

*FREE TRANSLATION FROM THE UKRAINIAN ORIGINAL*

**STATE INSTITUTION  
“ENERGY EFFICIENCY FUND”**

**ANNUAL FINANCIAL STATEMENTS 2024**



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## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

	Notes	31 December 2024	31 December 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	1 987	2 927
Tangible assets	6	2 309	2 491
<b>Current assets</b>			
Contributions receivable	7	197 022	88 109
Advances	8	1 089	1 785
Receivables		157	462
Inventories		241	233
Cash	9	1 923 467	2 281 033
Other assets		55	63
<b>Total Assets</b>		<b>2 126 327</b>	<b>2 377 103</b>
<b>EQUITY</b>			
Issued capital	14	2 819 329	2 819 329
Financial results		(1 335 558)	(1 764 140)
<b>Total Equity</b>		<b>1 483 771</b>	<b>1 055 189</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Grants payable	10	-	1 325
<b>Current liabilities</b>			
Grants payable	10	635 090	1 315 075
Payables	11	5 472	3 574
Other liabilities	12	1 994	1 940
<b>Total Liabilities</b>		<b>642 556</b>	<b>1 321 914</b>
<b>Total Equity and Liabilities</b>		<b>2 126 327</b>	<b>2 377 103</b>

Authorized for issue and signed on April 10, 2025

Director

Yehor FARENIUK

Chief Accountant

Valentyna KULINSKA



## STATE INSTITUTION “ENERGY EFFICIENCY FUND”

## ANNUAL FINANCIAL STATEMENTS 2024

*(in thousands of UAH, unless otherwise stated)***STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024	2023
<b>Operating activities</b>			
Contributions	13	1 149 510	465 014
Grants	13	(760 101)	(75 694)
Operating expenses	13	(71 023)	(51 440)
<b>Financing and Investing Activities</b>			
Financial income, net	13	87 749	24 279
Discounting on long-term financial positions	13	(3 023)	(79 118)
Foreign exchange result, net		25 470	10 546
<b>Total Income</b>		<b>428 582</b>	<b>293 587</b>



## STATE INSTITUTION “ENERGY EFFICIENCY FUND”

## ANNUAL FINANCIAL STATEMENTS 2024

*(in thousands of UAH, unless otherwise stated)***STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>Issued capital</b>	<b>Financial results</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>2 819 329</b>	<b>(2 057 727)</b>	<b>761 602</b>
Financial results 2023	-	293 587	293 587
<b>As at 31 December 2023</b>	<b>2 819 329</b>	<b>(1 764 140)</b>	<b>1 055 189</b>
Financial results 2024	-	428 582	428 582
<b>As at 31 December 2024</b>	<b>2 819 329</b>	<b>(1 335 558)</b>	<b>1 483 771</b>

## STATE INSTITUTION “ENERGY EFFICIENCY FUND”

## ANNUAL FINANCIAL STATEMENTS 2024

(in thousands of UAH, unless otherwise stated)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023
<b>Operating activities</b>			
<i>Receipts</i>			
Cash received from donors		1 048 209	470 222
Refund of advances		1 780	773
Interest received		87 949	24 078
Other receipts		155	5 834
<i>Payments</i>			
Grant disbursements		(1 444 579)	(646 040)
Advances		(331)	(113)
Payments to employees		(61 928)	(43 706)
Payments to suppliers		(4 178)	(4 041)
Other payments		(2 079)	(2 111)
<b>Net cash flow used in operating activities</b>		<b>(375 002)</b>	<b>(195 104)</b>
<b>Investing activities</b>			
Purchases of tangible and intangible assets		(770)	(496)
<b>Net cash flow used in investing activities</b>		<b>(770)</b>	<b>(496)</b>
<b>Financing activities</b>			
<b>Net cash flow used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(375 772)</b>	<b>(195 600)</b>
Effect of exchange rate changes		18 206	2 898
Cash at beginning of the year		2 281 033	2 473 735
<b>Cash at end of the year</b>	<b>9</b>	<b>1 923 467</b>	<b>2 281 033</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS 2024

### 1. INFORMATION ABOUT THE FUND

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.

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

USREOU code: 42325431.

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

The Fund is a state institution that does not intend to make a profit.

The founder of the Fund is the state represented by the Cabinet of Ministers of Ukraine.

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.

By the decision of the Cabinet of Ministers of Ukraine, the Fund may carry out activities to implement other Programmes in the housing sector, including those related to the restoration of buildings destroyed and/or damaged as a result of the armed aggression of the Russian Federation against Ukraine.

The Fund carries out the following activities:

- Supporting energy efficiency initiatives and other initiatives in line with the Fund's objectives
- Introducing incentives to encourage the implementation of measures to improve the energy efficiency of buildings and energy saving
- Supporting the implementation of measures to improve the energy efficiency of buildings and energy saving
- In the fields of architecture and engineering, technical consulting services
- Promoting the reduction of carbon dioxide emissions in order to implement the Paris Agreement
- Promoting the achievement of aggregate energy savings in end-use consumption, taking into account Ukraine's national energy efficiency targets
- Implementation of measures aimed at achieving Ukraine's national energy efficiency targets
- Development of marketing and communication campaigns, research of relevant markets (construction services, building materials, energy audit services, etc.)
- Implementation of communication activities related to raising public awareness in the field of energy saving and energy efficiency, as well as about the Fund's activities
- Promoting the implementation of the EU *acquis communautaire* and the implementation of the Energy Community Treaty
- Ensuring Ukraine's compliance with international commitments in the field of energy efficiency
- By the decision of the Cabinet of Ministers of Ukraine, implementation of other Programmes in the housing sector, including those related to the restoration of buildings destroyed and/or damaged as a result of the armed aggression of the Russian Federation against Ukraine
- Other activities that do not contradict the purpose of the Fund's activities

As at 31.12.2024, the number of employees of the Fund was 61 (2023: 61).

## 2. BUSINESS ENVIRONMENT

On February 24, 2022, Russian troops launched an invasion of Ukraine. 2024 is the year of the continuation of Russia's full-scale war against Ukraine. This factor is the main driver that affects the operating environment.

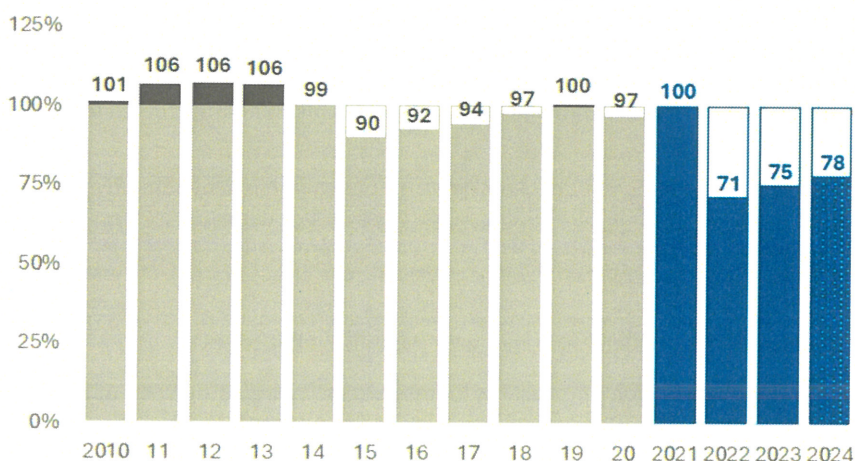
Only direct losses from the war to Ukraine's infrastructure exceeded 200 billion USD, and the total amount was 1 trillion USD.

A war on the territory of a state is usually an economic collapse. But until recently, Ukraine proved that it could survive economically and financially. The banking system survived, the government continued to pay pensions and salaries, the hryvnia devalued, but did not lose its role as the main means of payment.

### Macroeconomic Trends

#### GDP

GDP is still more than 20% lower than in 2021. After falling by 28.8% y-o-y in 2022, the economy recovered by 5.3% in 2023 and 4% in 2024. Better logistics and the development of the defence industry had a positive impact on the recovery.



*Real GDP, % of 2021*

The economic recovery is gradually slowing down. In 2023, each quarter's growth relative to 2021 was higher than last year. The economic recovery was slower, among other things, as the effect of the low comparison base passed, and high fiscal deficits became the norm.

#### Business expectations

In 2024, business expectations peaked at their highest level since the start of the full-scale war but remained negative for most of the year. This expectations index, calculated by the NBU, reflects businesses' perspectives on the economy's future trajectory.

#### International trade

In 2024, goods exports grew by 15% to \$41.7 bn. Agricultural products accounted for \$20.9 bn — 50% of total exports. The mining and metallurgical complex accounted for \$6.9 bn (17%) of export earnings, the food industry for \$3.7 bn (9%), and machine building for \$3.6 bn (9%). Sugar exports in 2024 reached 750 kt (\$420 m). This is the highest figure since 1997, when the statistics began to be compiled.

Total imports in 2024 added 11% reaching \$70.7 bn. Main imported goods last year were oil and oil products — \$6.8 bn (10%), passenger cars — \$4.4 bn (6%), pharmaceuticals — \$2.0 bn (3%), mobile phones — \$1.3 bn (2%), fertilizers — 1.2 bn (2%) and drones — 1.1 bn (2%).

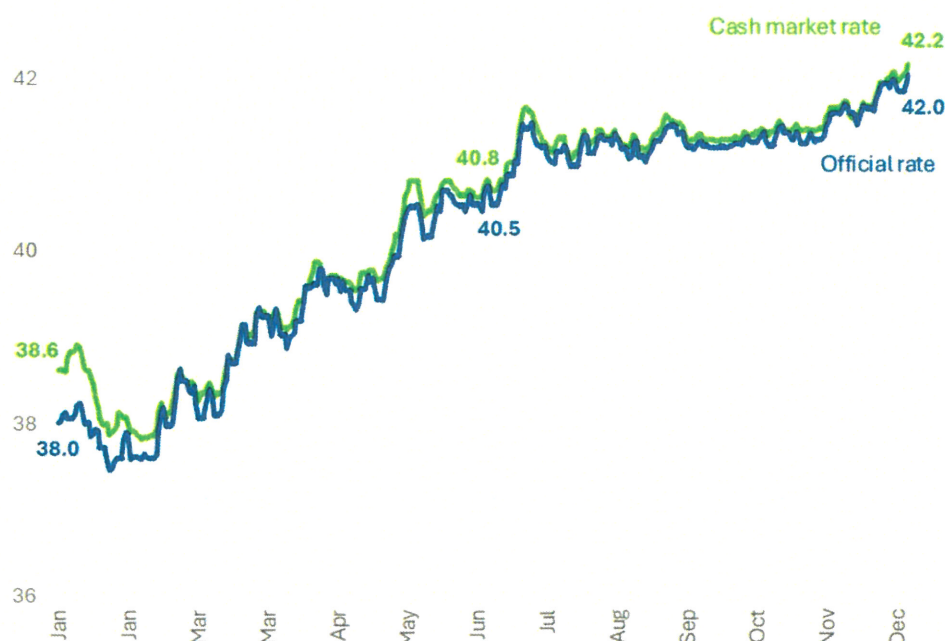
Exports of services in 2024 amounted to \$15.6 bn (+4% y-o-y). Exports of computer services decreased by 5% to \$5.8 bn and expected to update a three-year minimum. Transportation services increased by 9% to \$3.8 bn. Of this amount, freight transportation accounted for \$2.4 bn and pipeline transportation for \$1.2 bn. On January 1, the agreement for the transportation of Russian gas through Ukraine expired. This will affect the transportation services exports in 2025.



**Monetary, FX, and Financial Sectors****FX**

In 2024, the hryvnia gradually depreciated due to higher foreign exchange demand. The NBU maintained its policy of managed flexibility, so the exchange rate was influenced by both FX interventions and market forces. The gap between cash and official rates remained around 1%, indicating market stability.

The NBU plays a central role in stabilising the FX market. It balances supply and demand for cash and non-cash currency, with non-cash transactions accounting for 59% of sales and 87% of purchases. The monthly deficit for FX currency remained at around \$2.5 bn in 2024.



*Average daily official and market exchange rates in 2024, UAH/\$*

In 2024, the NBU took action to stabilise the FX market by increasing net FX sales. Total net sales in 2024 reached \$34.8 bn, the highest in 12 years and above the 2022-2023 level.

**Inflation**

Inflation showed an accelerating trend in the second part of the year. It remained below the 5% target in early 2024 but steadily rose to 12% y-o-y by December.

The NBU adjusted its key rate in response to inflationary pressures. Starting 2024 at 15%, the NBU gradually lowered it to 13% by June. The rate remained unchanged until mid-December, when it was increased to 13.5% due to rising inflation.

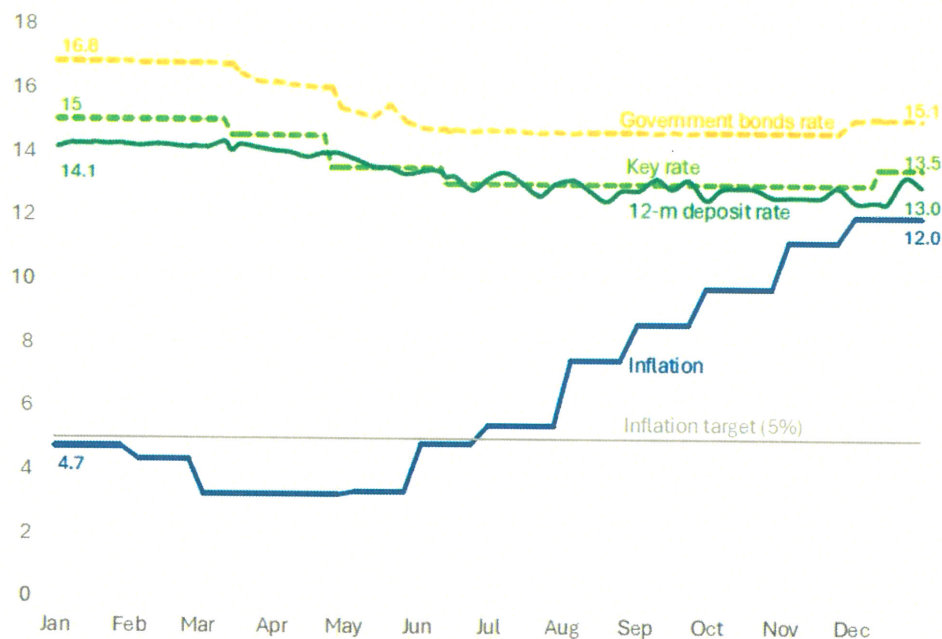
Market rates aligned with the monetary policy adjustments. Other rates followed the key policy rate and stayed stable in the latter half of 2024.

Investments in bonds and deposits provided positive real returns. By December 2024, 1-year government bonds and hryvnia deposits yielded rates above projected 2025 inflation.

# STATE INSTITUTION “ENERGY EFFICIENCY FUND”

## ANNUAL FINANCIAL STATEMENTS 2024

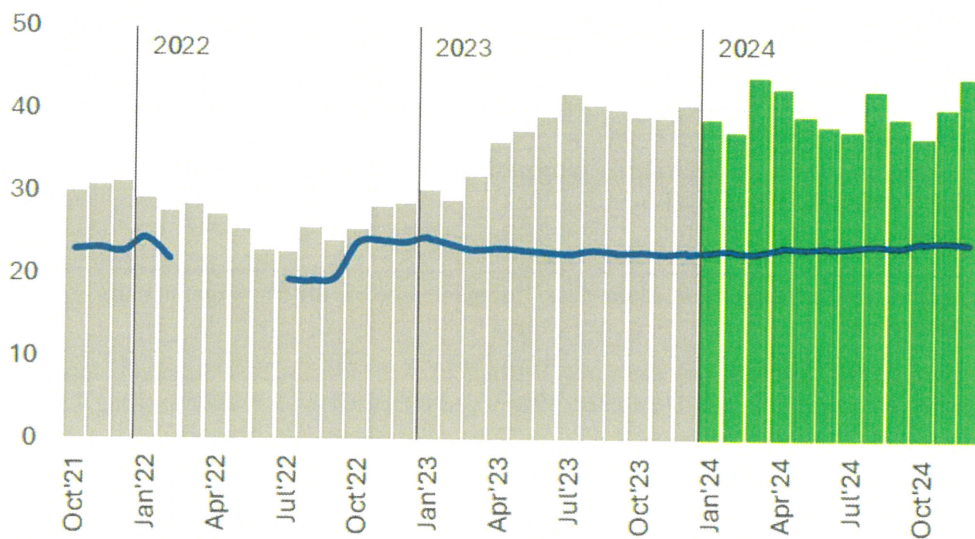
(in thousands of UAH, unless otherwise stated)



2024: Inflation (y-o-y), NBU key rate, rate on hryvnia retail deposits (12-month), and weighted average level of yield on 1-year hryvnia government bonds, %

### International reserves

In 2024, international reserves rose 8% to \$43.8 bn, covering 5.5 months of imports — well above the minimum required 3 months. This growth was driven by \$42 bn in international aid and \$3.5 bn from FX domestic government debt securities which compensated for debt servicing, NBU FX interventions, and reserve accumulation.



Gross international reserves and their amount needed to cover three months of future imports, \$ bn

### Fiscal Sector

#### State Budget

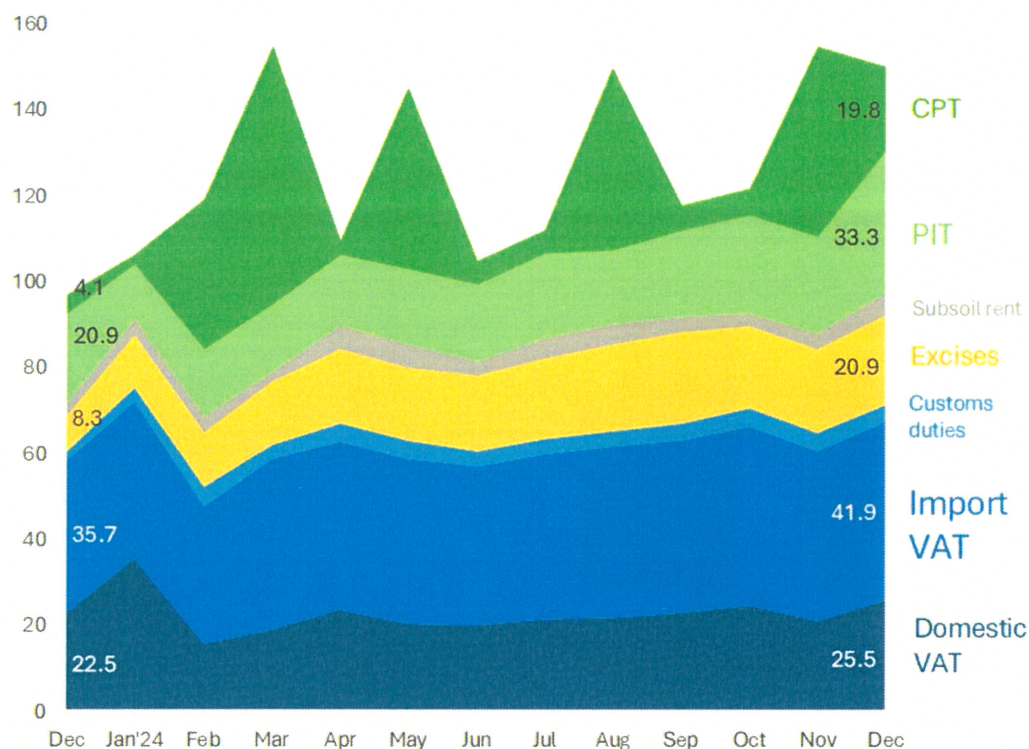
Tax revenues for 2024 (UAH 1,647 bn) increased by 37% y-o-y, with all taxes outpacing inflation. The main contributors to this growth in absolute terms were CPT (+UAH 127 bn), excise taxes (+UAH 106 bn), and VAT on imports (+UAH 100 bn).



# STATE INSTITUTION “ENERGY EFFICIENCY FUND”

## ANNUAL FINANCIAL STATEMENTS 2024

(in thousands of UAH, unless otherwise stated)

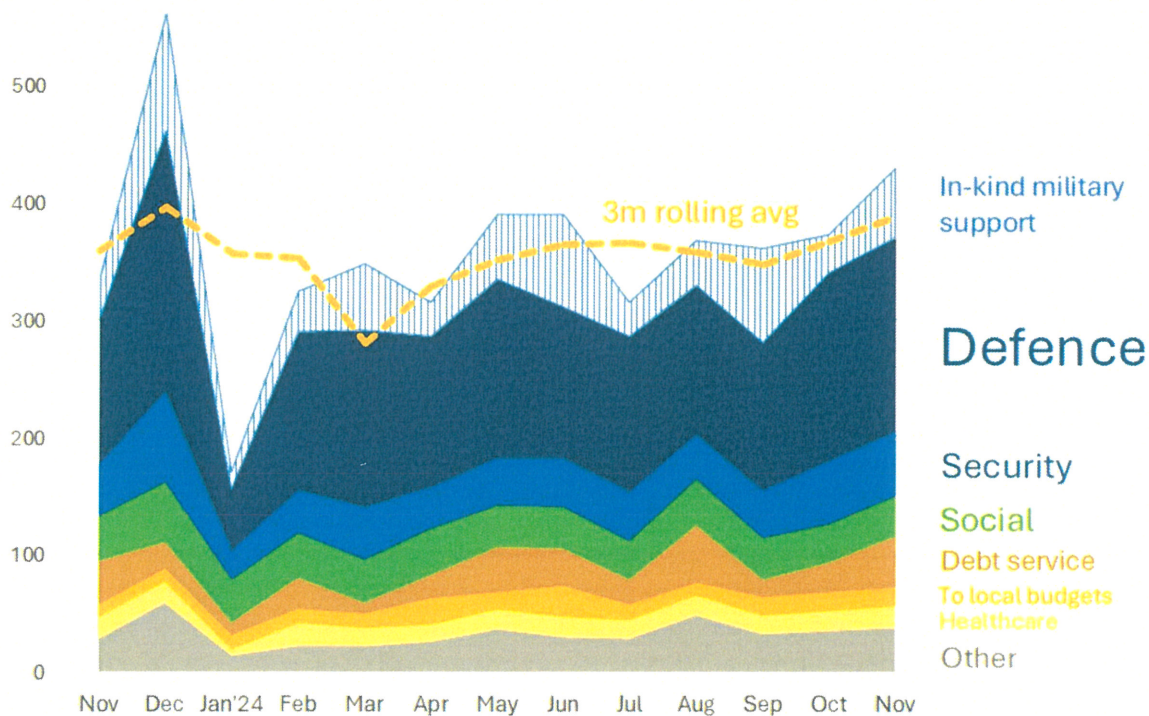


Tax revenues, UAH bn.

State budget expenses, excluding inkind military support, reached UAH 3.271 bn for 2024, adding 15% yo-y.

Defence and security expenses reached UAH 1.908 bn for 2024.

Debt service expenses reached UAH 287 bn for 2024, or 8.8% of all budget spending (excl. Military support).



State budget expenses, UAH bn

Foreign assistance



STATE INSTITUTION “ENERGY EFFICIENCY FUND”

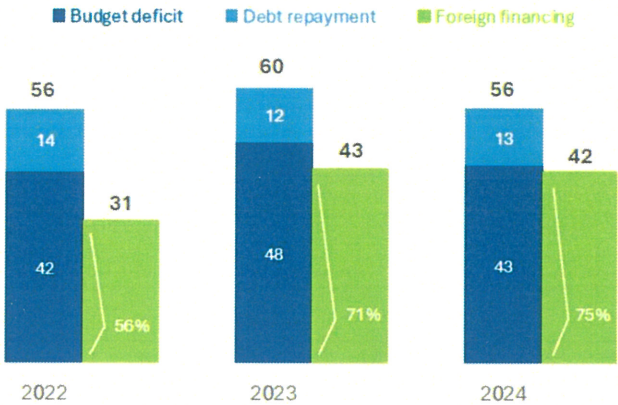
ANNUAL FINANCIAL STATEMENTS 2024

*(in thousands of UAH, unless otherwise stated)*

Ukraine received \$41.6 bn of foreign budgetary financing in 2024.

Ukraine went through 2024 with expected, adequate levels of foreign financing. The country entered 2025 in a better position than in the previous year thanks to the efforts of international partners to use the proceeds of frozen Russian assets.

The EU remains the main provider of aid to the Ukrainian budget. The US is still the main provider of military aid.



*State budget financial needs coverage by foreign financing, \$ bn*

Despite the continuation of martial law as of the date of approval of the financial statements and the related negative impact on the Ukrainian economy, the Fund fully meets its obligations to the state of Ukraine, contractors and employees.

### **3. ACCOUNTING POLICIES**

#### **3.1. Basis of preparation**

The financial statements of the Fund have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The financial statements are presented in euros and all values are rounded to the nearest thousand (UAH 000), except when otherwise indicated.

The Fund has prepared the financial statements on the basis that it will continue to operate as a going concern.

The financial statements provide comparative information in respect of the previous period.

#### **3.2. Summary of accounting policies**

##### **a) Current versus non-current classification**

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Fund classifies all other liabilities as non-current.

##### **b) Fair value measurement**

The Fund measures financial instruments such as Domestic Bonds, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

**c) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**d) Taxes**

**Income tax**

The Fund is not subject to income tax.

**VAT**

The Fund is not subject to VAT.

**e) Foreign currencies**

The Fund's financial statements are presented in Ukrainian hryvnia, which is also the functional currency.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Fund at its respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Fund initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Fund determines the transaction date for each payment or receipt of advance consideration.

**f) Non-current assets held for sale and discontinued operations**

The Fund classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

#### **g) Property, plant and equipment**

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Fund depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Buildings 15 to 20 years
- Plant, machinery and equipment 5 to 15 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **h) Leases**

The Fund assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### **Fund as a lessee**

The Fund applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Fund recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### **i) Right-of-use assets**

The Fund recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 3 to 15 years
- Motor vehicles and other equipment 3 to 5 years

If ownership of the leased asset transfers to the Fund at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

##### **ii) Lease liabilities**

At the commencement date of the lease, the Fund recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Fund and payments of penalties for terminating the lease, if the lease term reflects the Fund exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Fund uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Fund’s lease liabilities are included in Interest-bearing loans and borrowings.

### ***iii) Short-term leases and leases of low-value assets***

The Fund applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **Fund as a lessor**

Leases in which the Fund does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### **i) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

### **Licences**

Licences for the use of intellectual property (accounting and other accounting and reporting software; electronic document management system, reuse projects ‘Overhaul (thermal modernisation) of housing, IT platform for accepting applications

from Beneficiaries, web platform Marketplace) are granted for periods ranging between five and ten years depending on the specific licences.

A summary of the policies applied to the Fund’s intangible assets is, as follows:

*Licences*

<i>Useful lives</i>	Finite (10 years)
<i>Amortisation method used</i>	Amortised on a straightline basis
<i>Internally generated or acquired</i>	Acquired

**j) Financial instruments – initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i) Financial assets**

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Fund’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Fund’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Fund’s financial assets at amortised cost includes trade receivables.

*Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Fund’s debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

*Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

### **Impairment**

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).



For trade receivables and contract assets, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Fund applies the low credit risk simplification. At every reporting date, the Fund evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Fund reassesses the internal credit rating of the debt instrument. In addition, the Fund considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **ii) Financial liabilities**

### ***Initial recognition, measurement and presentation***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### ***Subsequent measurement***

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

#### ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

#### ***Financial liabilities at amortised cost (loans and borrowings)***

This is the category most relevant to the Fund. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 recognised in the statement of profit or loss.

## **iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **k) Inventories**

Inventories are valued at the lower of cost and net realisable value.

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

#### **l) Impairment of non-financial assets**

The Fund assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Fund bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of the Fund's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

#### **m) Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Fund's cash management.

#### **n) Provisions**

##### **General**

Provisions are recognised when the Fund has a present 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 a reliable estimate can be made of the amount of the obligation. When the Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Onerous contracts**

If the Fund has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Fund recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Fund cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

**o) Grants**

The recognition of grant expenditure and liability is determined to be the point at which the funding decision is made and communicated by the Fund to the recipient. The funding decision provides the recipient with a firm disbursement schedule, together with a statement that conditions have been met and that the funding is available. At this point the Fund has a present obligation to the recipient to fulfil amounts committed and the full amount of the commitment resulting from the funding decision is recognized as a grant payable in the statement of financial position and recorded as expenditure within the statement of income.

During the validity period of the commitment, funds are disbursed on the basis of the funding decision and the level of remaining funds held by the recipient. As amounts are disbursed, there will be a subsequent reduction in the level of grants payable.

The long-term portion represents amounts that are due to be disbursed later than one year after the date of the statement of financial position and that are discounted to estimate their present value at this same date.

**p) Contributions**

The revenue recognition policy of the Fund follows the general principles as detailed in the Conceptual Framework for Financial Reporting. The revenue recognition policy of the Fund follows the general principles as detailed in the Conceptual Framework for Financial Reporting. In addition, the Measurement section of IFRS 15 Revenue from contracts with customers is applied to non-current contributions receivable.

The first point of revenue recognition is the signing of a formal contribution agreement with a donor. All contributions governed by a written contribution agreement that do not have any substantive conditionality bearing on future receipts are recorded as income at the date of signature of the agreement.

The management has undertaken a comprehensive evaluation to establish reasonable assurance on the probability of future economic benefits and degree of certainty for future encashments based on donor profile, political engagement and institutional relationship from such donors. For cases where the management concluded there is no substantial conditionality, revenue is recognised for the corresponding value of the signed contribution agreements, discounted where appropriate.

At initial recognition, contributions receivable are generally recognized at face value. At subsequent reporting periods, they are stated at amortized cost, net of a provision for expected credit losses to cover the risk of future non-payment.

Contributions receivable with due dates later than twelve months after initial recognition are discounted using the applicable discount rate at the date of recognition. Corresponding contributions income is recognized at the discounted amount required by IFRS 15 (comparative amounts in the statement of income have been reclassified). Discounts are released to the statement of income and receivables increased according to the effective interest method. The latter is presented separately as discounting on long-term financial positions for the reporting period in the statement of income.

**3.3. Changes in accounting policies and disclosures****Presentation of statement of financial position items**

In order to provide users with more relevant information, the Fund revised the presentation of the statement of financial position, the statement of income, the statement of changes in equity, the statement of cash flows.

**New and amended standards and interpretations**

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

***Amendments to IAS 1 - Classification of liabilities as current and non-current***

The amendments to IAS 1 Presentation of Financial Statements clarify the classification of liabilities as non-current. A liability is classified as non-current if the entity has a right to defer settlement of the obligation for at least 12 months and that right exists at the end of the reporting period, regardless of whether the entity expects to exercise the right. If the right to defer settlement of a liability is conditional on the entity meeting certain conditions, the right exists at the end of the reporting period only if the entity has met all of the conditions by that date.

These amendments did not have any impact on the Fund's financial statements.

***Amendments to IAS 1 - Non-current liabilities with specific terms and conditions***

The amendments to IAS 1 Presentation of Financial Statements clarify that an entity may classify a liability arising from a loan agreement as non-current if the entity's right to defer settlement of that liability is conditional on the fulfilment of a specific condition within 12 months after the end of the reporting period.

The notes to the financial statements should also disclose information that enables users to understand the risk that the liabilities may be repaid within 12 months after the end of the reporting period.

These amendments did not have any impact on the Fund's financial statements.

***Amendments to IFRS 16 - Lease Obligations on Sale and Leaseback Transactions***

Amendments to IFRS 16 Leases will require lessees to remeasure or restate sale and leaseback arrangements entered into from 2019.

These amendments did not have any impact on the Fund's financial statements.

***Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7***

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Fund's financial statements.

### **3.4. Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

**Lack of exchangeability – Amendments to IAS 21**

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Fund's financial statements.

**IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Fund is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

#### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The amendments are not expected to have a material impact on the Fund’s financial statements.

### **3.5. Significant accounting judgements, estimates and assumptions**

The preparation of the Fund’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### ***Going concern***

Management prepared these financial statements on a going concern basis. In making this judgement, management considered the Fund’s financial position, current plans, profitability of operations and access to financial resources, and analysed the impact of macroeconomic trends on the Fund’s operations.

The management of the Fund has prepared a forecast CF under possible three scenarios until 01.07.2026, which allows to be confident in the sufficiency of cash and capital for the Fund to perform its statutory activities. The Supervisory Board of the Fund approved the budget and cost estimates for 2025.

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
- Involvement of other donors in the funding of the Fund’s programs

Considering the abovementioned factors, the Management believes that it has all factors to continue as a going concern in the near future.

#### ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

**4. FAIR VALUE MEASUREMENT**

All assets and liabilities measured at fair value in the financial statements or for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy described below based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level inputs to the fair value measurement are observable, either directly or indirectly
- Level 3 — Valuation techniques for which the lowest level input to the fair value measurement is unobservable

Analysis of assets and liabilities at fair value, by level of measurement as at 31.12.2024:

	Fair value measurement using			Total fair value	Total carrying amount
	Level I	Level II	Level III		
<i>Assets for which fair value is disclosed</i>					
Cash	-	1 923 467	-	1 923 467	1 923 467
Contributions receivable	-	-	197 022	197 022	197 022
Accounts receivable	-	-	157	157	157
<i>Liabilities for which fair value is disclosed</i>					
Accounts payable	-	-	5 472	5 472	5 472
Grants payable	-	-	635 090	635 090	635 090

## STATE INSTITUTION “ENERGY EFFICIENCY FUND”

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*(in thousands of UAH, unless otherwise stated)*

There were no transfers between Level 1 and Level 2 of the fair value hierarchy in 2024.

Analysis of assets and liabilities at fair value, by level of measurement as at 31.12.2023:

	Fair value measurement using			Total fair value	Total carrying amount
	Level I	Level II	Level III		
<i>Assets for which fair value is disclosed</i>					
Cash	-	2 281 033	-	2 281 033	2 281 033
Contributions receivable	-	-	88 109	88 109	88 109
Accounts receivable	-	-	462	462	462
<i>Liabilities for which fair value is disclosed</i>					
Accounts payable	-	-	3 574	3 574	3 574
Grants payable	-	-	1 316 400	1 316 400	1 316 400

In 2023, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

The Fund's management determined that the fair value of cash, receivables, payables approximates their carrying amounts, mainly due to the short-term maturity of these instruments.



**5. INTANGIBLE ASSETS**

Intangible assets consist primarily of software licences.

	<b>Licences</b>	<b>Total</b>
<b>Initial cost</b>		
Balance as at 1 January 2023	3 120	3 120
Additions	1 141	1 141
Disposals	(12)	(12)
Balance as at 31 December 2023	4 249	4 249
Additions	168	168
Disposals	(38)	(38)
Balance as at 31 December 2024	4 379	4 379
<b>Accumulated depreciation and impairment losses</b>		
Balance as at 1 January 2023	(450)	(450)
Depreciation for the year	(881)	(881)
Impairment losses	-	-
Disposals	9	9
Balance as at 31 December 2023	(1 322)	(1 322)
Depreciation for the year	(1 108)	(1 108)
Impairment losses	-	-
Disposals and internal displacement	38	38
Balance as at 31 December 2024	(2 392)	(2 392)
<b>Carrying amount</b>		
Balance as at 1 January 2023	2 670	2 670
Balance as at 31 December 2023	2 927	2 927
Balance as at 31 December 2024	1 987	1 987

**6. FIXED ASSETS**

	<b>Transport</b>	<b>Machinery and equipment</b>	<b>Other</b>	<b>Total</b>
<b>Initial cost</b>				
Balance as at 1 January 2023	580	3 538	385	4 503
Additions	-	426	60	486
Disposals	-	(50)		(50)
Balance as at 31 December 2023	580	3 914	445	4 939
Additions	-	540	32	572
Disposals	-	(163)	-	(163)
Balance as at 31 December 2024	580	4 291	477	5 348
<b>Accumulated depreciation and impairment losses</b>				
Balance as at 1 January 2023	(238)	(1 238)	(88)	(1 564)
Depreciation for the year	(114)	(744)	(63)	(921)
Impairment losses	-	-	-	-
Disposals	-	37	-	37
Balance as at 31 December 2023	(352)	(1 945)	(151)	(2 448)
Depreciation for the year	(114)	(575)	(63)	(752)
Impairment losses	-	-	-	-
Disposals and internal displacement	-	161	-	161
Balance as at 31 December 2024	(466)	(2 359)	(214)	(3 039)
<b>Carrying amount</b>				
Balance as at 1 January 2023	342	2 300	297	2 939
Balance as at 31 December 2023	228	1 969	294	2 491
Balance as at 31 December 2024	114	1 932	263	2 309

## STATE INSTITUTION "ENERGY EFFICIENCY FUND"

## ANNUAL FINANCIAL STATEMENTS 2024

*(in thousands of UAH, unless otherwise stated)***7. CONTRIBUTIONS RECEIVABLE**

	<b>31.12.2024</b>	<b>31.12.2023</b>
Programme of the EnergoDIM Fund	120 440	-
Programme of the VidnovyDIM Fund	76 582	88 109
<b>Total</b>	<b>197 022</b>	<b>88 109</b>

**8. ADVANCES**

	<b>31.12.2024</b>	<b>31.12.2023</b>
Beneficiaries of the ENERGODIM Programme	103	1 188
Other	986	597
<b>Total</b>	<b>1 089</b>	<b>1 785</b>

**9. CASH**

	<b>31.12.2024</b>	<b>31.12.2023</b>
Treasury of Ukraine	160 000	1 653 368
State-owned banks	1 763 467	627 665
<b>Total</b>	<b>1 923 467</b>	<b>2 281 033</b>

**10. GRANTS PAYABLE**

	<b>31.12.2024</b>	<b>31.12.2023</b>
EnergoDIM Programme	431 974	1 290 589
VidnovyDIM Programme	80 116	25 811
GreenDIM Programme	123 000	-
<b>Total</b>	<b>635 090</b>	<b>1 316 400</b>

**11. PAYABLES**

	31.12.2024	31.12.2023
Payment for goods and services	2	13
Settlements with employees		
- Salary	200	131
- Vacation reserve	5 270	3 430
<b>Total</b>	<b>5 472</b>	<b>3 574</b>

**Vacation reserve**

In accordance with the Labour Code of Ukraine and the Law of Ukraine on Remuneration of Labour, as well as the provisions of the Collective Agreement between the administration and the staff of the Fund, employees of the Fund are entitled to 24 calendar days of vacation, and employees with an employment contract - 28 days, for each year from the date of commencement of employment with the Fund, which the employee may use in proportion to the actual time worked. Employees have the right to use the state-guaranteed leave at any time and are entitled to receive compensation for the unused part in case of termination of employment with the Fund.

**12. OTHER LIABILITIES**

	31.12.2024	31.12.2023
ENERGODIM Programme (IFC's share in case of termination of Grant Agreements with the Beneficiary)	1 322	338
Other	672	1 602
<b>Total</b>	<b>1 994</b>	<b>1 940</b>

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*(in thousands of UAH, unless otherwise stated)***13. INCOME AND EXPENSES****Contributions**

Under the reimbursement agreements concluded between the Fund and the International Finance Corporation (hereinafter referred to as ‘IFC’) under the Fund's EnergoDIM and VidnovyDIM Programmes, the IFC reimburses a share of the Fund's costs of disbursing the Grant to the Beneficiaries. Under the VidnovyDIM Programme in 2023 and 2024, this share was 80% of the Grant amount, under the EnergoDIM Programme in 2024 the reimbursement rate was changed from 50% to 80% (retroactive to March 2022).

	2024	2023
EnergoDIM Programme	509 743	163 653
VidnovyDIM Programme	639 767	301 361
<b>Total</b>	<b>1 149 510</b>	<b>465 014</b>

**Grants**

The Fund provides grant support to co-owners of apartment buildings to implement energy efficiency measures, alternative energy sources and restore residential buildings damaged by Russia's military aggression. The Fund is currently implementing three Programmes:

EnergoDIM is a Programme to support the energy modernisation of apartment buildings. Under this Programme, the Fund reimburses up to 70% of the costs of energy efficiency measures in multi-storey buildings.

VidnovyDIM is a Programme to restore apartment buildings damaged as a result of Russia's military aggression. Under this Programme, the grant amount is 100% of the cost of the work.

GreenDIM is a Programme to promote the use of alternative energy sources (solar power plants and heat pumps). In 2024, this Programme provided funding in the amount of 70% of the cost of equipment and materials.

	2024	2023
EnergoDIM Programme	(219 989)	(272 464)
VidnovyDIM Programme	838 981	348 158
GreenDIM Programme	141 109	-
<b>Total</b>	<b>760 101</b>	<b>75 694</b>

**Operating expenses**

	2024	2023
Salary with accruals	64 289	44 213
Material costs	292	294
Depreciation	1 860	1 802
Other (services of third-party organisations to ensure the operation of the Fund)	4 582	5 131
<b>Total</b>	<b>71 023</b>	<b>51 440</b>

**Financial income**

	2024	2023
On current account balances in UAH (rates in the range of 10%-11.75% in 2024, 6.50%-11% in 2023)	87 749	24 279
<b>Total</b>	<b>87 749</b>	<b>24 279</b>

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**Discounting on long-term financial positions**

	2024	2023
Grants under the ENERGODIM Programme	(3 023)	(79 118)
<b>Total</b>	<b>(3 023)</b>	<b>(79 118)</b>

Discount rates depending on the period of joining the Programme in 2021 are as follows:

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%.

The discount rates depending on the period of joining the Programme in 2022 are as follows:

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 Programme in 2023 is as follows:

February - 14.49%.

In 2024, there were no beneficiaries joining the Fund's Programmes whose projects have been implemented for more than 12 months

#### 14. ISSUED CAPITAL

The authorised capital is formed at the expense of the state budget.

The founder of the Fund, represented by the Cabinet of Ministers of Ukraine, owns 100 per cent of the authorised capital of the Fund.

<b>As at 1 January 2023</b>	2 819 329
<b>As at 31 December 2023</b>	2 819 329
<b>As at 31 December 2024</b>	2 819 329

#### 15. CONTRACTUAL COMMITMENTS FOR FUTURE OPERATIONS AND CONTINGENT FACTS OF BUSINESS LIFE

##### Contractual commitments for future operations

In 2021, the Fund entered into a lease agreement for office premises with the Regional Office of the SPFU in Kyiv. The rental price is UAH 1.00 per year. The lease term is 5 years.

##### Contingent liability for a legal claim

The Fund is a defendant in several lawsuits with its former employees. The Legal Department assesses the probability of losing in court as low, and therefore the Fund does not form a provision for legal claims.

**16. RELATED PARTY TRANSACTIONS**

The owner of 100% of the Fund's shares is the Cabinet of Ministers of Ukraine.

In accordance with paragraph 25 of International Accounting Standard 24 ‘Related Party Disclosures’, the Fund is exempt from the requirements to disclose information on related party transactions and debt balances, including general liabilities.

**Transactions with state-owned banks**

Balance sheet balances with state-owned banks:

	31.12.2024	31.12.2023
Cash on accounts with state-owned banks	1 248 487	2 284 868

The Fund in PJSC JSB ‘UkrGasbank’ received interest on the current account balances in UAH in 2024 at rates in the range of 10.00%-11.75%; in 2023 at rates in the range of 6.50%-11.75%.

Result from transactions with state-owned banks:

	31.12.2024	31.12.2023
<b>Income</b>		
Financial income	87 949	24 078

**Remuneration of key management personnel**

The key management personnel are members of the Supervisory Board of the Fund and members of the Management Board of the Fund.

The members of the Supervisory Board of the Fund receive remuneration in accordance with the Model Agreement approved by the Resolution of the Cabinet of Ministers of Ukraine No. 581 dated 28 February 2018.

	31.12.2024	31.12.2023
Short-term remuneration	8 145	4 857
Severance payment	-	130
<b>Total</b>	<b>8 145</b>	<b>4 987</b>



**17. RISK MANAGEMENT**

The risk management function is carried out by the Fund in respect of financial risks, operational risks and legal risks.

Financial risks include market risk, credit risk and liquidity risk.

The main objectives of financial risk management are: 1) setting risk limits; 2) ensuring that risk exposure remains within these limits. Operational and legal risk management should ensure proper compliance with internal regulations and procedures to minimise operational and legal risks.

**Market risk**

The Fund takes on exposure to market risk. Market risk arises from open positions in: (a) foreign currencies and (b) price movements. The Fund sets limits on the level of risk that may be accepted.

The sensitivities to market risks are set out below, based on a change in the following factors, with all other factors held constant.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Fund is exposed to foreign currency risk in connection with the reimbursement of the IFC's share in foreign currency, foreign currency balances on current accounts with servicing banking institutions, and foreign currency receivables. The currency in which these transactions are primarily denominated is US dollars.

The Fund does not enter into transactions to hedge its foreign currency risk. However, the Fund monitors its foreign currency denominated monetary item balances to ensure that they do not exceed acceptable levels of exposure and, if necessary, sells foreign currency at the current exchange rate to balance the current position.

The currency position of the Fund is presented below:

	31.12.2024	31.12.2023
<b>US dollar</b>		
<b>Assets</b>	<b>708 258</b>	<b>44 715</b>
Cash and cash equivalents	671 145	-
Contributions receivable	37 113	44 715
<b>Liabilities</b>	<b>-</b>	<b>-</b>
<b>Net position</b>	<b>708 258</b>	<b>44 715</b>

Changes in the exchange rates of UAH, as indicated below, against USD at the reporting dates would have resulted in a decrease/increase in profit and equity of the Fund by the amounts shown below. This analysis is based on foreign currency exchange rate movements that the Fund considered reasonably possible at the end of each reporting period. The analysis assumes that all other items remain constant.

	Changes in exchange rates	Impact on net profit	Impact on equity
<b>31 December 2024</b>			
US dollar	+10%	70 826	70 826
	-10%	(70 826)	(70 826)
<b>31 December 2023</b>			
US dollar	+10%	4 472	4 472
	-10%	(4 472)	(4 472)

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**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Exposure to market interest rate risk arises primarily from long-term financial instruments with floating interest rates.

The Fund does not hold any financial instruments with floating interest rates, therefore it is not exposed to interest rate risk.

**Liquidity risk**

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations as they fall due, under both normal and stressed conditions, while avoiding unacceptable losses or risk of damage to the Fund's reputation.

The following are the contractual maturities of financial liabilities. The cash flows included in the maturity analysis are not expected to occur significantly earlier or in different amounts.

	On demand	up to 3 months	from 3 months to 1 year	from 1 to 5 years	More than 5 years	Total
<b>31 December 2024</b>						
Grants payable	-	-	635 090	-	-	635 090
Payables	-	5 472	-	-	-	5 472
	-	<b>5 472</b>	<b>635 090</b>	-	-	<b>640 562</b>
<b>31 December 2023</b>						
Grants payable	-	27 510	1 287 565	1 325	-	1 316 400
Payables	-	3 574	-	-	-	3 574
	-	<b>31 084</b>	<b>1 287 565</b>	<b>1 325</b>	-	<b>1 319 974</b>

**Credit risk**

The Fund takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from sales of goods on credit terms and other transactions with counterparties giving rise to financial assets.

The Fund's management monitors credit risk exposures by considering the risk in relation to counterparties or groups of counterparties on an individual basis.

The Fund's management reviews receivables to assess impairment and monitors overdue balances.

The Fund is exposed to credit risk in the amount of the carrying amount of financial assets.

**18. SUBSEQUENT EVENTS**

There are no subsequent events to be disclosed in the financial statements.

FREE TRANSLATION FROM THE UKRAINIAN ORIGINAL

## INDEPENDENT AUDITOR'S REPORT

To Supervisory Board and Management Board of STATE INSTITUTION "ENERGY EFFICIENCY FUND"

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of STATE INSTITUTION "ENERGY EFFICIENCY FUND" (the Fund), which comprise the statement of financial position as at December 31, 2024, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Fund as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and meets the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" regarding the preparation of financial statements.

#### Basis for Opinion

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which discloses that on February 24, 2022, Russian troops began invading Ukraine and active hostilities are currently taking place. As noted in Note 2, these events or conditions, together with other issues set out in Note 2, indicate that there is significant uncertainty that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion on this issue has not been modified.

During the audit of the financial statements, we concluded that the use of the principle of going concern by management in the preparation of financial statements is appropriate. Our assessment of management's assumptions about the Fund's ability to continue to apply the going concern basis in accounting included:

- Assessment of the negative consequences of continued military aggression.
- Analysis of the scenarios of the situation identified by the Fund's management and possible actions in response to the leadership of Ukraine, the world community and the Fund's management.

We have found that forecasts of the situation and the corresponding negative consequences are very difficult to build due to the unpredictability of the actions of the Russian leadership. At the same time, management assumptions about the most likely scenarios are relevant.

Our responsibilities and the responsibilities of management for going concern are described in the relevant sections of this report.

#### Other Matter

The Fund's financial statements for the year ended 31 December 2023 were audited by another auditor, who expressed an unmodified opinion on those financial statements on April 10, 2024.



**Key Audit Matters**

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

In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to report on.

**Responsibilities of Management and Those Charges with Governance for the Financial Statements**

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

Preparing the financial statements, management is responsible for assessment Fund's ability to continue as a going concern, disclosure, if applicable, issues regarding going concern and apply going concern as a basis for accounting, except, if the management plans to liquidate the Fund or discontinue the activity or have not any other real alternatives for it.

Supervisory Board is responsible for overseeing the process of financial reporting of the Fund.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to release the auditor's report in which we express our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted 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, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 provide the Supervisory Board with information about the planned scope and timing of the audit and significant audit results, including any significant deficiencies in internal control measures identified by us during the audit.



We also acknowledge to the Supervisory Board that we have complied with the relevant ethical requirements for independence, and inform them of any relationship and other matters that may reasonably be considered to affect our independence and, where applicable, of appropriate safeguards.

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

## Report on the requirements of other laws and regulations

### Law of Ukraine "On Audit of Financial Statements and Auditing"

In accordance with the Law of Ukraine "On the Audit of Financial Statements and Auditing" dated 21.12.2017 No. 2258-VIII, auditors must provide additional information and assurances.

#### *Basic information about the audit firm*

Full name	AC «CROWE UKRAINE»
Location	Obolonska Naberezhna 33, Kyiv, 04210 Ukraine
Information on inclusion in the Register of audit firms and auditors	Registration number in the Register of Auditors and Audit Entities 3681  An auditing entity that has the right to conduct a statutory audit of financial statements  An auditing entity that has the right to conduct a statutory audit of the financial statements of public interest entities
Name of the body that appointed the auditing entity to conduct the statutory audit	Supervisory Board
Date of appointment of the audit entity	14.11.2024 (Minute of the meeting of the Supervisory Board № 20)
The total duration of the audit engagement without interruption, taking into account extensions of the mandate that took place and reappointments for statutory audit services	1 <sup>st</sup> year

We confirm that the auditor's opinion in the Audit Report on the financial statements is consistent with the additional report to the Supervisory Board.

We declare that no prohibited non-audit services referred to Article 6 of the Law of Ukraine "On audit of financial statements and auditing" were provided to the Fund.

The key audit partner and audit entity are independent of the Fund in conducting the audit.

We did not provide services other than statutory audit services and services disclosed in the management report or financial statements during the period covered by the financial statements and during the audit of the financial statements.

ISAs require the auditor to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The term "sufficient certainty" allows for some risk of significant monetary inconsistencies that may remain undetected; it is also assumed that the auditor cannot provide an absolute guarantee of the accuracy and completeness of the financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The terms of the ISAs require that the audit be planned in such a way as to ensure that errors and inconsistencies that could materially affect the financial statements are sufficiently probable. However, because the auditor will not audit all transactions performed by the entity during the year, the audit may not provide complete assurance that errors and inconsistencies, including fraud, will be identified.

The engagement partner on the audit resulting in this independent auditor's report is Oleksandr Konovchenko.

For and on behalf of AC CROWE UKRAINE

Audit Director

Registered Auditor #100594

Engagement partner

Registered Auditor #101572



Vitaliy HAVRYSH

Oleksandr KONOVCHENKO

Kyiv, Ukraine

April 10, 2025