

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Approved by the Board of Directors on 26 March 2025¹

UKRAINE

NAK EMERGENCY GAS FINANCE (NAK III)

[Redacted in line with the EBRD's Access to Information Policy]

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

¹ As per section 1.4.8 of EBRD's Directive on Access to Information (2024), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report. For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

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ABBREVIATIONS / CURRENCY CONVERSIONS

AEB	The Agreement Establishing the Bank
BCM	Billion Cubic Meters (measurement of gas)
BDS	Board Document
CAPEX	Capital expenditures
DHUs	District Heating Utilities
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EC	European Commission
EFET	European Federation of Energy Traders
EIB	European Investment Bank
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESR	Environmental and Social Requirements
ETI	Expected Transition Impact
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
GET	Green Economy Transition
GSA	Gas Supply Agreement
IFI	International Financial Institution
IMF	International Monetary Fund
IRR	Internal Rate of Return
LULUCF	Land use, land-use change and forestry
MCM	Million cubic metres (measurement of gas)
NAK	PJSC “National Joint Stock Company Naftogaz of Ukraine”
NBU	National Bank of Ukraine
OCCO	Office of the Chief Compliance Officer
PD	Probability of Default
PJSC	Public Joint Stock Company
PR&P	Procurement Rules and Policies
PRs	Performance Requirements
PSD	Project Summary Document
PSO	Public Service Obligation
RAROC	Risk-Adjusted Return on Capital
SB	Supervisory Board
TC	Technical Cooperation
TSO	Transmission System Operator
UAH	Ukrainian Hryvnia
UGV	PJSC "Ukrgezvydobuvannya"
USD	United States Dollars
VAT	Value Added Tax

PRESIDENT’S RECOMMENDATION

The attached report concerning “National Joint Stock Company Naftogaz of Ukraine” (the “Company” or “NAK”), a joint stock company incorporated in Ukraine, is submitted for consideration by the Board of Directors.

The facility will consist of a sovereign guaranteed loan to the Company in the amount of up to EUR 270m. The new loan, which will replace the existing EUR 200m NAK Strategic Gas Reserve Finance, will support Ukraine’s energy security through financing of emergency gas purchases over the next two heating seasons (the “Project”) [REDACTED].

The Bank’s financing will be complemented by up to EUR 140m Norway grant to be funded through the EBRD Crisis Response Special Fund. [REDACTED]

The expected transition impact of the Project will be based on support of Ukraine’s energy security as outlined above (Resilient quality). The financing will safeguard vital access to energy for people whose livelihoods and economic security is at an immense risk due to the ongoing war on Ukraine and support the Company with a TC program to broaden access to employment and training opportunities for young women and men across Ukraine (Inclusive quality).

[REDACTED] NAK will source natural gas competitively from its pre-qualified EU based gas traders with contracts based on standards of the European Federation of Energy Traders. Furthermore, NAK aims to achieve certification by the Chartered Institute of Procurement and Supply to enhance its existing corporate procurement system and ensure a high level of effectiveness, transparency, integrity and sustainability.

I am satisfied that the operation is in line with the “War on Ukraine – EBRD Resilience Package”, which aims to help citizens, companies and countries affected by the war in Ukraine. The operation is also consistent with the Bank’s Strategy for Ukraine, the Energy Sector Strategy 2024-28, the Bank’s Equality of Opportunity Strategy 2021-2025 and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed loan substantially on the terms of the attached report.

Odile Renaud-Basso

BOARD DECISION SHEET

UKRAINE - NAK Emergency Gas Finance (NAK III)	
Transaction / Board Decision	Board approval ² is sought for a sovereign-guaranteed loan of up to EUR 270m in favour of JSC “Naftogaz of Ukraine” (the “Company” or “NAK”), a joint stock company incorporated in Ukraine, to support Ukraine’s energy security through financing of emergency gas purchases [REDACTED].
Client	NAK, a 100% state-owned vertically integrated oil and gas holding in Ukraine is the country’s largest natural gas producer, importer, wholesale trader and supplier of last resort for the population, district heating utilities, electricity generation and public sector. In 9M 2024, NAK reported USD 4.9bn revenues (9M 2023: USD 4.5bn), USD 1.3bn EBITDA (9M 2023: USD 0.8bn), USD 0.6bn net income (9M 2023: USD 0.4bn) and USD 2.6bn total debt (9M 2023: USD 2.9bn).
Main Elements of the Proposal	<p><u>Transition impact</u>: Primary Quality – Resilient: The loan aims to support energy security in Ukraine through emergency gas purchases [REDACTED]. It will also support reform objectives of previous engagements with NAK. Secondary Quality – Inclusive: the loan will help safeguard vital access to energy for people and communities across Ukraine as a key enabler for their livelihoods and economic security under the ongoing wartime challenges. Additionally, the Bank will support NAK with a TC program to broaden access to employment and training opportunities for young women and men across Ukraine.</p> <p><u>Additionality</u> – Financing of gas imports to Ukraine is extremely limited (NAK is currently the only gas importer), hence the risk of market distortion and crowding out commercial capital with the proposed loan in the current circumstances is low.</p> <p><u>Sound banking</u> – [REDACTED] NAK always remained current on all previous EBRD revolving working capital loans. The presence of Ukraine’s sovereign guarantee is important to mitigate financial risks arising from the need to balance the country’s needs with financial discipline.</p>
Key Risks	Key risks include: (1) NAK’s credit and liquidity risk driven by the PSO regime that requires it to sell gas at fixed prices, which are lower than market prices, 2) political, macro-economic and war related risks [REDACTED] and 3) fraud and corruption. These risks will be mitigated by (i) policy dialogue with the authorities that will contribute to financial stabilization of NAK over time, (ii) transparent procurement procedures (set up under the previous loans to NAK), (iii) the sovereign guarantee of Ukraine, (iv) strong commitment from international partners to support Ukraine and NAK during the ongoing war and in the reconstruction phase. Up to EUR 140m Norway grant will also support NAK’s financial performance.
Strategic Fit Summary	<ul style="list-style-type: none"> • War on Ukraine – EBRD Resilience Package: Focus on energy security in Ukraine. • Strategy for Ukraine: Strengthen energy security. • Energy Sector Strategy 2024-28: Energy security. • Equality of Opportunity Strategy 2021-2025: Ensuring vital access to energy and broadening access to employment and training opportunities for young people in Ukraine.

² Article 27 of the AEB provides the basis for this decision.

ADDITIONAL SUMMARY TERMS FACTSHEET

EBRD Transaction	<ul style="list-style-type: none"> Up to EUR 270m sovereign-guaranteed loan in favour of JSC “Naftogaz of Ukraine” (the “Company” or “NAK”), a joint stock company incorporated in Ukraine. [REDACTED] The loan will be supplemented by up to EUR 140m Norway grant through the EBRD Crisis Response Special Fund. The Bank is also in early discussions with the EU and EIB on further debt financing and Canada on grant funding for gas imports.
Existing Exposure	<ul style="list-style-type: none"> EUR 52 million sovereign guaranteed loan to Ukgazvydobuvannya (“UGV”), 100% NAK subsidiary [REDACTED]. Kondor Bond: EUR 120m hold in EUR 600m Eurobonds [REDACTED]. NAK Strategic Gas Reserve Finance: EUR 200m sovereign-guaranteed loan. [REDACTED]
Maturity / Exit / Repayment	<ul style="list-style-type: none"> Up to 2 years. [REDACTED]
Use of Proceeds: Description	[REDACTED] Natural gas to be delivered to agreed delivery points.
Investment Plan	EUR 270m revolving credit facility for emergency gas purchases.
Financing Plan	<p>SOURCES TOTAL: EUR 410m USES TOTAL: EUR 410m</p> <p>EBRD Financing: EUR 270m Natural gas imports: EUR 410m</p> <p>Norway Grant: EUR 140m</p>
Key Parties Involved	NAK, pre-qualified gas suppliers based on the EBRD PP&R.
Conditions to subscription / disbursement	[REDACTED]
Key Covenants	[REDACTED]
Security / Guarantees	Ukraine’s sovereign guarantee
Other material agreements	Sovereign Guarantee agreement Grant Agreement
Associated Donor Funded TC and Blended Concessional Finance	<p>Human capital recovery TC support: To be delivered under the ongoing Human Capital Response for Ukraine TC Programme to support NAK in developing and implementing a targeted youth inclusion programme in line with its topmost human capital needs. [REDACTED]</p> <p>Grant: Up to EUR 140m Norway grant through the EBRD Crisis Response Special Fund.</p>

[REDACTED]

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

The war against Ukraine by the Russian Federation has severely disrupted the energy sector in the country and inflicted substantial damage on NAK [REDACTED]. In response to this and other damages to Ukraine's economy, the Bank has invested over EUR 2bn in the country's energy sector. This includes two loans to NAK (EUR 500m in total) and an associated EUR 187m Norway grant [REDACTED] during three heating seasons (2022-2024). [REDACTED]

Since the start of the war, Ukraine has suffered from the net gas deficit. [REDACTED]

[REDACTED] This led to the urgent need for higher gas imports to ensure short- to medium-term energy security, as well as long-term technical integrity of the transmission facilities. [REDACTED]

The situation in Ukraine remains fluid and may require NAK, as the supplier of last resort, to quickly procure more critical gas imports. The exact timing and volumes will depend on the length and intensity of the war, [REDACTED], and other factors.

[REDACTED]

In parallel with the loan request, the Government of Ukraine requested grant financing [REDACTED] to be channelled via the EBRD. Norway confirmed up to EUR 140m grant contribution for gas purchases (contribution agreement expected to be signed in mid-March). [REDACTED]

NAK will procure gas imports using its own funds and financing from local banks. NAK is seeking external financing to procure the balance of gas needs.

[REDACTED]

It should be noted that a number of unpredictable factors could increase the need in further gas imports compared to baseline projections. [REDACTED].

1.2 TRANSITION IMPACT

The tables below set out the TI objectives and details of the project.

Primary Quality: *Resilient*

Obj. No.	Objective	Details
1.1	<i>The country has a serious and confirmed threat to supply security (as measured by a confirmed N-1 gap) and the project helps address it, in full or in part.</i>	The loan supports energy security in Ukraine through emergency gas imports [REDACTED]
1.2	<i>The project entails addressing current liquidity shortages of the company resulting from a sudden, significant change in economic activity due to a crisis event.</i>	This project will provide vital financial support to NAK, ensuring it can maintain its operations [REDACTED]

Secondary Quality – *Inclusive*

Obj. No.	Objective	Details
2.1	<i>The Project broadens service coverage to users, strengthening economic participation with demonstrably high need and outstanding effectiveness</i>	NAK is directly responsible for (up to 100%) domestic gas supply to district heating utilities and the population due to its status of “supplier of last resort” in Ukraine. The loan, supplemented by the grant, will further safeguard energy provision to homes and businesses and vital access to energy for people and communities whose livelihoods and economic security depend on it due to the challenges imposed by the war on Ukraine.
2.2	<i>The Project delivers inclusive business policies, practices or standards at the client level with verifiable commitment within 1-2 distinct behavioural change areas</i>	Under the EUR 200m loan the Bank supported implementation of NAK’s HR practices on [REDACTED]. In line with NAK’s ongoing human capital priorities, EBRD is establishing a new capacity building engagement with the Company focusing on economic inclusion for young women and men. [REDACTED] The Company’s close engagement and actions are aligned with EBRD’s Equality of Opportunity Strategy.

Other:

Furthermore, NAK has committed to reinforce its procurement capacity by initiating a process aimed at achieving certification by the Chartered Institute of Procurement and Supply to enable NAK to enhance its existing corporate procurement system to ensure a high level of effectiveness, transparency, integrity and sustainability in support of their investment programs and day-to-day operations. The Bank aims to support this initiative with a technical assistance.

[REDACTED] NAK will be able to source natural gas competitively from its [REDACTED] pre-qualified EU based gas traders. NAK may re-open the pre-qualification to expand the list of suppliers in which case any additional suppliers would be subject to the Bank's no-objection. EBRD's requirement for NAK to use contracts based on the standards of the European Federation of Energy Traders [REDACTED].

The TI delivery risks associated with the transaction come mainly from the unfolding and intensified military activity in Ukraine [REDACTED]. The risks are mitigated by the resilience of Ukrainian population and companies, Government's focus and support of key priority areas including energy security as well as financial support from Western allies and partner institutions to ensure continued and uninterrupted gas supply in Ukraine.

1.3 ADDITIONALITY

Identified triggers	Description
<i>A subsequent/consecutive transaction (issuance) with the same client/group either with the same use of proceeds or in the same destination country (repeat transaction).</i>	EBRD's financing to support NAK's emergency gas purchases is the following up on the (i) USD 300m gas purchase facility, signed in 2015 (fully repaid) (ii) EUR 120m investment in NAK Eurobonds signed in 2019 [REDACTED], (iii) EUR 300m loan signed in 2022 (fully repaid) and EUR 200m loan signed in 2023 [REDACTED]. This transaction will be highly additional as it will aim to guarantee continued and uninterrupted gas supply to local population affected by the military actions in the country. All gas purchased under the EBRD facility and Norway grant will be supplied under the EBRD procurement rules [REDACTED]. As part of the transaction, the Bank will continue to support NAK's human capital resilience efforts.

Additionality sources	Evidence of additionality sources
Financing Structure - <ul style="list-style-type: none"> EBRD offers financing that is not available in the market from commercial sources on reasonable terms and conditions, e.g. a longer grace period. Such financing is necessary to structure the project. Public sector: EBRD investment is needed to close the funding gap. At the same time, EBRD does not crowd out other sources, such as from IFIs, government, commercial banks and/or complements them. 	EBRD is offering financing not available in the market due to the unfolding war and high level of risk and uncertainty in Ukraine.
Standard-setting: helping projects and clients achieve higher standards <ul style="list-style-type: none"> Client seeks/makes use of EBRD expertise on best international procurement standards. 	NAK will use EBRD loan to purchase gas on basis of EFET contracts from EU suppliers pre-qualified under the Bank's PP&R.

1.4 SOUND BANKING - KEY RISKS

[REDACTED]

2. MEASURING / MONITORING SUCCESS

Primary Quality: Resilient

Obj. No.	Monitoring indicator	Details	Base line	Target	Due date
1.1	Operational performance of the client: other	Emergency gas supplies to support energy security of Ukraine (bcm of gas imported).	[REDACTED]	[REDACTED]	[REDACTED]

Secondary Quality: Inclusive

Obj. No.	Monitoring indicator	Details	Base line	Target	Due date
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2.1	Expanded access to infrastructure	The additional financing will help maintain supply of vital energy services to people's homes and businesses as a key enabler towards sustained livelihoods under the ongoing wartime challenges in Ukraine (number of individuals with improved access, millions).	[REDACTED]	[REDACTED]	[REDACTED]
2.2	Practices of the relevant stakeholder improved (job quality)	In line with NAK's ongoing human capital priorities, EBRD is establishing a new capacity building engagement to the Company focusing on economic inclusion for young women and men. [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2.3	Partnership between private sector and education providers established or strengthened	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Additional Indicators

Obj. No.	Monitoring indicator	Details	Base line	Target	Due date
Gend er SMA RT	Practices of relevant stakeholder improved (career progression and remuneration)	[REDACTED]	[RE DA CTE D]	[RED ACTE D]	[REDACT ED]

3. KEY PARTIES**3.1 BORROWER / INVESTEE COMPANY**

NAK is a 100% state-owned company reporting to the Cabinet of Ministers of Ukraine. The Company is a vertically integrated oil and gas holding with activities including oil and gas production, oil transportation, oil and gas storage and refining as well as supply of fuels. NAK is directly responsible for domestic supply of gas to population, district heating utilities and for electricity production.

NAK employs more than 96,000 people across Ukraine. In 2024, natural gas production remained concentrated with up to 82% of output coming from UGV (77%) and Ukrnafta (5%).

In 9M 2024, NAK reported USD 4.9bn revenues (9M 2023: USD 4.5bn), USD 1.3bn EBITDA (9M 2023: USD 0.8bn), USD 0.6bn net income (9M 2023: USD 0.4bn) and USD 2.6bn total debt (9M 2023: USD 2.9bn). In December 2024, Fitch affirmed NAK's credit rating of 'CC'.

3.2 GUARANTOR

Ukraine enters 2025 with secured external financing that will underpin macroeconomic stability. Economic growth, however, is slowing down and inflation rising again. [REDACTED]. The slowdown was caused by electricity shortages, high price of imported electricity and acute labour shortages in the economy. These factors will continue to weigh on growth prospects in 2025 as well. On positive side, proven resilience and adaptability of businesses, well-functioning Black Sea trade corridor, strong stimulus from public consumption, and increasing military purchases from domestic industry are expected to support economic growth. [REDACTED]

The resurgence of inflation in the second half of 2024 has been a consequence of rising electricity costs, correction of some regulated utility prices, high real wage increase and the exchange rate depreciation against US\$ of 11% since the peg was lifted in October 2023. [REDACTED].

4. MARKET CONTEXT

During 2022-2024, total domestic gas consumption exceeded local production by ca. 2.4-2.5bcm annually, down from approximately 10-11bcm during 2020-2021. [REDACTED].

The Ukrainian gas market is split into two segments: regulated and unregulated. The unregulated segment, primarily consisting of industrial consumers, is supplied by domestic

private gas producers and Ukrnafta, which do not have PSO obligations but are facing export ban since the start of the war. On the other hand, the regulated segment, which includes households, district heating, electricity production, gas distribution system operators (DSOs) is served by NAK. [REDACTED]

In 2025, the net deficit is expected to grow to be fully covered by NAK's import of [REDACTED]. A number of unpredictable factors could increase the need for gas imports compared to the baseline projections, including: [REDACTED].

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 FINANCIAL OUTLOOK

[REDACTED]

5.2 PROJECTED PROFITABILITY FOR THE BANK

[REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Categorised C (2024). The use of proceeds will fund emergency gas purchase and therefore the Project definition is limited to the trading activity only. While the purchase of gas does not trigger direct impacts, its transportation and storage may be associated with potential impacts related to routine and accidental gas leaks due to the technical integrity status of the gas pipelines and underground gas storage facilities. No external ESDD can be undertaken on the strategic gas transportation and storage infrastructure at this time, however previous due diligence identified that they are in need of modernisation. As with the previous project the EBRD ESRs shall apply to this activity and to the corporate environmental, social, labour and health and safety policies and management systems of NAK. Given the emergency need for this loan, project appraisal will rely on the results of the previous project's ESDD, which concluded that the Company has the capability of operating in line with the Bank's ESRs. No ESAP or further ESDD is required.

6.2 INTEGRITY

In conjunction with OCCO, updated integrity due diligence was undertaken on the Company, its shareholders, senior management and other relevant parties.[REDACTED] NAK is a longstanding client of the Bank and the experience to date has been positive.

[REDACTED] All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the project, and the project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the project.

6.3 OTHER ISSUES

Other

[REDACTED]

Concessional Finance - Grant

The Bank's financing will be complemented by up to EUR 140m Norway grant to be funded through the EBRD Crisis Response Special Fund. The grant is provided to offset the costs of gas imports at a time when Ukraine's energy security is at risk [REDACTED]. The focus of the grant here is not to build markets but to enable Ukraine to finance emergency gas purchases [REDACTED]. As well, the focus is to safeguard vital access to energy for people and communities across Ukraine.

ANNEXES TO OPERATION REPORT

ANNEX 1	SHAREHOLDING STRUCTURE
ANNEX 2	FINANCIAL ANALYSIS SUMMARY
ANNEX 3	GREEN ASSESSMENTS
ANNEX 4	PROJECT IMPLEMENTATION

ANNEX 1 – SHAREHOLDING STRUCTURE

[REDACTED]

ANNEX 2 – FINANCIAL ANALYSIS SUMMARY

Profit & Loss, in USD m	2020	2021	2022	2023	9M2021	9M2022	9M2023	9M2024
Revenue	5,905	7,968	7,118	6,189	4,932	5,191	4,529	4,944
COGS	(4,818)	(5,802)	(7,189)	(4,704)	(3,521)	(5,041)	(3,554)	(3,311)
Impairment of PPE and IA	(295)	(76)	(56)	(260)	12	(179)	(120)	(17)
Other operating income	1,261	99	217	629	60	82	621	151
SG&A and other operating expenses	(858)	(1,003)	(686)	(707)	(608)	(618)	(486)	(583)
Net movement in provision for financial assets	(1,580)	(385)	(1,274)	(168)	(763)	(1,219)	(300)	(380)
EBIT	(384)	800	(1,870)	980	111	(1,784)	689	804
Finance income	59	59	72	111	41	65	88	131
Finance expenses	(250)	(206)	(271)	(298)	(152)	(198)	(234)	(207)
Net Forex Gain/Loss	57	56	(377)	(54)	77	(329)	22	(31)
Share of after-tax results of associates and JVs	(2)	(1)	(5)	(1)	(2)	(1)	(1)	(1)
Profit before tax (PBT)	(521)	708	(2,451)	737	75	(2,248)	564	695
P&L tax charge	(184)	(267)	7	(153)	(234)	7	(146)	(117)
Net profit	(705)	441	(2,445)	584	(159)	(2,241)	418	578

Profit & Loss, in USD m	2020	2021	2022	2023	9M2021	9M2022	9M2023	9M2024
EBIT	(384)	800	(1,870)	980	111	(1,784)	689	804
<i>D&A</i>	<i>614</i>	<i>504</i>	<i>762</i>	<i>676</i>	<i>309</i>	<i>433</i>	<i>479</i>	<i>616</i>
<i>Impairment loss on LT assets</i>	<i>295</i>	<i>76</i>	<i>56</i>	<i>260</i>	<i>(12)</i>	<i>179</i>	<i>120</i>	<i>17</i>
<i>Other (provided by client)</i>	<i>349</i>	<i>(153)</i>	<i>141</i>	<i>(476)</i>	<i>11</i>	<i>110</i>	<i>(496)</i>	<i>31</i>
Reported EBITDA	874	1,227	(910)	1,440	419	(1,063)	792	1,466

Balance Sheet, in USD m	2020	2021	2022	2023	9M2021	9M2022	9M2023	9M2024
Cash	1,312	1,120	1,012	1,661	224	837	1,281	1,669
Trade receivables (net)	995	1,814	1,716	1,359	747	1,124	1,774	877
Inventories	1,439	2,530	1,439	1,549	2,497	2,161	2,003	1,902
Other ST assets	1,472	1,710	1,198	751	1,273	941	925	873
Total ST assets	5,219	7,174	5,365	5,321	4,741	5,064	5,983	5,321
PPE	7,467	10,779	9,907	8,335	8,560	6,943	9,077	7,910
Intangible assets	111	160	122	90	143	119	121	106
DTA	272	208	367	375	337	298	404	472
Prepaid corporate income tax	332	120	-	-	249	89	-	92
Other LT assets (incl. JVs)	2,373	308	238	659	138	162	244	956
Total LT assets	10,555	11,575	10,633	9,460	9,428	7,612	9,846	9,536
Total assets	15,774	18,749	15,998	14,780	14,169	12,675	15,829	14,857
ST Borrowings	346	786	2,588	1,423	756	2,394	1,303	1,238
Trade payables	127	398	794	768	197	661	900	836
Other ST liabilities	717	1,019	1,337	1,176	929	872	1,071	951
Provisions	480	553	489	359	457	437	338	377
Corporate income tax payable	64	80	96	63	45	54	72	97
Total ST liabilities	1,735	2,835	5,304	3,789	2,384	4,418	3,684	3,501
LT Borrowings	2,000	1,472	54	1,231	1,589	64	1,569	1,323
Provisions and other LT liabilities	467	413	284	222	489	355	312	203
DTL	457	869	977	739	562	485	771	664
Total LT liabilities	2,924	2,754	1,315	2,192	2,640	904	2,652	2,190
Equity attributable to owners of the Parent	10,990	12,938	9,299	8,539	8,976	7,200	9,155	8,746
Non-controlling interest in equity ("Ukrnafta" PJSC mainly)	125	223	80	260	169	153	338	420
Total equity	11,115	13,160	9,379	8,799	9,144	7,353	9,493	9,167
Total equity and liabilities	15,774	18,749	15,998	14,780	14,169	12,675	15,829	14,857

Cash flow statement, in USD m	2020	2021	2022	2023	9M2021	9M2022	9M2023	9M2024
Reported EBITDA	874	1,227	(910)	1,440	419	(1,063)	792	1,466
<i>less: Net movement in provision for financial assets</i>	<i>1,580</i>	<i>385</i>	<i>1,274</i>	<i>168</i>	<i>763</i>	<i>1,219</i>	<i>300</i>	<i>380</i>
<i>Provisions / other non-cash adj.</i>	<i>(193)</i>	<i>530</i>	<i>111</i>	<i>150</i>	<i>175</i>	<i>(71)</i>	<i>81</i>	<i>86</i>
CFO before WC changes	2,260	2,142	474	1,758	1,357	85	1,173	1,932
Change in inventories	646	(1,051)	400	337	(882)	(211)	(465)	(274)
Change in trade receivables	(264)	(1,271)	(1,586)	114	(491)	(892)	(178)	244
Change in other assets	115	(543)	6	(373)	(467)	97	220	(392)
Change in trade payables	(55)	250	274	86	63	447	111	74
Change in other liabilities	(1,118)	(154)	502	(421)	(58)	160	(567)	(73)
CFO before income tax	1,585	(628)	69	1,502	(478)	(313)	293	1,509
Income tax paid	(862)	(266)	(173)	(407)	(228)	(148)	(364)	(298)
Net CF from Operating activity	723	(893)	(103)	1,096	(706)	(461)	(70)	1,212
Interest received	31	28	37	87	19	32	69	103
Capex	(558)	(571)	(466)	(839)	(400)	(295)	(619)	(609)
Compensation of underrecovered gas transmission revenues	-	1,227	445	83	418	345	89	-
(Purchase)/Proceeds of subsidiary (net of subsidiary's cash)	143	(13)	1	-	(15)	(0)	(0)	(0)
State treasury bonds & movements of restricted cash	(463)	285	38	42	(251)	102	39	1
Other payments	0	(7)	0	779	0	(24)	709	321
Net CF from Investing activity	(847)	950	56	153	(229)	159	286	(183)
Repayment of borrowings	(401)	(320)	(316)	(308)	(232)	(429)	(534)	(480)
Interest paid	(230)	(173)	(130)	(165)	(137)	(100)	(144)	(166)
Lease paid	(1)	(4)	(4)	(4)	-	(3)	(2)	(14)
Profit share and dividends paid (inc. by "Ukrnafta" PJSC)	(1,470)	(0)	(144)	(38)	(0)	(129)	(0)	(434)
Equity injections	-	-	-	-	-	-	-	-
Proceeds from borrowings	228	279	711	55	256	844	732	4
Net CF from Financing activity	(1,875)	(218)	117	(461)	(113)	182	52	(1,091)
Net cash flow	(1,998)	(161)	70	787	(1,048)	(120)	268	(62)
FX impact	497	(80)	130	49	(86)	122	1	74
Cash balance, eop:	1,312	1,120	1,012	1,661	224	837	1,281	1,669

ANNEX 3 – GREEN ASSESSMENTS

SUMMARY

The new loan is an extension of the existing EUR 200m NAK Strategic Gas Reserve Finance [REDACTED] to support energy security of Ukraine through financing of emergency gas purchases over the next two heating seasons [REDACTED]. Consequently, the facility will not result in a natural gas demand increase, short or long term.

PARIS ALIGNMENT ASSESSMENT

Regarding the alignment with the objectives of the Paris Agreement, the same arguments stand as were provided for the previous EUR 200m loan.

NAK will begin developing a more detailed decarbonisation strategy with the support of EIB. [REDACTED] .

The transaction does not involve any capital investment and its tenor is 2 years. Due to these reasons, the project is considered aligned with the objectives of the Paris Agreement based on the current methodology. However, additional analysis, presented below, has been done to support the alignment of this project.

General screening of alignment with the mitigation goals of Paris Agreement

- The project/economic activity is not included in the 'aligned list'.
- Regarding project/economic activity, there are no activities included in the 'non-aligned list'.

Specific assessments undertaken

This project is aligned with the mitigation goals of the Paris Agreement because of the following:

- The project is a revolving facility of short duration (2 years) that does not entail any capital investment. It will be only used to ensure the availability of natural gas that will be consumed anyway and to avoid disruption of supply. Consequently, the risk of carbon lock-in of this project is very low.
- The project is aligned with the implementation of Ukraine updated NDC:
 - Ukrainian NDC target corresponds to an economy-wide absolute greenhouse gas (GHG) emissions reduction of 65 % by 2030 (including the sector «Land use, land-use change and forestry» - LULUCF), compared to 1990 GHG emissions level. As of 2019, GHG emissions in Ukraine decreased by 62.4% from the 1990 level (including LULUCF) and by 64.8% from the 1990 level (excluding LULUCF). Additionally, the project does not entail any capex investment directed to increase consumption of fossil fuels. Therefore, the impact of the project on Ukraine NDC strategy is limited.
- Ukraine has committed to carbon neutrality by 2060:
 - Due to the duration of the revolving facility, this project will not have any material impact on the net-zero target in the second half of this century.
- Ukraine 2050 Low Emissions Strategy:
 - The project is aligned with the long-term decarbonisation strategy. This strategy envisages amongst others to facilitate the increase in efficient use of natural gas

at heat generation sources in the communal energy sector and development of highly efficient cogeneration plants.

- The GHG emissions impact of the project is considered to be negligible:
 - The facility aims to support the purchase of natural gas to maintain a similar level of availability in the market, resulting in similar GHG emissions.
- NAK has already set decarbonisation goals:
 - Reach net zero GHG operational emissions by 2040 – considerably more ambitious than the Country targets.
 - Monitor and reduce direct GHG emissions (Scope 1): by reducing methane leaks and well blow-downs. NAK has joined OGMP 2.0 with target of reducing methane emissions.
 - Increase renewable energy generation for own consumption, as well as implement energy-efficient solutions to reduce indirect emissions (Scope 2).
 - Develop low-carbon businesses to reduce emissions from end user consumption (Scope 3): the Company prioritises bioenergy and hydrogen.
 - Explore GHG removal options like carbon capture, utilisation and storage and carbon offsets.

Alignment with the adaptation goals of Paris Agreement

This project is considered aligned with the adaptation goals of the Paris Agreement due to the following:

- a) The Project is not associated with any physical capital assets, and it is a short-term working capital facility. Consequently, there are no material physical climate risks associated with the project.
- b) The project activities do not undermine climate resilience in the context in which it operates.

CLIMATE RELATED FINANCIAL RISK

Carbon transition risk	
Final carbon transition risk score for the key counterparty of risk	N/A
Evaluation of carbon transition risks for the key counterparty of risk	

Physical climate risk	
Final physical climate risk score for the key counterparty of risk	N/A
Evaluation of the physical climate risk for the key counterparty of risk (if different from the borrower)	

GET ATTRIBUTION

[REDACTED]

GREEN PROJECT MONITORING PLAN

The following Green indicators would be monitored through GPMP:

Key Performance Indicators	Reporting frequency	First Reporting Due by	Purpose of reporting KPI	Baseline and assumptions*	Target	Reporting channel	Placement of KPI in the legal agreement
Develop a decarbonisation strategy and share main outcomes	One-off	2026	PA	N/A	N/A	AESR	GPMP Exhibit

ANNEX 4 – PROJECT IMPLEMENTATION

Procurement classification – *Public sub-sovereign*

[REDACTED] The Executing Agency for the project will be NAK which will be fully responsible for all procurement and implementation activities under the project. NAK retains same procurement staff that have been involved in earlier projects with the same procurement arrangements, therefore the client's capacity related risk remains low.

Contracts risk assessment: Low

The project will finance contracts for natural gas. Contracts will be awarded to prequalified suppliers/traders solely based on lowest price.

Project implementation arrangements:

NAK has substantial experience in the procurement of gas financed under its own resources. In addition, NAK has previously successfully implemented similar projects financed by the Bank, in accordance with the Bank's Procurement Policies and Rules (PP&R) [REDACTED] Additionally, NAK has implemented similar projects financed by the World Bank.

Procurement arrangements:

The operation is classified as public sector for procurement purposes. All contracts for natural gas to be financed under the project will be procured in accordance with the Bank's PP&Rs in accordance with the procurement procedures agreed with NAK under the existing EUR 200m loan. Participation in the procurement process will be limited to NAK's list of [REDACTED] pre-qualified tenderers (all selected in accordance with an open prequalification procedure undertaken in accordance with the Bank's PP&Rs); NAK may re-open the pre-qualification at a later stage to expand the list of suppliers in which case any additional suppliers would be subject to the Bank's no-objection. All pre-qualified tenderers will be subjected to updated integrity checks to ensure continuing compliance with the Bank's eligibility requirements. All contracts financed under the project will be based on the industry standard European Federation of Energy Traders conditions and applicable provisions of Ukrainian law.