses

	for 2023	for 2022
Costs of Grant activity (accrual of provision under the EnergoDim Program):	-	323 832
Gross costs of Grant activity (EnergoDim Program)	-	355 525
Discount on non-current provisions (EnergoDim Program)	-	(31 693)
Grant costs reimbursable by IFC (EnergoDim Program)	173 152	291 912
Costs of Grant activity (accrual of provision under the VidnovyDim Program)	46 798	-
Grant costs reimbursable by IFC (VidnovyDim Program), incl:	301 360	10 558
<i>pilot project (100% reimbursement by the IFC)</i>	235 118	10 558
<i>main stage (80% reimbursement by the IFC)</i>	66 242	-
Losses on currency transactions and exchange rate differences	765	-
Other	108	416
TOTAL	522 183	626 718

5.20. Other income

	for 2023	for 2022
Income to the extent of depreciation costs on assets received for free according to the Memorandum of Technical Assistance:		
property, plant and equipment	156	178
intangible assets	178	32
Compensation of the carrying amount of property, plant and equipment	11	25
Funding of preferential vacations of the employees of the Social Insurance Fund of Ukraine	23	23
TOTAL	368	258

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5.21. Finance costs

	for 2023	for 2022
Recognition of depreciation discount in finance costs arising from the application of recognition of non-current provisions for payment of cash funds (Grants)	79 118	181 117
TOTAL	79 118	181 117

5.22. Elements of operating expenses – material costs

	for 2023	for 2022
Inventories (including stationery, printing materials, image products, and supplies for office equipment)	213	260
Non-current tangible assets put into operation (furniture, office supplies, and low-value equipment)	64	61
TOTAL	277	321

5.23. Elements of operating expenses — labor costs

	for 2023	for 2022
Employees	32 101	29 949
Provision for unused vacation	2 643	2 563
Supervisory Board	1 932	1 791
TOTAL	36 676	34 303

5.24. Elements of operating expenses — social security charges

	for 2023	for 2022
Employees	6 605	6 349
Provision for unused vacation	581	558
Supervisory Board	425	393
Civil contracts (except for members of the Supervisory Board)	-	97
Unified social contribution for sick leave	34	21
TOTAL	7 645	7 418

5.25. Elements of operating expenses — depreciation and amortization

	for 2023	for 2022
Property, plant and equipment (own funds)	764	513
Property, plant and equipment (international technical assistance)	156	164
Intangible assets (international technical assistance)	177	29
Intangible assets (own funds)	705	298
TOTAL	1 802	1 004

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5.26. Elements of operating expenses — other operating expenses

	for 2023	for 2022
Expenses from initial recognition of provisions for Grant activity (EnergoDim Program)	-	323 832
Expenses for Grant activity subject to reimbursement by the IFC (EnergoDim Program)	173 152	291 912
Expenses from initial recognition of provisions for Grant activity (VidnovyDim Program)	46 798	-
Expenses for Grant activity subject to reimbursement by the IFC (VidnovyDim Program)	301 360	10 558
Services (Notes 5.16 and 5.17)	4 998	3 800
Business trips	230	81
Reimbursement of expenses to Supervisory Board members (transport)	2	5
Other	189	-
TOTAL	526 729	630 188

5.27. Interest on current accounts cash balance

	for 2023	for 2022
Receipts with "UkrGasbank", JSC	24 078	6 067
Receipts with "PrivatBank", JSC	-	135
TOTAL	24 078	6 202

5.28. Forfeits, fines and penalties received

	for 2023	for 2022
Non-fulfillment of business commitments	-	3
TOTAL	-	3

5.29. Other proceeds

	for 2023	for 2022
IFC reimbursement under the EnergoDim Program	244 334	472 280
IFC reimbursement under the VidnovyDim Program	225 888	-
Foreign currency realization	5 571	1 292
Compensation of PP&E	11	10
Sick leaves at the expense of the social insurance fund	237	448
Refunds on the State Audit Service of Ukraine requests	773	7
Other	14	-
TOTAL	476 828	474 037

5.30. Payments for goods (works, services)

	for 2023	for 2022
Stationery and office supplies	116	124
Maintenance of office equipment	81	102
Leases of non-current assets, including operating and utility	2 317	1 745
Marketing activities and printing	-	47
Audit services	83	179
Postal, telecommunication services, Internet	55	52
Access to online services, security services, periodicals, etc.	1 134	1 081
Other	255	483
TOTAL	4 041	3 813

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5.31. Other expenses

	for 2023	for 2022
Grant activity (EnergDim Program)	345 371	583 137
Grant activity (VidnovyDim Program)	300 669	10 558
Payments of sick leave at the expense of the social insurance fund	220	374
Business trips	231	72
Settlement and cash service and bank commissions for currency transactions	1179	243
Other	481	215
TOTAL	648 151	594 599

5.32. Expenses for acquisition of non-current assets

	for 2023	for 2022
Intangible assets	55	639
Computer and office equipment	375	1 215
Other	66	60
TOTAL	496	1 914

6. OTHER DISCLOSURES

6.1. Contingent assets

The Fund recognizes contingent assets on the off-balance sheet accounts.

Under the terms of the Grant Agreement, "the Fund may initiate the return of the Grant or a portion thereof in the cases specified in the Terms and the Program, as well as take all necessary actions provided for in the Terms and the Program". Thus, the Tranches paid to the final Beneficiaries as a partial reimbursement of the costs incurred for energy efficiency measures may be reimbursed to the Fund in the event of non-compliance with the Program.

At the time of payment of the next Tranche to the Beneficiary, the Fund recognizes the contingent asset and recognizes on the off-balance sheet accounts in the context of the Beneficiaries and stages.

"Contingent assets" off-balance sheet account is presented as follows:

	2023	2022
Balance at the beginning of the year	403 682	46 723
Contingent assets recognized (Grants paid)	345 371	583 137
Decrease in contingent assets due to the implementation by the Beneficiary of the Fund Program and the Grant receipt	(216 822)	(226 178)
Decrease - to accounts receivable upon termination of Grant agreements	(1 282)	-
Balance at the end of the year	530 949	403 682

6.2. Contingent liabilities

The Fund recognizes contingent liabilities on the off-balance sheet accounts.

Under to the terms of the Grant Agreement, any Tranche can be transferred to the Beneficiary's account:

- by the Fund itself in full amount; or
- by the Fund with the involvement of any third parties who are partners of the Fund, including Donors in accordance with the Agreement on the financing of the event "Energy Efficiency Support Program in Ukraine — EE4U" and the Agreement on Financing the event "Program support energy efficiency in Ukraine — EE4U-II" (EE4U and EE4U-II) concluded between the Government of Ukraine and the European Commission. Herewith, any Tranche co-financed by partners of the Fund (including Donors) may be transferred to the Beneficiary's account in several installments - from the Fund and from partners of the Fund (Donors). However, if the Fund's partners or Donors are unable or refuse to co-finance any

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Tranche at any time and for any reason, such Tranche shall be funded and transferred by the Fund itself in full amount.

In this regard, the Fund has a contingent liability regarding possible payments of a share (50%) of the full amount of the Tranche in the event of refusal of the Fund's partners to pay.

On December 13, 2021, the Reimbursement Agreement dated December 02, 2021 entered into force concluded between the Fund and IFC to change the funding conditions of IFC Grants. Under the terms of the Reimbursement Agreement, the Fund pays 100% of the Grant Tranche to the housing cooperatives, followed by reimbursement of the IFC's share to the Fund (according to the Agreement it amounts to 50% of the expenses for the payment of Tranches of Grants, however, 100% during March 2022 until May 2023).

The Fund creates contingent liabilities on the off-balance sheet accounts by Beneficiaries and project stages.

"Contingent liabilities" off-balance sheet account is presented as follows:

	2023	2022
EnergoDim Program		
Balance at the beginning of the year	1 899 600	1 835 987
Contingent liabilities recognized, adjustments at subsequent stages	32 167	361 607
IFC's Grants share paid by the Fund under the Reimbursement Agreement	(173 253)	(297 994)
Decrease due to early termination of Grant contracts	(488 159)	-
Balance at the end of the year	1 270 355	1 899 600
	2023	2022
VidnovyDim Program		
Balance at the beginning of the year	4 525	-
Contingent liabilities recognized, adjustments at subsequent stages	430 343	15 083
IFC's Grants share paid by the Fund under the Reimbursement Agreement	(326 480)	(10 558)
Balance at the end of the year	108 388	4 525

6.3. Lease of non-current assets

In 2021, the Fund entered into lease agreements for non-residential premises with State Property Fund of Ukraine. The lease cost is UAH 1.00 per year. The lease term is 4 years and 11 months.

The Fund recognizes part of the office building on the off-balance sheet account "Lease of non-current assets" with fair value of UAH 27,741 thousand.

6.4. Related party transactions

Individuals

Wages and salaries or remunerations (tax deducted) were paid in thousands of UAH as follows:

	for 2023	for 2022
Members of the Fund's Supervisory Board (2 persons)	1 548	1 432
Fund's Board of Directors	2 362	2 016
Payments upon dismissal of a member of the Board of Directors	130	-

Increase in the costs of payments for the Board of Directors in 2023 occurred due to the long-term performance of the duties of two members of the Board of Directors by the heads of structural subdivisions without release from their duties with a salary difference in official salaries in 2022.

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Accounts payable as at December 31, 2023 and December 31, 2022 (in thousands of UAH) are presented as follows:

	for 2023	for 2022
Members of the Fund's Supervisory Board (2 persons)	130	120
Fund's Board of Directors	-	-

6.5. Fair value of financial instruments

The estimated fair value of financial instruments is determined by taking into account various market information and appropriate valuation techniques. However, such a valuation requires a reasonable judgment in interpreting market information. Accordingly, such valuations do not always reflect the amounts that may be received in the current market situation.

The carrying amount of cash and cash equivalents, trade and other receivables and payables is almost equal to their fair value due to the short maturity of these instruments.

Comparison of the carrying amount and fair value of all financial instruments owned by the Fund that are recognized in the Statement of Financial Position is provided below:

Comparison of the carrying amount and fair value of all financial instruments

	December 31, 2023	December 31, 2022
	<i>thousands of UAH</i>	<i>thousands of UAH</i>
Financial assets		
Cash and cash equivalents	2 281 033	2 473 735
Accounts receivable on accrued income settlements	200	-
Accounts receivable on settlements with the International Finance Corporation	88 109	91 239
Accounts receivable on settlements with housing cooperatives	1 188	532
TOTAL	2 370 530	2 565 506
Financial liabilities		
Trade payables for goods, works, services	13	43
Other current liabilities	27 848	574
TOTAL	27 861	617

6.6. Financial risk management

The Fund has a number of financial risks as a result of its activities, which are presented below. The Fund aims to control and minimize the negative consequences of these risks through its risk management policies and risk management processes.

(A) Credit risk

Credit risk represents the risk of losses due to the inability of the counterparty to fulfill its financial obligations. It arises mainly from the Fund's cash and cash equivalents, counterparty cash and cash equivalents and accounts receivable.

(I) Cash and cash equivalents

The Fund manages credit risk on its cash and cash equivalents through its cash and cash equivalents held with the State Treasury of Ukraine and state banks.

(II) Counterparty cash and cash equivalents

The Fund manages credit risk arising from cash and cash equivalents on settlements with counterparties by fully limiting the use of these funds for the Fund's needs.

(III) Accounts receivable

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The Fund is not exposed to credit risk, although it may arise as a result of bad debts on settlements of business operations, or when grant activities are conducted when the beneficiary must return the grant funds due under the terms of the Program.

The Fund carries out control of settlements on a regular basis in order to minimize possible overdue receivables. The Fund has no concentration of credit risk associated with accounts receivable from one counterparty.

(B) Market risk

Market risk represents the risk of losses due to changes in market prices and rates, such as currency rates and interest rates. The Fund is not exposed to market risk due to the lack of investments in financial instruments, and, accordingly, the lack of open positions on such instruments.

(I) Currency risk

For 2024, the exchange rate of USD is set in the state budget in the amount of UAH 40.7. Reimbursement of the IFC's share of the Grant takes place at the NBU exchange rate effective on the date of submission of the application for reimbursement by the Fund.

The National Bank of Ukraine, which since the end of July 2022 has maintained the official hryvnia exchange rate at 36.5686 UAH/1 USD, has switched to a managed flexibility mode of the exchange rate since 03 October.

In this regard, the Fund became exposed to currency risk in relation to cash, their equivalents and receivables in foreign currency.

There is a risk that when selling the currency received as compensation, the Fund will not be able to fully return the money in hryvnias that were spent on paying the Grants. The Fund constantly monitors and monitors the exchange rate of the USD at the Interbank of Ukraine in order to sell the received currency as profitably as possible. The Fund assesses the currency risk as low.

(II) Interest rate risk

The risk of interest rate change is insignificant, since the Fund does not have financial obligations that would provide interest costs.

(C) Liquidity risk

Liquidity risk represents a risk of loss due to the inability of the Fund to fulfill its obligations in a timely manner. The Fund manages liquidity risk by managing cash and cash equivalents held on the accounts of the State Treasury of Ukraine and the state banks.

The contractual maturity of the Fund's financial commitments is generally up to one year, except for grant obligations for the Beneficiaries under the Fund Program (Note 5.10). Accounts payable for services and other liabilities on settlements with counterparties have a maturity period of up to three months.

All liabilities of the Fund are fully covered by highly liquid assets, which are represented by cash and cash equivalents.

Liquidity risk is a risk of failure of complying with Fund's financial liabilities at the date of their settlement. The Fund's approach to liquidity management is to ensure, as far as possible, the Fund has adequate liquidity to meet its obligations in a timely manner (both under normal circumstances and in the event of unusual situations), avoiding unacceptable losses or risk damage to the Fund's reputation.

The Fund's management is liable for maintaining the required level of liquidity. The related structure of maintaining of the Fund's requirements of short-, medium- and long-term financing and for liquidity control was developed by the Fund's management. The Fund manages the risk of loss of liquidity through sufficient reserves, the use of bank resources and loans, as well as through continuous monitoring, predictable and actual cash flow, as well as a combination of terms of payment on assets and obligations of the Fund.

The Fund conducts daily monitoring of the control of the balance of funds, which allows maintaining the sufficiency of the capital necessary both for the implementation of Grant activity under the EnergoDim and VidnovyDim Fund Programs, as well as for the functioning of the Fund in the medium term.

The Fund has sufficient funds to repay its current obligations.

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6.7. Events after the reporting period

There were no significant events in the financial and economic activities of the Fund occurred after the reporting period and before issue of the financial information that would require the adjustment after the reporting period of the amounts recognized in the financial statements, or the recognition of previously unrecognized items in accordance with the requirements of IAS 10 "Events after the reporting period".

As stated in Note 2.4, the war with the Russian Federation, which began on February 24, 2022, continued as at the reporting date and continues as at the date of approval of these financial statements, so the Fund's management cannot estimate the possible future financial impact of the specified event.

There are no other significant events that affected or may affect the Fund's financial statements as at December 31, 2023, that occurred between the reporting date and the date of signing the financial statements for 2023, prepared in accordance with IFRS.

6.8. Correction of errors

There were no corrections of errors of prior periods in the reporting period (2023).

Chief Executive Officer

Yehor Farenjuk

Chief Accountant

Valentyna Kulinska

