# PJSC Enel Russia

Interim Condensed Consolidated Financial Statements

*for the six months ended 30 June 2022*
*(unaudited)*

## Contents

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# Independent Auditors' Report
## on Review of Interim Condensed Consolidated Financial Information

**To the Shareholders and Board of Directors of**
**Public Joint-Stock Company Enel Russia**

## Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Public Joint-Stock Company Enel Russia (the "Company") and its subsidiaries (the "Group") as at 30 June 2022, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial information (the "interim condensed consolidated financial information"). Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information as at 30 June 2022 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

АКЦИОНЕРНОЕ ОБЩЕСТВО ОГРН 1027700125628
Кэпт
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МОСКВА

Krasnikhina Tatiana
JSC "Kept"
Moscow, Russia
28 September 2022

**PJSC Enel Russia**
**Interim Condensed Consolidated Statement of Financial Position at 30 June 2022**
*(Thousand of Russian roubles, unless otherwise stated)*

| | Note | 30 June 2022 (unaudited) | 31 December 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 59,916,683 | 69,778,627 |
| Intangible assets | | 609,737 | 723,200 |
| Financial investments into equity shares | 8 | 4,880 | 4,880 |
| Deferred income tax asset | | 2,769,679 | – |
| Other non-current assets | | 501,017 | 1,990,833 |
| **Total non-current assets** | | **63,801,996** | **72,497,540** |
| **Current assets** | | | |
| Inventories | | 2,386,132 | 2,374,791 |
| Trade and other receivables | | 4,407,015 | 5,892,277 |
| Current income tax prepayments | | 701,945 | 459,614 |
| Current derivative assets | 8 | – | 77,817 |
| Cash and cash equivalents | 6 | 8,868,616 | 10,218,278 |
| Non-current assets reclassified to held for sale category | | 845,960 | – |
| **Total current assets** | | **17,209,668** | **19,022,777** |
| **Total assets** | | **81,011,664** | **91,520,317** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 7 | 35,371,898 | 35,371,898 |
| Share premium | | 6,818,747 | 6,818,747 |
| Hedge reserve | 7 | (244,211) | (166,210) |
| (Accumulated losses)/retained earnings | | (7,570,008) | 993,118 |
| **Total equity attributable to equity holders of PJSC Enel Russia** | | **34,376,426** | **43,017,553** |
| Non-controlling interests | | (130,858) | (119,170) |
| **Total equity** | | **34,245,568** | **42,898,383** |
| **Non-current liabilities** | | | |
| Loans and borrowings | 9 | 29,738,315 | 29,796,292 |
| Deferred income tax liability | | 1,316,633 | 693,853 |
| Employee benefits | | 1,075,659 | 1,103,730 |
| Provisions | | 92,946 | 127,700 |
| Other non-current liabilities | 5 | 171,791 | 250,208 |
| **Total non-current liabilities** | | **32,395,344** | **31,971,783** |
| **Current liabilities** | | | |
| Loans and borrowings | 9 | 7,213,700 | 6,378,640 |
| Current derivative liabilities | 8 | – | 40 |
| Trade and other payables | | 6,026,306 | 8,491,150 |
| Other taxes payable | | 374,509 | 426,395 |
| Provisions | 10 | 756,237 | 1,353,926 |
| **Total current liabilities** | | **14,370,752** | **16,650,151** |
| **Total liabilities** | | **46,766,096** | **48,621,934** |
| **Total equity and liabilities** | | **81,011,664** | **91,520,317** |

General Director Zh.I. Sedova

Chief Accountant V.V. Grishachev

28 September 2022

Публичное акционерное общество "Энел Россия" ПАО «Энел Россия» г. Екатеринбург ИНН 6671156423

The notes on pages 8 to 17 are an integral part of these interim condensed consolidated financial statements.

*(Thousand of Russian roubles, unless otherwise stated)*

| | | For the six months ended | |
|---|---|---|---|
| | **Note** | **30 June 2022 (unaudited)** | **30 June 2021 (unaudited)** |
| Revenue | 11 | 24,630,433 | 21,588,218 |
| Operating expenses | 12 | (34,483,520) | (19,136,695) |
| Other operating income | | 155,534 | 147,620 |
| **Operating (loss)/profit** | | **(9,697,553)** | **2,599,143** |
| Finance income | 13 | 439,382 | 339,900 |
| Finance costs | 13 | (1,431,988) | (376,050) |
| **(Loss)/profit before income tax** | | **(10,690,159)** | **2,562,993** |
| Income tax benefit/(expense) | | 2,115,345 | (539,102) |
| **(Loss)/profit for the period** | | **(8,574,814)** | **2,023,891** |
| **Other comprehensive loss** | | | |
| *Other comprehensive loss to be reclassified to profit and loss in subsequent periods* | | | |
| Movement on cash flow hedges | 7, 8 | (97,501) | (238,013) |
| Income tax effect | | 19,500 | 47,603 |
| **Total other comprehensive loss to be reclassified to profit and loss in subsequent periods** | | **(78,001)** | **(190,410)** |
| **Total comprehensive (loss)/income for the period** | | **(8,652,815)** | **1,833,481** |
| **(Loss)/profit attributable to:** | | | |
| Owners of PJSC Enel Russia | | (8,563,126) | 2,044,261 |
| Non-controlling interests | | (11,688) | (20,370) |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Owners of PJSC Enel Russia | | (8,641,127) | 1,853,851 |
| Non-controlling interests | | (11,688) | (20,370) |
| **(Loss)/earnings per ordinary share for (loss)/profit attributable to the equity holders of PJSC Enel Russia – basic and diluted (in Russian roubles per share)** | | **(0.2421)** | **0.0578** |

General Director Zh.I. Sedova

Chief Accountant V.V. Grishachev

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*(Thousand of Russian roubles, unless otherwise stated)*

| | Note | For the six months ended 30 June 2022 (unaudited) | For the six months ended 30 June 2021 (unaudited) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **(Loss)/profit before income tax** | | **(10,690,159)** | **2,562,993** |
| *Adjustments for:* | | | |
| Depreciation and amortisation of property plant and equipment and intangible assets | 12 | 1,782,175 | 1,278,830 |
| Loss on disposal of property, plant and equipment and other non-current assets | | – | 910 |
| Impairment loss of property, plant and equipment and other non-current assets | | 13,173,252 | – |
| Finance income | 13 | (439,382) | (339,900) |
| Finance costs | 13 | 1,431,988 | 376,050 |
| Change in allowance for expected credit losses of trade and other receivables, net | 12 | 1,295 | 79,260 |
| Change in other provisions | 12 | (274,538) | (472,460) |
| Changes in defined benefit obligations | | 26,444 | 30,984 |
| Adjustments for other non-cash transactions | | (8,926) | 14,684 |
| **Operating cash flows before working capital changes** | | **5,002,149** | **3,531,351** |
| Decrease in trade and other receivables | | 1,470,335 | 903,901 |
| Increase in inventories | | (7,108) | (38,482) |
| (Decrease)/increase in trade and other payables | | (1,560,724) | 185,279 |
| Decrease in taxes payable, other than income tax | | (51,886) | (386,235) |
| **Net cash inflows from operating activities before dividends and income tax paid** | | **4,852,766** | **4,195,814** |
| Income tax paid | | (242,331) | (504,306) |
| **Net cash flows from operating activities** | | **4,610,435** | **3,691,508** |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment and other non-current assets | | (3,850,310) | (9,521,493) |
| Proceeds/(payments) on derivatives | | 103,887 | (363,740) |
| Interest received | | 411,624 | 201,422 |
| **Net cash flows used in investing activities** | | **(3,334,799)** | **(9,683,811)** |
| **Cash flows from financing activities** | | | |
| Proceeds from loans and borrowings | | 1,054,250 | 4,524,249 |
| Repayment of loans and borrowings | | (259,200) | (1,335,592) |
| Interest and bank fees paid | | (1,594,138) | (666,254) |
| Payment of lease liabilities | | (70,294) | (47,840) |
| **Net cash flows (used in)/from financing activities** | | **(869,382)** | **2,474,563** |
| **Net decrease in cash and cash equivalents** | | **406,254** | **(3,517,740)** |
| **Cash and cash equivalents at 1 January** | 6 | **10,218,278** | **11,646,180** |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (1,755,916) | – |
| **Cash and cash equivalents at 30 June** | 6 | **8,868,616** | **8,128,440** |

General Director — Zh.I. Sedova

Chief Accountant — V.V. Grishachev

28 September 2022

Публичное акционерное общество «Энел Россия»
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*(Thousand of Russian roubles, unless otherwise stated)*

| | Note | Attributable to equity holders of PJSC Enel Russia | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Share premium | Reserve for share based remuneration | Hedge reserve | (Accumulated losses)/ retained earnings | Total | Non-controlling interests | Total |
| **Balance at 1 January 2021** | | 35,371,898 | 6,818,747 | – | 245,230 | (1,773,982) | 40,661,893 | (100,300) | 40,561,593 |
| Profit for the period | | – | – | – | – | 2,044,261 | 2,044,261 | (20,370) | 2,023,891 |
| **Other comprehensive loss** | | | | | | | | | |
| Net movement on cash flow hedges, net of tax | 7, 8 | – | – | – | (190,410) | – | (190,410) | – | (190,410) |
| **Total other comprehensive loss for the period** | | – | – | – | (190,410) | – | (190,410) | – | (190,410) |
| **Total comprehensive income for the period** | | – | – | – | (190,410) | 2,044,261 | 1,853,851 | (20,370) | 1,833,481 |
| Share based part of long-term incentive provision | | – | – | 3,879 | – | – | 3,879 | – | 3,879 |
| **Balance at 30 June 2021 (unaudited)** | | 35,371,898 | 6,818,747 | 3,879 | 54,820 | 270,279 | 42,519,623 | (120,670) | 42,398,953 |
| **Balance at 1 January 2022** | | 35,371,898 | 6,818,747 | – | (166,210) | 993,118 | 43,017,553 | (119,170) | 42,898,383 |
| Loss for the period | | – | – | – | – | (8,563,126) | (8,563,126) | (11,688) | (8,574,814) |
| **Other comprehensive loss** | | | | | | | | | |
| Net movement on cash flow hedges, net of tax | 7, 8 | – | – | – | (78,001) | – | (78,001) | – | (78,001) |
| **Total other comprehensive loss for the period** | | – | – | – | (78,001) | – | (78,001) | – | (78,001) |
| **Total comprehensive loss for the period** | | – | – | – | (78,001) | (8,563,126) | (8,641,127) | (11,688) | (8,652,815) |
| **Balance at 30 June 2022 (unaudited)** | | 35,371,898 | 6,818,747 | – | (244,211) | (7,570,008) | 34,376,426 | (130,858) | 34,245,568 |

General Director Zh.I. Sedova

Chief Accountant V.V. Grishachev

28 September 2022

Публичное акционерное общество "Энел Россия"
ПАО «Энел Россия»
г. Екатеринбург
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## 1. BACKGROUND

### (a) Organisation and operations

Public Joint-Stock Company Enel Russia (the "Company" or "Enel Russia", previously known as OJSC "The Fifth Generating Company of the Wholesale Electric Power Market", Open Joint-Stock Company "Enel OGK-5", Open Joint-Stock Company "Enel Russia") was established on 27 October 2004 within the framework of Russian electricity sector restructuring in accordance with the Resolution No. 1254-p adopted by the Government of the Russian Federation on 1 September 2003.

The Company is registered by the Lenin District Inspectorate of the Russian Federation Ministry of Taxation of Yekaterinburg, Sverdlovsk region. The Company's office is located at bld. 1, 7, Pavlovskaya, 115093, Moscow, Russia.

As at 30 June 2022 Enel S.p.A owns 56.43% of the shares of Enel Russia.

As at 30 June 2022 UROC LIMITED owns 2,618,132,410 ordinary shares (7.4% of share capital of Enel Russia); LLC "PPIT- 7" owns 1,959,157,833 ordinary shares (5.54% of share capital).

The Enel Russia Group (the "Group") operates three State District Power Plants ("SDPP") and one wind farm ("WF") and its principal activity is electricity and heat generation.

Furthermore, the Group owns the following subsidiaries:

| | | Ownership / voting shares | |
|---|---|---|---|
| **Company name** | **Country of incorporation** | **30 June 2022** | **31 December 2021** |
| JSC "Teploprogress" | the Russian Federation | 60% | 60% |
| LLC "Enel Rus Finance" | the Russian Federation | 100% | 100% |
| LLC "Enel Rus Wind Stavropolye" | the Russian Federation | 100% | 100% |
| LLC "Enel Rus Wind Kola" | the Russian Federation | 100% | 100% |
| LLC "Enel Rus Wind Azov" | the Russian Federation | 100% | 100% |

LLC "Enel Rus Wind Generation" was renamed to LLC "Enel Rus Wind Stavropolie" in 2020.

LLC "Reftinskaya GRES" was renamed to LLC "Enel Rus Finance" in 2021.

On 1 May 2021 LLC "Enel Rus Wind Azov" started a commercial operation of a new wind farm of 91 MW of capacity.

Contractual capital commitments are disclosed in Note 5.

### (b) Relations with the State and its influence on the Group's activities

The Group's customer base includes a large number of entities controlled by or related to the state.

The Government of the Russian Federation directly affects the Group's operations through regulation issued by Government and relative authorities (including Ministry of Energy and the Federal Antimonopoly Service ("FAS"). The operations of all generating facilities are coordinated by JSC "System Operator of Unified Energy System" (SO) in order to meet system requirements in an efficient manner. SO is controlled by the Government.

Tariffs for sales of electricity for householders, heat and other products are calculated on the basis of legislative documents, which regulate pricing of heat and electricity. Tariffs are calculated in accordance with the "Cost-Plus" method and "Indexation" method.

### (c) The COVID-19 outbreak

The Group operates in an energy generating sector that has not been significantly affected by the outbreak of COVID-19. The Group's sales remained on its stable levels and its operations including supplies were not interrupted.

In order to safeguard uninterrupted operating activities, Group's management has implemented a number of measures, which include:

- implementation of remote working program for a significant group of employees. For the activities that require the presence on site, Group has immediately introduced strong protection measures for the employees with the same requirements valid for our contractors;
- all operation schemes and maintenance activities are optimized so that to guarantee business continuity.

Taking into account the above-mentioned measures and the Group's current operational and financial performance along with other currently available public information, management does not anticipate significant adverse impact of the

COVID-19 outbreak on the Group's financial position and operating results. However, management cannot preclude the possibility that extended lockdown periods, an escalation in severity of such measures, or a consequential adverse impact of such measures on the economic environment will have an adverse effect on the Group in the medium and longer term. The Group also considers negative development scenarios and is ready to adapt its operational plans accordingly. Management continues to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur.

### (d) The Russian Federation: operating environment

In 2022, ongoing political tensions in the region intensified, negatively impacting commodity and financial markets and heightening volatility, especially in exchange rates and interest rates. Imposition and subsequent strengthening of sanctions resulted in increased economic uncertainty, including loss of liquidity and high volatility on capital markets, rouble and key rate volatility, decrease in foreign and inward direct investment, challenges that Russian issuers of Eurobonds face when making payments, and also significant reduction in available debt financing. In addition, Russian companies have almost no access to international stock market, debt capital markets and other business development opportunities, which may result in additional dependence on the government support. The increase in interest rates resulted in a significant change in the cost of capital for the Group, which resulted in the recognition of impairment of the Group's assets (Note 5). Further sanctions and restrictions on the business activity of companies operating in the region are expected to have a potential impact on the overall economy. The Russian economy is currently undergoing adaptation process, associated with replacement of retiring export markets, changes in supply and technology markets, as well as changes in logistics and production chains. Future economic conditions may differ from the expectations of the Group. The full nature and possible consequences are unknown.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting.*

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

The Group's interim condensed consolidated financial statements are presented in thousands of Russian roubles ("RUB"), unless otherwise indicated.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021. A number of new standards and amendments to existing standards are effective from 1 January 2022, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

A number of new standards and amendments to standards are effective for the annual periods beginning after 1 January 2022 and earlier application is permitted, however the Group has not early adopted any of the forthcoming new or amended standards in preparing these interim condensed consolidated financial statements.

### Seasonality of operations

The Company's operations are not seasonal. Income and expenses are recognized as incurred throughout the year.

### Segment reporting

The Group has a single reportable segment – the generation of electric power and heat in the Russian Federation as the management does not review profit measures for individual SDPPs or any other components in order to make a decision about allocation of resources. The Group generates its revenues from the generation of electricity and heat and holds its assets in the Russian Federation.

## 4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

## 4. DETERMINATION OF FAIR VALUES (continued)

### (a) Financial investments into equity shares

The fair value of financial assets at fair value through or other comprehensive income is determined by reference to their quoted closing bid price at the reporting date if available.

### (b) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes only.

### (c) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### (d) Derivatives

The fair value of forward exchange contracts is based on their quoted market price, if available. If a quoted market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

## 5. PROPERTY, PLANT AND EQUIPMENT

### (a) Acquisitions and disposals

During six months ended 30 June 2022 the Group acquired assets with a total cost of RUB 4,751,927 thousand.

During six months ended 30 June 2021 the Group acquired assets with a total cost of RUB 10,860,793 thousand.

At 30 June 2022 the Group's property, plant and equipment includes capital advances in the amount of RUB 4,512,208 thousand (31 December 2021: RUB 6,715,410 thousand).

During six months ended 30 June 2021 amount of CAPEX was decreased by RUB 869,202 thousand due to the reduce of cost of services under one of the contracts with related party.

According to IAS 36 *Impairment of Assets* the Group at the end of reporting period assessed whether there is any indication that assets may be impaired (or impairment loss recognised in prior periods may no longer exist or may have decreased) considering both external and internal sources of information.

The Group analysed key assumptions for determining the recoverable amount (value in use) of the property, plant and equipment and other noncurrent assets and identified the triggers for an impairment test of CGU. The cash flow forecasts were discounted to their present value at the nominal after tax discount rate of 11.39% (2021: 9.33%) for thermal generation assets and 11.39% (2021: 9.19%) for renewables assets which is based on weighted average cost of capital. Overall approach remained the same as disclosed in the annual consolidated financial statements for 2021. As a result of the impairment test additional impairment of property, plant and equipment in the amount of RUB 13,111,110 thousand was recognized as at 30 June 2022.

The cash flow of the Group remains sensitive to changes in cost of capital. Thus, increase in cost of capital by 50 basis points will result in additional impairment of the assets of the Group in the amount of RUB 3,059 million.

The new wind farm projects continue to bear risks of delay and additional costs. Management believes that the risk monitoring system established by the Group allows to monitor these risks and properly address them including by implementing corrective actions.

*(Thousand of Russian roubles, unless otherwise stated)*

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

### (b) Capital commitments

Future capital expenditures for which contracts have been signed amount to RUB 5,504,547 thousand at 30 June 2022 (31 December 2021: RUB 8,349,307 thousand), including RUB 1,192,881 thousand for the wind generation projects (31 December 2021: RUB 3,506,243 thousand).

### (c) Leased assets

As set below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

| | Land | Other | Total | Lease liabilities |
|---|---|---|---|---|
| **As at 1 January 2022** | **44,193** | **278,535** | **322,728** | **388,591** |
| Additions | 1,746 | 2,566 | 4,312 | 4,312 |
| Reclassification | 43,089 | (43,089) | – | – |
| Depreciation expense | (5,393) | (44,598) | (49,991) | – |
| Interest expense | – | – | – | 12,404 |
| Payments | – | – | – | (70,294) |
| **As at 30 June 2022** | **83,635** | **193,414** | **277,049** | **335,013** |

Long-term lease liability in the amount of RUB 171,791 thousand is included in the non-current liabilities of the interim condensed consolidated statement of financial position, current lease liabilities and interest accrued in the amount in total of RUB 163,222 thousand is included in the trade and other payables.

## 6. CASH AND CASH EQUIVALENTS

| | 30 June 2022 (unaudited) | 31 December 2021 |
|---|---|---|
| Cash in bank | 7,733,230 | 1,230,126 |
| Call deposits | 1,135,386 | 8,988,152 |
| **Total** | **8,868,616** | **10,218,278** |

As at 30 June 2022 and 31 December 2021 cash and cash equivalents were mainly denominated in RUB and EUR.

## 7. EQUITY

### (a) Share capital

The Group's share capital as at 30 June 2022 and 31 December 2021 was RUB 35,371,898 thousand comprising 35,371,898,370 ordinary shares with a par value of RUB 1.00. All shares authorised are issued and fully paid.

The holders of ordinary shares are entitled to receive dividends in accordance with the dividend policy and are entitled to one vote per share at the Shareholders' meetings of the Company.

### (b) Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge instruments related to hedged transactions that have not yet occurred.

### (c) Dividends declared

On 7 June 2022, the Shareholders' meeting approved not to distribute dividends for the year 2021.

*(Thousand of Russian roubles, unless otherwise stated)*

## 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management believes that the fair value of the Group's financial assets and liabilities at 30 June 2022 approximates their carrying value.

### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

| | 30 June 2022 (unaudited) | 31 December 2021 |
|---|---|---|
| Derivatives | 7.01%-15.90% | 7.01%-15.90% |
| Loans and borrowings | 8.36%-8.73% | 8.37%-8.73% |

The table below provides details regarding the composition of derivative financial assets and liabilities, measured at fair value:

| **Fair values** | 30 June 2022 (unaudited) | 31 December 2021 |
|---|---|---|
| Forward exchange contracts | – | 77,817 |
| **Derivative assets** | – | **77,817** |
| | | |
| Forward exchange contracts | – | 40 |
| **Derivative liabilities** | – | **40** |

In order to comply with Group's foreign exchange risk management strategy, the changes in future cash flows arising from the highly probable capital expenditure outflows in a foreign currency attributable to foreign exchange rate movements have been hedged. Forward exchange contracts and options was designated as hedging instruments in cash flow hedges of capital expenditures in a foreign currency related to wind and thermal generation projects.

These hedges were assessed to be effective and net change of RUB (78,001) thousand, including the forward element amounting to RUB 1,190 thousand, with a deferred tax of RUB 19,500 thousand are included within other comprehensive income for the six months ended 30 June 2022 (for the six months ended 30 June 2021: change at the amount of RUB (190,410) thousand, including the forward element of RUB 77,159 thousand and RUB 47,603 thousand of deferred tax, respectively). No significant element of ineffectiveness required recognition in the interim condensed consolidated statement of profit or loss and other comprehensive income.

The amount accumulated within the hedge reserve will be included into the book value of the respective fixed assets upon the completion of their commissioning.

### Fair value hierarchy for the financial instruments carried at fair value

The table below analyses financial instruments carried at fair value in the interim condensed consolidated financial statements. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets measured at fair value at 30 June 2022 (unaudited)** | | | | |
| Financial investments into equity shares | – | – | 4,880 | **4,880** |
| | – | – | **4,880** | **4,880** |

*(Thousand of Russian roubles, unless otherwise stated)*

## 8. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets measured at fair value at 31 December 2021** | | | | |
| Financial investments into equity shares | – | – | 4,880 | **4,880** |
| | **–** | **–** | **4,880** | **4,880** |
| Forward exchange contracts | – | 77,817 | – | **77,817** |
| | **–** | **77,817** | **–** | **77,817** |
| **Liabilities measured at fair value at 31 December 2021** | | | | |
| Forward exchange contracts | – | 40 | – | **40** |
| | **–** | **40** | **–** | **40** |

There have been no transfers between Level 1 and Level 2 during the period of six months ended 30 June 2022.

## 9. LOANS AND BORROWINGS

| | Maturity | 30 June 2022 (unaudited) | 31 December 2021 |
|---|---|---|---|
| **Non-current loans and borrowings** | | | |
| Loans denominated in RUB | 2023 | 4,000,000 | 4,000,000 |
| Project financing in RUB | 2033-2034 | 25,738,315 | 25,796,292 |
| **Total non-current loans and borrowings** | | **29,738,315** | **29,796,292** |

| | 30 June 2022 (unaudited) | 31 December 2021 |
|---|---|---|
| **Current loans and borrowings and current portion of non-current loans and borrowings** | | |
| Project financing in RUB | 5,213,700 | 4,378,640 |
| Commercial papers in RUB | 2,000,000 | 2,000,000 |
| **Total current loans and borrowings** | **7,213,700** | **6,378,640** |

As at 30 June 2022 the Group has access to the credit facilities with the available credit limits in the amount of approximately RUB 32.9 billion. Additionally, the Group has RUB 40 billion of commercial papers program. Therefore, the Group will be able to redeem all its financial liabilities as they become due.

## 10. PROVISIONS

| | Current 30 June 2022 (unaudited) | Current 31 December 2021 |
|---|---|---|
| Personal related provision | 305,996 | 410,220 |
| Restructuring | 106,655 | 70,170 |
| Decommissioning provision | 91,553 | 111,301 |
| Other | 252,033 | 762,235 |
| **Total current provisions** | **756,237** | **1,353,926** |

Decrease of provisions relates to the recalculation of the estimated amounts of outflows.

*(Thousand of Russian roubles, unless otherwise stated)*

## 11. REVENUE

| | For the six months ended 30 June 2022 (unaudited) | For the six months ended 30 June 2021 (unaudited) |
|---|---|---|
| Power | 16,164,012 | 14,907,291 |
| Capacity | 6,386,832 | 4,712,145 |
| Heating | 1,820,756 | 1,747,633 |
| Water circulation | 183,121 | 161,691 |
| Water for heating network | 4,266 | 5,141 |
| Other | 71,446 | 54,317 |
| **Total revenue from contracts with customers** | **24,630,433** | **21,588,218** |

## 12. OPERATING EXPENSES

| | For the six months ended 30 June 2022 (unaudited) | For the six months ended 30 June 2021 (unaudited) |
|---|---|---|
| Fuel cost | 14,292,603 | 13,294,260 |
| Impairment loss of property, plant and equipment and other non-current assets | 13,173,252 | – |
| Depreciation and amortisation of property, plant and equipment and intangible assets | 1,782,175 | 1,278,830 |
| Employee benefits | 1,546,762 | 1,414,206 |
| Purchased electricity for own use | 820,876 | 755,197 |
| Purchased electricity | 872,061 | 809,816 |
| Water usage | 514,698 | 520,950 |
| Fees to Trade System Administrator, Centre of financial settlements and System operator | 409,923 | 377,210 |
| Repairs and technical maintenance | 393,742 | 327,630 |
| Taxes other than income tax and payroll taxes | 140,493 | 181,420 |
| Advisory, legal and information services | 66,803 | (34,800) |
| Allowance for impairment of trade and other receivables | 1,295 | 79,260 |
| Provisions | (274,538) | (472,460) |
| Other | 743,375 | 605,176 |
| **Total** | **34,483,520** | **19,136,695** |

## 13. FINANCE INCOME AND COSTS

Finance income and costs of the Group largely relate to foreign exchange gains and losses originating from revaluation of assets and liabilities denominated in foreign currencies, interest income and expenses, gains and losses from derivative financial instruments.

| | For the six months ended 30 June 2022 (unaudited) | For the six months ended 30 June 2021 (unaudited) |
|---|---|---|
| Interest income | 413,127 | 196,080 |
| Gain from derivatives, net | 18,011 | – |
| Adjustment for amortised cost of long term loans | 8,244 | – |
| Foreign exchange differences, net | – | 143,100 |
| Other, net | – | 720 |
| **Finance income** | **439,382** | **339,900** |
| | | |
| Foreign exchange difference, nets | (768,776) | – |
| Interest expense | (612,402) | (324,260) |
| Effect of discounting, net | (45,385) | (36,500) |
| Losses from derivatives, net | – | (15,290) |
| Other, net | (5,425) | – |
| **Finance costs** | **(1,431,988)** | **(376,050)** |

## 14. CONTINGENCIES

### (a) Operating environment

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government. The Russian economy is negatively impacted by geopolitical tensions and sanctions imposed by several countries. This have resulted in overall reduced access to capital, a higher cost of capital and slowdown of economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

### (b) Insurance

The Group applies the integrated insurance approach. The Group Insurance coverage includes both obligatory and voluntary types of insurance with regard to assets, third party liability risks and other insurable risks. Management of the Group takes the appropriate measures to minimize the potential negative external influence on the Group property interest from those risks which are out of existing insurance coverage.

### (c) Legal proceedings

The Group was not a party to any significant legal proceedings which, upon final disposition, would have a material adverse effect on the financial position of the Group, except those for which provision has been accrued and recorded in these interim condensed consolidated financial statements.

### (d) Tax contingency

The taxation system in the Russian Federation is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by the tax authorities who may impose severe fines, penalties and interest charges. Tax authorities are entitled to conduct field tax audits within three calendar years preceding the year when the tax authorities issue a decision to conduct a field tax audit.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities could differ from the position taken by the company and have effect on these interim condensed consolidated financial statements. If the tax authorities are successful in enforcing their unfavourable interpretations of the tax legislation, the implications for the company could be significant.

The Russian transfer pricing legislation, which came into force on 1 January 2012, allows the tax Russian authorities to apply transfer pricing adjustments of income and expenses and impose additional corporate income tax liabilities in respect of all "controlled" transactions if the transaction price differs from the market level of prices. The list of "controlled" transactions includes, inter alia, transactions performed with related parties and certain types of cross-border transactions.

The Group determines its tax liabilities arising from "controlled" transactions using actual transaction prices.

Due to the difference in transfer pricing regulations in European countries and Russia, there is a risk that the Russian tax authorities may challenge the level of prices applied by the Group under the "controlled" transactions and accrue additional tax liabilities unless the Group is able to demonstrate the use of market prices with respect to the "controlled" transactions calculated in accordance with Russian transfer pricing regulations.

Overall, management believes that the Group has paid or accrued all taxes that are applicable. For taxes other than corporate income tax, where uncertainty exists, the Group has accrued tax liabilities based on management's best estimate of the probable outflow of resources, which will be required to settle these liabilities.

## 14. CONTINGENCIES (continued)

In December 2019 Interregional Tax Inspectorate of the Federal Tax Service for Major Taxpayers of Russia No. 4. (the Inspectorate) issued a decision to hold the Company liable based on the results of the field tax audit for 2014-2016. The major part of the tax assessment is explained by the incorrect classification (in the opinion of the Inspectorate) of some fixed assets as movable property which resulted in underpayment of property tax for 2014-2016 in the amount of RUB 152 million. The Group is currently disputing the Tax authority's decision in the Moscow arbitration court. At the time of interim condensed financial statements preparation, a forensic examination has been received, which confirmed that the disputed objects are movable property. The court proceeding on the case is scheduled October 2022. The Group understands that there is legal ambiguity regarding the payment of property tax on the disputed assets, however, taking into account the current legislation, official clarifications of regulatory bodies of the Russian Federation and law enforcement practice, believes that such a risk is not highly probable.

On 12 February 2021 in Letter # ШЮ-4-13/1749@, the Federal tax service issued the insights regarding the justification of economic feasibility of expenses incurred on the basis of related parties transactions, as well as recognition of income of foreign companies from such activities, in which they clarify that it is necessary to distinguish between related parties transactions and a concept of "shareholder's activities".

There is a possibility that the Company's views of economic feasibility of such transactions under contracts for the provision of services with foreign companies within Enel Group will differ from the view of tax authorities. These may lead to adjustments of tax liabilities if the Company cannot confirm that related parties transactions are economically justified and do not related to "shareholder's activities". However, the Company believes, that this risk is not highly probable.

### (e) Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluate its obligations under environmental regulations.

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated. In the current enforcement and given existing legislation, management believes that there are no significant liabilities for environmental damage, except those for which provision has been accrued and recorded in these interim condensed consolidated financial statements.

The Company is a subsidiary of Enel Group, which pays special attention to environmental and safety matters.

## 15. RELATED PARTIES DISCLOSURES

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, 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.

In the normal course of business, the Group enters into transactions with related parties. Related parties include shareholders, directors, subsidiaries and companies of Enel Group.

*(Thousand of Russian roubles, unless otherwise stated)*

## 15. RELATED PARTIES DISCLOSURES (continued)

### Transactions with Enel S.p.A and its subsidiaries (Enel Group)

For the period ended 30 June 2022 the Group had the following transactions with Enel Group entities:

| | For the six months ended | |
|---|---|---|
| | 30 June 2022 (unaudited) | 30 June 2021 (unaudited) |
| Sale of electricity | 160,603 | 111,295 |
| Other revenue | 7,808 | 4,167 |
| Purchases | (152,317) | (769,680) |

As at 30 June 2022 the Group had the following balances with Enel Group entities:

| | 30 June 2022 (unaudited) | 31 December 2021 |
|---|---|---|
| Trade and other receivables | 136,740 | 123,784 |
| Trade and other payables | (1,828,436) | (3,024,875) |

As at 30 June 2022 the Group had no advances issued for capital construction to Enel Group companies.

### Transactions with other related parties

Transactions with other related parties represent transactions with the non-state pension fund.

| | For the six months ended | |
|---|---|---|
| | 30 June 2022 (unaudited) | 30 June 2021 (unaudited) |
| Benefits paid | 78,931 | 31,605 |

As at 30 June 2022 the Group balances with other related parties were settled.

### Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Total remuneration includes all type of remuneration such as wages, salaries, bonuses, non-monetary benefits, other.

Total remuneration paid to the members of the Board of Directors and Management Board for the period ended 30 June 2022 and 2021 was as follows:

| | For the six months ended | |
|---|---|---|
| | 30 June 2022 (unaudited) | 30 June 2021 (unaudited) |
| Remuneration | 103,783 | 70,408 |
| Social security fees | 8,832 | 7,292 |

There were no loans provided to key management personnel during six months ended 30 June 2022 (during six months ended 30 June 2021 the loans amounted to RUB 7 million).

The employee benefit obligations in the interim condensed consolidated statement of financial position includes payables attributable to key management personnel in the amount of RUB 6,493 thousand as at 30 June 2022 (as at 31 December 2021: RUB 22,117 thousand).

At 30 June 2022 there were 11 members of the Board of Directors and 5 members of the Management Board.

## 16. EVENTS AFTER THE REPORTING DATE

As at the date of interim condensed consolidated financial statements issuance, the Group received advance from the Buyer for Power Train equipment. The Buyer has paid for more than 45% of equipment classified as non-current assets held for sale.

In September 2022 a short-term tranche for the amount of RUB 2.5 billion was raised within one of the existing revolving credit lines.