

**STATE AGENCY FOR RESTORATION AND DEVELOPMENT OF
INFRASTRUCTURE OF UKRAINE**

**«REPAIRING ESSENTIAL LOGISTICS INFRASTRUCTURE AND
NETWORK CONNECTIVITY («RELINC»）」 PROJECT**

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the period from 10 February 2023 to 31 December 2024

Together with Independent Auditor's Report

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

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INDEPENDENT AUDITOR'S REPORT

To the State Agency for Restoration and Development of Infrastructure of Ukraine

To the International Bank for Reconstruction and Development

Opinion

Under the Contract № RLNC-AR-C1 dated 26.09.2025 we, the independent audit firm LLC "Audit company "UHY PROSTIR LTD", have audited the accompanying special purpose financial statements (the "financial statements") under the project "Repairing Essential Logistics Infrastructure and Network Connectivity ("RELINC")" (the "Project"), financed under the grant of the International Bank for Reconstruction and Development (the "IBRD"), acting as administrator of Ukraine Relief, Recovery, Reconstruction and Reform Multi-Donor Trust Fund, under the Grant Agreement №TF0C0417 dated 10 February 2023 between the IBRD and Ukraine (the "Agreement"), one of the Project executants under which is the State Agency for Restoration and Development of Infrastructure of Ukraine (the "Agency for Restoration"), for the period from 10 February 2023 to 31 December 2024 and as of 31 December 2024.

In our opinion, the accompanying financial statements for the period from 10 February 2023 to 31 December 2024 and as of 31 December 2024 are prepared, in all material respects, in accordance with the requirements of the Agreement and IBRD.

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 Agency for Restoration in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting, Influence of Russian Federation's Military Aggression against Ukraine and Restriction on Distribution and Use

We draw your attention to:

- Note 2 "Basis for presentation" to the financial statements, which states that the financial statements have been prepared on a «cash basis» - receipts were registered as they are received on bank accounts; expenses are registered at the date of drawing from accounts;
- Note 6 "Going concern of the Project" to the financial statements which describes the possible effect of full-scale invasion of the Russian Federation against Ukraine on the Agency for Restoration's operational and financial performance under the Project, depending on future developments, including the duration, spread and intensity of the hostilities.

These financial statements were prepared in order to meet Agency for Restoration's obligations under the Agreement. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Agency for Restoration and IBRD and should not be distributed to parties other than the Agency for Restoration or IBRD.

Our opinion is not modified in respect of these matters.

Other Matters – Confirmation of costs of the United Nations Office for Project Services (UNOPS)

Project expenditures in the amount of 613 838 USD, included to the expenditure item «3.1.7. UNOPS Output Agreement: project management, invoicing and payments to suppliers, indirect costs» under component 3. *Readiness for urgent reconstruction initiatives and project management*, imply 270 455 USD of costs for project management, invoicing and payments to suppliers and 343 383 USD of indirect costs (management fee). As a confirmation of such expenditures the auditor was provided with Interim financial reports for August 2023 – May 2024, Annual financial report for 2023, Final financial report dated 27 August 2024 with the cover letter dated 29 August 2024 (№ UNOPS/08-2024/1256), that were prepared and submitted by the United Nations Office for Project Services (UNOPS) to the State Agency for Restoration and Development of Infrastructure of Ukraine in full compliance with the provisions of the Agreement for delivery of Outputs dated 18 August 2023 (Annex III).

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

Management is responsible for the preparation of the financial statements in accordance with requirements of the IBRD and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Project's ability to continue as a going concern during the disbursement period, i.e. up to 31 December 2027, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Project's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 Project'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 Project to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Director of
LLC "Audit company "UHY Prostir Ltd"



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24.12.2025
Register number 114

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

SPECIAL PURPOSE STATEMENT OF SOURCES AND USES OF FUNDS

**FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024,
AND CUMULATIVE AS AT 31 DECEMBER 2024
(jn US dollars)**

	For period from 10 February 2023 to 31 December 2024	For the whole period of the Project implementation	Budget	Unused Grant balance
Opening balance				
Designated account with Ukreximbank - USD	-			
Transit account with Ukreximbank – USD	-			
Transit account with Ukreximbank - UAH	-			
UNOPS project account - USD	-			
Total available funds at the beginning of the period	-			
Sources of funds:				
Grant of the International Bank for Reconstruction and Development	23 728 889	23 728 889	25 055 000	1 326 111
Other funds: UNOPS interest earned	55 020	55 020	55 020	-
Total financing:	23 783 909	23 783 909	25 110 020	1 326 111
Project expenditure:				
Category 1: Goods, non-consulting services, consulting services, AR operating costs, training and UNOPS fees under Parts 1.1 and 3.1 of the Project	23 727 945	23 727 945	25 110 020	1 382 075
Total project expenditure:	23 727 945	23 727 945	25 110 020	1 382 075
Closing balance				
Designated account with Ukreximbank - USD		52 148		
Transit account with Ukreximbank – USD		-		
Transit account with Ukreximbank - UAH		3 816		
UNOPS project account - USD		-		
		55 964		

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

**USE OF INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT FUNDS BY THE PROJECT COMPONENTS
FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024
AND CUMULATIVE AS AT 31 DECEMBER 2024
(in US dollars)**

	For period from 10 February 2023 to 31 December 2024	For the whole period of the Project implementation	Budget	Unused Grant balance
Use of the IBRD Grant funds by the Project components			25 055 000	1 382 075
Part 1. Lifeline road connections				
1.1. Modular bridges needed to restore damaged bridge connections	23 088 938	23 088 938		
Total in Part 1	23 088 938	23 088 938		
Part 3. Readiness for urgent reconstruction initiatives and project management				
3.1. Preparing recovery projects; project implementation and management by AR				
3.1.1. Project audit	-	-		
3.1.2. Environmental and social specialist for MCTID	-	-		
3.1.3. Services to develop sector wide ESMF	-	-		
3.1.4. Services for technical, social, environmental preparation of urgent reconstruction projects	-	-		
3.1.5. Environmental compliance consultant	13 653	13 653		
3.1.6. Social compliance consultant	11 429	11 429		
3.1.7. UNOPS Output Agreement: project management, invoicing and payments to suppliers, indirect costs	558 818	558 818		
Bank charges (currency conversion charges)	87	87		
Total in Part 3	583 987	583 987		
	23 672 925	23 672 925	25 055 000	1 382 075
Use of funds of the UNOPS interest earned by the Project components			55 020	-
Part 3. Readiness for urgent reconstruction initiatives and project management				
3.1. Preparing recovery projects; project implementation and management by AR				
3.1.7. UNOPS Output Agreement: project management, invoicing and payments to suppliers, indirect costs	55 020	55 020		
TOTAL PROJECT EXPENDITURES	23 727 945	23 727 945	25 110 020	1 382 075

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

USE OF INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT FUNDS BY THE PROJECT COMPONENTS (CONTINUED)

**FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024
AND CUMULATIVE AS AT 31 DECEMBER 2024**

(in US dollars)

SUMMARY STATEMENT BY SUBCATEGORIES:

Modular bridges	23 088 938	23 088 938		
Project audit	-	-		
Environmental and social specialist for MCTID	-	-		
Services to develop sector wide ESMF	-	-		
Services for technical, social, environmental preparation of urgent reconstruction projects	-	-		
Environmental compliance consultant	13 653	13 653		
Social compliance consultant	11 429	11 429		
UNOPS Output Agreement: project management, invoicing and payments to suppliers, indirect costs	613 838	613 838		
Bank charges (currency conversion charges)	87	87		
TOTAL PROJECT EXPENDITURES	23 727 945	23 727 945	25 110 020	1 382 075

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for the period from 10 February 2023 to 31 December 2024

**SCHEDULE OF WITHDRAWALS FROM THE GRANT ACCOUNT
FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024
(in US dollars)**

Application number	Category	Date of withdrawal	Currency	Payment Amount	USD equivalent
3-AR	DA-A	24-Dec-2024	USD	45 869	45 869
Ran :RN000000421349**	UC-2	23-Sep-2024	USD	(379 731)	(379 731)
1-AR	DA-A	23-Apr-2024	USD	35 264	35 264
UNOPS 1ST TRANCHE AR*	UC-2	05-Dec-2023	USD	24 027 487	24 027 487
Total:					23 728 889

Summary schedule by categories:					
DA-A total					81 133
Category 1 total					-
UC-2 total					23 647 756
Total:					23 728 889

Note (*) – UN Type Advance with Commitment

Note (**) – return of unused funds of UN Type Advance with Commitment

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for the period from 10 February 2023 to 31 December 2024

**STATEMENT OF WITHDRAWALS THROUGH THE SUMMARY OF STATEMENTS OF EXPENDITURES
FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024**
(in US dollars)

Application number	Category 1	Total
1. Applications submitted to the World Bank and reimbursed for the period from 10 February 2023 to 31 December 2024		
2-AR	7 428	7 428
Total	7 428	7 428

3. Costs actually incurred for the period from 10 February 2023 to 31 December 2024

From the Grant account	23 647 756	23 647 756
From Designated accounts	-	-
From Transit accounts in national currency	25 169	25 169
From Transit accounts in USD	-	-
Total	23 672 925	23 672 925

**3. Table of differences in Project costs between the World Bank records and PIU records for the
period from 10 February 2023 to 31 December 2024**

Reimbursed according to IBRD information	7 428	7 428
Amount of costs not submitted for reimbursement as at 31 December 2024	23 665 497	23 665 497
According to PIU data	23 672 925	23 672 925

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

**UNOPS PROJECT ACCOUNT STATEMENT
FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024
(in US dollars)**

OPENING BALANCE	-
Receipts:	
Funds received	24 027 487
Interest earned	55 020
TOTAL FUNDS RECEIVED	24 082 507
Expenses:	
Direct Project expenses	23 359 393
Procurement of Modular bridges needed to restore damaged road bridge connections	23 088 938
Project management, invoicing and payments to suppliers	270 455
Indirect Project expenses (management fees)	343 383
TOTAL EXPENSES	23 702 776
Return of unused funds	(379 731)
CLOSING BALANCE	-

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

**STATEMENT OF CASH WITHDRAWAL FROM DESIGNATED ACCOUNTS
FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024
(in US dollars)**

Category	Date of withdrawal	Currency	Payment Amount	USD Equivalent
Sub_accounts	22.08.2024	USD	21 173	21 173
Sub_accounts	14.05.2024	USD	7 812	7 812
Total:				28 985

Summary by categories				
Category 1 - total				-
Sub_accounts - total				28 985
Total:				28 985

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

**DESIGNATED ACCOUNT STATEMENT
FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024
(in US dollars)**

Deposit Bank	JSC Ukreximbank
Grant №	TF0C0417
Currency	US dollars
OPENING BALANCE	-
Receipts: Funds received	81 133
TOTAL FUNDS RECEIVED	81 133
Holdback: expenditure	-
Transfer of funds to the transit account	28 985
TOTAL EXPENDITURES	28 985
CLOSING BALANCE	52 148

STATE AGENCY FOR RESTORATION AND DEVELOPMENT OF INFRASTRUCTURE OF UKRAINE
«REPAIRING ESSENTIAL LOGISTICS INFRASTRUCTURE AND NETWORK CONNECTIVITY («RELINC»)» PROJECT

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

**STATEMENT OF FACTUAL EXPENDITURES IN NATIONAL CURRENCY
FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024
(in US dollars)**

	<i>Payment</i>		<i>USD</i>
	<i>Currency</i>	<i>Amount</i>	<i>Equivalent amount</i>
Category 1: Goods, non-consulting services, consulting services, AR operating costs, training and UNOPS fees under Parts 1.1 and 3.1 of the Project	UAH	1 025 582	25 169
Total expenditure of the period		1 025 582	25 169

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

RECONCILIATION BETWEEN RECORDS OF THE PIU AND THE BANK
AS OF 31 DECEMBER 2024
(in US dollars)

Grant amount		25 055 000
Subtract:		
Project costs:		
Category 1: Goods, non-consulting services, consulting services, AR operating costs, training and UNOPS fees under Parts 1.1 and 3.1 of the Project	23 672 925	
Total:		(23 672 925)
Designated account with Ukreximbank - USD		52 148
Transit account with Ukreximbank – USD		-
Transit account with Ukreximbank - UAH		3 816
UNOPS project account - USD		-
Total available funds		(55 964)
Total withdrawals:		(23 728 889)
Balance as at 31 December 2024		1 326 111

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the period from 10 February 2023 to 31 December 2024

**NOTES TO THE PROJECT'S SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 10 FEBRUARY 2023 TO 31 DECEMBER 2024
AND CUMULATIVE AS AT 31 DECEMBER 2024
(in US dollars)**

1. PROJECT DESCRIPTION

According to the Grant Agreement dated 10 February 2023 between Ukraine and International Bank for Reconstruction and Development (hereinafter - the Bank, IBRD, the World Bank), acting as administrator of Ukraine Relief, Recovery, Reconstruction and Reform Multi-Donor Trust Fund, the Bank agreed to provide Ukraine with the Grant in the amount not exceeding 50 million USD in order to assist in the financing of the Project «Repairing Essential Logistics Infrastructure and Network Connectivity («RELINC»)».

Grant Agreement TF0C0417 became effective on 21 June 2023 and the first disbursements started in December 2023.

On 18 September 2024 the Bank provided first Amendment Letter in relation to Grant Agreement TF0C0417.

According to Section 2.01 Article II of the Grant Agreement, Ukraine declares its commitment to the objective of the Project. To this end, Ukraine, through the Ministry for Communities, Territories and Infrastructure Development of Ukraine (MCTID, in September 2024 was renamed to the Ministry for Communities and Territories Development of Ukraine), shall cause: (a) Parts 1.1 and 3.1 of the Project to be carried out by the State Agency for Restoration and Development of Infrastructure of Ukraine (hereinafter – Agency for Restoration, AR); (b) Parts 2.1, 2.3, 2.4 and 3.2 of the Project to be carried out by JSC «Ukrainian railways» (hereinafter – UZ); and (c) Parts 3.3 and 5 of the Project to be carried out by the SE «Ukrainian Sea Ports Authority» (hereinafter – USPA).

Parts 1.1 and 3.1 of the Project are carried out by the Agency for Restoration in accordance with the provisions of Article II of the Standard Conditions, the Grant Agreement dated 10 February 2023, Subsidiary agreement (Agreement on the irrevocable transfer of grant funds № 13110-05/76 dated 06 June 2023 between the Ministry of Finance of Ukraine, the Ministry for Communities, Territories and Infrastructure Development of Ukraine and the Agency for Restoration), IBRD Disbursement and Financial Information Letter dated 10 February 2023.

The objective of the Project is to provide the means for mitigating the immediate impact that disrupted transport networks have on Ukraine's population and economy.

The Project consists of the following parts:

Part 1. Lifeline road connections

1. Modular bridges needed to restore damaged bridge connections

Procuring and delivering modular bridges to AR and training of AR staff on installation of such bridges.

2. Materials required for urgent road and artificial structures repairs and winter access

Procuring and delivering road safety equipment and materials to AR for urgent road and artificial structures repairs.

3. Enhancement to western road Border Crossing Points ("BCPs") to mitigate impacts of Black Sea disruption

Increasing the capacity of priority western road BCPs, through the provision of equipment, including scanning equipment for heavy goods and passenger cars, video surveillance for heavy goods, vehicle zones and other equipment or technology solutions as needed to facilitate BCP operations.

Part 2. Lifeline rail connections

1. Flatbed wagon production to increase containerized transport capacity

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the period from 10 February 2023 to 31 December 2024

Increasing the capacity for railway transport of shipping containers to facilitate integrated logistics with the European Union (EU) and the Republic of Moldova through the provision of flatbed railway wagons to UZ.

2. Materials, components, and equipment for repair of vital rail lines

Restoring priority railway lines and railway power systems through the provision of materials and equipment to UZ, including, *inter alia*, steel rails, sleepers and fasteners, switches, power supply equipment and safety and signaling equipment.

3. Rolling stock for operational efficiency

Increasing the operational efficiency of railway transports of agricultural commodities to the EU, through the provision of rolling stock to UZ for transports on EU railway networks and shunting and mainline locomotives.

4. Materials, equipment and modular bridges for damaged rail bridge repairs

Restoring damaged railway bridge connections through the procurement and delivery of modular bridges, equipment, steel members and other materials needed for the repairs to UZ, as well as training of UZ staff on installations of such bridges.

Part 3. Readiness for urgent reconstruction initiatives and project management

1. (a) preparing donor supported recovery projects for AR focusing on road transport connections to the EU and Republic of Moldova and/or repairs to the Recipient's internal road networks, including, *inter alia*, preparation of designs, environmental and social instruments, stakeholder engagement and financial/economic analysis; and

(b) project implementation and management by the AR PIU, including: (i) support for procurement, financial management, environmental and social risk management and supervision, monitoring and evaluation, audit and reporting, including fees to a Supervision Consultant; (ii) UNOPS Fees; (iii) recruitment and training of AR PIU staff and technical consultants; and (iv) AR Operating Costs.

2. (a) preparing donor supported recovery projects for UZ focusing on railway transport connections to the EU and Republic of Moldova and/or repairs to the Recipient's internal railway network, including, *inter alia*, preparation of designs, environmental and social instruments, stakeholder engagement and financial/economic analysis; and

(b) project implementation and management by the UZ PIU, including: (i) support for procurement, financial management, environmental and social risk management, monitoring and evaluation, audit and reporting, including fees to a Supervision Consultant; (ii) UNOPS Fees; (iii) recruitment and training of UZ PIU staff and technical consultants; and (iv) UZ Operating Costs.

3. project implementation and management by the USPA PIU, including: (a) support for procurement, financial management, environmental and social risk management, monitoring and evaluation, audit and reporting, including fees to a Supervision Consultant; (b) recruitment and training of USPA PIU staff and technical consultants; and (iv) USPA Operating Costs.

Part 4. Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

Part 5. Scaling-up Danube river critical logistics chains

Supporting the improvement of Danube seaports handling capacity and the effectiveness and efficiency of port operations through the procurement of delivery and transshipment equipment, vessels and IT systems for traffic management of the Recipient's seaports (Reni and Izmail) on the Danube river for public sector entities.

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the period from 10 February 2023 to 31 December 2024

Categories of eligible expenditures to be financed from the Grant funds:

Category	Amount of the Grant allocated (expressed in USD)	Percentage of expenditures to be financed (inclusive of taxes)
(1) Goods, non-consulting services, consulting services, AR operating costs, training and UNOPS fees under Parts 1.1 and 3.1 of the Project	25 055 000	100%
(2) Goods, non-consulting services, consulting services, UZ operating costs, training and UNOPS fees under Parts 2.1, 2.4 and 3.2 of the Project	24 945 000	100%
(3) Emergency Expenditures	0	100%
Total amount	50 000 000	

The closing date of the Project (in accordance with amendments) is 31 December 2027. The disbursement deadline date comes in four months after the closing date of the Project.

For the purpose of the Project implementation, the Agency for Restoration has established the Project Implementation Unit (PIU) acting within the State Enterprise "PROJECTS MANAGEMENT UNIT FOR RESTORATION", and has respective resources and staff with appropriate skills, according to the authorities acceptable for the Bank.

2. BASIS FOR PRESENTATION

These special purpose Project financial statements are prepared on the cash basis of accounting and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the Guidelines on Annual Financial Reporting and Auditing for World Bank - Financed Activities issued by the World Bank's Financial Management Sector Board. Project financing is recognized as a source of project funds when the cash is received. Project expenditures are recognized as a use of project funds when the payments are made.

The reporting currency is United States dollars ("USD"). Items included in the special purpose Project financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Agency for Restoration (the "functional currency"). The functional currency of the Project is USD.

Transactions executed in other currencies are converted to US dollars at the exchange rate as at the date of the transaction of corresponding conversion of USD to the payment currency. Cash balances in other currencies are converted to US dollars at the exchange rate of the last conversion of USD to the payment currency.

Date of Approval of these special purpose financial statements is December 23, 2025.

3. ACCOUNTING POLICY

Basis of preparation

The special purpose financial statements were prepared on the cash basis. Accounting policy was consistently applied throughout the entire period of using the Grant funds.

Reporting period

These statements cover the period of using the funds of the Grant from 10 February 2023 to 31 December 2024. The World Bank set the closing date of the grant - 31 December 2027.

Designated Bank Account

According to the terms of the Subsidiary Agreement and in order to facilitate the Project performance, the Ministry for Communities, Territories and Infrastructure Development of Ukraine (MCTID, in September 2024 was renamed

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the period from 10 February 2023 to 31 December 2024

to the Ministry for Communities and Territories Development of Ukraine) has opened and maintains Designated account in US dollars (hereinafter – Designated account) with the JSC «Ukreximbank» for keeping Grant funds withdrawn from Grant account as advances on conditions approved by the IBRD.

Receipts and Expenditures Recognition

The Project keeps its records and prepares its financial statements under the cash method. The receipts are shown when they are performed on bank accounts, which are supported by the advances from IBRD. The expenses are registered at the date when there is funds withdrawal.

Foreign Currency Transactions

The accompanying financial statements are presented in US dollars. Transactions performed in other currencies are recalculated in US dollars at the effective exchange rate on the date of currency conversion transaction, unless otherwise stated.

Transit Bank Account

According to the terms of the Subsidiary Agreement and in order to facilitate the Project performance, the Ministry for Communities, Territories and Infrastructure Development of Ukraine (MCTID, in September 2024 was renamed to the Ministry for Communities and Territories Development of Ukraine) has opened and maintains Transit account in national currency of Ukraine (hereinafter – Transit account) with the JSC «Ukreximbank» for making payments in local currency (UAH).

Statements of Expenditures

Statements of expenditures are used for recognition of expenses of the Grant paid from the Designated account (with the use of Transit account).

According to instructions of funds withdrawal set by the IBRD, all expenditures paid from the Designated account should be included in statements of expenditures for corresponding periods and submitted to the IBRD. Together with statements of expenditure primary documents are submitted (bills, invoices, works acceptance acts, etc.).

4. AGREEMENT FOR DELIVERY OF OUTPUTS WITH THE UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

In accordance with the Grant Agreement dated 10 February 2023 it was provided to utilize the United Nations Office for Project Services (UNOPS) as the implementation support entity for the Project.

Agreement for delivery of Outputs was concluded between the United Nations Office for Project Services (UNOPS) and the Agency for Restoration on 18 August 2023. In accordance with this Agreement the Agency for Restoration intends to apply a portion of the proceeds of the Grant to eligible payments under this Agreement, and UNOPS has agreed to deliver the Outputs within the scope and in accordance with the timetable and keep the Agency for Restoration informed on the progress of the activities. The total funding ceiling stipulated by the Agreement for delivery of Outputs amounted to USD 24 555 000.

The United Nations Office for Project Services (UNOPS) was engaged by the Agency for Restoration to provide procurement and financial management services for Part 1.1 of the Project, as set out in further detail below:

- 1) carry out procurement for Part 1.1 (Modular bridges needed to restore damaged bridge connections);
- 2) monitoring of delivery of Modular bridges and associated training under Part 1.1;
- 3) invoicing and payments to suppliers;
- 4) support contract management and regular reporting.

Except for direct costs (paragraphs 1-4 above) full cost of UNOPS' services includes also indirect costs (management fee), which are set up in accordance with UNOPS Financial Rules and Regulations, as determined in UNOPS cost recovery policies and procedures.

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the period from 10 February 2023 to 31 December 2024

Agreement for delivery of Outputs dated 18 August 2023 has also provided for interest derived from the funds received by UNOPS under this Agreement and their reinvesting in Project activities.

Completion date for Agreement for delivery of Outputs was stipulated as 31 May 2024.

In December 2023 UNOPS received funds from the Grant in the amount of USD 24 027 487. Supply contract for 18 modular bridges was concluded with company ACROW CORPORATION OF AMERICA. In March 2024 modular bridges were delivered to Ukraine and distributed to the balance of the Agency for Restoration. Final financial report dated 27 August 2024 with the cover letter dated 29 August 2024 (№ UNOPS/08-2024/1256) submitted by UNOPS evidenced unspent surplus of Project's funds in the amount of USD 379 731,57 (together with interest earned and direct as well as indirect Project costs for the period August 2023 – May 2024). Such surplus in September 2024 was returned by UNOPS to the Grant account in IBRD.

5. CONSULTING SERVICES

With the aim of project implementation and management within the period from 10 February 2023 to 31 December 2024 the Agency for Restoration concluded contracts for the provision of consulting services under the Project «Repairing Essential Logistics Infrastructure and Network Connectivity («RELINC»)».

The Contract between the Agency for Restoration and private entrepreneur Zakharov O.O. was signed on 01 February 2024 for a total amount of USD 27 500,00 (Contract RLNC-AR-C2). The Consultant undertakes to provide services until 31 December 2024. The Contract provides for consulting services of the Environmental and Social Specialist for the Ministry for Communities, Territories and Infrastructure Development of Ukraine.

The Contract between the Agency for Restoration and private entrepreneur Huk Z.O. was signed on 01 February 2024 for a total amount of USD 25 000,00 (Contract RLNC-AR-C5). The Consultant undertakes to provide services until 31 December 2024. The Contract provides for consulting services of the Environmental Compliance Consultant.

The Contract between the Agency for Restoration and private entrepreneur Ishchenko A.M. was signed on 01 March 2024 for a total amount of USD 28 500,00 (Contract RLNC-AR-C6). The Consultant undertakes to provide services until 31 December 2024. The Contract provides for consulting services of the Social Compliance Consultant.

The Contract between the Agency for Restoration and company Vista Environment AB was signed on 25 November 2024 for a total amount of USD 52 500,00 (Contract RLNC-AR-C3). The Consultant undertakes to provide services within three calendar months from the Service Commencement Date (03 October 2024). The Contract provides for consulting services of preparing sector-wide Environmental and Social Management Framework.

6. GOING CONCERN OF THE PROJECT

These special purpose financial statements are based on the going concern principle of the Agency for Restoration, which provides for the realization of assets and fulfillment of obligations in the normal course of the Agency for Restoration's activities. However, there are the following events and circumstances that required the management's careful assessment of the Agency for Restoration's ability to continue operations under the Project on a going concern basis during the disbursement period, i.e. up to 31 December 2027, and taking measures to ensure that the Agency for Restoration has adequate funding. These events and circumstances are detailed below.

On February 24, 2022 the Russian Federation carried out a full-scale invasion of Ukraine. On the same day, in connection with the military aggression of the Russian Federation against Ukraine (hereinafter - military aggression) by Decree of the President of Ukraine № 64/2022 on our territory martial law was imposed from 05 hours 30 minutes on February 24, 2022, which was repeatedly continued and which is currently in force.

At the Date of Approval of these financial statements the Agency for Restoration operates in an unstable economic and safety environment caused by Russian military aggression. Improvement of the economic situation in the country depends on future developments, including the duration, spread and intensity of the warfare, all of which are uncertain and difficult to predict considering the rapidly evolving situation. Due to the uncertainty of the timing and directions of

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the period from 10 February 2023 to 31 December 2024

the intense hostilities it is not possible to reliably estimate the impact of it on the liquidity and funding of the Agency for Restoration, the stability and structure of its operations with counterparties.

These special purpose financial statements have been prepared on a going concern assumption of the Agency for Restoration's ability to continue operations under the Project on a going concern basis during the disbursement period, i.e. up to 31 December 2027, which provides for the realization of assets and settlement of liabilities in the normal course of its project activities. The financial statements do not include any adjustments to reflect the possible future effects of compensation and classification of reported assets or the amounts and classification of liabilities that may arise from such uncertainty.

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 10 February 2023 to 31 December 2024

WORLD BANK AUDIT DOCUMENTATION CHECKLIST

Name of Loan/Credit:	World Bank UKRAINE	
Loan/Credit #	TF C0417-001 UA	
Audit Report:	Period from February 10, 2023 to December 31, 2024	

	Check if Included	Check if N/A
I. Audit report (Opinion):		
A. Applicable accounting standards noted	<input checked="" type="checkbox"/>	<input type="checkbox"/>
B. Applicable auditing standards noted	<input checked="" type="checkbox"/>	<input type="checkbox"/>
C. Opinion rendered on all forms of withdrawals:		
1. Statement of Expenditures	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Special Account	<input checked="" type="checkbox"/>	<input type="checkbox"/>
D. All sources of financing for the project are noted	<input checked="" type="checkbox"/>	<input type="checkbox"/>
II. Financial Reports:		
A. Revenue Earning Entity (all of the following are required):		
1. Balance sheet	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Cash Flow Statement	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Income Statement	<input type="checkbox"/>	<input checked="" type="checkbox"/>
B. Non-Revenue Earning Entity (all of the following are required):		
1. Balance sheet	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Summary of Sources and Uses of Funds	<input checked="" type="checkbox"/>	<input type="checkbox"/>
C. If applicable (refer to Loan Agreement):		
1. Statement of Expenditure (SOE) Statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Special Account Statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>
III. Notes to the Financial Statements	<input checked="" type="checkbox"/>	<input type="checkbox"/>
IV. Reconciliation between World Bank records and project records	<input checked="" type="checkbox"/>	<input type="checkbox"/>
V. Management Letter	<input checked="" type="checkbox"/>	<input type="checkbox"/>