



RUSHYDRO GROUP

**Condensed Consolidated Interim
Financial Information (Unaudited)
prepared in accordance with IAS 34**

As at and for the three months ended 31 March 2022

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	Note	31 March 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	6	711,963	702,164
Investments in associates and joint ventures		22,843	21,497
Deferred income tax assets		12,929	12,274
Other non-current assets	7	20,935	21,481
Total non-current assets		768,670	757,416
Current assets			
Cash and cash equivalents	8	60,486	59,806
Income tax receivable		3,486	3,845
Accounts receivable and prepayments	9	67,287	63,518
Inventories	10	37,871	38,871
Other current assets	11	8,568	7,031
Total current assets		177,698	173,071
TOTAL ASSETS		946,368	930,487
EQUITY AND LIABILITIES			
Equity			
Share capital	12	439,289	439,289
Treasury shares	12	(4,613)	(4,613)
Share premium		39,202	39,202
Retained earnings and other reserves		165,814	145,773
Equity attributable to the shareholders of PJSC RusHydro		639,692	619,651
Non-controlling interest		9,790	9,702
TOTAL EQUITY		649,482	629,353
Non-current liabilities			
Non-current debt	14	94,540	98,602
Non-deliverable forward contract for shares	15	19,308	17,444
Deferred income tax liabilities		11,855	10,067
Other non-current liabilities	16	21,068	21,236
Total non-current liabilities		146,771	147,349
Current liabilities			
Current debt and current portion of non-current debt	14	64,453	72,347
Accounts payable and accruals	17	62,455	55,019
Current income tax payable		2,188	1,665
Other taxes payable	18	21,019	24,754
Total current liabilities		150,115	153,785
TOTAL LIABILITIES		296,886	301,134
TOTAL EQUITY AND LIABILITIES		946,368	930,487

RusHydro Group
Condensed Consolidated Interim Income Statement (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	Three months ended 31 March 2022	Three months ended 31 March 2021
Revenue	19	117,578	111,462
Government grants	20	12,069	12,369
Other operating income		125	411
Operating expenses (excluding impairment losses)	21	(101,550)	(96,755)
Operating profit excluding impairment losses		28,222	27,487
Impairment of financial assets, net		(2,305)	(1,950)
Impairment of property, plant and equipment	6	(421)	(42)
Operating profit		25,496	25,495
Finance income	22	3,383	3,801
Finance costs	22	(4,708)	(2,926)
Share of results of associates and joint ventures		1,561	84
Profit before income tax		25,732	26,454
Income tax expense	13	(5,945)	(6,025)
Profit for the period		19,787	20,429
Attributable to:			
Shareholders of PJSC RusHydro		19,714	19,792
Non-controlling interest		73	637
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)		0.0453	0.0455
Weighted average number of shares outstanding – basic and diluted (millions of shares)		435,437	435,437

	Note	Three months ended 31 March 2022	Three months ended 31 March 2021
Profit for the period		19,787	20,429
Other comprehensive income, net of tax:			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of pension benefit obligations		250	-
Gain arising on financial assets at fair value through other comprehensive income		94	7
Total items that will not be reclassified to profit or loss		344	7
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive loss		(2)	-
Total items that may be reclassified subsequently to profit or loss		(2)	-
Total other comprehensive income		342	7
Total comprehensive income for the period		20,129	20,436
Attributable to:			
Shareholders of PJSC RusHydro		20,041	19,799
Non-controlling interest		88	637

	Note	Three months ended 31 March 2022	Three months ended 31 March 2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		25,732	26,454
Depreciation of property, plant and equipment and amortisation of intangible assets	6, 21	7,544	7,710
(Profit) / loss on disposal of property, plant and equipment, net	21	(61)	76
Share of results of associates and joint ventures		(1,561)	(84)
Other operating income		(125)	(411)
Finance income	22	(3,383)	(3,801)
Finance costs	22	4,708	2,926
Impairment of property, plant and equipment	6	421	42
Impairment of financial assets, net		2,305	1,950
Other income		(64)	(219)
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		35,516	34,643
Working capital changes:			
Increase in accounts receivable and prepayments		(6,031)	(12,762)
Decrease / (increase) in other current assets, net of deposits and special funds		4	(285)
Decrease in inventories		995	3,586
Increase in accounts payable and accruals, net of dividends payable		5,964	4,276
(Decrease) / increase in other taxes payable		(3,714)	3,603
Decrease / (increase) in other non-current assets		165	(52)
(Decrease) / increase in other non-current liabilities		(109)	145
Income tax paid		(3,994)	(2,812)
Net cash generated by operating activities		28,796	30,342
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(13,685)	(9,458)
Proceeds from sale of property, plant and equipment		33	29
Investment in bank deposits and purchase of other investments		(668)	(16,757)
Redemption of bank deposits and proceeds from sale of other investments		490	1,697
Interest received		1,410	973
Return of special funds from special accounts		932	-
Proceeds from sale of subsidiaries, net of disposed cash		-	40
Net cash used in investing activities		(11,488)	(23,476)

RusHydro Group
Condensed Consolidated Interim Statement of Cash Flows (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	Three months ended 31 March 2022	Three months ended 31 March 2021
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	14	10,628	13,524
Proceeds from non-current debt	14	12,067	3,394
Repayment of debt	14	(35,380)	(39,485)
Interest paid		(3,870)	(3,552)
Dividends paid		(1)	(6)
Repayment of lease liabilities		(320)	(238)
Proceeds on other financial instruments		244	-
Payments on other financial instruments		-	(11)
Net cash used in financing activities		(16,632)	(26,374)
Effect of foreign exchange differences on cash balances		4	-
Increase / (decrease) in cash and cash equivalents		680	(19,508)
Cash and cash equivalents at the beginning of the period		59,806	58,291
Cash and cash equivalents at the end of the period	8	60,486	38,783

RusHydro Group
Condensed Consolidated Interim Statement of Changes in Equity (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve on available-for-sale financial assets	Reserve for remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
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 period	-	-	-	-	-	-	19,792	19,792	637	20,429
Income arising on financial assets at fair value through other comprehensive income	-	-	-	-	7	-	-	7	-	7
Total other comprehensive income	-	-	-	-	7	-	-	7	-	7
Total comprehensive income	-	-	-	-	7	-	19,792	19,799	637	20,436
As at 31 March 2021	439,289	(4,613)	39,202	(135,075)	344	632	279,607	619,386	9,974	629,360
As at 1 January 2022	439,289	(4,613)	39,202	(135,075)	653	1,879	278,316	619,651	9,702	629,353
Profit for the period	-	-	-	-	-	-	19,714	19,714	73	19,787
Remeasurement of pension benefit obligations	-	-	-	-	-	235	-	235	15	250
Income arising on financial assets at fair value through other comprehensive income	-	-	-	-	94	-	-	94	-	94
Other comprehensive loss	-	-	-	-	-	-	(2)	(2)	-	(2)
Total other comprehensive income	-	-	-	-	94	235	(2)	327	15	342
Total comprehensive income	-	-	-	-	94	235	19,712	20,041	88	20,129
As at 31 March 2022	439,289	(4,613)	39,202	(135,075)	747	2,114	298,028	639,692	9,790	649,482

The accompanying notes are an integral part of this Condensed Consolidated Interim Financial Information

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.

During the three months ended 31 March 2022 no substantial changes to the rules of Russian wholesale and retail electricity and capacity markets, their functioning and price setting mechanisms have been made.

Relations with the Government and current regulation. As at 31 March 2022 the Russian Federation owned 61.73 percent of the total voting ordinary shares of the Company (Note 12) (31 December 2021: 61.73 percent). As at 31 March 2022 PJSC Bank VTB that is controlled by the Russian Federation owned 13.06 percent of the Company's shares (31 December 2021: 13.06 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 5).

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;
- 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.

Seasonality of business. The demand for the Group's heat and electricity generation and supply depends on weather conditions and the season. In addition to weather conditions, the electricity production by hydro generation plants depends on water flow in the river systems. In spring and in summer (flood period) electricity production by hydro generation plants is significantly higher than in autumn and in winter. Heat and electricity production by the heat generation assets, to the contrary, is significantly higher in autumn and in winter than in spring and in summer. The seasonal nature of heat and electricity generation has a significant influence on the volumes of fuel consumed by heat generation assets and electricity purchased by the Group.

Note 2. Summary of financial reporting framework and new accounting pronouncements

Basis of preparation. This Condensed Consolidated Interim Financial Information has been prepared in accordance with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the annual Consolidated Financial Statements as at and for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This Condensed Consolidated Interim Financial Information is unaudited. Certain disclosures duplicating information included in the annual Consolidated Financial Statements as at and for the year ended 31 December 2021 have been omitted or condensed.

Significant accounting policies. The accounting policies followed in the preparation of this Condensed Consolidated Interim Financial Information are consistent with those applied in the annual Consolidated Financial Statements as at and for the year ended 31 December 2021 except for income tax which is accrued

in the interim periods using the best estimate of the weighted average annual income tax rate that would be applicable to expected total annual profit or loss and changes resulting from the adoption of new standards and interpretations, effective from 1 January 2022.

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

Critical accounting estimates and judgements. The preparation of Condensed Consolidated Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this Condensed Consolidated Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2021 with the exception of changes in estimates that are required in determining the expected weighted average annual income tax rate (Note 13) and judgements in respect of the non-deliverable forward contract for the shares (Note 15), and the discount rate used in determining pension benefit obligations which increased from 8.50 percent as at 31 December 2021 to 11.20 percent as at 31 March 2022.

New standards and interpretations

The Group has adopted all new standards and interpretations that were effective from 1 January 2022. The impact of the adoption of new standards and interpretations has not been significant with respect to this Condensed Consolidated Interim Financial Information.

New standards, amendments and interpretations effective for the annual periods beginning on or after 1 January 2022 and after and applicable to the Group, were disclosed in Consolidated Financial Statements for the year ended 31 December 2021.

Note 3. 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 March 2022 and 31 December 2021.

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 March 2022		31 December 2021	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
JSC	Nizhne-Bureiskaya HPP	100.00%	100.00%	100.00%	100.00%

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 March 2022		31 December 2021	
		% 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%

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 March 2022		31 December 2021	
	% 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	94.66%	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%	89.96%	89.97%
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 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 March 2022		31 December 2021	
	% of ownership	% of voting	% of ownership	% of voting
JSC VNIIG named after B. E. Vedeneev	100.00%	100.00%	100.00%	100.00%
JSC Hidroremont-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 4. 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 3). 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, 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.

Segment information for the three months ended 31 March 2022 and 31 March 2021 and as at 31 March 2022 and 31 December 2021 is presented below.

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information
as at and for the three months ended 31 March 2022 (unaudited)

(in millions of Russian Rubles unless noted otherwise)



Three months ended 31 March 2022	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	39,394	49,469	61,093	6,475	156,431	(38,853)	117,578
<i>including:</i>							
<i>from third parties</i>	34,323	44,359	37,914	982	117,578	-	117,578
<i>sales of electricity and capacity in the retail market</i>	55	36,091	12,285	-	48,431	-	48,431
<i>sales of electricity in the wholesale market</i>	18,080	4,336	2,036	-	24,452	-	24,452
<i>sales of capacity in the wholesale market</i>	16,103	3,828	99	-	20,030	-	20,030
<i>sales of heat and hot water</i>	56	-	18,590	-	18,646	-	18,646
<i>other revenue</i>	29	104	4,904	982	6,019	-	6,019
<i>from intercompany operations</i>	5,071	5,110	23,179	5,493	38,853	(38,853)	-
Government grants	-	285	11,784	-	12,069	-	12,069
Operating expenses (excluding depreciation and other non-monetary items)	(12,363)	(47,218)	(66,938)	(6,557)	(133,076)	39,009	(94,067)
EBITDA	27,031	2,536	5,939	(82)	35,424	156	35,580
Other operating income	13	-	1	2	16	-	16
Depreciation of property, plant and equipment and amortisation of intangible assets	(4,016)	(80)	(3,042)	(485)	(7,623)	79	(7,544)
Other non-monetary items of operating income and expenses	(544)	(604)	(1,505)	97	(2,556)	-	(2,556)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(387)	-	(34)	-	(421)	-	(421)
<i>impairment of financial assets, net</i>	(361)	(529)	(1,397)	(18)	(2,305)	-	(2,305)
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	95	(75)	(74)	115	61	-	61
<i>profit on disposal of subsidiaries, net</i>	109	-	-	-	109	-	109
Operating profit / (loss)	22,484	1,852	1,393	(468)	25,261	235	25,496
Finance income							3,383
Finance costs							(4,708)
Share of results of associates and joint ventures							1,561
Profit before income tax							25,732
Income tax expense							(5,945)
Profit for the period							19,787
Capital expenditure	6,783	117	8,569	3,431	18,900	-	18,900
31 March 2022							
Non-current and current debt	61,902	2,864	92,849	1,378	158,993	-	158,993

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information
as at and for the three months ended 31 March 2022 (unaudited)

(in millions of Russian Rubles unless noted otherwise)



Three months ended 31 March 2021	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	36,446	49,159	56,693	3,985	146,283	(34,821)	111,462
<i>including:</i>							
<i>from third parties</i>							
<i>sales of electricity and capacity in the retail market</i>	31,043	44,420	35,147	852	111,462	-	111,462
<i>sales of electricity in the wholesale market</i>	69	37,278	10,907	-	48,254	-	48,254
<i>sales of capacity in the wholesale market</i>	16,498	3,589	752	-	20,839	-	20,839
<i>sales of heat and hot water</i>	14,390	3,390	48	-	17,828	-	17,828
<i>other revenue</i>	61	-	18,332	-	18,393	-	18,393
<i>from intercompany operations</i>	25	163	5,108	852	6,148	-	6,148
<i>Government grants</i>	5,403	4,739	21,546	3,133	34,821	(34,821)	-
Operating expenses (excluding depreciation and other non-monetary items)	(12,873)	(47,106)	(59,760)	(4,101)	(123,840)	34,916	(88,924)
EBITDA	23,573	2,083	9,272	(116)	34,812	95	34,907
Other operating income	5	-	404	2	411	-	411
Depreciation of property, plant and equipment and amortisation of intangible assets	(3,804)	(84)	(3,571)	(258)	(7,717)	7	(7,710)
Other non-monetary items of operating income and expenses	(330)	(616)	(1,054)	(113)	(2,113)	-	(2,113)
<i>including:</i>							
<i>impairment of property, plant and equipment (impairment) / reversal of financial assets, net</i>	(35)	-	(7)	-	(42)	-	(42)
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	(352)	(569)	(1,033)	4	(1,950)	-	(1,950)
<i>profit / (loss) on disposal of subsidiaries, net</i>	56	9	(14)	(127)	(76)	-	(76)
<i>profit / (loss) on disposal of subsidiaries, net</i>	1	(56)	-	10	(45)	-	(45)
Operating profit / (loss)	19,444	1,383	5,051	(485)	25,393	102	25,495
Finance income							3,801
Finance costs							(2,926)
Share of results of associates and joint ventures							84
Profit before income tax							26,454
Income tax expense							(6,025)
Profit for the period							20,429
Capital expenditure	3,474	402	5,722	1,166	10,764	-	10,764
31 December 2021							
Non-current and current debt	77,366	4,319	87,856	1,408	170,949	-	170,949

Note 5. 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 three months ended 31 March 2022 and 31 March 2021 and as at 31 March 2022 and 31 December 2021 were associates and joint ventures of the Group, government-related entities.

Joint ventures

The Group had the following balances with its joint ventures:

	31 March 2022	31 December 2021
Long-term promissory notes (Note 7)	10,216	9,985

The Group had the following transactions with its joint ventures:

	Three months ended 31 March 2022	Three months ended 31 March 2021
Sales of electricity and capacity	102	96
Purchased electricity and capacity	161	145

Associates

The Group had the following balances with its associates:

	31 March 2022	31 December 2021
Right-of-use assets	2,231	1,743
Trade and other receivables	506	405
Accounts payable	1,858	1,861
Short-term lease liabilities	2,012	1,869
Long-term lease liabilities	1,878	1,388

The Group had the following transactions with its associates:

	Three months ended 31 March 2022	Three months ended 31 March 2021
Sales of electricity and capacity	482	477
Sales of heat and hot water	485	501
Other revenue	29	28
Interest expense on lease liabilities	86	66

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 three months ended 31 March 2022 and 31 March 2021 and balances outstanding as at 31 March 2022 and 31 December 2021 with the government-related banks. 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 15).

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

	31 March 2022	31 December 2021
Right-of-use assets	4,109	4,157
Government grants receivables (Note 9)	3,016	1,833
Long-term loans from banks	80,510	85,396
Other long-term debt	4,872	5,034
Short-term loans from banks	4,871	5,157
Other short-term debt	1,241	1,405
Long-term part of lease liabilities	3,727	3,729
Short-term part of lease liabilities	1,026	997

Effective interest rate range for loans from state-related banks: 6.20–23.00 percent.

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

	Three months ended 31 March 2022	Three months ended 31 March 2021
Government grants (Note 20)	12,069	12,369
Interest expense on borrowings	2,357	1,330
Interest expense on lease liabilities	57	69

The Group's sales of electricity, capacity and heat to government-related entities comprised approximately 30 percent of total sales of electricity, capacity and heat for the three months ended 31 March 2022 (for the three months ended 31 March 2021: approximately 30 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 heating supply tariffs in the non-pricing zone of the Far East are approved by 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 three months ended 31 March 2022 (for the three months ended 31 March 2021: 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 three months ended 31 March 2022 (for the for the three months ended 31 March 2021: 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.

Main compensation for Key management of the Group generally is short-term excluding future 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 three months ended 31 March 2022 comprised RR 169 million (for the three months ended 31 March 2021: RR 242 million).

Note 6. Property, plant and equipment

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Right-of-use assets	Total
Balance as at 31 December 2021	111,561	463,182	522,623	208,442	19,184	12,681	1,337,673
Reclassification	10,117	(9,818)	(299)	442	(442)	-	-
Additions	6	46	950	15,164	500	2,234	18,900
Transfers	177	790	5,386	(6,374)	21	-	-
Disposals of subsidiaries	-	-	-	(641)	-	-	(641)
Disposals and write-offs	(340)	(997)	(5,337)	(401)	(887)	(158)	(8,120)
Balance as at 31 March 2022	121,521	453,203	523,323	216,632	18,376	14,757	1,347,812
Accumulated depreciation (including impairment)							
Balance as at 31 December 2021	(60,666)	(279,439)	(252,719)	(26,324)	(11,992)	(4,369)	(635,509)
Reclassification	(3,986)	3,920	141	1	(76)	-	-
Impairment charge	(11)	(2)	(21)	(383)	-	(4)	(421)
Depreciation charge	(338)	(1,871)	(4,601)	-	(189)	(489)	(7,488)
Transfers	(90)	(193)	(154)	443	(6)	-	-
Disposals of subsidiaries	-	-	-	641	-	-	641
Disposals and write-offs	289	962	4,953	140	557	27	6,928
Balance as at 31 March 2022	(64,802)	(276,623)	(252,401)	(25,482)	(11,706)	(4,835)	(635,849)
Net book value as at 31 March 2022	56,719	176,580	270,922	191,150	6,670	9,922	711,963
Net book value as at 31 December 2021	50,895	183,743	269,904	182,118	7,192	8,312	702,164

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 2021	2,013	4,682	1,453	164	8,312
Additions	307	1,555	340	32	2,234
Reclassification	3	(4)	1	-	-
Depreciation charge	(134)	(254)	(84)	(17)	(489)
Impairment charge	(3)	(1)	-	-	(4)
Disposals and write-offs	(8)	(77)	(29)	(17)	(131)
Balance as at 31 March 2022	2,178	5,901	1,681	162	9,922

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 March 2022 such advances amounted to RR 54,081 million (31 December 2021: RR 41,902 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 1,211 million, the capitalisation rate was 9.54 percent (for the three months ended 31 March 2021: RR 1,025 million, the capitalisation rate was 6.80 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 84 million (for the three months ended 31 March 2021: RR 412 million).

Impairment. Management of the Group have reviewed the current economic environment in which the Group operates and other external and internal factors to determine whether property, plant and equipment may be impaired or that the impairment loss recognized in prior periods may no longer exist or may have decreased. The Russian Federation is subject to sanctions pressure, macroeconomic instability and high market volatility, which are typical for the situation in the world as a whole, which significantly reduce the reliability of long-term forecasts on the horizon of recoverable amount estimation. Other than the change in the macroeconomic environment the analysis has not found any other indication that at the reporting date the Group's management's assumptions used to determine the recoverable amount of cash generating units as at 31 December 2021 had changed materially. A sharp increase in the key rate of the Bank of Russia and exchange rates for the three months ended 31 March 2022 was followed by their decrease after the reporting date. The Group's management has decided not to estimate the recoverable amount due to the high degree of uncertainty in relation to long-term forecasts of nominal indicators, indices and rates characterising market trends.

Group recognised an impairment loss in the amount of RR 421 million for the three months ended 31 March 2022 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods (for the three months ended 31 March 2021: RR 42 million).

Note 7. Other non-current assets

	31 March 2022	31 December 2021
Long-term promissory notes	27,584	27,228
Discount on long-term promissory notes	(11,096)	(11,269)
Expected credit loss allowance for long-term promissory notes	(4,662)	(4,662)
Long-term promissory notes, net	11,826	11,297
VAT recoverable	1,344	1,425
Financial assets at fair value through other comprehensive income	806	712
Goodwill	481	481
Option to fix the interest rate maximum	-	1,066
Other non-current assets	6,478	6,500
Total other non-current assets	20,935	21,481

Option to fix the interest rate maximum. As at 31 March 2022 the option to fix the interest rate maximum was reclassified to other current assets (Note 11).

Note 8. Cash and cash equivalents

	31 March 2022	31 December 2021
Cash equivalents	37,301	41,884
Cash at bank	23,171	17,910
Cash in hand	14	12
Total cash and cash equivalents	60,486	59,806

Cash equivalents held as at 31 March 2022 and 31 December 2021 comprised short-term bank deposits with original maturities of three months or less.

Note 9. Accounts receivable and prepayments

	31 March 2022	31 December 2021
Trade receivables	72,371	65,248
Expected credit loss allowance for trade receivables	(32,141)	(30,349)
Trade receivables, net	40,230	34,899
VAT recoverable	10,762	16,970
Advances to suppliers and other prepayments	8,728	5,715
Provision for impairment of advances to suppliers and other prepayments	(728)	(605)
Advances to suppliers and other prepayments, net	8,000	5,110
Other receivables	9,447	8,925
Expected credit loss allowance for other receivables	(4,168)	(4,219)
Other receivables, net	5,279	4,706
Government grants receivables	3,016	1,833
Total accounts receivable and prepayments	67,287	63,518

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

Note 10. Inventories

	31 March 2022	31 December 2021
Fuel	20,438	23,818
Materials and supplies	10,112	8,279
Spare parts	6,950	6,682
Other materials	534	259
Total inventories before provision for impairment	38,034	39,038
Provision for impairment of inventories	(163)	(167)
Total inventories	37,871	38,871

There are no inventories pledged as collateral for borrowings as at 31 March 2022 and as at 31 December 2021.

Note 11. Other current assets

	31 March 2022	31 December 2021
Deposits	650	490
Special funds	5,557	6,488
Loans issued	3,837	3,381
Expected credit loss allowance for loans issued	(3,786)	(3,347)
Loans issued, net	51	34
Option to fix the interest rate maximum	2,249	-
Other current assets	61	19
Total other current assets	8,568	7,031

As at 31 March 2022 the balance of special funds in the amount of RR 5,557 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 2021: RR 6,488 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.

Note 12. Equity

	Number of issued and fully paid ordinary shares (Par value of RR 1.00)
As at 31 March 2022	439 288 905 849
As at 31 December 2021	439 288 905 849

Treasury shares. As at 31 March 2022 treasury shares were represented by 3,852,259,324 ordinary shares in the amount of RR 4,613 million (31 December 2021: 3,852,259,324 ordinary shares in the amount of RR 4,613 million).

Note 13. Income tax

Income tax expense is recognised based on the management's best estimate as of the reporting date of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional, one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the three months ended 31 March 2022 was 23 percent (for the three months ended 31 March 2021: 23 percent).

	Three months ended 31 March 2022	Three months ended 31 March 2021
Current income tax expense	4,874	5,299
Deferred income tax expense	1,071	726
Total income tax expense	5,945	6,025

Note 14. Current and non-current debt

Non-current debt

	31 March 2022	31 December 2021
Eurobonds (RusHydro Capital Markets DAC)	35,269	50,987
<i>in Russian Rubles</i>	35,269	50,987
Bank loans	95,632	94,889
Russian bonds (PJSC RusHydro)	2,853	2,801
Other long-term debt	4,872	5,113
Lease liabilities	12,379	10,426
Total	151,005	164,216
Less current portion of non-current debt	(51,987)	(61,658)
Less current portion of lease liabilities	(4,478)	(3,956)
Total non-current debt	94,540	98,602

Bonds redemption. Eurobonds with a nominal value of RR 15,000 million issued in November 2018 were repaid in January 2022.

Current debt

	31 March 2022	31 December 2021
Bank loans	6,747	5,328
Other short-term debt	1,241	1,405
Current portion of non-current debt	51,987	61,658
Current portion of lease liabilities	4,478	3,956
Total current debt and current portion of non-current debt	64,453	72,347
<i>Reference:</i>		
Interest payable	1,024	1,341

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt. As at 31 March 2022 and 31 December 2021 and during the reporting period the Group met all required covenant clauses of the credit agreements.

Note 15. Non-deliverable forward contract for shares

	The fair value of the forward contract
As at 31 December 2021	17,444
Change in the fair value of the non-deliverable forward contract for shares (Note 22)	1,864
As at 31 March 2022	19,308

The table below includes 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 March 2022	31 December 2021
Expected term of the forward transaction	2.93 years	3.17 years
Market value of the share	RR 0.6998	RR 0.7346
CB RF key refinancing rate	20.00 percent	8.50 percent
Volatility of shares	31.61 percent	26.55 percent
Risk-free rate	11.92 percent	8.40 percent
Discount rate	14.37 percent	9.42 percent
Expected dividend yield	8.70 percent	8.70 percent

The sensitivity analysis of the fair value of the forward contract to the key assumptions is presented in Note 26.

Note 16. Other non-current liabilities

	31 March 2022	31 December 2021
Liabilities to connection of facilities to the grid	6,416	6,426
Pension benefit obligations	6,035	6,287
Non-current advances received	5,106	4,967
Other non-current liabilities	3,511	3,556
Total other non-current liabilities	21,068	21,236

Note 17. Accounts payable and accruals

	31 March 2022	31 December 2021
Trade payables	30,516	27,111
Settlements with personnel	11,829	10,321
Advances received	10,641	12,019
Accounts payable on free-of-charge targeted contributions	3,073	-
Dividends payable	227	228
Accounts payable under factoring agreements	-	430
Other accounts payable	6,169	4,910
Total accounts payable and accruals	62,455	55,019

All accounts payable and accruals are denominated in Russian Rubles.

Accounts payable on free-of-charge targeted contributions as at 31 March 2022 is the debts to the constituent budgets of the Far East Federal region according to Russian Government Resolution No. 895 "On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region", which stipulates the application of a premium to the price of capacity provided by the Company 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.

Note 18. Other taxes payable

	31 March 2022	31 December 2021
VAT	14,284	17,796
Insurance contributions	4,274	4,015
Property tax	1,830	2,311
Other taxes	631	632
Total other taxes payable	21,019	24,754

Note 19. Revenue

	Three months ended 31 March 2022	Three months ended 31 March 2021
Sales of electricity and capacity in the retail market	48,431	48,254
Sales of electricity in the wholesale market	24,452	20,839
Sales of heat and hot water	18,646	18,393
Sales of capacity in the wholesale market	20,030	17,828
Rendering services for electricity transportation	4,346	4,440
Rendering services for connections to the grid	135	244
Other revenue	1,538	1,464
Total revenue	117,578	111,462

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

For the three months ended 31 March 2022 the Group's revenue recognised over time comprised RR 115,905 million (for the three months ended 31 March 2021: RR 109,754 million), recognised at a point in time – RR 1,673 million (for the three months ended 31 March 2021: RR 1,708 million).

Note 20. 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 three months ended 31 March 2022, the Group received government subsidies of RR 12,069 million (for the three months ended 31 March 2021: RR 12,369 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 three months ended 31 March 2022 was RR 6,290 million (for the three months ended 31 March 2021: RR 8,155 million).

Note 21. Operating expenses (excluding impairment losses)

	Three months ended 31 March 2022	Three months ended 31 March 2021
Fuel expenses	31,159	24,303
Employee benefit expenses (including payroll taxes and pension benefit expenses)	20,731	19,879
Purchased electricity and capacity	18,544	18,809
Grid companies services on electricity distribution	10,062	10,672
Depreciation of property, plant and equipment and amortisation of intangible assets	7,544	7,710
Taxes other than on income	2,777	3,444
Other materials	1,682	1,946
Third parties services, including:		
Purchase and transportation of heat power	1,431	1,258
Support of electricity and capacity market operation	1,196	1,123
Security expenses	962	962
Repairs and maintenance	803	953
Insurance cost	558	621
Consulting, legal and information expenses	439	449
Rent	313	179
Services of subcontracting companies	196	132
Transportation expenses	124	116
Other third parties services	1,153	1,621
Water usage expenses	1,312	1,203
Purchase of oil products for sale	241	72
Social charges	166	169
Travel expenses	147	152
(Profit) / loss on disposal of property, plant and equipment, net	(61)	76
Other expenses	71	906
Total operating expenses (excluding impairment losses)	101,550	96,755

Note 22. Finance income, costs

	Three months ended 31 March 2022	Three months ended 31 March 2021
<i>Finance income</i>		
Interest income	1,452	968
Change of fair value of option to fix the maximum interest rate	1,183	-
Foreign exchange gain	486	16
Income on discounting	24	156
Change of fair value of non-deliverable forward contract for shares	-	2,356
Change of fair value of cross-currency and interest rate swap	-	284
Other income	238	21
Total finance income	3,383	3,801
<i>Finance costs</i>		
Interest expense	(2,343)	(2,172)
Change of fair value of non-deliverable forward contract for shares (Note 15)	(1,864)	-
Interest expense on lease liabilities	(221)	(183)
Expense on discounting	(128)	(35)
Foreign exchange loss	(5)	(342)
Other costs	(147)	(194)
Total finance costs	(4,708)	(2,926)

Note 23. Capital commitments

In accordance with consolidated investment programme approved under the consolidated business plan of the Group, as of 31 March 2022 the Group has to invest RR 712,606 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 115,769 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 2021: RR 730,347 million for the period 2022–2026).

Note 24. 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 March 2022 management estimates the probability of unfavourable outcome with respect to legal claims in the amount of RR 1 733 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.

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 March 2022 and as at 31 December 2021 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 1,837 million as at 31 March 2022 (31 December 2021: RR 1,793 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 25. Financial instruments and financial risk management

Financial risks. The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

This Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements; it should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021.

There have been no changes in the Group's risk management policies during the three months ended 31 March 2022.

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 March 2022 and 31 December 2021.

As at 31 March 2022	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 7)	12,524	-	-	12,524
Promissory notes	11,826	-	-	11,826
Long-term receivables	362	-	-	362
Long-term loans issued	336	-	-	336
Financial assets at fair value through other comprehensive income	-	-	806	806
Trade and other receivables (Note 9)	44,780	-	-	44,780
Trade receivables	40,230	-	-	40,230
Other financial receivables	4,550	-	-	4,550
Other current assets (Note 11)	6,258	2,249	-	8,507
Special funds	5,557	-	-	5,557
Deposits	650	-	-	650
Short-term loans issued	51	-	-	51
Option to fix the interest rate maximum	-	2,249	-	2,249
Cash and cash equivalents (Note 8)	60,486	-	-	60,486
Total financial assets	124,048	2,249	806	127,103
Non-financial assets				819,265
Total assets				946,368

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 7)	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 9)	38,840	-	-	38,840
Trade receivables	34,899	-	-	34,899
Other financial receivables	3,941	-	-	3,941
Other current assets (Note 11)	7,012	-	-	7,012
Special funds	6,488	-	-	6,488
Deposits	490	-	-	490
Short-term loans issued	34	-	-	34
Cash and cash equivalents (Note 8)	59,806	-	-	59,806
Total financial assets	117,745	1,066	712	119,523
Non-financial assets				810,964
Total assets				930,487

As at 31 March 2022 financial liabilities of the Group carried at fair value are represented by the non-deliverable forward contract for shares in the amount of RR 19,308 million (Note 15) (31 December 2021: RR 17,444 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 14), trade payables and other accounts payable (Note 17).

Note 26. Fair value of assets and liabilities

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 recurring fair value measurements of financial assets and liabilities recognised at fair value are presented at level 3 in the fair value hierarchy:

31 March 2022	Level 3
Financial assets	
Equity investments: Financial assets at fair value through other comprehensive income	806
Option to fix the interest rate maximum	2,249
Total assets requiring recurring fair value measurements	3,055
Financial liabilities	
Non-deliverable forward contract for shares	19,308
Total liabilities requiring recurring fair value measurements	19,308
31 December 2021	Level 3
Financial assets	
Equity investments: Financial assets at fair value through other comprehensive income	712
Option to fix the interest rate maximum	1,066
Total assets requiring recurring fair value measurements	1,778
Financial liabilities	
Non-deliverable forward contract for shares	17,444
Total liabilities requiring recurring fair value measurements	17,444

There were no changes in the valuation techniques, inputs and assumptions for recurring fair value measurements during the three months ended 31 March 2022.

As at 31 March 2022 and 31 December 2021 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 15).

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 March 2022 and 31 December 2021:

	Fair value	Valuation technique	Significant unobservable/observable inputs	Reasonably possible change	Reasonably possible values	Change of fair value measurement
Financial liability						
As at 31 March 2022						
Non-deliverable forward contract for shares	19,308	Monte-Carlo model	Dividend yield	-2%	6.70 percent	(730)
			Market value of the share	+2%	10.70 percent	625
				-20%	RR 0.5598	6,581
				+20%	RR 0.8398	(6,605)
As at 31 December 2021						
Non-deliverable forward contract for shares	17,444	Monte-Carlo model	Dividend yield	-2%	6.70 percent	(827)
			Market value of the share	+2%	10.70 percent	757
				-20%	RR 0.5877	7,027
				+20%	RR 0.8815	(7,095)

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 0.6998 as at 31 March 2022 (31 December 2021: RR 0.7346) (Note 15).

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).

Note 27. 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 condensed consolidated interim financial information as at and for the three months ended 31 March 2022 prepared in accordance to IFRS.