RUSHYDRO GROUP

Consolidated Financial Statements
prepared in accordance with IFRS
with independent auditor's report

As at and for the year ended 31 December 2021

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To the Shareholders and Board of Directors of Public joint stock company Federal Hydro-Generating Company – RusHydro:

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Public joint stock company Federal Hydro-Generating Company – RusHydro (PJSC RusHydro) and its subsidiaries (together – the "Group") as at 31 December 2021, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the consolidated financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Assessment of impairment of property, plant and equipment	
For matters requiring disclosure and related significant accounting policies, judgements and accounting estimates see Notes 2 and 8 to the consolidated financial statements. At 31 December 2021, the Group's aggregate carrying amount of property, plant and equipment was RUB 702,164 million. This is the most significant asset on the Group's balance sheet, accounting for 75% of the total assets. The Group management analysed the Group's financial performance, industry outlook and operational plans, and assessed whether there are indicators of impairment of property, plant and equipment or potential release of previously recognised impairment losses, by cash generating unit. For cash generating units where such indicators were identified, the management assessed the recoverable amounts of property, plant and equipment. As a result of management's impairment test, the Group accrued a net impairment loss of RUB 32,813 million in the consolidated income statement for the year ended 31 December 2021. The impairment test is sensitive to reasonably possible changes in assumptions. The most significant judgements are related to the applied discount rate together with the assumptions supporting the relevant forecast cash flows, in particular those concerning the electricity and capacity tariff rates and volumes of investments. We focused on the property, plant and equipment impairment assessment as this	We obtained and examined the financial models that management used for assessing impairment of property, plant and equipment. We engaged our valuation experts to form our conclusion on the assumptions and methodology that were used in the impairment assessment. Our audit procedures related to the management's assessment of impairment of property, plant and equipment, included the following: • evaluation of the methodology used by the Group management for the impairment test; • examination, on a sample basis, of key assumptions used in financial models and whether they are in line with the approved budgets and business plans, available reliable external sources (including macroeconomic forecasts, information on regulated and market electricity and capacity prices, etc.) and our industry-specific expertise; • assessment of competence, skills, experience and objectivity of the management's experts; • examination, on a sample basis, of accuracy and relevance of inputs that management incorporated in the financial models for assessing the impairment of property, plant and equipment; • examination, on a sample basis, of mathematical accuracy of financial models used by management to assess the impairment of property, plant and equipment;

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the Key audit matter</th></tr>
<tr><td>process is complicated, requires significant management’s judgements and is based on assumptions that are affected by the projected future market and economic conditions that are inherently uncertain.</td><td>consideration of potential impact of reasonably possible changes in key assumptions;
obtaining and reviewing management’s written representations related to their property, plant and equipment impairment test.
Acceptability of management’s current estimates regarding the property, plant and equipment impairment for the purpose of preparing the financial statements for the year ended 31 December 2021 does not guarantee that future events that are inherently uncertain would not lead to a significant change in these estimates.
We note that management’s financial models are to a significant extent sensitive to the changes in key assumptions. It could reasonably be expected, that if actual results differ from assumptions made, accordingly, there could arise either additional losses from impairment in the future or gains from the release of previously recognised impairment.
We also assessed the compliance of disclosures in Notes 2 and 8 to the consolidated financial statements with the disclosure requirements of IAS 36 ‘Impairment of Assets’. </td></tr>
<tr><td>Assessment of expected credit losses in relation to trade receivables
For matters requiring disclosure, and related significant accounting policies, judgements and accounting estimates see Notes 2 and 12 to the consolidated financial statements.
At 31 December 2021, the carrying amount of the Group’s trade receivables was RUB 34,899 million (RUB 65,248 million less the credit loss allowance of RUB 30,349 million).
Thus, at 31 December 2021, the allowance for credit losses is significant and accounts for 47% of the gross trade receivables.
In accordance with IFRS 9 ‘Financial Instruments’ the Group management assesses </td><td> Our audit procedures in respect of the management’s assessment of expected credit losses in relation to trade receivables included:
evaluation of the methodology used by the Group's management to assess expected credit losses in relation to trade receivables, including definition of default;
examination, on a sample basis, of accuracy of management’s classification of trade receivables for their further assessment on a collective or individual basis depending on the credit risk characteristics and the length of payment delinquency;</td></tr>
</table>

Key audit matter	How our audit addressed the Key audit matter
expected credit losses in relation to trade receivables prospectively and recognises an allowance for credit losses at each reporting date. The estimate of expected credit losses represents an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, and reflects all reasonable and supportable information that is available at each reporting date about past events, current conditions and forecasts of future economic conditions. The degree of accuracy of the management's estimate will be confirmed or rebutted depending on the future developments that are inherently uncertain. We focused on assessing the allowance for credit losses in relation to trade receivables as the estimation process is complicated and requires significant management's judgements, and the amount of allowance is significant.	• examination, on a sample basis, of the ageing of trade receivables to confirm the length of payment delinquency; • examination, on a sample basis, of the models and calculations used for the assessment of credit losses on a collective or individual basis; • examination, on a sample basis, of prior period payments, if the information on such payments was used in the calculation of expected credit losses; • analysis of external information from the regulators of the electricity (capacity) market, including the Supervisory Board of NP Market Council, which regularly makes decisions on excluding companies from the register of participants of the wholesale electricity (capacity) market; among these excluded companies there are buyers of the Group's electricity (capacity) whose balances of receivables bear an increased credit risk; • obtaining and analysing written representations from the management with regard to the assessment of the allowance for credit losses in relation to trade receivables. In addition, we assessed compliance of the disclosures in Notes 2, 12 and 29 to the consolidated financial statements with the presentation and disclosure requirements of IFRS 7 'Financial Instruments: Disclosures'. Acceptability of the current estimates of the Group management regarding the credit losses on trade receivables for the purpose of preparing the consolidated financial statements for the year ended 31 December 2021 does not guarantee that future events that are inherently uncertain would not lead to a significant change in these estimates.

Key audit matter	How our audit addressed the Key audit matter
Treatment of the non-deliverable forward contract for shares *For matters requiring disclosure, and related significant accounting policies, judgements and accounting estimates see Notes 2, 18, 19 and 31 to the consolidated financial statements.* In March 2017, PJSC RusHydro simultaneously signed a contract with Bank VTB (PJSC) under which the Bank acquired 55 billion ordinary shares of PJSC RusHydro, and a non-deliverable forward contract for these shares for a five-year period. The management treats acquisition of shares and entering into a non-deliverable forward contract for these shares as two separate transactions. The sale of shares was recorded in equity and a derivative financial instrument was recognised. As at 31 December 2021, the liability under the forward contract of RUB 17,444 million is recorded as a long-term derivative financial instrument at fair value through profit or loss. Loss from change of fair value of the non-deliverable forward contract for shares of RUB 3,879 million was accounted within finance costs in the consolidated income statement for the year ended 31 December 2021. We focused on the treatment of this non-deliverable forward contract in the consolidated financial statements due to the complexity of its accounting and of the assessment of the instrument's fair value, which requires management to exercise professional judgement, and because the liability recognised under the forward contract and the corresponding effects on the consolidated income statement are material.	We obtained and reviewed the model that was used to measure the fair value of the non-deliverable forward contract at 31 December 2021. We engaged our valuation experts in order to form a conclusion on the assumptions and the methodology used in the fair value assessment. Our audit procedures in respect of the recognition of the non-deliverable forward contract for shares included: • evaluation of the reasonableness of the judgements that the Group management applied to determine the treatment of the non-deliverable forward contract in the consolidated financial statements; • evaluation of the validity and appropriateness of the methodology used by the Group management to develop the fair value model for the non-deliverable forward contract; • testing accuracy and relevance of the key assumptions and source data used in the model, and their consistency with available reliable external information, including market value of the Company's shares, and our expert knowledge of industry specifics; • assessment of competence, skills, experience and objectivity of the management's experts; • testing the mathematical accuracy of the financial instrument fair value calculation; • consideration and assessment of the potential impact of reasonably possible changes in the key assumptions; • obtaining and analysing management's written representations related to the treatment of the non-deliverable forward contract.

Key audit matter	How our audit addressed the Key audit matter
	In addition we assessed compliance of the disclosures in Notes 2, 18, 19 and 31 to the consolidated financial statements with the presentation and disclosure requirements of IFRS 9 'Financial Instruments', IFRS 7 'Financial Instruments: Disclosures' and IFRS 13 'Fair Value Measurement". Acceptability of the current estimates of the Group management regarding the treatment of the non-deliverable forward contract for the purpose of preparing the consolidated financial statements for the year ended 31 December 2021 does not guarantee that future events that are inherently uncertain would not lead to a significant change in these estimates.

Other matter – Materiality and Group audit scope

Overview

PJSC RusHydro's shares are listed on the Moscow Exchange. The Group's principal business operations are generation and sales of electricity, capacity and heat energy in the Russian wholesale and retail markets. The Group companies are also involved in other operations, including electricity transmission and distribution, construction, repairs and provision of other services.

Materiality	• Overall group materiality: Russian Roubles ("RUB") 4,601 million, which represents 1% of total revenues and government grants.
Group scoping	• We conducted audit procedures in respect of PJSC RusHydro and JSC DGK that were considered significant components based on their individual share in the Group's aggregate revenue and also in respect of individual balances and types of operations for other components of the Group where necessary. • Our audit scope covered inter alia 79% of the Group's revenues and 70% of the Group's total carrying value of property, plant and equipment.

Materiality

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	RUB 4,601 million
How we determined it	1% of total revenues and government grants
Rationale for the materiality benchmark applied	We chose total revenues and government grants as the benchmark because, in our view, it is the benchmark which best represents the Group's performance. We chose 1% as the materiality level, which falls within the range of quantitative materiality thresholds used for public interest entities in this sector.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the industry in which the Group operates.

The Group's consolidated financial statements are prepared based on the financial information of its components, i.e. individual companies of the Group. If we considered a component to be significant, we audited its financial information based on the materiality level established for each such component.

Similar to the determination of the overall materiality, significance of components was assessed based on the component's individual share in the Group's revenue. We determined the following significant components: PJSC RusHydro and JSC DGK.

If we did not consider that the procedures performed at the level of significant components provided adequate audit evidence for expressing our opinion on the consolidated financial statements as a whole, we performed analytical procedures at the Group level and audit procedures in respect of individual balances and types of operations for other components of the Group.

We chose other components of the Group for audit procedures in respect of individual balances and types of operations separately for each financial statement line item included in the scope of our audit, and our choice depended inter alia on the following factors: level of audit evidence obtained from the audit of the significant components and level of concentration of balances and types of operations in the Group's structure. We also change our selection of a number of other components on a rotation basis.

On the whole, our audit procedures that were performed at the level of significant and other components of the Group and included, in particular, detailed testing on a sample basis, in our opinion, provided adequate coverage of individual line items in the consolidated financial statements. Thus, for example, our procedures covered 79% of the Group's revenue and 70% of the total carrying value of the Group's property, plant and equipment.

When performing the audit procedures the audit team engaged specialists in taxation, IFRS methodology, as well as experts in valuation of property, plant and equipment and financial instruments.

We believe that the results of procedures performed on a sample basis at the level of the Group's components, analytical procedures at the Group's level and procedures over the consolidated financial reporting have provided sufficient and appropriate audit evidence for expressing our opinion on the Group's consolidated financial statements as a whole.

Other information

Management is responsible for the other information. The other information comprises PJSC RusHydro's Annual Report for 2021 and Securities Issuer's Report for the 12 months 2021 (but does not include the consolidated financial statements and our auditor's report thereon), which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above, when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read PJSC RusHydro's Annual Report for 2021 and Securities Issuer's Report for the 12 months 2021, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

The certified auditor responsible for the audit resulting in this independent auditor's report, is T. V. Sirotinskaya.

AO PricewaterhouseCoopers Audit

1 March 2022
Moscow, Russian Federation

T. V. Sirotinskaya is authorised to sign on behalf of the general director of AO PricewaterhouseCoopers Audit (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906105478)

(in millions of Russian Rubles unless noted otherwise)

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	8	702,164	682,652
Investments in associates and joint ventures	9	21,497	16,800
Deferred income tax assets	16	12,274	16,673
Other non-current assets	10	21,481	19,601
Total non-current assets		**757,416**	**735,726**
Current assets			
Cash and cash equivalents	11	59,806	58,291
Income tax receivable		3,845	4,700
Accounts receivable and prepayments	12	63,518	52,195
Inventories	13	38,871	35,149
Other current assets	14	7,031	55,974
Total current assets		**173,071**	**206,309**
TOTAL ASSETS		**930,487**	**942,035**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	439,289	439,289
Treasury shares	15	(4,613)	(4,613)
Share premium		39,202	39,202
Retained earnings and other reserves		145,773	125,709
Equity attributable to the shareholders of PJSC RusHydro		**619,651**	**599,587**
Non-controlling interest	15	9,702	9,353
TOTAL EQUITY		**629,353**	**608,940**
Non-current liabilities			
Non-current debt	18	98,602	129,926
Non-deliverable forward contract for shares	19	17,444	15,025
Deferred income tax liabilities	16	10,067	17,591
Other non-current liabilities	20	21,236	22,810
Total non-current liabilities		**147,349**	**185,352**
Current liabilities			
Current debt and current portion of non-current debt	18	72,347	76,064
Accounts payable and accruals	21	55,019	54,408
Current income tax payable		1,665	819
Other taxes payable	22	24,754	16,452
Total current liabilities		**153,785**	**147,743**
TOTAL LIABILITIES		**301,134**	**333,095**
TOTAL EQUITY AND LIABILITIES		**930,487**	**942,035**

(in millions of Russian Rubles unless noted otherwise)

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	23	406,033	382,845
Government grants	24	54,111	46,748
Other operating income	1	2,852	1,151
Operating expenses (excluding impairment losses)	25	(368,651)	(339,990)
Operating profit excluding impairment losses		**94,345**	**90,754**
Impairment of property, plant and equipment, net	8	(32,813)	(26,605)
Impairment of financial assets, net		(4,243)	(4,979)
Operating profit		**57,289**	**59,170**
Finance income	26	6,819	21,125
Finance costs	26	(14,710)	(14,626)
Share of results of associates and joint ventures	9	5,506	144
Profit before income tax		**54,904**	**65,813**
Income tax expense	16	(12,826)	(19,206)
Profit for the year		**42,078**	**46,607**
Attributable to:			
Shareholders of PJSC RusHydro		41,602	46,354
Non-controlling interest		476	253
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)		0.0955	0.1087
Weighted average number of shares outstanding – basic and diluted (millions of shares)		435,437	426,273

(in millions of Russian Rubles unless noted otherwise)

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Profit for the year		42,078	46,607
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss			
Remeasurement of pension benefit obligations	17	1,338	400
Gain / (loss) arising on financial assets at fair value through other comprehensive income		316	(21)
Total items that will not be reclassified to profit or loss		**1,654**	**379**
Items that may be reclassified subsequently to profit or loss			
Accumulated loss on foreign translation reserve recycled to profit or loss	15	-	348
Other comprehensive (loss) / income		(2)	45
Total items that may be reclassified subsequently to profit or loss		**(2)**	**393**
Total other comprehensive income		**1,652**	**772**
Total comprehensive income for the year		**43,730**	**47,379**
Attributable to:			
Shareholders of PJSC RusHydro		43,163	47,097
Non-controlling interest		567	282

(in millions of Russian Rubles unless noted otherwise)

	Note	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		**54,904**	**65,813**
Depreciation of property, plant and equipment and amortisation of intangible assets	8, 25	31,339	28,902
(Profit) / loss on disposal of property, plant and equipment, net	25	(695)	1,469
Share of results of associates and joint ventures	9	(5,506)	(144)
Other operating income		(2,852)	(1,151)
Finance income	26	(6,819)	(21,125)
Finance costs	26	14,710	14,626
Impairment of property, plant and equipment	8	32,813	26,605
Impairment of financial assets, net		4,243	4,979
Other loss		213	532
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		**122,350**	**120,506**
Working capital changes:			
Increase in accounts receivable and prepayments		(15,028)	(3,735)
Decrease / (increase) in other current assets, net of deposits and special funds		189	(1,397)
Increase in inventories		(3,732)	(1,954)
(Decrease) / increase in accounts payable and accruals, net of dividends payable		(967)	1,614
Increase in other taxes payable		8,392	340
(Increase) / decrease in other non-current assets		(1,174)	130
Increase / (decrease) in other non-current liabilities		3,314	(187)
Income tax paid		(14,629)	(16,364)
Net cash generated by operating activities		**98,715**	**98,953**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(77,253)	(58,519)
Proceeds from sale of property, plant and equipment		1,382	421
Investment in bank deposits and purchase of other investments		(88,787)	(117,947)
Redemption of bank deposits and proceeds from sale of other investments		129,768	125,585
Proceeds from sale of subsidiaries, net of disposed cash	1	209	(457)
Return of special funds from special accounts		4,857	2,036
Placement of special funds on special accounts		-	(6,000)
Acquisition of shares of associate	1	-	(1,000)
Contribution to the equity of disposed subsidiary due to the assets swap transaction		-	(575)
Interest received		4,881	5,383
Net cash used in investing activities		**(24,943)**	**(51,073)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	18	36,755	40,409
Proceeds from non-current debt	18	75,362	43,714
Repayment of debt	18	(147,392)	(86,681)
Interest paid		(13,333)	(14,769)
Dividends paid		(23,028)	(15,543)
Dividends paid by subsidiaries to non-controlling interest holders		(207)	(180)
Payments for non-deliverable forward for shares	18, 19	(1,460)	(2,072)
Repayment of lease liabilities		(1,521)	(1,165)
Proceeds from cross-currency and interest rate swap, net		2,622	38
Proceeds on other financial instruments		165	-
Payments on other financial instruments		(219)	(362)
Proceeds from share issue	15	-	6,000
Net cash used in financing activities		**(72,256)**	**(30,611)**
Effect of foreign exchange differences on cash and cash equivalents balances		(1)	(25)
Increase in cash and cash equivalents		**1,515**	**17,244**
Cash and cash equivalents at the beginning of the year		**58,291**	**41,047**
Cash and cash equivalents at the end of the year	**11**	**59,806**	**58,291**

(in millions of Russian Rubles unless noted otherwise)

	Note	Share capital	Treasury shares	Share premium	Merger reserve	Foreign currency translation reserve	Revaluation reserve on financial assets	Reserve for remeasure-ment of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
As at 1 January 2020		**426,289**	**(4,613)**	**39,202**	**(135,075)**	**(382)**	**358**	**187**	**239,698**	**565,664**	**4,211**	**569,875**
Profit for the year		-	-	-	-	-	-	-	46,354	46,354	253	46,607
Remeasurement of pension benefit obligations	17	-	-	-	-	-	-	371	-	371	29	400
Loss arising on financial assets at fair value through other comprehensive income		-	-	-	-	-	(21)	-	-	(21)	-	(21)
Accumulated loss on foreign translation reserve recycled to profit or loss	15	-	-	-	-	348	-	-	-	348	-	348
Other comprehensive income		-	-	-	-	34	-	-	11	45	-	45
Total other comprehensive income		-	-	-	-	382	(21)	371	11	743	29	772
Total comprehensive loss		**-**	**-**	**-**	**-**	**382**	**(21)**	**371**	**46,365**	**47,097**	**282**	**47,379**
Share issue	15	13,000	-	-	-	-	-	-	-	13,000	-	13,000
Dividends	15	-	-	-	-	-	-	-	(15,537)	(15,537)	(180)	(15,717)
Changes in non-controlling interest due to share issue of subsidiary	15	-	-	-	-	-	-	-	(3,301)	(3,301)	3,301	-
Changes in non-controlling interest due to asset swap transaction	1, 15	-	-	-	-	-	-	74	(7,437)	(7,363)	1,723	(5,640)
Other changes		-	-	-	-	-	-	-	27	27	16	43
As at 31 December 2020		**439,289**	**(4,613)**	**39,202**	**(135,075)**	**-**	**337**	**632**	**259,815**	**599,587**	**9,353**	**608,940**
As at 1 January 2021		**439,289**	**(4,613)**	**39,202**	**(135,075)**	**-**	**337**	**632**	**259,815**	**599,587**	**9,353**	**608,940**
Profit for the year		-	-	-	-	-	-	-	41,602	41,602	476	42,078
Remeasurement of pension benefit obligations	17	-	-	-	-	-	-	1,247	-	1,247	91	1,338
Loss arising on financial assets at fair value through other comprehensive income		-	-	-	-	-	316	-	-	316	-	316
Other comprehensive loss		-	-	-	-	-	-	-	(2)	(2)	-	(2)
Total other comprehensive income		-	-	-	-	-	316	1,247	(2)	1,561	91	1,652
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**316**	**1,247**	**41,600**	**43,163**	**567**	**43,730**
Dividends	15	-	-	-	-	-	-	-	(23,099)	(23,099)	(207)	(23,306)
Other changes		-	-	-	-	-	-	-	-	-	(11)	(11)
As at 31 December 2021		**439,289**	**(4,613)**	**39,202**	**(135,075)**	**-**	**653**	**1,879**	**278,316**	**619,651**	**9,702**	**629,353**

Note 1. The Group and its operations

PJSC RusHydro (hereinafter referred to as "the Company") was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company limited by value of shares and was set up in accordance with Russian regulations.

The primary activities of the Company and its subsidiaries (hereinafter together referred to as "the Group") are generation and sale of electricity, capacity and heat.

Operating Environment of the Group The Russian Federation displays certain characteristics of an emerging market. Russia's economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

The geopolitical situation remains highly unstable. The effect of further restrictions and sanctions imposed on Russian companies and Russian economy increased. Now the possible effects of these are unknown. It is impossible to determine how long the increased volatility will last, at what level financial and currency market performance will eventually stabilise. The US, the UK and the EU have imposed sanctions on a number of Russian banks. Sanctions may also significantly affect a number of the Group's counterparties.

However, the Group's management believes that this does not affect the Group's ability to continue as a going concern.

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. In response to the pandemic, Russian authorities have taken a range of measures to curb the spread and mitigate the impact of COVID-19, such as bans and restrictions on movement, self-isolation, and restrictions on commercial activities, including the closure of businesses. Some of the above measures were subsequently relaxed, however, as of 31 December 2021, the global infection levels remain high, vaccination rate is relatively low, and there is a risk that the Russian authorities would impose additional restrictions in subsequent periods, including due to emerging new variants of the virus.

These measures, in particular, have significantly limited economic activity in Russia and have already had and may still have a negative impact on the business, market participants, customers of the Group, as well as on the Russian and global economy for an indefinite period of time. Economic activity remains low, and economic recovery is closely related to continued restrictive measures.

Management reviewed the impact of the pandemic on the Group's financial performance, including the following key accounting estimates:

- measurement of expected credit losses for financial assets: for the measurement, the Group uses, among other things, forecasts of macroeconomic indicators, of which inflation forecasts have the greatest impact on the calculation. The Group's management analysed the current economic forecasts in the expected credit losses model and concluded that they did not lead to a significant increase in expected credit losses;
- property, plant and equipment impairment assessment (Note 8);
- assessment of financial assets and liabilities measured at fair value (Level 3) (Notes 19, 31).

The Group's management monitor the development of the economic situation and take necessary measures to ensure sustainability of the Group's operations.

Future implications of the current economic situation and the measures mentioned above are difficult to predict, and current expectations and estimates of the management may differ from the actual results.

Relations with the Government and current regulation. As at 31 December 2021 the Russian Federation directly owned 61.73 percent of the total voting ordinary shares of the Company (Note 15) (31 December 2020: 61.73 percent). As at 31 December 2021 PJSC Bank VTB that is controlled by the Russian Federation owned 13.06 percent of the Company's shares (31 December 2020: 12.95 percent).

The Group's major customer base includes a large number of entities controlled by, or related to the Government. Furthermore, the Government controls contractors and suppliers, which provide the Group with electricity dispatch, transmission and distribution services, and a number of the Group's fuel and other suppliers (Note 7).

In addition, the Government influences the Group's operations through:

- participation of its representatives in the Company's Board of Directors;
- regulation of tariffs for electricity, capacity and heating;

(in millions of Russian Rubles unless noted otherwise)

- approval and monitoring of the Group's investment programme, including volume and sources of financing.

Economic, social and other policies of the Russian Government could have a material effect on operations of the Group.

Changes in the Group Structure. During the periods ended 31 December 2021 and 31 December 2020 the following changes took place in the structure of the Group, which have a significant impact on the consolidated financial statements.

The sale of JSC Chuvashskaya Electricity Sales Company's shares. In August 2021 the Group concluded an agreement with LLC Transenergoprom to sell 100 percent of shares of JSC Chuvashskaya Electricity Sales Company for a cash consideration of RR 300 million. The transaction was completed in September 2021 after repayment of the existing debt of JSC Chuvashskaya Electricity Sales Company to banks and cancellation of the Company's guarantees on these loans.

The carrying value of assets and liabilities of JSC Chuvashskaya Electricity Sales Company that were disposed of as a result of the transaction is presented below:

	Date of disposal
Non-current assets	
Property, plant and equipment	279
Other non-current assets	79
Total non-current assets	**358**
Current assets	
Cash and cash equivalents	131
Accounts receivable and prepayments (net of expected credit loss allowance of RR 3,753 million)	992
Other current assets	24
Total current assets	**1,147**
Total assets of JSC Chuvashskaya Electricity Sales Company	**1,505**
Non-current liabilities	
Non-current debt	905
Other non-current liabilities	1,119
Total non-current liabilities	**2,024**
Current liabilities	
Current debt and current portion of non-current debt	254
Accounts payable and accruals	1,060
Other taxes payable	66
Total current liabilities	**1,380**
Total liabilities of JSC Chuvashskaya Electricity Sales Company	**3,404**
Net assets of JSC Chuvashskaya Electricity Sales Company	**(1,899)**

Income from the disposal of JSC Chuvashskaya Electricity Sales Company in the amount of RR 2,199 million is recorded within other operating income.

Asset swap between the Group and LLC IC Donalink. During 2020 the Group completed the asset swap with LLC IC Donalink, which included the exchange of a 100 percent interest in JSC LUR and a 100 percent interest in the share capital of LLC Primorskaya GRES for a 41.98 percent interest in the Group's subsidiary PJSC DEK. The fair value of the assets transferred was determined as RR 5 640 million which is equivalent to the fair value of PJSC DEK shares received. The carrying amount of disposed net assets of the subsidiaries including the additional contribution to the share capital of LLC Primorskaya GRES in the amount of RR 575 million made after the disposal of LLC Primorskaya GRES but before the completion of transaction amounted to RR 5,120 million.

The difference between the fair value of received shares of PJSC Far East Energy Company and the carrying amount of disposed net assets of the subsidiaries including the additional contribution to the share capital of LLC Primorskaya GRES is recorded within other operating income.

The effect from disposal of the non-controlling interest as a result of the swap is described in Note 15.

Acquisition of shares of JSC SEC. In August 2020 the Company acquired a 7.68 percent interest in JSC Sakhalin Energy Company (JSC SEC), an associate of the Group, from PJSC NK Rosneft for a remuneration of RR 1,000 million. The Group's interest in JSC SEC increased up to 42.31 percent.

Note 2. Summary of significant accounting policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by the financial instruments initially recognised at fair value, financial instruments categorised at fair value through profit or loss and at fair value through other comprehensive income. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Each company of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with Russian standards of accounting (hereinafter referred to as “RSA”). These consolidated financial statements are based on the statutory records with adjustments and reclassifications made for the purpose of fair presentation in accordance with IFRS.

Functional and presentation currency. The functional currency of the Company and its subsidiaries, and the presentation currency for these consolidated financial statements is the national currency of the Russian Federation, the Russian Ruble.

Foreign currency translation. Monetary assets and liabilities, which are held by the Group’s entities and denominated in foreign currencies at the end of the reporting period, are translated into Russian Rubles at the exchange rates prevailing at that date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement within finance income/costs.

As at 31 December 2021, the official rate of exchange, as determined by the Central Bank of the Russian Federation, between Russian Ruble and US Dollar (hereinafter referred to as “USD”) was RR 74.29 : USD 1.00 (31 December 2020: RR 73.88 : USD 1.00), between Russian Ruble and Euro was RR 84.07 : EUR 1.00 (31 December 2020: RR 90.68 : EUR 1.00).

Consolidated financial statements. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor’s returns.

The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee’s activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill is measured by deducting the fair value of net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount (“negative goodwill” or a “bargain purchase”) is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between the Group's entities are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests. The Group applies the economic entity model to account for transactions with owners of non-controlling interest, that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the Consolidated statement of changes in equity.

Acquisition of subsidiaries from parties under common control. Acquisitions of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or the date when the combining entities were first brought under common control if later. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to merger reserve within equity.

Investments in associates and joint ventures. Investments in associates and joint ventures are accounted for using the equity method of accounting, based upon the percentage of ownership held by the Group. Associates are entities over which the Company has significant influence (directly or indirectly) but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as profit or loss in respect of associates and joint ventures, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, and (iii) all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates and joint ventures.

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is defined by the making of decisions about the relevant activities requiring the unanimous consent of the parties sharing control.

The Group discontinues the use of the equity method from the date on which it ceases to have joint control over, or have significant influence on joint ventures and associates.

Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Disposals of subsidiaries, associates or joint ventures. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(in millions of Russian Rubles unless noted otherwise)

Property, plant and equipment. Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is highly probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Costs of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is written off.

Social assets are not capitalised if they are not expected to result in future economic benefits to the Group. Maintenance costs of social assets are expensed as incurred.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

Depreciation. Depreciation on items of property, plant and equipment (except for land and assets under construction) is calculated using the straight-line method over their estimated useful lives.

The useful lives of property, plant and equipment are subject to annual assessment by the Group management and if expectations differ from previous estimates, the changes of useful lives are accounted for as a change in an accounting estimate prospectively.

The average useful lives of property, plant and equipment by type of facility, in years, were as follows:

Type of facility	**Average useful lives**
Production buildings	25–80
Facilities	10–100
Plant and equipment	5–40
Other	3–30

Depreciation is charged once an asset is available for use. Land and assets under construction are not depreciated.

Impairment of property, plant and equipment. Impairment testing of property, plant and equipment is carried out when there is an indication that impairment may have occurred, or where it is otherwise required to ensure that property, plant and equipment are not carried above their estimated recoverable amounts (Note 8). If any such indication exists, the Group management estimates the recoverable amount which is determined as the higher of an asset's fair value less costs of disposal and its value in use. Fair value less costs of disposal represents the amount that can be generated through the sale of assets. Value in use represents the present value of expected future cash flows discounted on a pre-tax basis, using the estimated cost of capital of the cash-generating unit.

The carrying amount of the asset is reduced to the recoverable amount and the impairment loss is recognised in Consolidated Income Statement for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a positive change in the estimates used to determine the asset's recoverable amount.

Leases. *Right-of-use assets.* The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. 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. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The average depreciation periods for right-of-use assets by type of facility, in years, were as follows:

Type of facility	**Average depreciation periods**
Production buildings	2–10
Facilities	5–30
Plant and equipment	5–11
Other	2–10

Lease liabilities. At the commencement date of the lease, the Group 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 an extension option if the lease is reasonably certain to be extended and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Payments under land lease agreements depend on the cadastral value of the land and are variable, recognised as part of the rent expenses in the period in which the event or condition initiating the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date of lease agreement, 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases (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 assets with a low value, less than RR 300 thousand. 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 and are included in the rent expenses.

Significant judgement in determining the lease term of contracts with renewal options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or not to exercise an option to terminate a lease.

Intangible assets and goodwill. The Group's intangible assets other than goodwill have definite useful lives and primarily include capitalised computer software. Intangible assets are amortised using the straight-line method over their useful lives. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal. Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

Key measurement terms for financial instruments. Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received upon sale of the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. The Group uses such valuation techniques of fair value which are the most acceptable in the circumstances and as much as possible use the observable basic data.

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

- level 3 measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

For disclosure of information on fair value the Group classified assets and liabilities on the basis of an appropriate level of hierarchy of fair value as it is stated above (Note 31).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Initial recognition of financial instruments. Financial instruments at fair value through profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Classification of financial assets. The Group classifies financial assets in the following measurement categories: to be measured at fair value through profit or loss (FVPL), to be measured at fair value through other comprehensive income (FVOCI), and those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For *investments in equity instruments* that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

There are three measurement categories into which the Group classifies its *debt instruments*:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

Subsequent measurement of financial assets. The Group subsequently measures all *equity investments* at fair value. Where the Group management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of such investments. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised as other operating income or expense. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

All the Group's debt instruments are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss.

Reclassification of financial assets. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current period and did not make any reclassifications.

Impairment of financial assets: allowance for expected credit losses (ECL). The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (a) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (b) time value of money and (c) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

In accordance with IFRS 9, the Group applied a simplified approach to determining ECL in relation to trade accounts receivable that requires that full lifetime ECL are to be recognised. For other financial assets the Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Group identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired (“POCI Assets”), the ECL is always measured as a Lifetime ECL.

Write-off of financial assets. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Derecognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Derivative financial instruments. Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year (gains less losses on derivatives). The Group does not apply hedge accounting.

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Classification of financial liabilities. Financial liabilities are classified as subsequently measured at amortised costs, except for financial liabilities at FVPL: this classification is applied to derivatives and other financial liabilities designated as such at initial recognition.

Derecognition of financial liabilities. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (a) they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest, and (b) they are not designated at FVPL.

Trade and other receivables. Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

Trade and other payables. Trade and other payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised costs using the effective interest method.

Debt. Debt is recognised initially at fair value, net of transaction costs incurred and is subsequently carried at amortised cost using the effective interest method. Fair value is determined using the prevailing market rate of interest for a similar instrument, if significantly different from the transaction price.

Capitalisation of borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets, if the commencement date for capitalisation is on or after 1 January 2009.

The commencement date for capitalisation is when (i) the Group incurs expenditures for the qualifying asset; (ii) it incurs borrowing costs; and (iii) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the group’s average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

Interest payments capitalised as part of the cost of an assets are classified as cash outflows from financing activities in Consolidated Statement of Cash Flows.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is highly probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Inventories. Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Cost of inventory that is expensed is determined on the weighted average basis.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for consolidated financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantially enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is highly probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Uncertain tax positions. The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge. Adjustments for uncertain income tax positions for interest and penalties are recorded within finance costs and other gains/(losses), net, respectively.

Employee benefits. Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group.

Defined benefit plans. The Group operates defined benefit plans that cover the majority of its employees. Defined benefit plans define the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, minimum tariff rate of remuneration and others.

The net liability recognised in the Consolidated statement of financial position in respect of defined benefit pension plans operated by the Group is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets.

The defined benefit obligations are calculated by independent actuary using the projected unit credit method. The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid associated with the operation of the plans, and that have terms to maturity approximating the terms of the related pension liabilities.

Actuarial gains and losses resulting from changes in the actuarial assumptions in the measurement of defined benefit plans are recognised in other comprehensive income as they arise within remeasurement of pension benefit obligations. Past service cost is immediately recognised in profit or loss within operating expenses.

Defined contribution plans. For defined contribution plans, the Group pays contributions and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. In the normal course of business the Group contributes to the Russian Federation defined contribution state pension scheme on behalf of its employees. Mandatory contributions to the governmental pension scheme are expensed when incurred and included in employee benefit expenses and payroll taxes in the consolidated income statement.

Other long-term employee benefits. The Group pays a one-off financial aid on occasion of an employee's jubilee. The amount of the benefit depends on one or more factors, such as the age, length of service in the company, salary and others.

For the purpose of calculating benefit obligations of these types, actuarial gains and losses arising as a result of adjustments or changes in actuarial assumptions are recognised within profit or loss in the consolidated income statement in the period when they arise. All other aspects of accounting for these obligations are similar to those of accounting for defined benefit obligations.

Environmental liabilities. Liabilities for environmental remediation are recorded where there is a present obligation, the payment is highly probable and reliable estimates exist.

Revenue recognition. Revenue is recognised in an amount that reflects the consideration to which the Group is expected to be entitled in exchange for the transfer of goods or services promised to the customer, when (or as) control is transferred.

The Group defines the following performance obligations: sales of electricity in the wholesale market, sales of capacity in the wholesale market, sales of electricity and capacity in the retail market, sales of heat and hot water, rendering services for electricity transportation, rendering services for connections to the grid, other revenue.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time for the following revenue: sales of electricity and capacity in the retail and wholesale markets, sales of heat and hot water and rendering services for electricity transportation. Revenue is recognised in the amount which the Group has the right to invoice, as this amount represents the value the customer receives upon fulfillment of the contract.

With respect to the revenue from electric grid connection, the Group applied judgement and considers that the connection is a separate performance obligation recognised in a point in time when the service has been provided. According to the electric grid connection service agreements, the Group is under no further obligation to the buyer once the service has been provided. When for provision of electric grid connection services, the Group directly enters into agreements for connection to electric grids owned by external grid operators, the Group recognises revenue from provision of services to the buyer on a gross basis.

Other revenue is recognised at a point in time.

Contracts for all types of revenue do not contain a significant financing component as the terms of payments agreed by contracting parties do not provide to the customers or to the Group significant benefit of financing. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Contract assets are not significant. Accounts receivable are recognised when the Group receives the unconditional right to get the remuneration under the contract.

Contract liabilities are represented by advances received included in accounts payable and accruals and other non-current liabilities.

Government grants. Government grants are a compensation for the incurred expenses, losses and reduced tariffs to the guarantying suppliers – Group companies, in relation to the achievement of basic rates (tariffs). Government grants are accounted for within operating income and if the there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions and are recognised at fair value. Grants are recognised during the period so as to match costs with respective compensation or, if grants are compensating for the losses incurred previously, they are recognised when receipt of the grant becomes probable. Government grants are included in cash flows from operating activities.

Earnings per share. The earnings per share are determined by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, excluding the average number of treasury shares held by the Group.

Share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the placement value over the par value of shares issued is recorded as share premium in equity.

Treasury shares. Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners until the equity instruments are reissued, disposed of or cancelled. In case the consideration paid is non-cash asset, the treasury shares received are recognised at the fair value of this asset. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

Dividends. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing of amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

Social expenditure. To the extent that the Group's contributions to social programmes benefit the community at large without creating constructive obligations to provide such benefits in the future they are recognised in the consolidated income statement as incurred.

Financial guarantees. Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition.

Segment reporting. Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Critical accounting estimates and judgments in applying accounting policies

The Group makes estimates and assumptions that affect the amounts recognised in the Consolidated Financial Statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ECL measurement. Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, significant increase in credit risk, probability of default. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual losses on accounts receivable.

In order to determine whether there has been a significant increase in credit risk, the Group compares the risk of a default occurring over the life of a financial instrument at the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the reporting date. The Group considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioural aspects of particular groups of customers. The Group identifies behavioural indicators of increases in credit risk prior to delinquency and incorporates appropriate forward-looking information into the credit risk assessment, either for an individual counterparty, or for groups of counterparties.

The ECL rates are based on the payment profiles of sales over a period of 60 months before the end of reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified inflation to be the most significant factor, and accordingly adjusts the historical loss rates based on expected changes in the inflation rate. A change of the inflation rate by +/- 0.5% would result in the expected level of losses changing by +/- 0.7% respectively.

Method of accounting for and valuation of a non-deliverable forward contract for the shares. The management treats the transaction on acquisition by PJSC Bank VTB (the "Bank") of 55 billion of the Company's ordinary shares – 40 billion of additionally issued shares and 15 billion of treasury shares carried on the Group subsidiaries' balance sheet and entering into a non-deliverable forward contract for these shares (Note 19) in March 2017 as two separate transactions. The sale of shares was recorded in equity and a derivative financial instrument was recognised.

The terms and conditions of the share sale imply transfer of risks and rewards in connection with these shares, such as dividend payments received by the Bank and participation in the Company's management. No obligations for their repurchase and conversion into a different financial instrument, guarantees or binding agreements arise for the Company. Given the above and the fact that the international financial reporting standards do not prescribe accounting treatment for the risks and rewards transfer procedure for treasury shares, the Group management concluded that the transaction should be presented on the basis that the Bank is the beneficial owner of the Company's shares.

In the Group management's opinion, the decrease in the prepaid forward value by the amounts equivalent to dividends received by the Bank does not directly represent return of dividends, and, therefore, does not limit the Bank in terms of obtaining rewards from share ownership. According to the forward contract, there will be significant delays in the offset of cash flows (for a period exceeding three months from the date when dividends are received by the Bank), and the Bank will be able to place the received dividends not only in cash and cash equivalents but other instruments for the period exceeding three months as well, and it will be able to receive income and subsequently reinvest it multiple times.

As the issue of shares is recorded in equity and also as both the issue of shares and the conclusion of the non-deliverable forward contract are carried out by decision and in the interests of the state as the ultimate controlling party, the initial recognition of the non-deliverable forward contract for these shares is also recorded in equity as a shareholder transaction.

The effect of these critical accounting estimates in respect of a non-deliverable forward contract fair value and the key assumptions are disclosed in Note 19.

Recognition of a premium to the price of capacity with subsequent transfer of the collected amounts to the budgets of the respective regions. In July 2017, Resolution of the Russian Government No. 895 "On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region" became effective. This Resolution stipulates the application of a premium to the price of capacity provided by the Group in the price zones of the wholesale electricity and capacity market with subsequent transfer of the amounts collected to the constituent budgets of the Far East Federal region in the form of free-of-charge targeted contributions.

Constituent regions are obliged to use these contributions to compensate the guaranteeing suppliers of the Far East Federal region for the reduction in tariffs to the basic levels.

The amount of the premium that should be transferred to the regional budgets in the form of free-of-charge targeted contributions is stipulated by the Resolution of the Russian Government and for the year ended 31 December 2021 was RR 38,058 million (for the year ended 31 December 2020: RR 37,761 million). Taking into account that the Group collects the premium and subsequently transfers it to the respective regional budgets on behalf of the Russian Government, the management of the Group concluded that the Group's revenue from the sale of capacity in the amount of the premium should be presented in the consolidated income statement net of related free-of-charge targeted contributions.

Government subsidies receivable by the Group's companies – guaranteeing suppliers under the rules of the Resolution of the Russian Government No. 895 are recognised in government grants (Note 24). Government grants are recognised when there is a reasonable assurance that the grant will be received and the Group will be able to comply with all attached conditions.

Impairment of non-financial assets. Impairment of non-financial assets includes impairment of property, plant and equipment and impairment of investments in associates and joint ventures.

The effect of these critical accounting estimates and assumptions is disclosed in Notes 8 and 9.

Recognition of deferred tax assets. At each reporting date management assesses recoverability of deferred tax assets arising from operating losses and asset impairments in the context of the current economic environment, particularly when current and expected future profits have been adversely affected by market conditions. Management considers first the future reversal of existing deferred tax liabilities and then considers future taxable profits when evaluating deferred tax assets. The assessment is made on a taxpayer basis. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium-term business plans of the Group companies prepared by management and extrapolated results thereafter.

Management considered the recoverability of recognised deferred tax assets, including those on tax losses carried forward, as probable due to existence of taxable temporary differences which recoverability is expected in future and of high probability of deferred tax assets being recoverable through future taxable profits (Note 16).

Useful life of property, plant and equipment. The estimation of the useful life of an item of property, plant and equipment is a matter of management judgement based upon experience with similar assets, and other factors. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear, warranty terms as well as the environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments to future depreciation rates which can affect the reported income and the carrying value of property, plant and equipment.

Reclassifications. Certain reclassifications have been made to prior year data to conform to the current year presentation. These reclassifications are not material.

Note 3. Adoption of new or revised standards and interpretations

The following amendments to standards applicable to the Group's operations became effective from 1 January 2021 but did not have any material impact on the Group's consolidated financial statements:

- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).
- COVID-19-Related Rent Concessions Amendment to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020, according to the Amendment issued on 31 March 2021 the exemption period was extended from 30 June 2021 to 30 June 2022).

Note 4. New accounting pronouncements

Certain new standards and interpretations applicable to the Group's operations have been issued that are mandatory for the annual periods beginning on or after 1 January 2022 or later, and which the Group has not early adopted.

Approved for adoption in the Russian Federation:

- IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021, the effective date subsequently modified to 1 January 2023 by the Amendments to IFRS 17 issued on 25 June 2020).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022, the effective date subsequently modified to 1 January 2023 by the Amendments to IAS 1 issued on 15 July 2020).

Not yet approved for adoption in the Russian Federation:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

The new standards and interpretations and amendments will have no significant impact on the Group's consolidated financial statements.

Note 5. Principal subsidiaries

All principal subsidiaries are incorporated and operate in the Russian Federation. Differences between the ownership interest and voting interest held by some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or shares of limited liability companies (LLC).

The Group operates in the three main reportable segments – RusHydro generation, Supply companies, Far East energy companies (Note 4).

The principal subsidiaries are presented below according to their allocation to the reportable segments as at 31 December 2021 and 31 December 2020.

(in millions of Russian Rubles unless noted otherwise)

RusHydro generation segment

RusHydro generation segment is represented by the Group's parent company – PJSC RusHydro and its subsidiaries that produce and sell electricity and capacity, as well as hydroelectric power plants under construction.

The main subsidiaries included in RusHydro generation segment are presented below:

		31 December 2021		31 December 2020	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
JSC	EZS RusHydro*	99.75%	99.75%	99.75%	99.75%
JSC	Nizhne-Bureiskaya HPP	100.00%	100.00%	100.00%	100.00%

**JSC Zaramag HS until 09.12.2021*

Supply companies segment

Supply companies segment includes the Group's subsidiaries which sell electricity to final customers. All the entities included in this segment with the exception of JSC ESC RusHydro have the guaranteeing supplier status and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

		31 December 2021		31 December 2020	
		% of ownership	% of voting	% of ownership	% of voting
JSC	ESC RusHydro	100.00%	100.00%	100.00%	100.00%
PJSC	DEK	94.50%	94.51%	94.50%	94.51%
PJSC	Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	69.40%
PJSC	Ryazanenergosbyt	90.52%	90.52%	90.52%	90.52%
JSC	Chuvashskaya Electricity Sales Company (Note 1)	0.00%	0.00%	100.00%	100.00%

Far East energy companies segment

Far East energy companies segment consists of the Group's subsidiaries that generate and distribute electricity and generate, distribute and sell heat in the Far East region of the Russian Federation and render transportation, construction, repair and other services.

Principal subsidiaries of this segment are presented below:

		31 December 2021		31 December 2020	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Blagoveschensk TPP	100.00%	100.00%	100.00%	100.00%
JSC	DGK	100.00%	100.00%	100.00%	100.00%
JSC	DRSK	94.50%	100.00%	94.50%	100.00%
JSC	RAO ES East	99.98%	99.98%	99.98%	99.98%
JSC	Sakhalin GRES-2	100.00%	100.00%	100.00%	100.00%
JSC	TPP in Sovetskaya Gavan	100.00%	100.00%	100.00%	100.00%
JSC	Ust'-Srednekanskaya HPP named after A. F. Dyakov	99.63%	100.00%	99.63%	100.00%
JSC	Yakutskaya GRES-2	100.00%	100.00%	100.00%	100.00%
PJSC	Kamchatskenergo	98.74%	98.76%	98.74%	98.76%
PJSC	Kolimaenergo	98.76%	98.76%	98.76%	98.76%
PJSC	Magadanenergo*	48.99%	49.00%	48.99%	49.00%
PJSC	Sakhalinenergo	89.96%	89.97%	76.59%	76.60%
PJSC	Yakutskenergo	79.15%	79.16%	79.15%	79.16%

** Control over PJSC Magadanenergo is achieved by the majority of votes on the shareholders meeting because the remaining part of the shares not owned by the Group are distributed among a large number of shareholders the individual stakes of which are insignificant.*

Other segments

Other segments include:

- the Group's subsidiaries primarily engaged in research and development related to the utilities industry and construction of hydropower facilities;
- the Group's subsidiaries engaged in repair, upgrade and reconstruction of equipment and hydropower

(in millions of Russian Rubles unless noted otherwise)

facilities;
- the Group's subsidiaries engaged primarily in hydropower plants construction;
- minor segments which do not have similar economic characteristics.

Principal subsidiaries included in other segments are presented below:

		31 December 2021		31 December 2020	
		% of ownership	% of voting	% of ownership	% of voting
JSC	VNIIG named after B. E. Vedeneev	100.00%	100.00%	100.00%	100.00%
JSC	Gidroremont-VKK	100.00%	100.00%	100.00%	100.00%
JSC	Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
JSC	Lenhydroproject	100.00%	100.00%	100.00%	100.00%
JSC	Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
JSC	Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%

Note 6. Segment information

Operating segments are components of the Group engaged in operations from which they may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Group. The individual financial information of the operating segments, which based on the same principles as the present consolidated financial statements, is available and is regularly reviewed by the chief operating decision maker (CODM) to make operating decisions about resources to be allocated to the segments and the performance of the segments' operating activities.

The CODM analyses the information concerning the Group by the groups of operations which are aggregated in operating segments presented by the following separate reportable segments: RusHydro generation, Supply companies, Far East energy companies and other segments (Note 5). Transactions of other segments are not disclosed as reportable segments based on quantitative indicators for the periods presented.

Management of operating activities of segments is performed with direct participation of individual segment managers accountable to the CODM. Segment managers on a regular basis submit for approval to the CODM results of operating activities and financial performance of segments. The CODM approves the annual business plan at the level of reportable segments as well as analyses actual financial performance of segments. Management bears responsibility for execution of approved plan and management of operating activities at the level of segments.

The segments' operational results are assessed on the basis of EBITDA, which is calculated as operating profit / loss excluding depreciation of property, plant and equipment and amortisation of intangible assets, gains on changes in the carrying value of financial assets at fair value through profit or loss, impairment of property, plant and equipment, impairment of financial assets, gain / loss on disposal of property, plant and equipment and other non-monetary items of operating income and expenses. This definition of EBITDA may differ from the methods applied by other companies. Management believes that EBITDA represents the most useful means of assessing the performance of ongoing operating activities of the Group's operating segments, as it reflects the earnings trends excluding the impact of the above charges.

Segment information also contains capital expenditures and the amount of debt as these indicators are analysed by the CODM. Intersegment debt balances are eliminated from these disclosures.

Other information provided to the CODM is consistent with the information presented in the Group's consolidated financial statements.

Intersegment sales are carried out at market prices.

Major part of the revenue from intercompany operations of the Far East energy companies segment for 2021 and 2020 relates to the sales of electricity and capacity to companies in the Supply companies segment.

Segment information as at and for the years ended 31 December 2021 and 31 December 2020 is presented below.

(in millions of Russian Rubles unless noted otherwise)

Year ended 31 December 2021	**RusHydro generation**	**Supply companies**	**Far East energy companies**	**Other segments**	**Total segments**	**Unallocated adjustments and intercompany operations**	**TOTAL**
Revenue	**152,648**	**168,537**	**183,749**	**38,373**	**543,307**	**(137,274)**	**406,033**
including:							
from third parties	*134,780*	*154,118*	*109,880*	*7,255*	***406,033***	*-*	***406,033***
sales of electricity and capacity in the retail market	*359*	*123,924*	*39,320*	*-*	***163,603***	*-*	***163,603***
sales of electricity in the wholesale market	*81,961*	*13,523*	*4,122*	*-*	***99,606***	*-*	***99,606***
sales of capacity in the wholesale market	*52,191*	*16,101*	*168*	*-*	***68,460***	*-*	***68,460***
sales of heat and hot water	*148*	*-*	*44,837*	*-*	***44,985***	*-*	***44,985***
other revenue	*121*	*570*	*21,433*	*7,255*	***29,379***	*-*	***29,379***
from intercompany operations	*17,868*	*14,419*	*73,869*	*31,118*	***137,274***	*(137,274)*	***-***
Government grants	-	55	54,056	-	**54,111**	-	**54,111**
Operating expenses (excluding depreciation and other non-monetary items)	(57,782)	(162,855)	(218,086)	(36,071)	**(474,794)**	136,837	**(337,957)**
EBITDA	**94,866**	**5,737**	**19,719**	**2,302**	**122,624**	**(437)**	**122,187**
Other operating income	113	1	526	12	**652**	-	**652**
Depreciation of property, plant and equipment and amortisation of intangible assets	(15,873)	(337)	(14,061)	(1,388)	**(31,659)**	320	**(31,339)**
Other non-monetary items of operating income and expenses	**(10,882)**	**1,380**	**(24,467)**	**(242)**	**(34,211)**	**-**	**(34,211)**
including:							
impairment of property, plant and equipment, net	*(10,078)*	*-*	*(22,735)*	*-*	***(32,813)***	*-*	***(32,813)***
impairment of financial assets, net	*(940)*	*(767)*	*(2,343)*	*(193)*	***(4,243)***	*-*	***(4,243)***
profit / (loss) on disposal of property, plant and equipment, net	*135*	*4*	*611*	*(55)*	***695***	*-*	***695***
profit on disposal of subsidiaries, net	*1*	*2,143*	*-*	*6*	***2,150***	*-*	***2,150***
Operating profit / (loss)	**68,224**	**6,781**	**(18,283)**	**684**	**57,406**	**(117)**	**57,289**
Finance income							6,819
Finance costs							(14,710)
Share of results of associates and joint ventures							5,506
Profit before income tax							**54,904**
Income tax expense							(12,826)
Profit for the period							**42,078**
Capital expenditure	**40,345**	**1,248**	**37,660**	**7,602**	**86,855**	**-**	**86,855**
31 December 2021							
Non-current and current debt	**77,366**	**4,319**	**87,856**	**1,408**	**170,949**	**-**	**170,949**

(in millions of Russian Rubles unless noted otherwise)

Year ended 31 December 2020	**RusHydro generation**	**Supply companies**	**Far East energy companies**	**Other segments**	**Total segments**	**Unallocated adjustments and intercompany operations**	**TOTAL**
Revenue	**141,377**	**160,999**	**178,546**	**35,758**	**516,680**	**(133,835)**	**382,845**
including:							
from third parties	*126,668*	*147,555*	*102,723*	*5,899*	***382,845***	*-*	***382,845***
sales of electricity and capacity in the retail market	*419*	*119,479*	*36,060*	*1*	***155,959***	*-*	***155,959***
sales of electricity in the wholesale market	*80,559*	*12,490*	*2,333*	*17*	***95,399***	*-*	***95,399***
sales of capacity in the wholesale market	*45,414*	*14,749*	*167*	*85*	***60,415***	*-*	***60,415***
sales of heat and hot water	*142*	*-*	*41,099*	*1*	***41,242***	*-*	***41,242***
other revenue	*134*	*837*	*23,064*	*5,795*	***29,830***	*-*	***29,830***
from intercompany operations	*14,709*	*13,444*	*75,823*	*29,859*	***133,835***	*(133,835)*	***-***
Government grants	-	61	46,686	1	**46,748**	-	**46,748**
Operating expenses (excluding depreciation and other non-monetary items)	(48,636)	(156,623)	(202,463)	(37,282)	**(445,004)**	135,679	**(309,325)**
EBITDA	**92,741**	**4,437**	**22,769**	**(1,523)**	**118,424**	**1,844**	**120,268**
Other operating income	48	-	61	127	**236**	-	**236**
Depreciation of property, plant and equipment and amortisation of intangible assets	(14,741)	(305)	(12,782)	(1,327)	**(29,155)**	253	**(28,902)**
Other non-monetary items of operating income and expenses	**(235)**	**(1,671)**	**(30,104)**	**(413)**	**(32,423)**	**(9)**	**(32,432)**
including:							
impairment of property, plant and equipment, net	*(419)*	*-*	*(26,156)*	*(30)*	***(26,605)***	*-*	***(26,605)***
reversal / (impairment) of financial assets, net	*189*	*(1,821)*	*(3,022)*	*(325)*	***(4,979)***	*-*	***(4,979)***
loss on disposal of property, plant and equipment, net	*(243)*	*(63)*	*(1,002)*	*(152)*	***(1,460)***	*(9)*	***(1,469)***
profit on disposal of subsidiaries, net	*238*	*213*	*76*	*94*	***621***	*-*	***621***
Operating profit / (loss)	**77,813**	**2,461**	**(20,056)**	**(3,136)**	**57,082**	**2,088**	**59,170**
Finance income							21,125
Finance costs							(14,626)
Share of results of associates and joint ventures							144
Profit before income tax							**65,813**
Income tax expense							(19,206)
Profit for the period							**46,607**
Capital expenditure	**27,666**	**470**	**38,592**	**1,012**	**67,740**	**-**	**67,740**
31 December 2020							
Non-current and current debt	**125,560**	**6,787**	**72,592**	**1,051**	**205,990**	**-**	**205,990**

(in millions of Russian Rubles unless noted otherwise)

Note 7. Related party transactions

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

The Group's principal related parties for the years ended 31 December 2021 and 31 December 2020 were associates and joint ventures of the Group (Note 9) and government-related entities.

Transactions for the sale of electricity and power, as well as heat and hot water between associates, joint ventures and the Group are carried out at market prices or at tariffs

Joint ventures

The Group had the following balances with its joint ventures:

	31 December 2021	31 December 2020
Long-term promissory notes (Note 10)	9,985	9,098

The Group had the following transactions with its joint ventures:

	Year ended 31 December 2021	Year ended 31 December 2020
Sales of electricity and capacity	498	593
Other revenue	61	118
Purchased electricity and capacity	487	450

Associates

The Group had the following balances with its associates:

	31 December 2021	31 December 2020
Right-of-use assets	1,743	2,034
Trade and other receivables	405	254
Accounts payable	1,861	1,776
Short-term lease liabilities	1,869	1,308
Long-term lease liabilities	1,388	1,729

The Group had the following transactions with its associates:

	Year ended 31 December 2021	Year ended 31 December 2020
Sales of electricity and capacity	1,589	1,571
Sales of heat and hot water	1,257	1,226
Other revenue	112	112
Interest expense on lease liabilities	240	237

Government-related entities

In the normal course of business the Group enters into transactions with the entities related to the Government.

The Group had transactions during the years ended 31 December 2021 and 31 December 2020 and balances outstanding as at 31 December 2021 and 31 December 2020 with the government-related banks (Notes 10, 11, 14, 18). All transactions with the banks are carried out at market rates. The Company also entered into a non-deliverable forward contract for its treasury shares with PJSC VTB Bank (Notes 19).

(in millions of Russian Rubles unless noted otherwise)

The Group had the following other balances with banks and government-related parties:

	31 December 2021	31 December 2020
Right-of-use assets	4,157	2,874
Government grants receivables (Note 12)	1,833	526
Long-term loans from banks	85,396	78,819
Other long-term debt	5,034	5,832
Short-term loans from banks	5,157	5,015
Other short-term debt	1,405	1,006
Long-term part of lease liabilities	3,729	2,697
Short-term part of lease liabilities	997	682

Effective interest rate range for loans from state-related banks: 6.17 - 10.80 percent.

The Group had the following transactions with government-related parties:

	Year ended 31 December 2021	Year ended 31 December 2020
Government grants (Note 24)	54,111	46,748
Interest expense on borrowings	6,097	5,708
Interest expense on lease liabilities	378	298

The Group's sales of electricity, capacity and heat to government-related entities comprised approximately 20 percent of total sales of electricity, capacity and heat for the year ended 31 December 2021 (for the year ended 31 December 2020: approximately 20 percent). Sales of electricity and capacity under the regulated contracts are made directly to the consumers, within the day-ahead market (DAM) – through commission agreements with JSC Centre of Financial Settlements (CFS). Electricity and capacity supply tariffs under the regulated contracts and electricity and heat supply tariffs in the non-pricing zone of the Far East are approved by the Federal Antimonopoly Service and by regional regulatory authorities of the Russian Federation. On the DAM, the price is determined by balancing the demand and supply and such price is applied to all market participants.

The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 30 percent of total expenses on purchased electricity, capacity and fuel for the year ended 31 December 2021 (for the year ended 31 December 2020: approximately 30 percent). Tariffs for the purchase of electricity and capacity are approved by the FAS and by regional regulatory authorities of the Russian Federation, the price on the DAM is determined by balancing the demand and supply and such price is applied to all market participants, the purchase of fuel is carried out at market prices

Grid companies services on electricity distribution provided to the Group by government-related entities comprised approximately 80 percent of total electricity distribution expenses for the year ended 31 December 2021 (for the year ended 31 December 2020: approximately 80 percent). The distribution of electricity is subject to tariff regulations.

Key management of the Group. Key management of the Group includes members of the Board of Directors of the Company, members of the Management Board of the Company, heads of the business subdivisions of the Company and their deputies, key management of subsidiaries of the segment Far East energy companies.

Remuneration to the members of the Board of Directors of the Company for their services in their capacity and for attending Board meetings is paid depending on the results for the period and is calculated based on specific remuneration policy approved by the Annual General Shareholders Meeting of the Company.

Remuneration to the members of the Management Board and to other key management of the Group is paid for their services in full time management positions and is made up of a contractual salary and performance bonuses depending on the results of the work for the period based on key performance indicators approved by the Board of Directors of the Company.

The main compensation for key management of the Group is mostly short-term except for payments under pension plans with defined benefits. Pension benefits for key management of the Group are provided on the same terms as for the rest of employees.

Short-term remuneration paid to the key management of the Group for the year ended 31 December 2021 comprised RR 1,538 million including an accrual for bonuses in the amount of RR 380 million (for the year ended 31 December 2020: RR 1,497 million including accrual for bonuses in the amount of RR 397 million).

The calculation of the estimated bonus allowance for the year ended 31 December 2021 includes the remuneration expected for 2020 as part of the Long-term Incentive Program for the Company's Top Management.

(in millions of Russian Rubles unless noted otherwise)

Note 8. Property, plant and equipment

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Right-of-use assets	Total
Balance as at 31 December 2020	**110,264**	**453,391**	**490,122**	**177,108**	**17,053**	**10,590**	**1,258,528**
Reclassification	197	(316)	120	-	(1)	-	-
Additions	70	9	1,672	79,898	2,889	2,317	86,855
Transfers	2,146	11,622	33,338	(47,197)	91	-	-
Disposals of subsidiaries (Note 1)	(391)	(23)	(347)	-	(50)	(15)	(826)
Disposals and write-offs	(725)	(1,501)	(2,282)	(1,367)	(798)	(211)	(6,884)
Balance as at 31 December 2021	**111,561**	**463,182**	**522,623**	**208,442**	**19,184**	**12,681**	**1,337,673**
Accumulated depreciation (including impairment)							
Balance as at 31 December 2020	**(53,723)**	**(246,144)**	**(240,430)**	**(21,804)**	**(10,759)**	**(3,016)**	**(575,876)**
Reclassification	767	(1,904)	1,102	-	35	-	-
Impairment charge	(8,253)	(30,673)	(16,558)	(8,483)	(252)	(24)	(64,243)
Reversal of impairment	2,206	7,725	20,418	892	33	156	31,430
Depreciation charge	(1,672)	(8,788)	(17,547)	-	(1,414)	(1,564)	(30,985)
Transfers	(389)	(388)	(2,069)	2,849	(3)	-	-
Disposals of subsidiaries (Note 1)	73	10	310	-	37	8	438
Disposals and write-offs	325	723	2,055	222	331	71	3,727
Balance as at 31 December 2021	**(60,666)**	**(279,439)**	**(252,719)**	**(26,324)**	**(11,992)**	**(4,369)**	**(635,509)**
Net book value as at 31 December 2021	**50,895**	**183,743**	**269,904**	**182,118**	**7,192**	**8,312**	**702,164**
Net book value as at 31 December 2020	**56,541**	**207,247**	**249,692**	**155,304**	**6,294**	**7,574**	**682,652**

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Right-of-use assets	Total
Balance as at 31 December 2019	**101,994**	**394,827**	**449,098**	**238,953**	**17,479**	**8,361**	**1,210,712**
Reclassification	(6,843)	6,827	(118)	4	130	-	-
Additions	141	2	1,260	61,048	2,487	2,802	67,740
Transfers	17,532	56,966	46,643	(121,420)	279	-	-
Disposals of subsidiaries	(1,451)	(3,749)	(5,093)	(158)	(2,662)	-	(13,113)
Disposals and write-offs	(1,109)	(1,482)	(1,668)	(1,319)	(660)	(573)	(6,811)
Balance as at 31 December 2020	**110,264**	**453,391**	**490,122**	**177,108**	**17,053**	**10,590**	**1,258,528**
Accumulated depreciation (including impairment)							
Balance as at 31 December 2019	**(45,078)**	**(235,045)**	**(216,480)**	**(22,675)**	**(11,502)**	**(2,070)**	**(532,850)**
Reclassification	112	(550)	522	-	(84)	-	-
Impairment charge	(8,130)	(6,035)	(11,541)	(767)	(132)	-	(26,605)
Depreciation charge	(1,735)	(7,978)	(16,358)	-	(1,208)	(1,266)	(28,545)
Transfers	(26)	(693)	(568)	1,293	(6)	-	-
Disposals of subsidiaries	460	3,328	2,802	46	1,899	-	8,535
Disposals and write-offs	674	829	1,193	299	274	320	3,589
Balance as at 31 December 2020	**(53,723)**	**(246,144)**	**(240,430)**	**(21,804)**	**(10,759)**	**(3,016)**	**(575,876)**
Net book value as at 31 December 2020	**56,541**	**207,247**	**249,692**	**155,304**	**6,294**	**7,574**	**682,652**
Net book value as at 31 December 2019	**56,916**	**159,782**	**232,618**	**216,278**	**5,977**	**6,291**	**677,862**

Assets under construction represent the expenditures for property, plant and equipment that are being constructed, including power plants under construction, and advances to construction companies and suppliers of property, plant and equipment. As at 31 December 2021 such advances amounted to RR 41,902 million (31 December 2020: RR 31,761 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 4,280 million, the capitalisation rate was 7.00 percent (for the year ended 31 December 2020: RR 5,880 million, the capitalisation rate was 7.19 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 412 million (for the year ended 31 December 2020: RR 199 million).

(in millions of Russian Rubles unless noted otherwise)

Other property, plant and equipment include motor vehicles, land, office fixtures and other equipment.

Impairment of property, plant and equipment as at 31 December 2021 and 31 December 2020

The following key assumptions were used in the impairment testing for the years ended 31 December 2021 and 31 December 2020:

Key assumptions used in the impairment testing	31 December 2021	31 December 2020
Information used	Actual operating results of generating units for the respective period and business plans for 5 years (2022–2026)	(2021–2025)
Forecast period*	For the generating units operating hydro- and geothermal power plants and for units dealing with electricity transmission – 10 years (2022–2031)	(2021–2030)
	For the generating units supplying capacity under capacity sale contracts at new hydropower plants, including hydro-accumulating power plants – until the completion of the capacity sale contracts 9–18 years (2022–2039)	10–19 years (2021–2039)
	For the generating units operating thermal power plants – based on the remaining useful life of the key equipment 11–35 years (2022–2056)	11–35 years (2021–2055)
Forecasted growth rates in terminal period	4.0 percent	4.0 percent
Discount rate before tax (based on weighted average cost of capital)	12.5–13.7 percent	11.1–12.9 percent
Discount rate after tax (based on weighted average cost of capital)	10.67–11.47 percent	9.69–10.86 percent
Forecast of electricity and capacity tariffs in the isolated energy systems and in non-pricing zone of the Far East	Based on methodology of tariffs calculation adopted by regulatory authority	
Forecast of electricity and capacity prices in competitive market	Based on the forecast of JSC TSA and forecast rates on energy prices growth prepared by the Ministry of Economic Development of RF	
Forecast of capacity prices related to competitive capacity selection	For 2022–2026 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used For 2027 and after – adjusted on consumer index price	For 2021–2025 – based on the results of competitive capacity selection, except for stations, where regulated tariffs are used For 2026 and after – adjusted on consumer index price
Forecast of electricity and capacity volumes	Based on the Company's management assessment of future trends in the business	
Forecast of capital expenditures	Based on the management valuation of capital expenditures on modernisation and reconstruction programme	

** Management considers that a forecast period greater than five years is appropriate as it is expected that cash flow projections will not be stabilised within five years. However a forecast period of cash flows was mainly defined by remaining useful life of assets tested. For hydroelectric power plants this period may amount up to 100 years due to the fact that key asset is a dam. In this regard the recoverable amount of assets was defined based on cash flows during the forecast period and terminal values.*

The values assigned to the key assumptions represent management's assessment of future trends in the business and are based on both external and internal sources.

Management of the Group analysed the current economic situation, in which the Group operates, in order to detect the indicators of impairment of property, plant and equipment or indicators that an impairment loss recognised in prior periods no longer exists or decreased.

As a result of the impairment test of property, plant and equipment as at 31 December 2021 the net impairment loss of RR 32,813 million was recognised in the Consolidated Income Statement, including:

- RR 10,078 million in RusHydro generation segment mainly related to the following cash-generating units: "Bureiskaya HPP and Nizhne-Bureiskaya HPP" – loss in the amount of RR 12,949 million due to transition to long-term tariff, which led to a revision of the depreciation and other costs amount included in the tariff, which in the long term does not cover all the necessary costs; "Kabardino-Balkarian branch" and "Cascade of Kubanskiye HPPs" – loss in the amount of RR 5,486 million and RR 4,748 million respectively due to the insufficient growth of the revenue amount to cover planned capital expenditures; "Saratovskaya HPP" – reversal of previously recognised impairment loss in the amount of RR 13,323 million due to the increased production forecast and selling price.

(in millions of Russian Rubles unless noted otherwise)

- RR 22,735 million in Far East energy companies segment mainly related to the following cash-generating units: “Sakhalinskaya GRES-2 and Sakhalinenergo” – loss in the amount of RR 12,588 million, “Yakutskenergo and Yakutskaya GRES-2” – loss in the amount of RR 8,620 million, "Kolymaenergo" (Ust’-Srednekanskaya HPP and Kolymskaya HPP) – loss in the amount of RR 4,104 million due to fact that the growth of investment and operating costs outpaces the growth of regulated tariffs, JSC “DRSK branch Primorskiye electrical grids” – loss in the amount of RR 3,116 million due to significant capital commitments with regards to the reconstruction of the regional grid infrastructure; "Kamchatskenergo" and "Magadanenergo" – reversal of previously recognised impairment in the amount of RR 2,250 million and RR 1,740 million respectively due to the growth of tariffs and electricity sales volumes.

The table below shows the sensitivity of the balance sheet amount of cash-generating units to key assumptions as at 31 December 2021:

	Valuation technique	Significant unobservable inputs	Reasonable change	Sensitivity of balance sheet amount
Property, plant and equipment	Discounted cash flows	Electricity and capacity prices and electricity tariff forecast in isolated power systems and non-price zone of the Far East	-10% -1%	-3.37%
		Discount rate	+1%	-4.28%
		Capital expenditures	+10%	-3.24%

Management of the Group believes that property, plant and equipment at Zagorskaya GAES-2 with carrying amount of RR 60,827 million is not impaired as at 31 December 2021 as there were capacity supply contracts concluded in respect of new power generation facilities of Zagorskaya GAES-2, that guarantee the payback period of 20 years for the total cost of construction for the period. In April 2018 the date of fulfilment of obligations as for capacity supply contracts was deferred to 1 January 2024 by decision of NP Council Market.

As a result of the impairment analysis of property, plant and equipment as at 31 December 2020 their carrying amount decreased by RR 26,605 million, impairment loss was recognised in the Consolidated Income Statement.

Right-of-use assets. The carrying amounts of the Group’s right-of-use assets and the movements during the reporting period are presented in the table below:

	Right-of-use assets				
	Buildings	Facilities	Plant and equipment	Other	Total
Balance as at 31 December 2020	**1,884**	**4,250**	**1,336**	**104**	**7,574**
Additions	746	1,090	347	134	2,317
Reclassification	(5)	(109)	118	(4)	-
Depreciation charge	(504)	(654)	(344)	(62)	(1,564)
Impairment charge	(20)	152	-	-	132
Disposals and write-offs	(88)	(47)	(4)	(8)	(147)
Balance as at 31 December 2021	**2,013**	**4,682**	**1,453**	**164**	**8,312**
Balance as at 31 December 2019	**1,733**	**3,280**	**1,220**	**58**	**6,291**
Additions	832	1,304	581	85	2,802
Reclassification	(11)	186	(175)	-	-
Depreciation charge	(501)	(467)	(265)	(33)	(1,266)
Disposals and write-offs	(169)	(53)	(25)	(6)	(253)
Balance as at 31 December 2020	**1,884**	**4,250**	**1,336**	**104**	**7,574**

The weighted average discount rate for the year ended 31 December 2021 was 7.00 percent (for the year ended 31 December 2020: 7.19 percent).

Interest expenses included in finance costs in 2021 are reflected in Note 26.

The total amount of cash payments for rent in 2021 amounted to RR 1,521 million (for the year ended 31 December 2020:RR 1,165 million).

The Group leases a number of land plots owned by local governments where the Group’s hydropower plants and other assets are located under non-cancellable lease agreements. According to the Land Code of the Russian Federation such land plots are limited in their alienability and cannot be privatised. The Group’s operating leases typically run for an initial period of 5–49 years with an option to renew the lease after that date. Rental payments depend on the cadastral value of the land and are variable, recognised as part of the rent expenses in the period in which the event or condition initiating the payment occurs.

(in millions of Russian Rubles unless noted otherwise)

As at 31 December 2021 future (undiscounted) cash flows in the amount of RR 23,782 million which are expected to be paid by the Group during the lease term were not included in the lease liabilities because they included variable lease payments under land lease agreements that depend on cadastral value of the land (for the year ended 31 December 2020: RR 25,900 million). 10 percent increase in the cadastral value of land under such contracts would increase total lease payments by approximately RR 2,378 million (31 December 2020: RR 2,590 million).

Pledged assets. As at 31 December 2021 and 31 December 2020, no property, plant and equipment and right-of-use assets have been pledged as collateral for borrowings.

Note 9. Investments in associates and joint ventures

The Group's interests in associates and joint ventures and their carrying values were as follows:

	Place of business	% held		Carrying value	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Associates					
OJSC Irkutsk Electronetwork Company (OJSC IENC)	Russia	42.75%	42.75%	7,089	7,299
JSC Sakhalin Energy Company (JSC SEC)	Russia	42.31%	42.31%	2,119	2,410
Other				86	57
Total associates				**9,294**	**9,766**
Joint ventures					
BoGES Group	Russia	50.00%	50.00%	12,203	7,034
BALP Group	Russia	50.00%	50.00%	-	-
Total joint ventures				**12,203**	**7,034**
Total investments in associates and joint ventures				**21,497**	**16,800**

The amounts in respect of associates and joint ventures recognised in the Consolidated Income Statement are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Associates		
OJSC IENC	(210)	(215)
JSC SEC	(291)	41
Other	21	(96)
Total associates	**(480)**	**(270)**
Joint ventures		
BoGES Group	5,986	414
Total joint ventures	**5,986**	**414**
Share of results of associates and joint ventures	**5,506**	**144**

Associates

OJSC Irkutsk Electronetwork Company (OJSC IENC)

OJSC IENC operates electric power transmission grids with voltage of 220-500 kV and distribution grids with voltage of 0.4-110 kV in the Irkutsk region. The total length of overhead and cable power lines is over 40,000 km. OJSC IENC also maintains and ensures operation of over 10,000 transforming substations of 6-500 kV in voltage and over 28,000 MVA in total capacity. The core activities of OJSC IENC include provision of services in the area of electric power transmission and distribution, technological connection of consumers to power grids and maintenance of power grids' operating capacity. OJSC IENC's controlling shareholder is EN+ Group.

JSC Sakhalin Energy Company (JSC SEC)

JSC SEC was founded in order to implement investment projects for the construction of a number of new power sector assets in the Sakhalin region to be financed from the federal and regional budgets. After the completion of the main types of work on the construction of energy facilities, the main activity of JSC SEC become the provision of leased units of generation and power supply network to PJSC Sakhalinenergo, the Group's subsidiary. Other JSC SEC's shareholders, in addition to the Group, are the Russian Government represented by the Federal Agency for State Property Management, and the Sakhalin region represented by the Ministry of Land and Property Affairs of the Sakhalin region.

(in millions of Russian Rubles unless noted otherwise)

The Group's investments in JSC SEC is strategic at consolidating key energy assets of the Sakhalin region on the basis of the core vertically integrated entity PJSC Sakhalinenergo (Note 1).

Summarised financial information for significant associates for the years ended 31 December 2021 and 31 December 2020 and as at 31 December 2021 and 31 December 2020:

	JSC SEC		OJSC IENC	
As at 31 December	**2021**	**2020**	**2021**	**2020**
Non-current assets	3,185	4,392	26,618	27,333
Current assets	3,231	2,712	1,665	1,429
Non-current liabilities	-	-	(8,641)	(6,604)
Current liabilities	(54)	(54)	(5,272)	(7,298)
Net assets	**6,362**	**7,050**	**14,370**	**14,860**
For the year ended 31 December	**2021**	**2020**	**2021**	**2020**
Revenue	641	646	25,305	21,729
Impairment of property, plant and equipment	(1,119)	-	-	-
(Loss) / profit for the year	**(688)**	**123**	**(490)**	**(502)**
Total comprehensive (loss) / income for the year	**(688)**	**123**	**(490)**	**(502)**

Reconciliation of the summarised financial information of the associates to the carrying value of the Group's investment:

	JSC SEC	OJSC IENC	Others	Total
Net assets as at 31 December 2019	**6,927**	**15,362**	**521**	
Profit / (loss) for the year	123	(502)	(397)	
Net assets as at 31 December 2020	**7,050**	**14,860**	**124**	
Interest in associates	2,983	6,353	38	9,374
Additional share issue	(1,028)	-	-	(1,028)
Goodwill	455	946	-	1,401
Other movement	-	-	19	19
Carrying value as at 31 December 2020	**2,410**	**7,299**	**57**	**9,766**
Net assets as at 31 December 2020	**7,050**	**14,860**	**124**	
(Loss) / profit for the year	(688)	(490)	58	
Net assets as at 31 December 2021	**6,362**	**14,370**	**182**	
Interest in associates	2,692	6,143	61	8,896
Additional share issue	(1,028)	-	-	(1,028)
Goodwill	455	946	-	1,401
Other movement	-	-	25	25
Carrying value as at 31 December 2021	**2,119**	**7,089**	**86**	**9,294**

Joint ventures

BoGES Group and BALP Group

Starting from 2006 the Company and RUSAL Group have been jointly implementing the Boguchansky Energy-Metallurgical Association (BEMA) project based on an agreement for joint financing, completion and subsequent operation of Boguchanskaya HPP and Boguchansky aluminium plant. Within the BEMA project, joint ventures BoGES Ltd (Cyprus) and BALP Ltd (Cyprus) were formed on a parity basis, which have controlling interests in PJSC Boguchanskaya HPP and JSC Boguchansky Aluminium Plant, respectively.

BoGES Ltd and PJSC Boguchanskaya HPP together form BoGES Group. BALP Ltd and JSC Boguchansky Aluminium Plant together form BALP Group.

(in millions of Russian Rubles unless noted otherwise)

BoGES Ltd and BALP Ltd provide corporate governance of PJSC Boguchanskaya HPP and JSC Boguchansky Aluminium Plant in line with the parity of interests of the investors and are not engaged in other operations.

Starting from November 2012 Boguchanskaya HPP sells electricity and capacity to large consumers and electricity sales companies. The installed capacity of Boguchanskaya HPP is 2,997 MW, long-term average project production – 17,600 million kWh.

The capacity of Boguchansky Aluminium Plant is almost 600 thousand tonnes of aluminium per annum. The plant comprises two series with a capacity of 296 thousand tonnes each. The construction of the 1st series of Boguchansky Aluminium Plant was finished in 2020. The decision about the construction of the 2nd series of the plant has not been made by the investors. Boguchansky Aluminium Plant is one of the key consumers of energy generated by Boguchanskaya HPP.

Summarised financial information for the significant joint ventures as at and for the years ended 31 December 2021 and 31 December 2020:

	BoGES Group		BALP Group	
As at 31 December	**2021**	**2020**	**2021**	**2020**
Non-current assets	61,763	65,115	51,247	41,608
Current assets including:	2,966	3,988	18,386	13,541
Cash and cash equivalents	*474*	*1,766*	*4,195*	*2,634*
Non-current liabilities including:	(35,459)	(42,605)	(154,844)	(157,622)
Non-current financial liabilities (excluding trade payables)	*(30,054)*	*(37,010)*	*(154,738)*	*(157,515)*
Current liabilities including:	(4,971)	(12,513)	(3,056)	(2,292)
Current financial liabilities (excluding trade payables)	*(2,834)*	*(10,875)*	*(39)*	*(34)*
Net assets	**24,299**	**13,985**	**(88,267)**	**(104,765)**
For the year ended 31 December	**2021**	**2020**	**2021**	**2020**
Revenue	21,182	19,621	52,401	34,594
Depreciation of property, plant and equipment	(1,778)	(1,851)	(3,019)	(2,252)
Reversal / (accrual) of obligation to finance JSC Boguchansky Aluminium Plant	4,885	(8,560)	-	-
Reversal of impairment of property, plant and equipment	-	-	12,883	-
Interest income	161	175	213	129
Interest expense	(1,913)	(2,153)	(6,483)	(6,753)
Foreign exchange differences	(9)	(11)	(526)	(18,536)
Profit / (loss) before income tax	**13,145**	**(829)**	**16,877**	**(23,191)**
(Loss)/income tax expense	(2,814)	177	(379)	(1)
Profit / (loss) for the year	**10,331**	**(652)**	**16,498**	**(23,192)**
Total comprehensive income / (loss) for the year	**10,331**	**(652)**	**16,498**	**(23,192)**

Reconciliation of the summarised financial information presented to the carrying value of interest in joint ventures:

	BoGES Group	BALP Group	Others	Total
Net assets as at 31 December 2019	**14,604**	**(81,573)**	**(496)**	
Loss for the year	(652)	(23,192)	(538)	
Purchase of treasure shares	33	-	-	
Net assets as at 31 December 2020	**13,985**	**(104,765)**	**(1,034)**	
Interest in joint ventures	6,992	(52,383)	(499)	(45,890)
Non-controlling interest	42	-	-	42
Accumulated losses	-	52,383	499	52,882
Carrying value as at 31 December 2020	**7,034**	**-**	**-**	**7,034**

(in millions of Russian Rubles unless noted otherwise)

Net assets as at 31 December 2020	**13,985**	**(104,765)**	**(1,034)**	
Profit/(loss) for the year	10,331	16,498	(25)	
Purchase of treasure shares	(17)	-	-	
Net assets as at 31 December 2021	**24,299**	**(88,267)**	**(1,059)**	
Interest in joint ventures	12,150	(44,134)	(530)	(32,514)
Other movements	53	-	-	53
Accumulated losses	-	44,134	530	44,664
Carrying value as at 31 December 2021	**12,203**	**-**	**-**	**12,203**

Note 10. Other non-current assets

	31 December 2021	31 December 2020
Long-term promissory notes	27,228	37,552
Discount on long-term promissory notes	(11,269)	(12,385)
Expected credit loss allowance for long-term promissory notes	(4,662)	(14,025)
Long-term promissory notes, net	11,297	11,142
VAT recoverable	1,425	1,168
Option to fix the interest rate maximum	1,066	-
Financial assets at fair value through other comprehensive income	712	461
Goodwill	481	481
Other non-current assets	6,500	6,349
Total other non-current assets	**21,481**	**19,601**

Other non-current assets in the amount of RR 6,500 million (31 December 2020: RR 6,349 million) mainly include intangible assets, research and development costs and long-term accounts receivable.

Information on the expected credit loss allowance in relation to other non-current financial assets is presented in Note 32.

	Rating	Rating agency	Effective interest rate	Maturity date	31 December 2021	31 December 2020
Interest-free long-term promissory notes						
PJSC Boguchanskaya HPP	-	-	9.75%	2029	9,985	9,098
PJSC Bank VTB	BBB-	Standard & Poor's	7.15–9.1%	2023–2024	1,178	971
PJSC ROSBANK	-	-	-	-	-	558
JSC Alfa-Bank	-	-	-	-	-	394
Other					134	121
Total long-term promissory notes					**11,297**	**11,142**

Promissory notes of PJSC Boguchanskaya HPP. As at 31 December 2021 the amortised cost of interest-free long-term promissory notes of PJSC Boguchanskaya HPP (payable on demand but not earlier than 31 December 2029, with the total nominal value of RR 21,027 million) amounted to RR 9,985 million (31 December 2020: RR 9,098 million).

Promissory notes of LLC ENERGO-FINANCE. As at 31 December 2021 the long-term promissory notes of LLC ENERGO-FINANCE in the amount of RR 9,363 million were written off against expected credit loss allowance due to the liquidation of the company in April 2021.

Goodwill. As at 31 December 2021 and 31 December 2020, the Group tested goodwill related to JSC Institute Hydroproject for its potential impairment. As a result the recoverable amount of JSC Institute Hydroproject as a cash generating asset was higher than the carrying amount - there is no economic impairment.

(in millions of Russian Rubles unless noted otherwise)

Note 11. Cash and cash equivalents

	31 December 2021	31 December 2020
Cash equivalents (contractual interest rate: 6.30–9.25%)	41,884	44,553
Cash at bank	17,910	13,723
Cash in hand	12	15
Total cash and cash equivalents	**59,806**	**58,291**

Cash equivalents held as at 31 December 2021 and 31 December 2020 comprised short-term bank deposits with original maturities of three months or less.

Cash and cash equivalents are deposited in several institutions as follows:

	Rating	Rating agency	31 December 2021	31 December 2020
Cash at banks				
JSC Bank GPB	BBB-	Standard & Poor's	10,070	8,079
JSC BANK ROSSIYA	A+(RU)	ACRA	2,968	200
PJSC Sberbank	BBB	Fitch Ratings	2,092	2,122
PJSC ROSBANK	BBB	Fitch Ratings	1,503	2,450
JSC Alfa-Bank	BBB-	Standard & Poor's	805	17
PJSC Bank VTB	BBB-	Standard & Poor's	302	785
Other	-	-	170	70
Total cash at banks			**17,910**	**13,723**
Bank deposits				
JSC Bank GPB	BBB-	Standard & Poor's	8,966	22,808
PJSC Bank VTB	BBB-	Standard & Poor's	6,761	20,809
JSC Joint Stock Company Russian regional development bank	Ba1	Moody's	5,800	-
JSC Rosselkhozbank	Ba1	Moody's	5,616	232
PJSC Sberbank	BBB	Fitch Ratings	5,374	645
PJSC Sovcombank	BB+	Fitch Ratings	5,000	-
PJSC Promsvyazbank	Ba1	Moody's	3,036	-
JSC UniCredit Bank	BBB-	Standard & Poor's	1,095	42
Other	-	-	236	17
Total cash equivalents			**41,884**	**44,553**

Note 12. Accounts receivable and prepayments

	31 December 2021	31 December 2020
Trade receivables	65,248	66,176
Expected credit loss allowance for trade receivables	(30,349)	(31,569)
Trade receivables, net	**34,899**	**34,607**
VAT recoverable	**16,970**	**6,459**
Advances to suppliers and other prepayments	5,715	6,317
Provision for impairment of advances to suppliers and other prepayments	(605)	(704)
Advances to suppliers and other prepayments, net	**5,110**	**5,613**
Other receivables	8,925	10,142
Expected credit loss allowance for other receivables	(4,219)	(5,152)
Other receivables, net	**4,706**	**4,990**
Government grants receivables	1,833	526
Total accounts receivable and prepayments	**63,518**	**52,195**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(in millions of Russian Rubles unless noted otherwise)

The ageing analysis of trade accounts receivable are as follows:

	31 December 2021			31 December 2020		
	Expected credit loss, %	Gross carrying amount	Expected credit loss allowance	Expected credit loss, %	Gross carrying amount	Expected credit loss allowance
Not past due	2.84%	27,237	(773)	1.87%	26,175	(491)
Past due for less than 3 months	23.70%	5,569	(1,320)	17.70%	6,189	(1,096)
Past due for 3 months to 1 year	50.41%	6,776	(3,416)	50.40%	6,805	(3,430)
Past due for more than 1 year	96.78%	25,666	(24,840)	98.31%	27,007	(26,552)
Total		**65,248**	**(30,349)**		**66,176**	**(31,569)**

Movements in the credit loss allowance for trade accounts receivable are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
As at 1 January	**31,569**	**29,863**
Charge for the year	4,948	5,509
Reversal of credit loss allowance	(1,254)	(1,555)
Trade receivables written off as uncollectible	(2,067)	(2,112)
Reclassification to long-term receivables	-	(134)
Disposal of impairment provision due to disposal of subsidiaries	(2,847)	(2)
As at 31 December	**30,349**	**31,569**

Information on the credit loss allowance in relation to other accounts receivable is presented in Note 32.

The majority of trade debtors which are not past due could be aggregated in several groups based on similarities in their credit quality: large industrial consumers – participants of the wholesale and retail electricity and capacity market as well as public sector entities and population.

The Group does not hold any accounts receivable pledged as collateral.

Note 13. Inventories

	31 December 2021	31 December 2020
Fuel	23,818	21,927
Materials and supplies	8,279	10,028
Spare parts	6,682	3,230
Other materials	259	190
Total inventories before provision for impairment	**39,038**	**35,375**
Provision for impairment of inventories	(167)	(226)
Total inventories	**38,871**	**35,149**

There are no inventories pledged as collateral for borrowings as at 31 December 2021 and as at 31 December 2020.

(in millions of Russian Rubles unless noted otherwise)

Note 14. Other current assets

	31 December 2021	31 December 2020
Deposits	**490**	**41,331**
Special funds	**6,488**	**11,615**
Loans issued	3,381	3,321
Expected credit loss allowance for loans issued	(3,347)	(3,291)
Loans issued, net	**34**	**30**
Cross currency and interest rate swap	**-**	**2,914**
Other current assets	**19**	**84**
Total other current assets	**7,031**	**55,974**

As at 31 December 2021 the balance of special funds in the amount of RR 6,488 million received by the Group to fund construction of generating facilities, is placed to the special accounts of the Federal Treasury of Russia (as at 31 December 2020: RR 11,615 million). These special funds may be used by the Group only upon approval by the Federal Treasury of Russia according to the authorisation procedure, prescribed by the Order of the Ministry of Finance of the Russian Federation No. 213n dated 25 December 2015.

	Rating	Rating agency	Effective interest rate	31 December 2021	31 December 2020
Deposits					
PJSC Sberbank	BBB	Fitch Ratings	0.57%	490	-
PJSC Bank VTB	-	-	-	-	24,522
Bank GPB (JSC)	-	-	-	-	16,809
Total deposits				**490**	**41,331**

Cross-currency and interest rate swap.

The cross-currency and interest rate swap arrangement with PJSC Bank VTB was completed in November 2021 with no significant effect upon closing .

Note 15. Equity

	Number of issued and fully paid ordinary shares (Par value of RR 1.00)
As at 31 December 2021	439 288 905 849
As at 31 December 2020	439 288 905 849

Additional share issue 2018–2020. On 14 September 2020 the results of the additional share issue were registered. 13,000,092,298 shares were placed as a result of the additional issue including 13,000,000,000 shares were purchased by the Russian Federation, represented by the Federal Agency for State Property Management. The shares issued were fully paid for in cash.

Treasury shares. As at 31 December 2021 treasury shares were represented by 3,852,259,324 ordinary shares in the amount of RR 4,613 million (31 December 2020: 3,852,259,324 ordinary shares in the amount of RR 4,613 million).

Changes in non-controlling interest. The change in non-controlling interest for the year ended 31 December 2020 is due to changes in the Group's structure (Note 1). As a result of the asset swap transaction with LLC IC Donalink a negative non-controlling interest in the amount of RR 1,723 million was disposed of. The fair value of the Group assets transferred in exchange for 41.98 percent of PJSC DEK shares comprised RR 5,640 million. The difference between the carrying amount of the non-controlling interest disposed and the fair value of the assets transferred is recognised in retained earnings.

The disposal of the non-controlling interest attributable to negative net assets of a subsidiary of the Group JSC DGK in the amount of RR 3,301 million resulted from the additional share issue of JSC DGK in favour of the Company.

Foreign currency translation reserve. As a result of the sale of the subsidiary CJSC MEK during the year ended 31 December 2020, the accumulated loss on foreign translation reserve in amount of RR 348 million related to the translation to the reporting currency of the assets and liabilities of the subsidiary denominated in Armenian drams was recycled to profit or loss.

Dividends. On 30 June 2021, the Company declared dividends for the year ended 31 December 2020 of RR 0.0530 per share in the total amount of RR 23,303 million (RR 23,099 million excluding dividends to subsidiaries). On 30 September 2020, the Company declared dividends for the year ended 31 December 2019 of RR 0.0357 per share in the total amount of RR 15,674 million (RR 15,537 million excluding dividends to subsidiaries).

(in millions of Russian Rubles unless noted otherwise)

Declared dividends of the Group's subsidiaries in favour of non-controlling interest holders amounted to RR 207 million for the year ended 31 December 2021 (for the year ended 31 December 2020: RR 180 million).

Note 16. Income tax

Income tax expense is as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Current income tax expense	16,312	14,256
Deferred income tax expense	(3,486)	4,950
Total income tax expense	**12,826**	**19,206**

The income tax rate applicable to the majority of the Group's entities for the year ended 31 December 2021 was 20 percent (for the year ended 31 December 2020: 20 percent).

A reconciliation between the expected and actual income tax expense is provided below:

	Year ended 31 December 2021	Year ended 31 December 2020
Profit before income tax	**54,904**	**65,813**
Theoretical tax expense at a statutory rate of 20 percent	(10,981)	(13,163)
Tax effect of items which are not deductible or assessable for taxation purposes	(902)	(1,164)
Increase in other unrecognised deferred tax assets	(3,624)	(6,833)
Use of unrecognised deferred tax assets	2,090	2,861
Change in unrecognised deferred tax assets in respect of associates and joint ventures	1,101	29
Other	(510)	(936)
Total income tax expense	**(12,826)**	**(19,206)**

The total amount of deductible temporary differences for which deferred income tax assets have not been recognised by the Group as at 31 December 2021 was RR 154,984 million (31 December 2020: RR 152,539 million). These temporary differences mainly relate to accumulated impairment of property, plant and equipment, assets under construction, changes in the fair value of the non-deliverable forward contract for shares and pension liabilities of several Group's subsidiaries.

Deferred income tax. Differences between IFRS and statutory taxation regulations in the Russian Federation give rise to temporary differences between the carrying amount of certain assets and liabilities for consolidated financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20 percent (for the year ended 31 December 2020: 20 percent).

	31 December 2020	Income tax charge	Charged directly to other comprehensive income	Other movements	31 December 2021
Deferred income tax assets	**16,673**	**(4,032)**	**(329)**	**(38)**	**12,274**
Property, plant and equipment	12,000	(4,120)	-	-	7,880
Accounts receivable	5,714	(162)	-	(11)	5,541
Losses carried forward	1,261	86	-	(10)	1,337
Other	6,415	273	(329)	(17)	6,342
Deferred tax offset	*(8,717)*	*(109)*	-	-	*(8,826)*
Deferred income tax liabilities	**(17,591)**	**7,518**	**-**	**6**	**(10,067)**
Property, plant and equipment	(25,253)	6,984	-	6	(18,263)
Accounts receivable	(122)	(33)	-	-	(155)
Other	(933)	458	-	-	(475)
Deferred tax offset	*8,717*	*109*	-	-	*8,826*

(in millions of Russian Rubles unless noted otherwise)

	31 December 2019	Income tax charge	Charged directly to other comprehensive income	Other movements	31 December 2020
Deferred income tax assets	**19,259**	**(2,372)**	**(104)**	**(110)**	**16,673**
Property, plant and equipment	13,617	(1,617)	-	-	12,000
Accounts receivable	6,231	(517)	-	-	5,714
Losses carried forward	2,151	(816)	-	(74)	1,261
Other	5,777	778	(104)	(36)	6,415
Deferred tax offset	*(8,517)*	*(200)*	-	-	*(8,717)*
Deferred income tax liabilities	**(15,255)**	**(2,578)**	**-**	**242**	**(17,591)**
Property, plant and equipment	(23,177)	(2,318)	-	242	(25,253)
Accounts receivable	(270)	148	-	-	(122)
Other	(325)	(608)	-	-	(933)
Deferred tax offset	*8,517*	*200*	-	-	*8,717*

Under the existing Group structure tax losses and current income tax assets of different Group entities may not be offset against current income tax liabilities and taxable profits of other Group entities and, accordingly, taxes may be accrued even where there is a consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only when they relate to the same taxable entity and the entity has legal rights to offset it.

Note 17. Pension benefit obligations

The tables below provide information about the benefit obligations and actuarial assumptions used for the years ended 31 December 2021 and 31 December 2020.

The movements in the defined benefit liability for the years ended 31 December 2021 and 31 December 2020 are presented in the tables below (Note 20):

	31 December 2021	31 December 2020
Net liability at 1 January	**7,787**	**8,732**
Present value of defined benefit obligations	8,770	9,747
Fair value of plan assets	(983)	(1,015)
Decrease in liabilities due to disposal of subsidiaries	(41)	(413)
Current service cost	347	351
Interest expense	456	517
Past service cost	(38)	(25)
Other effects	11	(72)
Recognised in profit or loss for the year	**776**	**771**
Actuarial gain – changes in financial assumptions	(1,490)	(90)
Other effects	(184)	(410)
Recognised other comprehensive income for the year (before income tax charge of RR 336 million for the year ended 31 December 2021. For the year ended 31 December 2020: of RR 100 million)	**(1,674)**	**(500)**
Employer contributions for funded pension plan	(180)	(295)
Benefit payments (Funding NSPF pensions) and benefit payments (Non-funded pension plan)	(381)	(508)
Net liability at 31 December	**6,287**	**7,787**
Present value of defined benefit obligations	7,168	8,770
Fair value of plan assets	(881)	(983)

(in millions of Russian Rubles unless noted otherwise)

Principal actuarial assumptions for the Group are as follows:

	31 December 2021	**31 December 2020**
Nominal discount rate	8.50%	6.00%
Inflation rate	4.30%	4.00%
Wage growth rate	5.30%	5.00%
Staff turnover	Depending on length of service based on statistical data	
Mortality table	Russia-2019*	Russia-2017*

* *Taking into account the pull down adjustment calculated based on statistical data of mortality for employees of the Group of age till 60 years old for years 2018–2021. (31 December 2020: 2018–2020)*

Based on management's assessment, possible changes of principal actuarial assumptions will not have a significant impact on the consolidated income statement or consolidated statement of comprehensive income. Nor on the liabilities recognized in the consolidated statement of financial position.

The Group expects to contribute RR 637 million to the defined benefit plans in 2022.

The weighted average duration of the defined benefit obligation of the Group is 9 years.

Retirement benefit plan parameters and related risks. The Group has liabilities under retirement benefit plans in Russia. The retirement benefit plan includes benefits of the following types: lump sum payment upon retirement, jubilee benefits paid at certain age or upon completion of a certain number of years of service, financial aid and compensation to cover funeral expenses in the event of an employee's or pensioner's death, financial aid provided to pensioners, pension benefits paid to former employees through the non-state pension fund (hereinafter referred to as the "NPF").

The amount of benefits depends on the period of the employees' service (years of service), salary level over the recent years preceding retirement, predetermined fixed amount or minimum tariff rate of remuneration or salary or a combination of these factors.

As a rule, the above benefits are indexed according to the inflation rate and salary growth for benefits that depend on the salary level, excluding the retirement benefits paid through NPF, which are not indexed for the inflation rate at the time the payment is made (following the retirement of employees, all risks are borne by NPF).

In addition to the inflation risk, all retirement benefit plans of the Group are exposed to mortality and survival risks.

Plan assets held on NPF's accounts are governed in accordance with the local legislation and regulatory practices.

The Group and NPF are jointly and severally liable for the plans management, including investment decisions and the contribution schedule.

NPF invests the Group's funds in a diversified portfolio. When investing pension savings and placing the pension reserves, NPF is guided by the Russian legislation that provides a strict regulation with respect to the possible list of financial instruments and restricts their utilisation, which also leads to diversification and reduces investment risks.

The Group transfers the obligation to pay lifelong non-state pension benefits to the Group's former employees to NPF and funds these obligations when awarding the pension. Therefore, the Group insures the risks related to payment of non-state pensions (investment risks and survival risks).

(in millions of Russian Rubles unless noted otherwise)

Note 18. Current and non-current debt

Non-current debt

	31 December 2021	31 December 2020
Eurobonds (RusHydro Capital Markets DAC)	50,987	88,463
in Russian Rubles	*50,987*	*71,425*
in Chinese Yuans	-	*17,038*
Bank loans	94,889	91,754
Russian bonds (PJSC RusHydro)	2,801	2,912
Other long-term debt	5,113	5,932
Lease liabilities	10,426	9,250
Total	**164,216**	**198,311**
Less current portion of non-current debt	(61,658)	(65,543)
Less current portion of lease liabilities	(3,956)	(2,842)
Total non-current debt	**98,602**	**129,926**

Bonds redemption. Eurobonds with a nominal value of RR 20,000 million issued in February 2018 were repaid in February 2021. Eurobonds with a nominal value of CY 1,500 million issued in November 2018 were repaid in November 2021.

Current debt

	31 December 2021	31 December 2020
Bank loans	5,328	6,673
Other short-term debt	1,405	1,006
Current portion of non-current debt	61,658	65,543
Short term of lease liabilities	3,956	2,842
Total current debt and current portion of non-current debt	**72,347**	**76,064**
Reference:		
Interest payable	1,341	1,863

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt. As at 31 December 2021 and 31 December 2020 and during the reporting period the Group met all required covenant clauses of the credit agreements.

(in millions of Russian Rubles unless noted otherwise)

Reconciliation of liabilities from financing activities. The table below sets out an analysis of movements in the Group's liabilities from financing activities for the years ended 31 December 2021 and 31 December 2020:

	Liabilities from financing activities			
	Current and non-current debt	**Non-deliverable forward contract for shares**	**Lease liabilities**	**Total**
Liabilities from financing activities as at 31 December 2020	**196,740**	**15,025**	**9,250**	**221,015**
Cash flows, net	(48,608)	(1,460)	(1,521)	(51,589)
Interest accrued	12,869	-	724	13,593
Change in fair value of non-deliverable forward contract for shares (Note 26)	-	3,879	-	3,879
Disposal of liabilities due to sale of a subsidiary (Note 1)	(1,148)	-	(11)	(1,159)
Other changes	670	-	1,984	2,654
Liabilities from financing activities as at 31 December 2021	**160,523**	**17,444**	**10,426**	**188,393**
Liabilities from financing activities as at 31 December 2019	**194,632**	**28,510**	**7,331**	**230,473**
Cash flows, net	(17,327)	(2,072)	(1,165)	(20,564)
Interest accrued	14,337	-	627	14,964
Change in fair value of non-deliverable forward contract for shares (Note 26)	-	(11,413)	-	(11,413)
Other changes	5,098	-	2,457	7,555
Liabilities from financing activities as at 31 December 2020	**196,740**	**15,025**	**9,250**	**221,015**

Note 19. Non-deliverable forward contract for shares

In March 2017 the Company entered into a non-deliverable forward transaction for 55 billion shares with PJSC Bank VTB for 5 years. In November 2019 an additional agreement was concluded according to which the forward rate was reduced by 0.5 percent per annum and the possibility of extending the validity period by the Bank for three years until March 2025 was provided.

According to the forward contract, the forward value is determined as the purchase consideration paid by the Bank for the shares plus the amount of quarterly payments made by the Company to the Bank. The amounts of these interim payments are determined using a certain formula that *inter alia* reduces the payments by the amounts equivalent to the dividends received by the Bank over the period of the forward contract.

The Bank is assumed to sell the Company's shares at the time of final settlement under the forward contract. The difference between the proceeds that the Bank will receive from the sale of these shares, and their forward value is subject to cash settlement between the Company and the Bank. Thus, if the forward value is higher than the consideration received for the shares by the Bank, the Company will reimburse the difference to the Bank and, vice versa, if the proceeds from the sale of shares exceed the forward value, the difference will be paid by the Bank to the Company. If, for any reason, the shares will not be sold by the Bank, they will continue to be held by the Bank. If this is the case, the amount of additional payment to be made when closing the forward transaction is calculated based on the quoted market price of the Company's shares.

Thus, the payments will be made upon expiry of the forward contract or earlier, if the Bank sells the shares held. The payment can be made both by the Company to the Bank or by the Bank to the Company, depending on the level of the market value of the Company's shares at the time of sale / expiry of the transaction term and their forward value.

Note 2 describes the key estimates and judgements made by the Group management in respect of recognition and recording of this derivative financial instrument.

At 31 December 2021, the liability under the forward contract is recorded as a long-term derivative financial instrument at fair value through profit or loss in the amount of RR 17,444 million (as at 31 December 2020: RR 15,025 million). The fair value of the forward contract at the initial recognition of the instrument was RR 10,013 million and it was recorded within equity as the result of a shareholder transaction. Deferred tax asset was not recognised based on management's probability assessment of its recoverability. Subsequent changes in the fair value of the non-deliverable forward contract are recorded within profit or loss (Note 26).

(in millions of Russian Rubles unless noted otherwise)

A reconciliation of movements in the fair value of the forward contract for the years ended 31 December 2021 and 31 December 2020 is presented in Note 18.

The table below includes the key assumptions made to determine the forward contract's fair value using the Monte-Carlo model:

Key assumptions made to assess the forward contract's fair value	31 December 2021	31 December 2020
Expected term of the forward transaction	3.17 years	4.17 years
Market value of the share	RR 0.7346	RR 0.7871
CB RF key refinancing rate	8.50 percent	4.25 percent
Volatility of shares	26.55 percent	28.97 percent
Risk-free rate	8.40 percent	5.35 percent
Discount rate	9.42 percent	5.964 percent
Expected dividend yield	8.70 percent	7.00 percent

The sensitivity analysis of the fair value of the forward contract to the key assumptions is presented in Note 31.

Note 20. Other non-current liabilities

	31 December 2021	31 December 2020
Liabilities to connection of facilities to the grid	6,426	7,490
Pension benefit obligations (Note 17)	6,287	7,787
Non-current advances received	4,967	3,185
Other non-current liabilities	3,556	4,348
Total other non-current liabilities	**21,236**	**22,810**

Note 21. Accounts payable and accruals

	31 December 2021	31 December 2020
Trade payables	27,111	28,306
Advances received	12,019	10,329
Settlements with personnel	10,321	10,131
Accounts payable under factoring agreements	430	-
Dividends payable	228	157
Other accounts payable	4,910	5,485
Total accounts payable and accruals	**55,019**	**54,408**

All accounts payable and accruals are denominated in Russian Rubles.

Note 22. Other taxes payable

	31 December 2021	31 December 2020
VAT	17,796	9,956
Insurance contributions	4,015	3,470
Property tax	2,311	2,439
Other taxes	632	587
Total other taxes payable	**24,754**	**16,452**

(in millions of Russian Rubles unless noted otherwise)

Note 23. Revenue

	Year ended 31 December 2021	Year ended 31 December 2020
Sales of electricity and capacity in the retail market	163,603	155,959
Sales of electricity in the wholesale market	99,606	95,399
Sales of capacity in the wholesale market	68,460	60,415
Sales of heat and hot water	44,985	41,242
Rendering services for electricity transportation	15,973	15,540
Rendering services for connections to the grid	3,668	5,070
Other revenue	9,738	9,220
Total revenue	**406,033**	**382,845**

Other revenue includes revenue earned from rendering of construction, repairs and other services.

For the year ended 31 December 2021 the Group's revenue recognised over time comprised RR 392,627 million (for the year ended 31 December 2020: RR 368,555 million), recognised at a point in time – RR 13,406 million (for the year ended 31 December 2020: RR 14,290 million).

Short-term advances received as at 31 December 2020 were recognised in revenue for the year ended 31 December 2021.

Management of the Group expects that the full amount of short-term advances received as at 31 December 2021 will be recognised as revenue during the next reporting period, the amount of long-term advances received as at 31 December 2021 – mainly during 2023.

Note 24. Government grants

In accordance with legislation of the Russian Federation, several companies of the Group are entitled to government subsidies for compensation of the difference between approved economically viable electricity and heat tariffs and actual reduced tariffs and for compensation of losses on purchased fuel, purchased electricity and capacity.

During the year ended 31 December 2021, the Group received government subsidies of RR 54,111 million (for the year ended 31 December 2020: RR 46,748 million). The subsidies were received in the following territories: Kamchatsky territory, Sakha Republic (Yakutia), Magadan Region, Chukotka Autonomous Area and other Far East regions.

The total amount of government grants received by the Group companies – guaranteeing suppliers, under the Resolution of the Russian Government No. 895 "On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region", for the year ended 31 December 2021 was RR 30,777 million (for the year ended 31 December 2020 RR 26,977 million).

(in millions of Russian Rubles unless noted otherwise)

Note 25. Operating expenses (excluding impairment losses)

	Year ended 31 December 2021	Year ended 31 December 2020
Employee benefit expenses (including payroll taxes and pension benefit expenses)	83,783	80,182
Fuel expenses	76,386	67,846
Purchased electricity and capacity	67,044	56,036
Grid companies services on electricity distribution	38,167	36,754
Depreciation of property, plant and equipment and amortisation of intangible assets	31,339	28,902
Taxes other than on income	13,527	13,252
Other materials	11,678	12,062
Third parties services, including:		
Repairs and maintenance	7,242	7,109
Purchase and transportation of heat power	4,995	3,246
Support of electricity and capacity market operation	4,611	4,330
Security expenses	3,914	3,824
Insurance cost	2,261	2,225
Consulting, legal and information expenses	2,031	1,921
Services of subcontracting companies	2,018	1,951
Rendering services for connections to the grid	1,087	-
Rent	890	848
Transportation expenses	873	802
Other third parties services	6,031	7,096
Water usage expenses	5,450	5,113
Purchase of oil products for sale	1,738	743
Social charges	1,010	1,119
Travel expenses	937	680
(Profit) / loss on disposal of property, plant and equipment, net	(695)	1,469
Other expenses	2,334	2,480
Total operating expenses (excluding impairment losses)	**368,651**	**339,990**

(in millions of Russian Rubles unless noted otherwise)

Note 26. Finance income, costs

	Year ended 31 December 2021	Year ended 31 December 2020
Finance income		
Interest income	4,876	4,944
Change of fair value of option to fix the interest rate maximum	1,231	-
Income on discounting	644	651
Foreign exchange gain	20	129
Change of fair value of non-deliverable forward contract for shares (Note 19)	-	11,413
Change of fair value of cross-currency and interest rate swap	-	3,772
Other income	48	216
Total finance income	**6,819**	**21,125**
Finance costs		
Interest expense	(8,589)	(8,457)
Change of fair value of non-deliverable forward contract for shares (Note 19)	(3,879)	-
Interest expense on lease liabilities	(724)	(627)
Change of fair value of cross-currency and interest rate swap	(292)	-
Expense on discounting	(205)	(465)
Foreign exchange loss	(100)	(3,770)
Other costs	(921)	(1,307)
Total finance costs	**(14,710)**	**(14,626)**

Note 27. Capital commitments

In accordance with consolidated investment programme approved under the consolidated business plan of the Group, as of 31 December 2021 the Group has to invest RR 730,347 million for the period 2022–2026 for reconstruction of the existing and construction of new power plants and grids, including capital commitments for 2022 year in the amount of RR 133,510 million, for 2023 year – RR 156,428 million, for 2024 year – RR 167,124 million, for 2025 year – RR 174,554 million, for 2026 year – RR 98,731 million (31 December 2020: RR 499,010 million for the period 2021–2025).

Note 28. Contingencies

Social commitments. The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services and other social needs in the geographical areas in which it operates. Management believes that there are no material liabilities that should have been recognized at the reporting date.

Insurance. The Group holds limited insurance policies in relation to its assets, operations, public liability or other insurable risks. Accordingly, the Group is exposed for those risks for which it does not have insurance.

Legal proceedings. The Group's subsidiaries are parties to certain legal proceedings arising in the ordinary course of business. As at 31 December 2021 management estimates the probability of unfavourable outcome with respect to legal claims in the amount of RR 2 637 million as low. Legal claims from grid companies refer to disputes over the cost of electricity distribution services and those concerning timeframes for connections to the grid. Legal claims from contractors relate to contestation of previously signed offset agreements. In the opinion of management, there are no other undisclosed or unrecognised current legal proceedings or other claims outstanding, which, upon final disposition, will have a material adverse effect on the financial position and results of the Group.

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group, while Russian tax administration is gradually strengthening. Consequently, tax positions taken by management may be challenged by tax authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. The impact of this course of events cannot be assessed with sufficient reliability, but it can be significant in terms of the financial situation and / or the business of the Group.

In 2020 the Company joined the tax monitoring system (a new form of interaction with the tax authorities that does not involve in-house or on-site inspections, as a general rule). Nevertheless, an on-site inspection of the

Company can be made with regard to 2019. Within the tax monitoring framework, the Company may request a reasoned opinion of the tax authority on certain controversial tax issues. A reasoned opinion is binding on both the tax authorities and the Company.

The Company has agreed with the tax authorities a roadmap for preparing transition to the tax monitoring system of the Group's subsidiaries. Since 2021, PJSC Krasnoyarskenergosbyt entered into tax monitoring. For other subsidiaries of the Group fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessments for controlled transactions (transactions with related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis.

During the year the Group's subsidiaries had controlled transactions and transactions which most probably will be considered by tax authorities to be controlled based on the results of the period. The Group's management has implemented internal controls to be in compliance with this transfer pricing legislation. In case of receipt of a request from tax authorities, the management of the Group will provide documentation meeting the requirements of Art. 105.15 of the Tax Code in respect of the periods that are open for the review of the completeness of tax calculation and payment in accordance with the Chapter 14.5 of the Tax Code.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Changes aimed at countering tax evasions have been added to the Russian tax legislation and became effective from 1 January 2015. Specifically, they introduce new rules for controlled foreign companies and the concept of beneficiary owner of income for the purposes of application of preferential provisions of taxation treaties of the Russian Federation. Also, the new provisions introduce the rules for determining tax residency for foreign legal entities at the place of their actual management (if a foreign company is recognised as a Russian tax resident, the whole amount of such company's income will be subject to taxation in Russia).

The Group's management takes necessary steps to comply with these changes of the Russian tax legislation. However, there are no sustainable practices yet as to how to apply the new rules; therefore, at present, it does not seem practicable to reliably estimate the probability of claims from Russian tax authorities in relation to the compliance of the Group's companies with these changes and the probability of positive outcome of tax disputes (if any). Tax disputes (if any) may have an impact on the Group's overall financial position and results of operations.

Management of the Group believes that as at 31 December 2021 and as at 31 December 2020 its interpretation of the relevant legislation was appropriate and the Group's tax positions would be sustained.

Environmental matters. The Group companies and their predecessor entities have operated in the utilities industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group companies periodically evaluate their obligations under environmental regulations. The assets retirement obligation comprised RR 1,793 million as at 31 December 2021 (31 December 2020: RR 1,624 million) and was included into other non-current obligations.

Potential liabilities may arise as a result of changes in legislation and regulation, civil litigation or other circumstances. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Note 29. Financial risk management

The risk management function within the Group is carried out in respect of financial and operational risks. Financial risk comprises market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to provide reasonable assurance for achievement of the Group's objectives by establishing the overall framework for identifying, analysing and evaluating risks to establish risk limits, and then to ensure that exposure to risks stays within these limits and in case of exceeding these limits to mitigate the impact of the risks.

In order to optimise the Group's exposure to risks, management constantly works on their identification, assessment and monitoring, as well as the development and implementation of activities which impact on the risks, business continuity management and insurance, seeks to comply with international and national standards of advanced risk management (COSO ERM 2004, ISO 31000 and others), increases the culture of risk management and continuously improves risk management processes.

Credit risk. The Group is exposed itself 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 meet a contractual obligation.

The Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in Note 32.

Although redemption of financial instruments can be influenced by economic factors, the management believe that there is no significant risk of loss to the Group beyond the provision for expected credit losses already recorded.

Due to the absence of an independent assessment of debtors' creditworthiness, the Group performs such an assessment at the contracting stage taking into account the debtor's financial position and credit history. The Group regularly monitors existing receivables and undertakes actions to collect them and minimise losses.

For reducing the credit risk exposure for its operations on WEM, the Group adopted sales policies and methodology, which provides for calculation of the counterparty's internal rating in the sector of non-regulated contracts based on the frequency of counterparties' bankruptcies and sets up limitations on the credit rating for a portfolio of counterparties.

The Group monitors maturity of trade accounts receivable and identifies past due accounts. Information on ageing of trade accounts receivable is disclosed in Note 12.

Measurement of expected credit losses. Expected credit losses are measured by discounting future probability-weighted uncollected cash flows.

The level of expected credit losses depends on whether the debtor's credit risk has increased significantly since initial recognition. This approach is based on a 3-stage ECL model, as described in Note 2.

The Group determines that the credit risk of a financial instrument has increased significantly, when the counterparty has defaulted on contractual payment terms, when insolvency signs are identified and the Group has no reasonable information that rules out the fact of increased credit risk.

For assessing the probability of default on financial instruments, the Group defines default as an event where the risk exposure meets one or more of the following criteria:

- The counterparty is more than 3 months past due on its contractual payments;
- International/national rating agencies include the counterparty in the default rating class;
- The counterparty is insolvent;
- It became probable that the counterparty will enter bankruptcy.

In accordance with IFRS 9, the Group applies a simplified approach to determining expected credit losses in relation to trade accounts receivable. This approach requires that full lifetime expected credit losses be recognised at initial recognition of debt. For assessing expected credit losses, trade accounts receivable are divided into groups based on similar credit risk characteristics for each group and delay periods under similar contracts. Trade accounts receivable were grouped based on the above principles for each Group company, and the Group determined the share of expected losses in line with the credit risk for each length of overdue payment for each group of counterparties. Expected loss levels are disclosed in Note 12.

Cash has been placed in financial institutions, which are considered at the time of deposit to have minimal risk of default. The Group's management approves deposit banks as well as rules for making cash deposits. In addition, the Group performs regular reviews of financial position, monitors their ratings assigned by independent agencies as well as other performance indicators of these financial institutions. Expected credit losses for cash, cash equivalents and bank deposits and promissory notes were insignificant.

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Summary information on cash at bank, cash equivalents, bank promissory notes and bank deposits with maturities over three months including names of banks and other financial institutions and their ratings as at the end of the reporting period, is provided in Notes 10, 11 and 14.

Measurement stages for expected credit losses for other financial instruments are disclosed in Note 32.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (i) foreign currencies, (ii) interest bearing assets and liabilities, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated.

Currency risk. Electricity and capacity generated by the Group is sold on the domestic market of the Russian Federation at the prices fixed in Russian Rubles. Hence, the Group does not have significant foreign currency risks. The financial condition of the Group, its liquidity, financing sources and the results of operations do not considerably depend significantly on exchange rates as the Group operations are planned to be performed in such a way that its assets and liabilities are to be denominated in the national currency.

The table below summarises the Group's monetary financial assets and liabilities exposed to foreign currency exchange rate risk:

	31 December 2021			31 December 2020		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
USD	41	-	41	72	-	72
EUR	17	-	17	25	-	25
Chinese Yuan	-	-	-	-	(17,038)	(17,038)
Other	7	-	7	3	-	3
Total	**65**	**-**	**65**	**100**	**(17,038)**	**(16,938)**

The above analysis includes only monetary assets and liabilities. Equity investments and non-monetary assets are not considered to give rise to any material currency risk.

There is no significant effect of the changes of foreign exchange rates on the Group's financial position.

Interest rate risk. The Group's operating profits and cash flows from operating activities are not significantly dependent on the changes in the market interest rates. Major part of debt was raised under fixed rate loan agreements. Cross currency and interest rate swap (Note 14) slightly expose the Group to cash flow interest rate risk.

The Group monitors interest rates for its financial instruments.

For the purpose of interest rate risk reduction the Group makes the following arrangements:

- credit market monitoring to identify favourable credit conditions,
- diversification of credit portfolio by raising of borrowings at fixed rates and, if necessary, at floating rates.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding from an adequate volume of committed credit facilities. The Group adheres to a balanced model of financing of working capital from both short-term and long-term sources. Temporarily free funds are placed into short-term financial instruments, mainly bank deposits and short-term bank promissory notes. Current liabilities are represented mainly by the accounts payable to suppliers and contractors and short-term debt.

The Group has implemented a control system under its contracting process by introducing and applying typical financial arrangements which include standardised payment structure, payment terms, ratio between advances and final settlements, etc. In such a manner the Group controls the debt maturity structure.

The table below shows liabilities as at 31 December 2021 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including future interest payments and gross lease obligations (before deducting future finance charges). Such undiscounted cash flows differ from the amounts included in the Consolidated Statement of Financial Position because those are based on discounted cash flows.

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The maturity analysis of financial liabilities as at 31 December 2021 is as follows:

	2022 year	2023 year	2024 year	2025 year	2026 year	Starting from year 2027
Liabilities						
Current and non-current debt	79,541	66,059	32,699	1,427	944	2,223
Trade payables (Note 21)	27,111	-	-	-	-	-
Accounts payable under factoring agreements (Note 21)	430	-	-	-	-	-
Dividends payable (Note 21)	228	-	-	-	-	-
Non-deliverable forward contract for shares (Note 19)	4,082	1,655	868	15,173	-	-
Lease liabilities (Note 18)	3,956	2,047	1,919	1,498	497	3,781
Total future payments, including principal and interest payments	**115,348**	**69,761**	**35,486**	**18,098**	**1,441**	**6,004**

Loans and borrowings totalling RR 79,541 million will mature in 2022 (Note 18). The Group management plans to repay these borrowings both from the Group's own funds and through new financing. The group has a positive credit history, works with large credit institutions, including those controlled by the state, and also has access to public borrowings in the capital market.

The maturity analysis of financial liabilities as at 31 December 2020 is as follows:

	2021 year	2022 year	2023 year	2024 year	2025 year	Starting from year 2026
Liabilities						
Current and non-current debt	82,953	67,818	17,350	28,712	21,762	2,816
Trade payables (Note 21)	28,306	-	-	-	-	-
Dividends payable (Note 21)	157	-	-	-	-	-
Non-deliverable forward contract for shares (Note 19)	2,236	389	588	780	14,558	-
Finance lease liabilities (Note 18)	2,842	1,847	1,727	1,698	1,586	3,982
Total future payments, including principal and interest payments	**116,494**	**70,054**	**19,665**	**31,190**	**37,906**	**6,798**

As at 31 December 2021 the Group had an available amount of long-term financing under the existing loan agreements with banks of RR 273,623 million (31 December 2020: RR 242,817 million), including RR 228,301 million in banks included in the approved list of systemically important credit institutions of Bank of Russia (31 December 2020: RR 194,947 million). The amount of these available funds exceeds the Group's needs for short-term repayment of debt by 3.8 times (31 December 2020: 3.2 times). As at 31 December 2021 approximately 76 percent of these funds relate to the government-related banks (PJSC Sberbank, PJSC Bank VTB, Bank GPB (JSC), Bank RRDB (JSC), PJSC Promsvyazbank, PJSC Bank Otkrytie Financial Corporation) (31 December 2020: approximately 76 percent). Furthermore, the Group has a perpetual non-renewable exchange bonds program in the amount of RR 200,000 million with a maturity of up to 20 years, the unused limit of which as at 31 December 2021 was RR 160,000 million (31 December 2020: RR 160,000 million).

Note 30. Management of capital

Compliance with Russian legislation requirements and capital cost reduction are the key objectives of the Group's capital risk management.

As at 31 December 2021 and 31 December 2020 the Company was in compliance with the share capital requirements as established under legislation.

The Group's goal in respect of capital management is to guarantee the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The amount of capital that the Group managed as at 31 December 2021 was RR 619,651 million (31 December 2020: RR

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599,587 million). Total capital attributable to the shareholders is equal to the equity attributable to the shareholders, as shown in the Consolidated Statement of Financial Position.

Consistent with other companies in the industry, the Group monitors the gearing ratio, that is calculated as the total debt divided by the total capital attributable to the shareholders. Debt is calculated as a sum of non-current and current debt, as shown in the Consolidated Statement of Financial Position. The gearing ratio was 0.28 as at 31 December 2021 (31 December 2020: 0.34).

Note 31. Fair value of assets and liabilities

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) Level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) Level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The levels in the fair value hierarchy into which the recurring fair value measurements of financial assets and liabilities at fair value are categorized, are as follows:

31 December 2021	**Level 1**	**Level 3**	**Total**
Financial assets			
Equity investments: Financial assets at fair value through other comprehensive income	-	712	**712**
Option to fix the interest rate maximum	-	1,066	**1,066**
Total assets requiring recurring fair value measurements	**-**	**1,778**	**1,778**
Financial liabilities			
Non-deliverable forward contract for shares	-	17,444	**17,444**
Total liabilities requiring recurring fair value measurements	**-**	**17,444**	**17,444**
31 December 2020			
Financial assets			
Equity investments: Financial assets at fair value through profit or loss	2	-	**2**
Equity investments: Financial assets at fair value through other comprehensive income	-	461	**461**
Cross currency and interest rate swap	-	2,914	**2,914**
Total assets requiring recurring fair value measurements	**2**	**3,375**	**3,377**
Financial liabilities			
Non-deliverable forward contract for shares	-	15,025	**15,025**
Other current liabilities	-	72	**72**
Total liabilities requiring recurring fair value measurements	**-**	**15,097**	**15,097**

There were no changes in the valuation techniques, inputs and assumptions for recurring fair value measurements during the year ended 31 December 2021.

As at 31 December 2021 and 31 December 2020 the fair value of the non-deliverable forward contract for shares is determined based on the Monte-Carlo model, taking into account adjustments and using unobservable inputs, and included in Level 3 of fair value hierarchy (Note 19).

(in millions of Russian Rubles unless noted otherwise)

The valuation of the Level 3 financial liability and the related sensitivity to reasonably possible changes in unobservable inputs are as follows as at 31 December 2021 and 31 December 2020:

	Fair value	Valuation technique	Significant unobservable/ observable inputs	Reasonably possible change	Reasonably possible values	Change of fair value measurement
Financial liability						
As at 31 December 2021						
Non-deliverable forward contract for shares	17,444	Monte-Carlo model	Dividend yield	-2%	6.70 percent	(827)
				+2%	10.70 percent	757
			Market value of the share	-20%	RR 0.5877	7,027
				+20%	RR 0.8815	(7,095)
As at 31 December 2020						
Non-deliverable forward contract for shares	15,025	Monte-Carlo model	Dividend yield	-2%	5.00 percent	(1,004)
				+2%	9.00 percent	796
			Market value of the share	-20%	RR 0.6297	7,617
				+20%	RR 0.9445	(7,766)

Based on management's assessment, possible changes of unobservable inputs do not have a significant impact on the fair value of the non-deliverable forward contract.

The estimated fair value of the non-deliverable forward contract is significantly influenced by observable inputs, in particular, by the market value of the shares which was RR 0.7346 as at 31 December 2021 (31 December 2020: RR 0.7871) (Note 19).

b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Financial assets carried at amortised cost. The Group considers that the fair value of cash (Level 1 of the fair value hierarchy), cash equivalents and short-term deposits (Level 2 of the fair value hierarchy), short-term accounts receivable (Level 3 of the fair value hierarchy) approximates their carrying value. The fair value of long-term accounts receivable, other non-current and current assets is estimated based on future cash flows expected to be received including expected losses (Level 3 of the fair value hierarchy); the fair value of these assets approximates their carrying value.

Liabilities carried at amortised cost. The fair value of floating rate liabilities approximates their carrying value. The fair value of bonds is based on quoted market prices (Level 1 of the fair value hierarchy). Fair value of the fixed rate liabilities is estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity (Level 3 of the fair value hierarchy).

The fair value of current liabilities carried at amortised cost approximates their carrying value.

As at 31 December 2021 the carrying value of bonds exceeded their fair value by RR 890 million. As at 31 December 2020 the fair value of bonds exceeded their carrying value by RR 2,065 million.

As at 31 December 2021 the carrying value of non-current fixed rate debt was RR 41,825 million and exceeded its fair value by RR 939 million (31 December 2020: the carrying value of non-current fixed rate debt was RR 65,404 million and exceeded its fair value by RR 188 million).

(in millions of Russian Rubles unless noted otherwise)

Note 32. Presentation of financial instruments by measurement category

The following table provides a reconciliation of classes of financial assets with the measurement categories of IFRS 9 Financial instruments and information about the balance of special funds held on the accounts at the Federal Treasury as at 31 December 2021.

As at 31 December 2021	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Assets				
Other non-current assets (Note 10)	**12,087**	**1,066**	**-**	**13,153**
Promissory notes	11,297	-	-	11,297
Long-term receivables	438	-	-	438
Long-term loans issued	352	-	-	352
Option to fix the interest rate maximum	-	1,066	-	1,066
Financial assets at fair value through other comprehensive income	**-**	**-**	**712**	**712**
Trade and other receivables (Note 12)	**38,840**	**-**	**-**	**38,840**
Trade receivables	34,899	-	-	34,899
Other financial receivables	3,941	-	-	3,941
Other current assets (Note 14)	**7,012**	**-**	**-**	**7,012**
Special funds	6,488	-	-	6,488
Deposits	490	-	-	490
Short-term loans issued	34	-	-	34
Cash and cash equivalents (Note 11)	**59,806**	**-**	**-**	**59,806**
Total financial assets	**117,745**	**1,066**	**712**	**119,523**
Non-financial assets				**810,964**
Total assets				**930,487**

The following table provides a reconciliation of classes of financial assets with the measurement categories of IFRS 9 Financial instruments and information about the balance of special funds held on the accounts at the Federal Treasury as at 31 December 2020.

(in millions of Russian Rubles unless noted otherwise)

As at 31 December 2020	**Financial assets at amortised cost**	**Financial assets at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Total**
Assets				
Other non-current assets (Note 10)	**12,037**	**-**	**-**	**12,037**
Promissory notes	11,142	-	-	11,142
Long-term receivables	456	-	-	456
Long-term loans issued	439	-	-	439
Financial assets at fair value through profit or loss	**-**	**2**	**-**	**2**
Financial assets at fair value through other comprehensive income	**-**	**-**	**461**	**461**
Trade and other receivables (Note 12)	**39,047**	**-**	**-**	**39,047**
Trade receivables	34,607	-	-	34,607
Other financial receivables	4,440	-	-	4,440
Other current assets (Note 14)	**52,976**	**2,914**	**-**	**55,890**
Special funds	11,615	-	-	11,615
Deposits	41,331	-	-	41,331
Short-term loans issued	30	-	-	30
Cross currency and interest rate swap	-	2,914	-	2,914
Cash and cash equivalents (Note 11)	**58,291**	**-**	**-**	**58,291**
Total financial assets	**162,351**	**2,916**	**461**	**165,728**
Non-financial assets				**776,307**
Total assets				**942,035**

The table below includes information about gross carrying amounts and credit loss allowance for promissory notes, loans issued and other financial receivables related to Stage 3 of the 3-stage impairment accounting model for financial assets (Note 2):

	31 December 2021		**31 December 2020**	
	Gross carrying amount	**Lifetime expected credit losses allowance**	**Gross carrying amount**	**Lifetime expected credit losses allowance**
Promissory notes (Note 10)	4,662	(4,662)	14,025	(14,025)
Loans issued (Note 14)	3,347	(3,347)	3,291	(3,291)
Other financial receivables (Note 12)	6,031	(4,219)	6,782	(5,152)

As at 31 December 2021 the long-term promissory notes of LLC ENERGO-FINANCE in the amount of RR 9,363 million was written off against expected credit loss allowance due to the liquidation of the company in April 2021. The movement of credit loss allowance for other of these financial assets for the years ended 31 December 2021 and 31 December 2020 was insignificant.

The amount of credit loss allowance for trade receivables is disclosed in Note 12.

All other financial assets largely belong to Stage 1 of the 3-stage impairment accounting model, and the expected credit losses for these assets are insignificant at both reporting dates.

As at 31 December 2021 financial liabilities of the Group carried at fair value are represented by the non-deliverable forward contract for shares in the amount of RR 17,444 million (Note 19) (31 December 2020: RR 15,025 million)

All other financial liabilities of the Group are carried at amortised cost and are represented mainly by the current and non-current debt (Note 18), trade payables, accounts payable under factoring agreements and other accounts payable (Note 21).

Note 33. Subsequent events

There were no significant subsequent events that can influence the Group's financial position, cash flows or operating results which took place during the period between reporting date and date of signing of the Group's consolidated financial statements for the year ended 31 December 2021 prepared in accordance to IFRS, except the events disclosed in Note 1 in respect of the economic environment in which the Group operates.