

Independent Auditors' Report

**on the Financial Statements
of Public Joint-Stock Company EL5-Energo
for the 2022 reporting year**

Set out below is an unofficial translation of the Independent Auditors' Report on the financial statements of PJSC EL5-Energo as at and for the year ended 31 December 2022. The financial statements to which the Independent Auditors' Report relates have been prepared in Russian in accordance with the accounting and reporting regulations of the Russian Federation. Russian accounting and reporting regulations differ from accounting frameworks in other jurisdictions. Consequently, the accompanying financial statements are not intended to present the financial position, financial performance and cash flows of PJSC EL5-Energo in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Russian Federation. This translation of these documents was undertaken for the convenience of users. In case of any divergence of the English text from the Russian text, the Russian text prevails.

JSC “Kept”

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Independent Auditors' Report

To the Shareholders and the Board of Directors of Public Joint-Stock Company EL5-Energo

Opinion

We have audited the financial statements of Public Joint-Stock Company EL5-Energo (the “Company”), which comprise the balance sheet as at 31 December 2022, the statements of financial performance, changes in equity and cash flows for the year then ended, and notes to the balance sheet and the statement of financial performance, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Russian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the independence requirements that are relevant to our audit of the financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of property, plant and equipment

Please refer to the Note 3.1 of the explanatory notes to the balance sheet and statement of financial performance.

The key audit matter	How the matter was addressed in our audit
<p>The Company has significant property, plant and equipment balance which is material to the financial statements as at 31 December 2022 and as at the end of the previous period.</p> <p>Changes to the accounting policy of the Company were made in order to meet the requirements of the newly entered into force Federal Accounting Standards FAS 6/2020 "Fixed Assets" and FAS 26/2020 "Capital Investments" (hereinafter FAS). The consequences of these changes in accounting policies are reflected by the Company in the financial statements for 2022 by making a one-time adjustment to the carrying value of property, plant and equipment at the end of the previous period.</p> <p>The Company's transition to the new FAS standards requires the exercise of significant judgment in estimating the recoverable amount of the cash generating units.</p> <p>The management identified certain events and circumstances which may indicate that some property, plant and equipment items may be subject to the impairment loss.</p> <p>As at the reporting date and at the end of the previous period management assessed the recoverable amount of the Company's cash generating units and recognized the impairment of property, plant and equipment in the financial statements.</p> <p>Due to inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverable amount, this is one of the key areas that our audit is concentrated on.</p>	<p>We evaluated the reasonableness of the expected cash flow forecasts by comparing them with the latest approved budgets, externally derived data as well as our own assumptions in relation to key inputs such as forecasted volumes and tariffs of electricity, inflation, foreign currency rates, discount rates and terminal growth rates.</p> <p>We used our own valuation specialists to assist us in evaluating the assumptions and methodology used by the Company to determine the recoverable amount.</p> <p>In particular, we challenged:</p> <ul style="list-style-type: none"> - Power stations costs projections by comparing them with historical results and industry peers; - Electricity and power prices by comparing them with historical data, economic and industry forecasts; - Volumes of electricity and power by comparing them with historical volumes and industry forecasts; - Long term revenue growth rates in the forecasts by comparing them with historical results, economic and industry forecasts; - The discount rates used. Specifically, we recalculated the Company's weighted average cost of capital using market comparable information. <p>In some cases we recalculated forecast data used by the Company in line with generally accepted macroeconomic forecasts and assessed the effect on the results of impairment test.</p> <p>We also assessed the sensitivity of the impairment to the changes in key assumptions.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Krasnikhina T.E.

Principal registration number of the entry in the Register of Auditors and Audit organizations No. 21906104815, acts on behalf of the audit organization based on the power of attorney No. 392/22 as of 1 July 2022

JSC "Kept"

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351

Moscow, Russia

05 April 2023

Balance sheet

as of December 31, 2022

Company PJSC EL5-ENERGO

Taxpayer Identification Number

Type of economic

activity Generation of electric power by thermal power plants

Type of business / form of ownership Public joint-stock company / private

Codes			
OKUD Form 0710001			
Date (day, month, year)	31	12	2022
RNNBO No.	75012898		
TIN	6671156423		
OKVED 2 35.11.1			
OKOPF/OKFS No.	12247	34	
OKEI No.	384		

Measurement unit: RUR ths.

Location (address) 10 Khokhryakova Str., Yekaterinburg, Sverdlovsk Region, 620014, Russia

Financial statements subject to obligatory audit

Name of the audit organization / surname, name, patronymic (if any) of the individual auditor

 YES NO

JSC Kept

Taxpayer identification number of the auditing organization / surname, name, patronymic (if any) of the individual auditor

TIN

7702019950

Primary State Registration Number of audit organization / individual auditor

OGRN / OGRNIP

1027700125628

Note	Item	Code	As of December 31, 2022	As of December 31, 2021	As of December 31, 2020
ASSETS					
I. NON-CURRENT ASSETS					
1.1	Intangible assets	1110	81	101	121
	Results of research and developments	1120	-	-	-
	Intangible exploration assets	1130	-	-	-
	Tangible exploration assets	1140	-	-	-
2.1, 2.2, 2.3, 2.4, Note 3.1	Fixed assets	1150	28 345 369	42 005 727	45 788 686
	Interest-bearing investments into tangible assets	1160	-	-	-
3.1, 3.2, Note 3.2	Financial investments	1170	4 910 491	1 910 491	610 491
Note 2.17, 3.13	Deferred tax assets	1180	2 809 820	2 434 607	2 616 725
Note 2.9, 3.4	Other non-current assets	1190	9 317 821	7 296 824	2 248 770
	including long-term derivatives and hedging instruments	11901	-	-	-
	Section I total	1100	45 383 582	53 647 750	51 264 793
II. CURRENT ASSETS					
4.1, 4.2, Note 3.3	Inventories	1210	2 759 928	2 560 717	3 409 159
	including deferred expenses	12101	322 709	284 261	225 553
	VAT on purchased goods	1220	537 174	237 891	19 132
5.1, 5.2, Note 3.4	Accounts receivable	1230	5 301 582	5 316 190	4 482 998
	including shareholder's receivables	12301	-	-	-
3.1, 3.2, Note 3.2	Financial investments	1240	325 091	-	-
Note 2.11	Cash and cash equivalents	1250	3 944 714	7 556 117	9 693 573
	Other current assets	1260	-	2 427	1 770
	including current derivative assets	12601	-	2 427	1 770
	Section II total	1200	12 868 489	15 673 342	17 606 632
	TOTAL ASSETS	1600	58 252 071	69 321 092	68 871 425
LIABILITIES					
III. EQUITY AND RESERVES					
Note 3.7	Share capital (joint-stock capital, authorized capital, contributions of partners)	1310	35 371 898	35 371 898	35 371 898
Note 3.7	Shares purchased	1320	-	-	-
	Revaluation of non-current assets	1340	-	-	-
Note 3.8	Additional capital (without revaluation)	1350	7 326 630	7 389 006	7 424 153
	including effective portion of changes in the fair value of CFH	13501	(20 124)	42 253	77 400
Note 3.8	Reserve capital	1360	305 000	177 000	-
Note 3.9	Retained earnings (accumulated deficit)	1370	(492 191)	6 855 196	6 425 421
	including retained earnings / (accumulated deficit) of the previous year	13701	6 746 744	4 305 632	2 885 910
Note 2.17, 3.13	retained earnings / (accumulated deficit) of the current year	13702	(7 238 935)	2 549 564	3 539 511
	Section III total	1300	42 511 337	49 793 100	49 221 472
IV. NON-CURRENT LIABILITIES					
Note 3.5	Loans received	1410	365 000	4 000 000	2 000 000
	Deferred tax liabilities	1420	3 088 482	4 505 881	4 494 126
7, Note 3.10	Provisions	1430	210 482	149 819	83 846
5.3	Other liabilities	1450	104 102	198 707	254 039
	Section IV total	1400	3 768 066	8 854 407	6 832 011
V. CURRENT LIABILITIES					
Note 3.5	Loans received	1510	8 013 211	2 081 810	4 794 831
5.3, Note 3.6	Accounts payable	1520	3 380 875	5 942 594	3 612 770
	including shareholder's payable	15202	12 389	32 048	51 718
	Deferred income	1530	29	35	355
7, Note 3.10	Provisions short-term	1540	578 553	2 649 146	4 407 542
	Other liabilities	1550	-	-	2 444
	including current derivative liabilities	15501	-	-	2 444
	Section V total	1500	11 972 668	10 673 585	12 817 942
	TOTAL LIABILITIES	1700	58 252 071	69 321 092	68 871 425

CEO

A. Tnalin

Chief Accountant

V. Grishachev

"05" April

2023

Statement of financial performance

for _____ year 20 22

Company PJSC EL5-ENERGO
 Taxpayer Identification Number _____
 Type of economic activity Generation of electric power by thermal power plants
 Type of business / form of ownership Public
joint-stock company / private
 Measurement unit: RUR ths.

OKUD Form _____
 Date (day, month, year) _____
 RNNBO No. _____
 TIN _____
 OKVED 2 _____
 OKOPF/OKFS No. _____
 OKEI No. _____

Codes		
0710002		
31	12	2022
75012898		
6671156423		
35.11.1		
12247	34	
384		

Note	Item	Code	For _____ year 20 <u>22</u>	For _____ year 20 <u>21</u>
Note 3.11	Revenue	2110	48 144 142	46 704 908
6, note 3.11	Cost of sales	2120	(43 298 571)	(44 205 798)
	Gross profit (loss)	2100	4 845 571	2 499 110
6, note 3.11	Commercial expenses	2210	(833 169)	(780 345)
	Management expenses	2220	-	-
	Profit (loss) on sales	2200	4 012 402	1 718 765
	Income from investments in other entities	2310	-	-
	Interest income	2320	384 765	349 268
	Interest payable	2330	(545 512)	(506 405)
Note 3.12	Other income	2340	6 592 404	6 415 745
Note 3.12	Other expenses	2350	(19 367 764)	(4 686 794)
	Profit (loss) before taxes	2300	(8 923 705)	3 290 579
Note 3.13	Income tax	2410	1 734 358	(693 016)
	including current income tax	2411	(42 660)	-
	deferred income tax	2412	1 777 018	(693 016)
Note 3.12	Other	2490	(49 588)	(47 999)
	Net profit (loss)	2400	(7 238 935)	2 549 564
	Revaluation surplus from non-current assets not included into the net profit (loss) of the period	2510	-	-
	Result from other operations not included into the net profit (loss) for the period	2520	(77 971)	(43 934)
	Income tax effect from the result from other operations not included into the net profit (loss) for the period	2530	15 594	8 787
	Cumulative financial result of the period	2500	(7 301 312)	2 514 417
	REFERENCE			
Note 3.14	Basic earnings (loss) per share (RUR)	2900	(0,2047)	0,0721
	Diluted earnings (loss) per share	2910	-	-

CEO _____ A. Tnalin
 (signature) (print name)

Chief Accountant _____ V. Grishachev
 (signature) (print name)

" 05 " _____ April 20 23

**Statement of changes in equity
for 20 22**

Company PJSC EL5-ENERGO

Taxpayer Identification Number _____

Type of economic activity _____

Generation of electric power by thermal power plants

Type of business / form of ownership _____

private

Measurement unit: RUR ths.

OKUD Form
Date (day, month, year)

RNNBO No.

TIN

OKVED 2

Public joint-stock company

OKOPF/OKFS No.

OKEI No.

Codes		
0710004		
31	12	2022
75012898		
6671156423		
35.11.1		
12247	34	
384		

1. Movement of equity

Item	Code	Charter capital	Shares purchased	Additional capital	Reserve capital	Retained earnings (accumulated loss)	Total
Balance as of December 31, 20 <u>20</u>	3100	35 371 898	-	7 424 153	0	6 425 421	49 221 472
<u>For 20 21</u>							
Increase in equity - total:	3210	-	-	-	-	2 568 204	2 568 204
including:							
net profit	3211	x	x	x	x	2 549 564	2 549 564
revaluation of assets	3212	x	x	-	x	-	-
income related directly to increase of capital	3213	x	x	-	x	18 640	18 640
additional shares issue	3214	-	-	-	x	x	-
increase of shares par value	3215	-	-	-	x	-	x
reorganization of legal entity	3216	-	-	-	-	-	-
Decrease in equity - total:	3220	-	-	(35 147)	-	(1 961 429)	(1 996 576)
including:							
loss	3221	x	x	x	x	-	-
revaluation of assets	3222	x	x	-	x	-	-
expenses related directly to decrease of capital	3223	x	x	(35 147)	x	(1 961 429)	(1 996 576)
decrease of shares par value	3224	-	-	-	x	-	-
decrease in the number of shares	3225	-	-	-	x	-	-
reorganization of legal entity	3226	-	-	-	-	-	-
dividends	3227	x	x	x	x	-	-
Change of additional capital	3230	x	x	-	-	-	x
Change of reserve capital	3240	x	x	x	177 000	(177 000)	x
Balance as of December 31, 20 <u>21</u>	3200	35 371 898	-	7 389 006	177 000	6 855 196	49 793 100
<u>For 20 22</u>							
Increase in equity - total:	3310	-	-	-	-	19 548	19 548
including:							
net profit	3311	x	x	x	x	-	-
revaluation of assets	3312	x	x	-	x	-	-
income related directly to increase of capital	3313	x	x	-	x	19 548	19 548
additional shares issue	3314	-	-	-	x	x	-
increase of shares par value	3315	-	-	-	x	-	x
reorganization of legal entity	3316	-	-	-	-	-	-
Decrease in equity - total:	3320	-	-	(62 376)	-	(7 238 935)	(7 301 311)
including:							
loss	3321	x	x	x	x	(7 238 935)	(7 238 935)
revaluation of assets	3322	x	x	-	x	-	-
expenses related directly to decrease of capital	3323	x	x	(62 376)	x	-	(62 376)
decrease of shares par value	3324	-	-	-	x	-	-
decrease in the number of shares	3325	-	-	-	x	-	-
reorganization of legal entity	3326	-	-	-	-	-	-
dividends	3327	x	x	x	x	-	-
Change of additional capital	3330	x	x	-	-	-	x
Change of reserve capital	3340	x	x	x	128 000	(128 000)	x
Balance as of December 31, 20 <u>22</u>	3300	35 371 898	-	7 326 630	305 000	(492 191)	42 511 337

2. Adjustments due to change of accounting policy and correction of errors

Item	Code	As of December 31, 20 <u>20</u>	Changes in equity for 20 <u>21</u>		As of December 31, 20 <u>21</u>
			due to net profit (loss)	due to other factors	
Equity - total					
before adjustments	3400	49 221 472	2 549 564	(16 507)	51 754 529
adjusted for:					
change of accounting policy	3410	-	(1 961 429)	-	(1 961 429)
correction of errors	3420	-	-	-	-
corrected	3500	49 221 472	588 135	(16 507)	49 793 100
including:					
retained earnings (accumulated loss):					
before adjustments	3401	6 425 421	2 549 564	(158 360)	8 816 625
adjusted for:					
change of accounting policy	3411	-	(1 961 429)	-	(1 961 429)
correction of errors	3421	-	-	-	-
corrected	3501	6 425 421	588 135	(158 360)	6 855 196
equity items, for which the adjustments were made:					
before adjustments	3402	42 796 051	-	141 853	42 937 904
adjusted for:					
change of accounting policy	3412	-	-	-	-
correction of errors	3422	-	-	-	-
corrected	3501	42 796 051	-	141 853	42 937 904

3. Net assets

Item	Code	As of December 31, 20 <u>22</u>	As of December 31, 20 <u>21</u>	As of December 31, 20 <u>20</u>
Net assets	3600	42 511 366	49 793 135	49 221 827

CEO

(signature)

A. Tnalin

(print name)

Chief Accountant

(signature)

V. Grishachev

(print name)

" 5 " April 20 23 r.

Statement of cash flow
for year 20 22

Company PJSC EL5-ENERGO

Taxpayer Identification Number _____

Type of economic activity Generation of electric power by thermal power plants

Type of business / form of ownership Public

Joint Stock / Private _____

Measurement unit: RUR ths.

OKUD Form
Date (day, month, year)

RNNBO No.

TIN

OKVED 2

OKOPF/OKFS No.

OKEI No.

Codes		
0710005		
31	12	2022
75012898		
6671156423		
35.11.1		
12247	34	
384		

Item	Code	For <u> </u> year 20 <u>22</u>	For <u> </u> year 20 <u>21</u>
Cash flows from current operations			
Proceeds - total	4110	51 968 876	49 577 387
including:			
from sale of products, goods, works and services	4111	47 733 935	47 742 386
lease rents, license fees, royalty, commitment fees and other similar payments	4112	6 160	8 362
from resale of financial investments	4113	-	-
other proceeds	4119	4 228 781	1 826 639
Payments - total	4120	(47 858 345)	(42 255 479)
including:			
to suppliers (contractors) for raw and other materials, works, services	4121	(41 990 035)	(36 168 169)
due to payment of employees' labour	4122	(2 955 396)	(2 292 656)
interest on debenture	4123	(614 111)	(552 760)
corporate profit tax	4124	(270 395)	(574 790)
other payments	4129	(2 028 408)	(2 667 104)
Balance of cash flows from current operations	4100	4 110 531	7 321 908
Cash flows from investment operations			
Proceeds - total	4210	3 806 063	21 881
including:			
from sale of non-current assets (except for financial investments)	4211	1 119 840	13 906
from sale of shares of other companies (share ownership)	4212	-	-
from repayment of loans issued, from sale of debt securities (claims of cash to other entities)	4213	2 682 538	7 975
dividends, interest on debt financial investments and similar proceeds from share ownership in other companies	4214	-	-
other proceeds	4219	3 685	-
Payments - total	4220	(13 853 106)	(8 830 184)
including:			
due to acquisition, creation, modernization, reconstruction and preparation for use of non-current assets	4221	(4 266 703)	(2 293 832)
due to acquisition of shares of other companies (share ownership)	4222	(3 000 000)	(1 300 000)
due to acquisition of debt securities (claims of cash to other entities), issue of loans to other entities	4223	(6 586 403)	(5 176 745)
interest on debenture included into the cost of investments assets	4224	-	-
other payments	4229	-	(59 607)
Balance of cash flows from investment operations	4200	(10 047 043)	(8 808 303)
Cash flows from financial operations			
Proceeds - total	4310	4 865 000	4 000 000
including:			
reception of credits and loans	4311	4 865 000	4 000 000
money contributions of the owners (members)	4312	-	-
from issue of shares, increase of the share ownership	4313	-	-
from issue of bonds, bills of exchange and other debt securities, etc.	4314	-	-
other proceeds	4319	-	-

Item	Code	For _____ year 20 22	For _____ year 20 21
Payments - total	4320	(2 500 000)	(4 666 667)
including:			
to the owners (members) due to redemption of shares (share ownership) of the company with them or their cessation of membership	4321	-	-
for payment of dividends and other payments for allocation of profit in favour of the owners (members)	4322	-	-
due to payment (protection) of the bills of exchange and other debt securities, repayment of credits and loans	4323	(2 500 000)	(4 666 667)
other payments	4329	-	-
Balance of cash flows from financial operations	4300	2 365 000	(666 667)
Balance of cash flows for the reporting period	4400	(3 571 512)	(2 153 062)
Cash and cash equivalents at the beginning of reporting period	4450	7 556 117	9 693 573
Cash and cash equivalents at the end of reporting period	4500	3 944 714	7 556 117
Effect of exchange rate changes	4490	(39 891)	15 606

CEO _____ A. Tnalin _____ Chief Accountant _____ V. Grishachev _____
 (signature) (print name) (signature) (print name)

" 05 " April 20 23

2. Fixed assets

2.1. Availability and flow of fixed assets

In RUB thousand.

Item	Code	Period	At the beginning of the year		Changes for the period						At the end of the period	
			initial value	accumulated depreciation and accumulated impairment	additions	disposed items		depreciation accrued	revaluation		initial value	accumulated depreciation and accumulated impairment
						initial value	accumulated depreciation		initial value	accumulated depreciation		
Fixed assets (without regard to interest-bearing investments into tangible assets) -	5200	for 20 <u>22</u>	77 617 351	(43 888 217)	4 160 685	(1 264 017)	1 181 927	(15 332 600)	-	-	80 514 019	(58 038 890)
	5210	for 20 <u>21</u>	76 399 966	(38 236 726)	1 621 017	(403 632)	130 050	(3 329 755)	-	-	77 617 351	(41 436 431)
including: Land	5201	for 20 <u>22</u>	137 827	(38 114)	2 297	-	-	(36 886)	-	-	140 124	(75 000)
	5211	for 20 <u>21</u>	137 827	-	-	-	-	-	-	-	137 827	-
Buildings and structures	5202	for 20 <u>22</u>	17 691 291	(8 989 803)	76 627	(50 613)	47 024	(3 417 011)	-	-	17 717 305	(12 359 790)
	5212	for 20 <u>21</u>	17 602 491	(5 710 942)	340 669	(251 869)	56 746	(470 963)	-	-	17 691 291	(6 125 159)
Machinery and equipment	5203	for 20 <u>22</u>	59 114 959	(34 507 462)	3 984 599	(951 332)	950 248	(11 752 924)	-	-	62 148 226	(45 310 138)
	5213	for 20 <u>21</u>	58 072 715	(32 318 179)	1 112 445	(70 201)	69 383	(2 721 391)	-	-	59 114 959	(34 970 187)
Transport	5204	for 20 <u>22</u>	46 994	(36 501)	15 591	(8 976)	8 941	(10 718)	-	-	53 609	(38 278)
	5214	for 20 <u>21</u>	46 994	(30 104)	-	-	-	(4 494)	-	-	46 994	(34 598)
Other	5205	for 20 <u>22</u>	626 280	(316 337)	81 571	(253 096)	175 714	(115 061)	-	-	454 755	(255 684)
	5215	for 20 <u>21</u>	539 939	(177 501)	167 903	(81 562)	3 921	(132 907)	-	-	626 280	(306 487)

2.2. Uncompleted capital investments

In RUB thousand.

Item	Code	Period	At the beginning of the year		Changes for the period				At the end of the period	
			initial value	accumulated impairment	expenses for the period	written off	added to accounting as fixed assets or value increased	accrued impairment	initial value	accumulated impairment
Assets under construction and non-completed operations on acquisition, modernization, etc. of fixed assets - total	5240	for 20 <u>22</u>	10 093 836	(1 817 243)	4 193 947	(2 778 284)	(4 188 810)	366 794	7 320 689	(1 450 449)
	5250	for 20 <u>21</u>	11 741 320	(3 723 713)	2 675 252	(2 847 704)	(1 475 032)	1 906 470	10 093 836	(1 817 243)
including:		for 20 <u>22</u>								
Equipment for the construction of CCGT	5241		2 700 064	(1 817 243)	-	(2 686 740)	-	1 816 061	13 324	(1 182)
Refurbishment of Turbine T7 GRES	5242		141 208	-	1 249 272	-	-	(10 172)	1 390 480	(10 172)
Replacement of TG-4	5243		1 956 505	-	80 116	-	(2 036 621)	-	-	-
Rearmed with those CCGT-419. LTSA	5244		-	-	464 562	-	-	-	464 562	-
TP GT CCGT-410 before SP-8 modifications	5245		232 225	-	-	-	-	(55)	232 225	(55)
Waste Water Treatment facility construction at Sredneuralskaya GRES	5246		494 630	-	175 118	-	(7 562)	(149 815)	662 186	(149 815)
TPR GT CCGT-419. Project №2a/LTSA	5247		299 189	-	13 120	-	-	(76 045)	312 309	(76 045)
Technical refurbishment of CCGT-410 Steam Turbine with HRSB	5248		330 665	-	774	(8 194)	(192 194)	-	131 051	-
Refurbishment of DE-0,4kV / 6 kV	5249		649 144	-	-	(25 169)	(623 975)	-	-	-
including:		for 20 <u>21</u>								
Equipment for the construction of CCGT	5251		5 466 614	(3 679 234)	-	(2 766 550)	-	1 861 991	2 700 064	(1 817 243)
Refurbishment of Unit 1	5252		130 477	-	-	-	(130 477)	-	-	-
Replacement of TG-4	5253		1 274 158	-	852 375	-	(170 028)	-	1 956 505	-
Rearmed with those CCGT-410	5254		26 358	-	(26 358)	-	-	-	-	-
TP GT CCGT-410 before SP-8 modifications	5255		132 683	-	99 542	-	-	-	232 225	-
Waste Water Treatment facility construction at Sredneuralskaya GRES	5256		801 755	-	278 306	-	(585 431)	-	494 630	-
TPR GT CCGT-419. Project №2a/LTSA	5257		77 593	-	221 596	-	-	-	299 189	-
Technical refurbishment of CCGT-410 Steam Turbine with HRSB	5258		240 112	-	90 553	-	-	-	330 665	-
Refurbishment of DE-0,4kV / 6 kV	5259		630 544	-	18 600	-	-	-	649 144	-

In RUB thousand.

**2.3. Change of price of fixed assets after modernization,
reconstruction and partial dismantling**

Item	Code	For 20 <u>22</u>	For 20 <u>21</u>
Increase of price of fixed assets after including:	5260	3 106 289	718 744
Water supply network	5261	-	88 872
Steam Turbine no. 7	5262	-	52 398
Steam Turbine U1 K-300-240	5263	-	52 292
Steam Turbine N11	5264	-	1 830
Boiler unit 1 ПП-950-255 ГМ	5265	-	48 517
Open Switchyard ОРУ-500кV. "Cherepovets" T-line	5266	-	44 936
Steam Turbine N2	5267	-	24 475
Open Switchyard ОРУ-500rV	5268	-	23 190
Generator for Steam Turbine N4	5269	-	21 715
Steam Turbine N4	5270	795 767	-
Boiler unit N5	5271	24 535	-
Boiler unit 3 ПП-950-255ГМ	5272	51 394	-
Steam Turbine SST-900-DRH	5273	93 631	-
Boiler unit N5 с фундаментом	5274	1 181 896	-
Decrease of price of fixed assets after partial dismantling - total:	5279	(11 004)	(45 793)

2.4. Other use of fixed assets

In RUB thousand.

Item	Code	As 31 December 20 <u>22</u> y.	As 31 December 20 <u>21</u> y.	As 31 December 20 <u>20</u> y.
Leased fixed assets, accounted for on balance	5280	194 584	163 107	192 104
Leased fixed assets, accounted for off-balance	5281	987	243	6 284
Rented fixed assets, accounted for on balance	5282	177 551	281 714	313 781
Rented fixed assets, accounted for off-balance	5283	16 977	16 977	52 291
Immovable assets accepted for operation and actually used, undergoing state registration	5284	-	-	2 007
Laid-up fixed assets	5285	20 386	42 024	-
Modernized fixed assets for which depreciation is suspended	5286	-	-	-
Other use of fixed assets (pledge, etc.)	5287	-	-	-

3. Financial investments

3.1. Availability and flow of financial investments

In RUB thousand.

Item	Code	Period	At the beginning of the year		additions	Changes for the period				At the end of the period	
			initial value	accumulated adjustment		disposals (repaid)		accrual of interest (including bringing the initial value to the nominal one)	current market value (losses from impairment)	initial value	accumulated adjustment
						initial value	accumulated adjustment				
Long-term - total	5301	for 20 <u>22</u>	1 987 291	(76 800)	3 369 422	(369 422)	-	-	-	4 987 291	(76 800)
	5311	for 20 <u>21</u>	687 291	(76 800)	1 300 000	-	-	-	-	1 987 291	(76 800)
including: shares, equities	5302	for 20 22	4 917	-	-	-	-	-	-	4 917	-
	5312	for 20 21	4 917	-	-	-	-	-	-	4 917	-
investments into subsidiaries	5303	for 20 22	1 982 374	(76 800)	3 000 000	-	-	-	-	4 982 374	(76 800)
	5313	for 20 21	682 374	(76 800)	1 300 000	-	-	-	-	1 982 374	(76 800)
securities (bills of exchange)	5304	for 20 22	-	-	369 422	(369 422)	-	-	-	-	-
	5314	for 20 21	-	-	-	-	-	-	-	-	-
other	5304a	for 20 22	-	-	-	-	-	-	-	-	-
	5314a	for 20 21	-	-	-	-	-	-	-	-	-
Short-term - total	5305	for 20 <u>22</u>	639 802	(639 802)	134 085	119 196	71 810	-	-	893 083	(567 992)
	5315	for 20 <u>21</u>	772 953	(772 953)	-	(133 151)	133 151	-	-	639 802	(639 802)
including: cession	5306	for 20 22	619 714	(619 714)	-	(116 141)	116 141	-	-	503 573	(503 573)
	5316	for 20 21	752 865	(752 865)	-	(133 151)	133 151	-	-	619 714	(619 714)
commodity loan	5307	for 20 22	-	-	-	-	-	-	-	-	-
	5317	for 20 21	-	-	-	-	-	-	-	-	-
securities (bills of exchange)	5308	for 20 22	20 088	(20 088)	134 085	235 337	(44 331)	-	-	389 510	(64 419)
	5318	for 20 21	20 088	(20 088)	-	-	-	-	-	20 088	(20 088)
other	5309	for 20 22	-	-	-	-	-	-	-	-	-
	5319	for 20 21	-	-	-	-	-	-	-	-	-
Financial investments - total	5300	for 20 <u>22</u>	2 627 093	(716 602)	3 503 507	(250 226)	71 810	-	-	5 880 374	(644 792)
	5310	for 20 <u>21</u>	1 460 244	(849 753)	1 300 000	(133 151)	133 151	-	-	2 627 093	(716 602)

3.2. Other use of financial investments

In RUB thousand.

Item	Code	As of <u>December 31,</u> <u>20 22</u>	December 31, <u>20 21</u>	December 31, <u>20 20</u>
Pledged financial investments - total	5320	-	-	-
Financial investments transferred to the third parties (except for sale) - total	5325	-	-	-

4. Inventories

In RUB thousand.

4.1. Availability and flow of inventories

Item	Code	Period	At the beginning of the year		Changes for the period					At the end of the period	
			price	reserve value under reduction of the price	proceeds and expenses	disposals		losses from reduction of price	inventory turnover between their groups (types)	price	reserve value under reduction of the price
						price	reserve under reduction of the price				
Inventories - total	5400	<i>for 20 22</i>	3 012 776	(452 059)	32 888 940	(32 955 969)	275 609	(9 369)	-	2 945 747	(185 819)
	5420	<i>for 20 21</i>	3 409 159	-	32 823 231	(33 219 614)	-	(452 059)	-	3 012 776	(452 059)
<i>including Including raw and other materials</i>	<i>5401</i>	<i>for 20 22</i>	179 327	(25 204)	237 946	(236 822)	22 692	-	-	180 451	(2 512)
	<i>5421</i>	<i>for 20 21</i>	277 279	-	164 493	(262 445)	-	(25 204)	-	179 327	(25 204)
<i>fuel</i>	<i>5402</i>	<i>for 20 22</i>	956 791	(1 665)	29 928 795	(29 739 075)	5 082	(9 369)	-	1 146 511	(5 952)
	<i>5422</i>	<i>for 20 21</i>	904 704	-	29 917 988	(29 865 901)	-	(1 665)	-	956 791	(1 665)
<i>spare parts</i>	<i>5403</i>	<i>for 20 22</i>	1 350 651	(423 019)	277 178	(582 210)	247 002	-	-	1 045 619	(176 017)
	<i>5423</i>	<i>for 20 21</i>	1 955 298	-	118 249	(722 896)	-	(423 019)	-	1 350 651	(423 019)
<i>Other</i>	<i>5404</i>	<i>for 20 22</i>	526 007	(2 171)	2 445 021	(2 397 862)	833	-	-	573 166	(1 338)
	<i>5424</i>	<i>for 20 21</i>	271 878	-	2 622 501	(2 368 372)	-	(2 171)	-	526 007	(2 171)

4.2. Pledged inventories

In RUB thousand.

Item	Code	As of <u>December 31,</u> <u>20 22</u>	As of December 31, <u>20 21</u>	As of December, 31 <u>20 20</u>
Inventories not paid as of the reporting date, - total	5440	-	-	-
Inventories pledged under the contract, - total	5445	-	-	-

5. Accounts receivable and payable

In RUB thousand.

5.1. Availability and flow of accounts receivable

Item	Code	Period	At the beginning of the year	Changes for the period				At the end of the period	
				accounted under contract terms and conditions	additions	disposals			transfer from long-term into short-term accounts receivable
						repayment	relief to financial result		
Long-term receivables - total	5501	for 20 22	6 815 669	6 557 948	(4 022 444)	-	(343 216)	9 007 957	
	5521	for 20 21	1 824 767	5 244 500	-	-	(253 598)	6 815 669	
including: <i>advance payments issued</i>	5502	for 20 22	-	-	-	-	-	-	
	5522	for 20 21	-	-	-	-	-	-	
<i>Accounts receivable from customers</i>	5503	for 20 22	402 805		(70 144)	-	(332 661)	-	
	5523	for 20 21	547 678	90 000	-	-	(234 873)	402 805	
<i>Other accounts receivable</i>	5504	for 20 22	6 412 864	6 557 948	(3 952 300)	-	(10 555)	9 007 957	
	5524	for 20 21	1 277 089	5 154 500		-	(18 725)	6 412 864	
Short-term receivables - total	5510	for 20 22	12 200 852	98 629 183	(99 259 323)	(20)	343 216	11 913 908	
	5530	for 20 21	11 922 356	97 180 493	(97 155 594)	(1)	253 598	12 200 852	
including: <i>purchasers and customers</i>	5511	for 20 22	8 662 652	57 772 969	(58 198 842)	-	332 661	8 569 440	
	5531	for 20 21	8 563 579	55 955 889	(56 091 689)	-	234 873	8 662 652	
including: <i>electric power</i>	5512	for 20 22	7 111 702	52 872 915	(53 264 808)	-	-	6 719 809	
	5532	for 20 21	7 346 250	51 360 306	(51 594 854)		-	7 111 702	
<i>heat</i>	5513	for 20 22	1 143 903	4 190 433	(4 024 153)	-	-	1 310 183	
	5533	for 20 21	1 127 010	3 940 185	(3 923 292)	-	-	1 143 903	
<i>other purchasers and customers</i>	5514	for 20 22	407 047	709 621	(909 881)	-	332 661	539 448	
	5534	for 20 21	90 319	655 398	(573 543)	-	234 873	407 047	
advance payments issued	5515	for 20 22	230 669	37 849 409	(37 870 414)		-	209 664	
	5535	for 20 21	155 872	37 295 002	(37 220 204)	(1)	-	230 669	
other debtors	5516	for 20 22	3 307 531	3 006 805	(3 190 067)	(20)	10 555	3 134 804	
	5536	for 20 21	3 202 905	3 929 602	(3 843 701)		18 725	3 307 531	
Total	5500	for 20 22	19 016 521	105 187 131	(103 281 767)	(20)	x	20 921 865	
	5520	for 20 21	13 747 123	102 424 993	(97 155 594)	(1)	x	19 016 521	

In RUB thousand.

5.2. Availability and flow of the reserve on doubtful debts

Item	Code	Period	At the beginning of the year	Changes for the period				At the end of the period		
				reserve value on doubtful debts	Accrued	Disposals			transfer from long-term into short-term accounts receivable	reserve value on doubtful debts
						Reconstituted	Transferred to debiting accounts receivable			
Short-term receivables - total including:	5541	for 20 <u>22</u>	(6 884 662)	(441 822)	451 732	262 426	-	(6 612 326)		
	5546	for 20 <u>21</u>	(7 439 358)	(474 222)	805 889	223 029	-	(6 884 662)		
<i>purchasers and customers</i>	5542	for 20 <u>22</u>	(4 595 308)	(372 870)	403 793	260 559	-	(4 303 826)		
	5547	for 20 <u>21</u>	(5 022 928)	(459 243)	793 623	93 240	-	(4 595 308)		
<i>advance payments issued</i>	5543	for 20 <u>22</u>	(62)	(1)	52	-	-	(11)		
	5548	for 20 <u>21</u>	-	(62)	-	-	-	(62)		
<i>other debtors</i>	5544	for 20 <u>22</u>	(2 289 292)	(68 951)	47 887	1 867	-	(2 308 489)		
	5549	for 20 <u>21</u>	(2 416 430)	(14 917)	12 266	129 789	-	(2 289 292)		
Total	5540	for 20 <u>22</u>	(6 884 662)	(441 822)	451 732	262 426	-	(6 612 326)		
	5545	for 20 <u>21</u>	(7 439 358)	(474 222)	805 889	223 029	-	(6 884 662)		

5.3. Availability and flow of accounts payable

In RUB thousand.

Item	Code	Period	Balance at the beginning of the year	Changes for the period				Balance at the end of the period
				additions	disposals		transfer from long-term into short-term accounts receivable	
					repayment	relief to financial result		
Long-term payables - total	5551	for 20 22	198 707	68 396	(37 915)	(17 285)	(107 801)	104 102
	5571	for 20 21	254 039	145 579	(81 107)	-	(119 804)	198 707
<i>including: suppliers and contractors</i>	5552	for 20 22	-	-	-	-	-	-
	5572	for 20 21	-	-	-	-	-	-
<i>advance payments issued</i>	5553	for 20 22	-	-	-	-	-	-
	5573	for 20 21	-	-	-	-	-	-
<i>leasing payables</i>	5554	for 20 22	198 707	68 396	(37 915)	(17 285)	(107 801)	104 102
	5574	for 20 21	254 039	145 579	(81 107)	-	(119 804)	198 707
<i>other</i>	5555	for 20 22	-	-	-	-	-	-
	5575	for 20 21	-	-	-	-	-	-
Short-term accounts payables - total	5560	for 20 22	5 942 594	111 397 441	(113 333 570)	(733 391)	107 801	3 380 875
	5580	for 20 21	3 612 770	108 326 876	(106 049 709)	(67 147)	119 804	5 942 594
including:	5561	for 20 22	4 485 162	49 901 712	(51 438 949)	(722 856)	-	2 225 069
suppliers and contractors	5581	for 20 21	2 228 888	48 448 126	(46 191 852)	-	-	4 485 162
<i>including: fuel suppliers</i>	5556	for 20 22	1 884 301	34 593 784	(36 108 538)	-	-	369 547
	5576	for 20 21	19 626	35 026 298	(33 161 623)	-	-	1 884 301
<i>construction contractors</i>	5557	for 20 22	1 029 307	4 175 630	(4 144 231)	(111 272)	-	949 434
	5577	for 20 21	946 666	3 523 786	(3 441 145)	-	-	1 029 307
<i>inventory suppliers</i>	5558	for 20 22	56 832	551 431	(554 384)	(3)	-	53 876
	5578	for 20 21	55 393	351 083	(349 644)	-	-	56 832
<i>heat and electric power suppliers</i>	5559	for 20 22	193 502	4 225 187	(4 116 578)	-	-	302 111
	5579	for 20 21	246 685	4 317 839	(4 371 022)	-	-	193 502
<i>service providers</i>	5568	for 20 22	1 321 220	6 355 680	(6 515 218)	(611 581)	-	550 101
	5588	for 20 21	960 518	5 229 120	(4 868 418)	-	-	1 321 220
salaries payable	5562	for 20 22	-	2 093 363	(2 093 363)	-	-	-
	5582	for 20 21	-	1 954 737	(1 954 737)	-	-	-
non-budgetary fund liabilities	5563	for 20 22	6	643 854	(497 991)	-	-	145 869
	5583	for 20 21	47	441 335	(441 376)	-	-	6
taxes and levies payable	5564	for 20 22	774 907	3 039 472	(3 441 452)	-	-	372 927
	5584	for 20 21	591 911	2 293 104	(2 110 108)	-	-	774 907
indebtedness for advance payments received	5565	for 20 22	41 126	54 038 808	(54 076 185)	-	-	3 749
	5585	for 20 21	4 251	53 528 123	(53 491 245)	(3)	-	41 126
other creditors	5566	for 20 22	641 393	1 680 232	(1 785 630)	(10 535)	107 801	633 261
	5586	for 20 21	787 673	1 661 451	(1 860 391)	(67 144)	119 804	641 393
Total	5550	for 20 22	6 141 301	111 465 837	(113 371 485)	(750 676)	x	3 484 977
	5570	for 20 21	3 866 809	108 472 455	(106 130 816)	(67 147)	x	6 141 301

6. Production costs

In RUB thousand.

Item	Code	For 2022	For 2021
Tangible costs	5610	31 807 360	31 994 650
Salaries expenses	5620	2 564 450	2 329 581
Social expenses	5630	519 936	483 583
Depreciation and amortization	5640	2 602 500	3 328 676
Other costs	5650	5 804 325	6 069 308
Total per elements	5660	43 298 571	44 205 798
Balance change (increase [-], decrease [+])	5670	-	-
work in progress, finished products, etc.	5680	-	-
Expenses on ordinary activities total	5600	43 298 571	44 205 798

7. Provisions

In RUB thousand.

Item	Code	Balance at the beginning of the year	Accrued	Used	Reconstituted	Balance at the end of the period
Provisions - total	5700	2 798 965	709 851	(811 948)	(1 907 833)	789 035
including:						
<i>provision for restructuring</i>	5701	197 869	-	(5 078)	228	193 019
<i>provision for onerous contract</i>	5702	-	-	-	-	-
<i>provision for legal claims</i>	5703	26 008	17 776	-	(26 083)	17 701
<i>provision for unused vacation</i>	5704	94 780	294 550	(265 991)	(20 941)	102 398
<i>provision for bonuses</i>	5705	329 628	288 865	(305 515)	(4 248)	308 730
<i>other provisions</i>	5706	2 150 680	108 660	(235 364)	(1 856 789)	167 187

8. Securing obligations

In RUB thousand.

Item	Code	As of <u>December, 31</u> <u>20 22</u>	As of December, 31 <u>20 21</u>	As of December, 31 <u>20 20</u>
Received - total:	5800	4 752 908	4 676 608	9 563 505
including:				
<i>received guarantees</i>	5801	4 602 712	4 504 603	9 388 599
<i>securing issued loan obligations</i>	5802	150 196	172 005	174 906
Issued - total	5810	35 658 347	40 071 425	48 654 495
including:				
<i>issued guarantees</i>	5811	35 658 347	40 071 425	48 654 495

9. Government assistance

In RUB thousand.

Item	Code	For 20 <u>22</u>		For 20 <u>21</u>	
Budget funds received - total	5900	-		-	
including:					
for current expenses	5901	-		-	
for investments into non-current assets	5905	-		-	
		At the beginning of the year	Received for the year	Returned for the year	At the end of the year
Public budget loans - total	5910	-	-	(-)	-
20 22					
	5920	-	-	(-)	-
20 21					

CEO _____ A. Tnalin
(signature) (print name)

Chief Accountant _____ V. Grishachev
(signature) (print name)

" 05 " _____ April 20 23

PUBLIC JOINT STOCK COMPANY EL5-ENERGO

ACCOUNTING (FINANCIAL) STATEMENTS FOR 2022

Notes to the balance sheet and the statement of financial performance

These notes are an integral part of the annual accounting (financial) statements of Public Joint Stock Company EL5-Energo for 2022 prepared in accordance with the current legislation of the Russian Federation. All amounts are presented in thousand rubles. Negative values are shown parenthetically.

1. General information

1.1. Organizational structure and activities

Public Joint-Stock Company EL5-Energo (hereinafter referred to as the "Company" or "PJSC EL5-ENERGO", earlier carried out its business activity as PJSC Enel Russia (till December 6, 2022), The Fifth Generating Company of the Wholesale Electricity Market (till July 7, 2009), OJSC Enel OGR-5 (till August 5, 2014) and OJSC Enel Russia (till June 25, 2015), was established on the basis of Order of the Executive Board of OJSC RAO UES of Russia No.113p dated 25.10.2004 for fulfilling the Resolution of the Board of Directors of OJSC RAO UES of Russia (Minutes No.176 dated 03.09.2004), the Resolutions of the Executive Board of OJSC RAO UES of Russia (Minutes No.1040пп/3 dated 02.07.2004, Minutes No. 1078пп/1 dated 20.09.2004, Minutes No. 1079пп/1 dated 21.09.2004), and also according to Decree of the Government of the Russian Federation No. 1254-p dated 01.09.2003.

The Company was registered on October 27, 2004 by the Lenin District Inspectorate of the Russian Federation Ministry of Taxation of Yekaterinburg, Sverdlovsk Region, at the address: 10 Khokhryakova Str., Yekaterinburg, Sverdlovsk Region, 620014, Russia. Main state registration number: 1046604013257.

PJSC EL5-ENERGO has four branches (Headquarters, Konakovskaya GRES (KGRES), Nevinnomysskaya GRES (NGRES) and Sredneuralskaya GRES (SUGRES)).

PJSC EL5-ENERGO owns the following subsidiaries:

Company name	Country of incorporation	Share in the authorized capital	
		December 31, 2022	December 31, 2021
JSC Teploprogress	Russian Federation	60%	60%
LLC EL5 Finance	Russian Federation	100%	100%
LLC Stavropolskaya Wind Farm	Russian Federation	100%	100%
LLC Enel Rus Wind Kola	Russian Federation	100%	100%
LLC Azovskaya Wind Farm	Russian Federation	100%	100%

In 2022, LLC Enel Rus Wind Stavropol was renamed LLC Stavropolskaya Wind Farm, LLC Enel Rus Wind Azov was renamed LLC Azovskaya Wind Farm, LLC Enel Rus Finance was renamed LLC EL5 Finance.

In June 2019, Enel Russia received the right to build a new wind generation facility with a total installed capacity of more than 71 MW as part of a tender held by the Russian Government for the selection of renewable energy projects in 2019.

The number of employees of the Company as of December 31, 2022, amounted to 1,448 people (as of December 31, 2021 – 1,398 people).

Core business of the Company is as follows:

- production and supply of power and capacity to the Russian Wholesale Power and Capacity Market;
- production and supply of heat.

At the Annual General Shareholders' Meeting held on 08.06.2021 the new Board of Directors of PJSC Enel Russia were elected.

At the Extraordinary Shareholders' Meeting held on 25.11.2022, the new Board of Directors of PJSC EL5-ENERGO were elected. In accordance with cl. 1 of Decree of the Government of the Russian Federation No. 351 dated 12.03.2022, the Company does not disclose information about members of the Board of Directors and the Executive Board.

1.2. Information about the auditor (audit company) of the Company

An audit company that has carried out an independent audit of the accounting (financial) statements of the Company approved for the audit of the annual accounting (financial) statements:

Full company name: Joint Stock Company "Kept".

Abbreviated company name: JSC "Kept".

Location: 10 Presnenskaya Naberezhnaya Tower Complex, Block C, Moscow, 123112 Russia.

TIN: 7702019950

OGRN: 1027700125628

Phone: (495) 937-4477

Fax: (495) 937-4499

E-mail: moscow@kept.ru

Data on the auditor's membership in self-regulating organizations of auditors:

Full name: Self-regulated organization of auditors Association "Sodruzhestvo" ("SRO AAS).

Location: 21 Michurinsky Avenue, bldg 4, Moscow, 119192 Russia.

1.3. Relations with the State and its influence on the Company's activities

The number of consumers of electric and heat power generated by the Company's power plants includes a large number of companies in which the state acts as a controlling participant or a related party.

The Government of the Russian Federation directly affects the Company's operations through regulation by the Federal Antimonopoly Service ("FAS"), with respect to its sale of power and capacity, and by the Regional Energy Commissions ("RECs") or by the Regional Tariff Commissions ("RTCs") in terms of the sale of heat power. The operations of all generating facilities are coordinated by OJSC System Operator - the Central Dispatch Unit of Unified Energy System ("OJSC SO-CDU UES") in order to meet system requirements in an efficient manner. OJSC SO-CDU UES is controlled by NP Administrator of Trade System.

Electricity tariffs for the population and heat tariffs continue to be regulated. Tariffs are calculated in accordance with the "Cost-Plus" method and "Indexation" method.

1.4. Conditions of economic activity

Since 2014, the United States of America, the European Union and some other countries have imposed and gradually tightened economic sanctions against a number of Russian citizens and legal entities. Since February 2022, after the recognition of the self-proclaimed Donetsk and Lugansk People's Republics and the beginning of a special military operation in Ukraine by the Russian Federation, the above-mentioned countries have imposed additional sanctions against the Government of the Russian Federation, as well as large financial institutions, other enterprises and individuals in Russia. In addition, restrictions were imposed on the supply of various goods and services to Russian enterprises. Also, in the context of the sanctions imposed, a number of large international companies from the United States, the European Union and some other countries have stopped, significantly reduced or suspended their own activities in the territory of the Russian Federation, as well as doing business with Russian citizens and legal entities.

In September 2022, partial mobilization was announced in the Russian Federation. Referendums were held in the recognized republics of Donetsk and Lugansk, as well as in the Zaporozhye and Kherson regions of Ukraine, according to the results of which they were included in the Russian Federation. In connection with these events, additional sanctions were imposed on the Russian Federation. Moreover, there is a risk of further sanctions and similar forms of pressure.

In response to the sanctions pressure, the Government of the Russian Federation has introduced a set of measures representing counter-sanctions, currency control measures, a number of key rate decisions and other special economic measures to ensure security and maintain the stability of the Russian economy.

The introduction and subsequent strengthening of sanctions, the announcement of partial mobilization led to an increase in economic uncertainty, including a decrease

in liquidity and greater volatility in capital markets, the volatility of the Russian ruble and the key rate, a reduction in the volume of foreign and domestic direct investment, difficulties in making payments for Russian issuers of Eurobonds, as well as a significant decrease in the availability of debt sources financing.

In addition, Russian companies are practically deprived of access to the international stock market, the debt capital market and other development opportunities that may lead to increased dependence on government support. The Russian economy is in the process of adaptation associated with the replacement of outgoing export markets, the change of supply and technology markets, as well as changes in logistics and production chains.

It is difficult to assess the consequences of the imposed and possible additional sanctions, as well as partial mobilization, in the long term, but these events can have a significant negative impact on the Russian economy.

The wave-like nature of the spread of coronavirus infection continues to create additional uncertainty in the conditions of economic activity.

The presented financial statements reflect the management's point of view on the impact of the business environment in the Russian Federation on the Company's activities and financial position. The actual impact of future business conditions may differ from the estimates of their management.

1.5. Use of judgments, estimates and assumptions

To prepare these financial statements, management has made a number of judgments, estimates and assumptions regarding the recognition of assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are regularly reviewed. The consequences of the revision of accounting estimates are recognized in the period of their revision and in any relevant future periods.

In particular, information on important areas of valuation of uncertainty and critical judgments in the application of accounting policies that have the most significant impact on the financial statements is presented below:

1.5.1 Useful lives of fixed assets

The useful life of an object of fixed assets is determined based on:

- a) the expected period of operation, taking into account the performance or capacity, of regulatory, contractual and other restrictions of operation, the intentions of the management of the company in relation to the use of the facility;
- b) expected physical wear and tear, taking into account the operating mode (number of shifts), the maintenance system, natural conditions, the influence of an aggressive environment and other similar factors;
- c) expected obsolescence, in particular, as a result of changes or improvements in the production process or as a result of changes in market demand for products or

services produced with fixed assets;

d) plans for the replacement of fixed assets, modernization, reconstruction, technical refurbishment.

1.5.2. Impairment of non-current non-financial assets

An impairment occurs if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount that is the largest of the following: fair value less costs of disposal and value in use. The calculation of fair value less costs to sell is based on available information on binding commercial transactions for the sale of similar assets or on observable market prices less additional costs incurred in connection with the disposal of the asset. The value-in-use calculation is based on a discounted cash flow model. Cash flows are generated based on the approved budget for the next 5 years. The recoverable amount is substantially and most sensitive to the discount rate used in the discounted cash flow model, as well as to the expected cash inflows and growth rates used for extrapolation purposes in the terminal period.

When identifying cash-generating units, management takes into account the nature and specifics of assets and the business as a whole (geographical distribution, regulatory requirements, etc.) to confirm that cash flows from certain groups of assets are significantly interdependent from each other.

2. Accounting Policy

These accounting (financial) statements are prepared on the basis of the accounting policy of the Company approved by Order of the General Director of the Company No. 45 dated December 30, 2021.

2.1 Basis of execution

The Company accounting (financial) statements have been made on the basis of the accounting and reporting rules being effective in the Russian Federation, in particular, based on Federal Law No. 402-FZ "On Accounting Practices" dated December 6, 2011, federal accounting standards and other regulatory accounting documents.

Assets and obligations of the Company have been evaluated in financial statements based on actual expenditures, except for financial investments, for which the current commercial market value is determined.

2.2 Assets, liabilities and operations denominated in foreign currencies

In accounting of economic operations made in foreign currencies, the official exchange rate of foreign currency versus ruble being effective on day of fulfillment of operation was applied. Cash on foreign currency and deposit accounts with banks, financial investments in short-term securities funds in settlements, including loans received, in foreign currency are reflected in the accounting (financial) statements

in amounts calculated on the basis of official exchange rates effective on December 31, 2022. As of this date, exchange rates were: 70.3375 rubles for 1 US dollar (December 31, 2021 – 74.2926 rubles), 75.6553 rubles for 1 Euro (December 31, 2021 – 84.0695 rubles).

Exchange differences arising during the year on transactions with assets and liabilities in foreign currency, as well as when they are converted into rubles as of the reporting date, are reflected in other income and expenses.

Influence of changes in the currency rate on net money resources from the Company's operations amounted to: outflow of 39,891 ths rubles (in 2021 – inflow of 15,606 ths rubles).

The Company does not recalculate the value of investments in non-current assets, funds received and down payments issued, prepayments, deposits upon their acceptance to the accounting in connection with the change of the exchange rate. Assets and expenses that are paid by the organization on a preliminary basis, or as payment for which a down payment or a deposit is made, are recognized in the assessment in rubles at the rate prevailing on the date of conversion into rubles of issued down payment, deposit, prepayment (to the extent attributable to the down payment, deposit, prepayment).

2.3 Short-term and long-term assets and obligations

In the balance sheet, assets and obligations are classified as short-term ones if term of circulation (repayment) thereof does not exceed 12 months after the reporting date. All other assets and liabilities are presented in the financial statements as long-term ones. Financial investments are classified as short-term or long-term ones based on their estimated period of use (circulation, possession or redemption) after accounting date.

2.4 Intangible assets

As of December 31, 2022, intangible assets of the Company include exclusive copyright rights to the following accounting objects:

Ths rubles				
Name of object	Acquisition value	Certificate of official registration	Depreciation accrual type	Useful life
Automated system "Maintenance Planning"	403	2006614371	linear	20 years
Software suite "Generation and Energy Management"	27,245	2013613662	linear	3 years

In the financial statements, intangible assets are recorded at their original cost less the amounts of depreciation accumulated over the entire period of use.

2.5. Capital investments

Capital investments are accounted for by the Company in accordance with the Federal Accounting Standard 26/2020 "Capital Investments".

Capital investments are understood as the costs of an organization for the acquisition, creation, improvement and (or) restoration of fixed assets.

Capital investments are recognized in accounting in the amount of actual costs for the acquisition, creation, improvement and (or) restoration of fixed assets.

When making capital investments under contracts providing for the fulfillment of obligations (payment) in whole or in part with non-monetary funds, the actual cost (in terms of payment with non-monetary funds) is the fair value of the transferred assets, determined in accordance with the procedure provided for in IFRS 13 "Fair Value Measurement".

The actual costs of capital investments received free of charge are considered to be the fair value of these objects.

Capital investments include, in particular, the costs of completion, retrofitting, modernization, reconstruction, replacement of parts, repair (except for routine maintenance, as well as unscheduled maintenance caused by breakdowns, accidents, defects, improper operation of fixed assets), technical inspections, maintenance.

Capital investments are tested for impairment, and changes in their carrying amount due to impairment are accounted for in accordance with the procedure provided for in IAS 36 "Impairment of Assets".

2.6 Fixed assets

Fixed assets include land lots, buildings, structures, machines and vehicles, equipment, transport vehicles and other corresponding facilities with term of useful life being more than 12 months.

Completed real estate properties, commissioned to operation and actually used, the documents on which are submitted for the state registration, are detailed as a part of fixed assets.

Accessories, tools, household goods and equipment with service life less than one year, and also special clothes and specialized tooling are detailed as a part of inventory.

Items of fixed assets are accounted for at actual cost of acquisition (construction). In the statements, the fixed assets are recorded at the initial value less the amounts of depreciation and impairment accumulated throughout the operation period.

The costs of acquisition, creation of assets with a value not exceeding the limit of 40 thousand rubles are recognized as expenses of the period in which they are incurred.

Depreciation of fixed assets is made using straight-line method, based on terms of useful life thereof. The useful life, the liquidation value and the method of depreciation are checked for compliance with the conditions of use of the object at the end of each reporting year, as well as upon the occurrence of circumstances indicating their possible change, and adjusted if necessary.

The useful life periods specified by the Company for groups of fixed assets are given below.

Group of fixed assets	Useful life (number of years) of facilities put on the books
Buildings	5-79
Structures and transfer devices	7-50
Machinery and equipment	1-40
Vehicles	5-10
Other	1-25

Not subject to depreciation:

- fixed assets whose consumer properties do not change over time (in particular, land plots, nature management objects, museum objects and museum collections);
- objects of fixed assets used for the implementation of the legislation of the Russian Federation on mobilization preparation and mobilization that are preserved and are not used in the production and (or) sale of products (goods), in the performance of works or the provision of services, for the provision of temporary use for a fee, for management needs.

The Company has the right to review the useful life of the fixed asset. The new useful life is established by the Company by the minutes of the inventory commission of the Company.

The revision of the useful life is a change in the estimated values reflected in the accounting perspective. The impact on the financial result is disclosed separately in the annual accounting (financial) statements.

The Company checks fixed assets for impairment and takes into account changes in their carrying amount due to impairment in accordance with the International Accounting Standard (IAS) 36 "Impairment of Assets" put into effect in the territory of the Russian Federation by Order of the Ministry of Finance of the Russian Federation No. 217_H dated December 28, 2015

Compensation for losses related to the impairment or loss of an item of fixed assets provided to the Company by other persons is recognized as income in the profit (loss) of the period in which the organization has the right to receive such compensation.

In accounting, the amounts of accumulated depreciation and impairment on an item of fixed assets are recorded separately from the original cost of this item and do not change it.

The financial results from the disposal of fixed assets are reflected in the statement of financial performance as part of other income and expenses.

For fixed assets leased, the Company recognizes the leased item on the date of receipt of the leased item as the right to use the asset with simultaneous recognition

of the lease obligation. The right to use the asset is reflected in the sub-account "Rights to use assets" to account 01 "Fixed assets" with the analytics "Land and other assets".

The value of the right of use is repaid through depreciation, and the amount of the lease obligation increases by the amount of accrued interest and decreases by the amount of actually made lease payments.

The Company uses the right not to recognize the leased item as the right to use the asset and the lease obligation if:

- the lease term does not exceed 12 months on the date of the lease item;
- the market value of the rental item excluding depreciation (that is, the cost of a similar new object) does not exceed 300,000 rubles, and the lessee has the opportunity to receive economic benefits from the rental item mainly independently of other assets.

In tax accounting, in accordance with the amendment introduced into Article 258 of the Tax Code by Law of the Russian Federation No. 224 FZ dated November 26, 2008 from January 1, 2009, when acquiring or creating fixed assets, the Company uses the right to apply the maximum amount of depreciation premium, including for fixed assets related to the third-seventh depreciation groups – 30 percent, for other fixed assets – 10 percent. The same amount of depreciation premium will be applied by the Company in case of completion, retrofitting, reconstruction, modernization, technical refurbishment or partial liquidation of these fixed assets.

2.7 Financial investments

Financial investments are posted on the books based on actual expenditures on acquisition. For debt securities, difference between the amount of actual expenditures on acquisition and nominal value of these securities is detailed and included in other income and expenses evenly during term of their circulation.

Investments in the issuing securities quoted at stock exchange, which market price is determined under the established procedure by the organizer of trade, are reestimated annually based on current commercial market value as at the end of the accounting period. The difference between an estimation of such securities as at the current accounting date and their previous estimation is attributed to other costs and income.

Financial investments, for which the current commercial value is not being determined, are detailed in the balance sheet as at the end of financial year by their accounting cost (book cost) net of provision for impairment.

In case of disposal of financial investments in securities, for which the current commercial value is not being determined, their cost is determined based on the original cost of each of financial investment book keeping subject.

Income and expenses from financial investments are recognized in other income and expenses.

Financial investments are tested for impairment in the Company on a regular basis. The consistent and significant decrease of investment value, if current market value of such investments is not estimated and the decrease is lower than economic benefits that the Company expects to receive from these investments in the regular course of business, is recognized as investment impairment. In such a case the Company calculates the estimated value of investments, equal to difference between their accounting value (book value) and amount of such decrease. If impairment testing identifies consistent and significant decrease of investment value, the Company creates investment impairment provision for the amount of difference between book value and estimated value of such investments.

If after investment impairment testing a consistent increase in investment estimated value is found out, previously created investment impairment provision is decreased and along with other profits it contributes to increase of the financial result. The amount of created provision is specified in clause 3.2 of the present Notes.

2.8 Inventories

For accounting purposes, inventories are assets consumed or sold within the normal operating cycle of the Company, or used for a period not exceeding 12 months. The inventories are evaluated in the amount of actual expenditures on acquisition.

The actual cost of inventories, in particular, includes:

- amounts paid and (or) payable to the supplier (seller, contractor) upon acquisition (creation) of inventories, taking into account all discounts, concessions, deductions, bonuses, benefits, regardless of the form of their provision;
- costs of procurement and delivery of inventories to the place of their consumption (sale, use);
- costs of bringing inventories to a state in which they are suitable for use for planned purposes, including the costs of refining, sorting, packing and improving the technical characteristics of inventories;
- amount of the estimated obligation arising in connection with the acquisition (creation) of inventories for dismantling, disposal of inventories and restoration of the environment;
- interest related to the acquisition (creation) of inventories that are subject to inclusion in the value of the investment asset;
- other costs associated with the acquisition (creation) of inventories.

The assessment of inventories when they are released into production and other disposal is carried out at the average cost for each warehouse.

Inventories are estimated at the reporting date at the lowest of the following values:

- actual cost;

- net sales value.

In case of impairment of inventories, a provision for impairment is created in the amount of excess of the actual cost of inventories over their net sales value. The amount of inventory impairment is recognized as an expense of the period in which the provision for their impairment was created (increased).

2.9 Deferred expenses

The costs made by Company in the financial year, but concerning the following accounting periods, are detailed as deferrals costs of the future periods and are subject to writing off as required in regular intervals during the periods to which they are related to. The duration of such period is determined at the moment of putting deferrals on the books.

The Company includes the following items as a part of deferred expenses:

- Payments on voluntary and obligatory insurance of property and workers;
- Costs of purchasing of copies of PC software programs;
- Costs of purchasing of Licenses for performing specific types of activities;
- Commissions of banks and other costs incurred by the Company in obtaining loans covering the full period of the loan;
- Other costs complied with requirements of criteria of deferrals.

Term of writing off of costs on object of research and development which have yielded positive result, shall be determined by the commissions of Company and its branches based on expected term of use of research and development, during which the Company will receive economic gains (income), but no more than five years.

The above-stated deferrals, which are subject to writing off within 12 months after the reporting date are detailed in balance sheet item "Deferred expenses" as a part of current assets, and deferred expenses to be written off within 12 months after the reporting date are detailed in the balance sheet item "Other non-current assets".

The breakdown of deferred expenses in the categories is as follows:

Deferred expenses category	ths rubles	
	As of 31.12.2022	As of 31.12.2021
Non-exclusive right to use the software	414,428	488,241
Insurance contracts expenses	98,126	78,394
Other deferred expenses	7,976	13,520
Deferred expenses, total	520,530	580,155

2.10 Receivables of buyers and customers

Receivables of buyers and customers have been determined based on the prices of the Agreements between the Company and buyers (customers) including VAT. Non-recoverable indebtedness shall be written off the balance upon recognition as such.

Receivables, including debts on down payments made to the contractors, which have been not repaid in terms, stipulated by agreements, and not covered by respective performance bonds or by some other ways, are detailed net of provision for doubtful debts. This provision represents a best estimation made by management of the Company with regard to that part of the indebtedness which, probably, will not be recovered. The accrued provisions for doubtful debts are accounted as other costs. In case of repayment of debt for which the provision has been previously created, the corresponding amount of a provision is restored.

2.11 Cash and cash equivalents

As part of cash and cash equivalents the Company recognizes the cash at bank in rubles and foreign currency, as well as on special accounts at credit institutions - letters of credit, deposits, placed for less than three months, target financing funds.

All information on flow of cash and cash equivalents is recorded by the Company in the statement cash flow. This report is prepared in accordance with the Regulations on accounting "Statement of cash flows" RAS 23/2011.

Cash and cash equivalents balances:

CASH AND CASH EQUIVALENTS	ths rubles	
	December 31, 2022	December 31, 2021
Cash in bank	3,926,958	1,227,672
Call deposits	17,756	6,328,445
Total	3,944,714	7,556,117

As of December 31, 2022 and 2021, cash and cash equivalents were mainly denominated in RUB.

Cash flows arising from deposits are reported on a net basis in the statement of cash flows for 2022 and 2021.

2.12 Loans and credits

The accounts payable under the received credits and loans are considered and detailed in the reporting together with interests due at the end of an accounting period.

The additional costs directly connected with reception of loans and credits, placement of loan funds, are written off to expenses during the period of maturity of respective loans and credits.

Charge of due costs (interests, discounts) under loan funds obligations are detailed in those accounting periods to which the given charges are concerned according to the concluded agreements.

At the end of an accounting period the Company shall perform the transferring of the long-term indebtedness under the received loans and credits into short-term indebtedness if under terms and conditions of contract of a loan and (or) credit, 365 days remain until return of a principal amount of a debt.

The interest accrued on loans received by the Company for acquisition of investment assets is included in the investment asset value, if the asset is not yet recognized as a fixed asset. On loans taken by the Company for acquisition of investment assets, if such an asset is included in fixed assets, and on other loans, accrued interest is included in other expenses.

As of December 31, 2022, the Company has concluded contracts for unused loans and borrowings in the amount of 25.89 billion rubles.

As of December 31, 2022, the Company has the opportunity to raise borrowed funds in the amount of up to 40 billion rubles through the placement of exchange-traded bonds within the registered program.

2.13 Provisions for employee benefits

The Company records its costs in the accounting and reporting on an accrual basis. In 2022, the Company created a provision for payment of quarterly and annual bonuses, as well as for payment of vacation allowance. In accordance with the accounting policy of the Company the provision is subject to inventory. As at the year-end the Company's accounting may reflect the balance of the provision amount that is equal to the amount of bonuses accrued for the current year and the amount of unused vacation allowance, payable in the subsequent year.

As of December 31, 2022, the amount of provision for employee benefits was 411,128 thousand rubles.

2.14 Revenue recognition and forming cost

Proceeds from sales of products and rendering services recognized as dispatch of products and rendering services to buyers has been performed and corresponding invoices and settlement documents have been submitted to them. These Proceeds are shown in financial statements as their value net of VAT.

Revenues from standard types of activities in 2022 comprise proceeds from sales of products (realization) and the incomes connected with performance of works, rendering of services, including the following:

- Revenue from sales of power and heat;
- Revenue from sales of capacity;
- Revenue from auxiliary kinds of activity (sales of chemically purified water, circulating water, condensate etc.);
- Revenue from sales of other finished products of auxiliary production shops;
- Revenue from performed works (services) of industrial type;
- Revenue from sales of other goods, works and services of non-industrial type.

The following items are recognized as a part of other income of the Company:

- Income from sale of securities;
- Income from sale of currency;
- Income from sale of fixed assets and other property;
- Income from rendering other services, etc.

Expenses from ordinary activities are the costs associated with the manufacture of products and sale of products, the acquisition and sale of goods. Such costs are also considered costs the implementation of which is associated with the performance of works, rendering of services. Accounting of the expenses from ordinary activities is recorded on accounts 20-39. Accounts 20-29 are used for calculating the cost of goods (works, services); accounts 31-35 are used to account for the cost of items. Accounts 39 are used to close expense accounts to the accounts of 31-35 cost of goods manufactured or services rendered. The relationship of accounting for expenditure items is done using special accounting units.

Expenses for management of the Company are not identified separately and included in expenses from ordinary activities (cost of goods sold).

Costs directly related to sales of products are recognized commercial expenses with calculation of the costs of account 44 "Cost of selling" and subsequently written off the account 90.07 "Selling expenses". These expenses are allocated to a separate line as "Commercial expenses" in the Statement of financial performance.

2.15 Capital and reserves

Authorized capital is detailed in the amount of a nominal value of ordinary shares. The amount of authorized capital corresponds to the value established in the Company charter.

The additional paid-in capital of the Company includes the amount of issuing income received as a result of distribution of shares of the Company by the price, exceeding their nominal value.

According to the laws, the Company establishes reserve fund in the amount of 5% of the authorized capital. The amount of annual allocations into the Company reserve fund shall make up 5% of the Company net profit.

2.16 Estimation uncertainty

Discussed below are key assumptions concerning future events and other key sources of estimation uncertainty at the reporting date that create a significant risk that material adjustments to the carrying values of assets and liabilities will be required within the next financial year:

- doubtful debt reserve;
- useful lives of property, plant and equipment;
- reserves formed in connection with the consequences of conditional business events;

- impairment of non-current non-financial assets.

2.17 Changes in the accounting policy for 2022

Order of the Ministry of Finance of Russia No. 204H dated 17.09.2020 approved Federal Accounting Standard 6/2020 "Fixed assets".

The Company took a decision to apply the accounting rules determined by the standard starting from the reporting for 2022.

The first application of the standard by the Company is carried out in accordance with cl. 49 of Section 6 "Change of accounting policy", without recalculating comparative indicators for the periods preceding the reporting period, making a one-time adjustment of the book value of fixed assets at the end of the period preceding the reporting period.

As the standard has been used starting from January 1, 2022, the accounting (financial) statements of the Company as of December 31, 2021 the following is recognized:

Decrease in the value of non-current assets (Balance sheet, line 1150) in the amount of 2,451,786 thousand rubles.

Change in retained earnings as of December 31, 2021 (Balance sheet, line 13701) in the amount of 1,961,429 thousand rubles.

Change in deferred tax as of December 31, 2021 (Balance sheet, line 1180) in the amount of 490,357 thousand rubles.

In connection with the first application of Federal Accounting Standard 6/2020 from January 1, 2022, the Company reflected as of December 31, 2021 the effect of revising the useful life of fixed assets in the amount of 10,332,856 thousand rubles and impairment of fixed assets in the amount of 12,784,642 thousand rubles.

Order of the Russian Ministry of Finance No. 204H dated September 17, 2020 approved Federal Accounting Standard "Capital Investments" 26/2020. The application of the standard is mandatory starting with the reporting for 2022.

The Company applied the standard prospectively (in accordance with cl. 26 of Section 5 "Change of accounting policy"). There are no significant changes in reporting and accounting in connection with the application of this standard, with the exception of the impairment recognized as of 31.12.2022 and disclosed in Section 3.1.

Order No. 62H of the Ministry of Finance of the Russian Federation dated April 16, 2021 approved Federal Accounting Standard "Documents and Document Flow in Accounting" 27/2021.

The Company has applied the standard since January 1, 2022. There are no significant changes in accounting and reporting in connection with the application of this standard.

2.18 New accounting standards

Order of the Ministry of Finance of the Russian Federation No. 86H dated May 30, 2022 approved the Federal Accounting Standard "Intangible Assets".

The standard is applied starting from the accounting (financial) statements for 2024. The Company does not plan to apply this standard earlier than the set date.

3. Disclosure of significant reporting indicators

3.1 Fixed assets

The fixed assets and related accumulated depreciation 2022 include the following:

ths rubles

Group of fixed assets	Land	Buildings and structures	Machinery and equipment	Transport	Other	Total for the Company
Acquisition value						
December 31, 2021	137,827	17,691,291	59,114,959	46,994	626,280	77,617,351
Acquisitions	2,297	76,627	3,984,599	15,591	81,571	4,160,685
Disposals	-	(50,613)	(951,332)	(8,976)	(253,096)	(1,264,017)
December 31, 2022	140,124	17,717,305	62,148,226	53,609	454,755	80,514,019
Accumulated depreciation						
December 31, 2021	-	5,663,824	25,101,713	32,490	305,548	31,103,575
Accrued depreciation	-	322,788	2,167,336	4,433	104,343	2,598,900
Disposals	-	(44,819)	(949,458)	(8,692)	(175,714)	(1,178,683)
December 31, 2022	-	5,941,793	26,319,591	28,231	234,177	32,523,792
Accumulated impairment						
December 31, 2021	38,114	3,325,979	9,405,749	4,011	10,789	12,784,642
Accrued impairment	36,886	3,094,223	9,585,588	6,285	10,718	12,733,700
Disposals	-	(2,205)	(790)	(249)	-	(3,244)
December 31, 2022	75,000	6,417,997	18,990,547	10,047	21,507	25,515,098
Residual value						
December 31, 2021	99,713	8,701,488	24,607,497	10,493	309,943	33,729,134
December 31, 2022	65,124	5,357,515	16,838,088	15,331	199,071	22,475,129

The fixed assets and related accumulated depreciation 2021 include the following:

Group of fixed assets	Land	Buildings and structures	Machinery and equipment	Transport	Other	Total for the Company
Acquisition value						
December 31, 2020	137,827	17,602,491	58,072,715	46,994	539,939	76,399,966
Acquisitions	-	340,669	1,112,445	-	167,903	1,621,017
Disposals	-	(251,869)	(70,201)	-	(81,562)	(403,632)
December 31, 2021	137,827	17,691,291	59,114,959	46,994	626,280	77,617,351
Accumulated depreciation						
December 31, 2020	-	5,710,942	32,318,179	30,104	177,501	38,236,726
Accumulated depreciation	-	470,963	2,721,391	4,494	132,907	3,329,755
Disposals	-	(56,746)	(69,383)	-	(3,921)	(130,050)
December 31, 2021	-	6,125,159	34,970,187	34,598	306,487	41,436,431
Residual value						
December 31, 2020	137,827	11,891,549	25,754,536	16,890	362,438	38,163,240
December 31, 2021	137,827	11,566,132	24,144,772	12,396	319,793	36,180,920

During 2022, the receipt amounted to 4,160,685 ths rubles (in 2021 - 1,621,017 ths rubles), including 68,396 ths rubles received under lease agreements (in 2021 – 145,579 ths rubles) and the amount of fixed assets of 4,092,289 ths rubles was received (in 2021 - 1,475,438 ths rubles), including purchased fixed assets in the amount of 56,789 ths rubles (in 2021 - 31,817 ths rubles), new facilities were built in the amount of 1,025,733 ths rubles (in 2021 - 724,471 ths rubles), reconstruction, completion and retrofitting works were carried out, increasing the cost of fixed assets for a total of 3,009,767 ths rubles (in 2021 - 718,744 ths rubles). During 2022, the disposal amounted to 1,264,017 ths rubles (in 2021 - 403,632 ths rubles), including 128,190 ths rubles under lease agreements (in 2021 – 77,642 ths rubles) and fixed assets with an initial value in the amount of 1,135,827 ths rubles (in 2021 - 325,990 ths rubles), including partially liquidated fixed assets in the amount of 11,004 ths rubles (in 2021 - 45,793 ths rubles).

For 2022 depreciation in the amount of 2,598,900 ths rubles has been accrued (in 2021 in the amount of 3,329,755 ths rubles), including 95,178 ths rubles under lease agreements (in 2021 – 100,004 ths rubles) and for fixed assets in the amount of 2,508,846 ths rubles (in 2021 - 3,229,751 ths rubles), in addition, depreciation of previous years has been restored in the amount of (5,124) ths rubles. Depreciation is included in the cost in the amount of 2,602,500 ths rubles (in 2021 - 3,328,676 ths rubles), in other expenses in the amount of 1,524 ths rubles. (in 2021 - 1,079 ths rubles).

As of December 31, 2022, there are no real estate objects that have been put into operation and are in the process of state registration.

As of December 31, 2022 and December 31, 2021 there were no fixed assets pledged as collateral for bank loans. During 2022 and 2021, credit and loan expenses were not capitalized.

Fixed assets include items, consumer properties of which do not change over time, such items are not subject to depreciation. The information on such items is specified in the table below:

ths rubles

Group of fixed assets	Book value December 31, 2021	Receipt of fixed assets	Disposal of fixed assets	Book value December 31, 2022
Acquisition value	138,267	2,297	(440)	140,124
Land lots	137,827	2,297	-	140,124
Other	440	-	(440)	-
Accumulated impairment	(38,113)	(36,887)	-	(75,000)
Land lots	(38,113)	(36,887)	-	(75,000)
Other	-	-	-	-

The information on the fixed assets obtained under lease agreements and recorded on the off-balance, is provided below:

ths rubles

Group of fixed assets	Book value December 31, 2021	Receipt of fixed assets	Disposal of fixed assets	Book value December 31, 2022
Lease in	16,977	1,067	(1,067)	16,977
Land	-	-	-	-
Buildings and structures	16,977	1,067	(1,067)	16,977
Other	-	-	-	-

The information on the fixed assets transferred under lease agreements and recorded in the balance sheet is provided below:

ths rubles

Group of fixed assets	Book value December 31, 2021	Receipt of fixed assets	Disposal of fixed assets	Book value December 31, 2022
Lease out	163,107	62,472	(30,995)	194,584
Buildings and structures	132,500	60,760	(11,054)	182,206
Land	69	176	(69)	176
Machinery and equipment	25,758	170	(19,450)	6,478
Transport	982	841	-	1,823
Other	3,798	525	(422)	3,901

The information about the objects obtained under lease agreements accounted for in off-balance and sublet, is presented below:

ths rubles

Group of fixed assets	Book value December 31, 2021	Receipt of fixed assets	Disposal of fixed assets	Book value December 31, 2022
Lease out	243	744	-	987
Land lots	-	-	-	-
Buildings and structures	243	744	-	987

In accordance with IAS 36 "Impairment of assets" at the end of the reporting year, the Company performed an analysis of signs of impairment (impairment recognized

in previous periods), taking into account internal and external sources of information, including changes in capital markets.

The Company proceeded from the following key assumptions when determining the recoverable value of fixed assets and other non-current assets:

- the cash flow forecast was compiled for the period of 2023-2027 and was based on the Company's strategic plan for 2023-2025 approved by the Board of Directors in February 2023 and on the basis of the Company's latest budgets/forecasts for the period up to 2027:
 - Capacity price – dynamics is influenced by many factors in accordance with market regulation, including the results of competitive capacity take-off (CCT) with annual indexing, tenders won under the modernization program and forecasts for CPI and FLB profitability;
 - Electricity price – within the perimeter of the strategic plan, the dynamics correspond to the growth of the gas tariff;
 - Fuel price – dynamics of gas tariff growth corresponds to the forecast of socio-economic development of the Ministry of Economic Development of the Russian Federation for 2023-2025 (annual indexation from July 1: 0%, +7%, +7%) and an internal scenario forecast reflecting the containment of gas tariff growth below the inflation rate based on historical practice for 2026-2027 (annually from July 1 +3%);
 - Growth of fixed costs within the CPI (on average 4% per year).
- the cash flow forecast was discounted to present value at a nominal after-tax discount rate of 12.66% (2021: 9.33%) for thermal generation assets.
- the cash flow growth rate was 1.5% in the post-forecast period (2021: 1.8%) for thermal generation assets. As a result of the conducted impairment test, in the reporting for 2022, an impairment in the amount of 14,182,967 ths rubles was recognized in respect of thermal generation facilities.

Forecasted discounted cash flows for thermal generation assets are sensitive to changes in the discount rate. An increase in the discount rate for thermal generation assets by 50 basis points leads to a decrease in the value of the future discounted cash flow and a greater amount of impairment.

In accordance with the accounting policy of the Company, non-current assets recorded under the line "Fixed assets" in the balance sheet also include:

- equipment to be installed;
- capital investments in facilities under construction and advance payments made to FA suppliers and construction contractors.

Advances and capital expenditure on construction in progress are shown net of VAT and minus the provision for doubtful debts. VAT on such advances is reflected as part of accounts receivable.

The movement of this group of assets for the reporting period amounted to:

For 2022:

ths rubles

Indicators	At the beginning of the year	Expenses for the period	Adopted as part of capital investments	Written off	Accepted for accounting as part of fixed assets and intangible assets	Amount at the end of the year
Equipment subject to assembly and installation	4,670,163	2,159,870	(1,107,995)*	(2,766,497)	-	2,955,541
Capital investments in facilities under construction and advance payments made to FA suppliers and construction contractors	5,423,673	4,073,533	(931,461)	(11,787)	(4,188,810)	4,365,148
Impairment of capital expenditure		(817,028)				(817,028)
Provision for impairment of advances and equipment to be assembled and installed	(1,817,243)	(632,239)	-	1,816,061	-	(633,421)
Total (a similar amount is disclosed in the notes to the balance sheet) cl. 2.2)	8,276,593	4,784,136	(2,039,456)	(962,223)	(4,188,810)	5,870,240

*includes the internal turnover between construction in progress and equipment requiring installation

For 2021:

ths rubles

Indicators	At the beginning of the year	Expenses for the period	Adopted as part of capital investments	Written off	Accepted for accounting as part of fixed assets and intangible assets	Amount at the end of the year
Equipment subject to assembly and installation	7,822,632	1,111,756	(1,453,196)*	(2,811,029)	-	4,670,163
Capital investments in facilities under construction and advance payments made to FA suppliers and construction contractors	3,918,688	3,799,727	(783,035)	(36,675)	(1,475,032)	5,423,673
Provision for impairment of advances and equipment to be assembled and installed	(3,723,713)	-	-	1,906,470	-	(1,817,243)
Total (a similar amount is disclosed in the notes to the balance sheet) cl. 2.2)	8,017,607	4,911,483	(2,236,231)	(941,234)	(1,475,032)	8,276,593

*includes the internal turnover between construction in progress and equipment requiring installation

3.1.1 Fixed assets leased

As of December 31, 2022, the following movement under long-term lease agreements was reflected on the company's balance sheet:

	Land	Other property	Total	Lease liabilities
Acquisition value				
Balance as of 31.12.2021	53,155	328,563	381,718	323,597
Receipt	3,868	64,528	68,396	68,396
Return	-	(128,190)	(128,190)	(145,475)

Accumulated depreciation				
Balance as of 31.12.2021	(6,864)	(93,140)	(100,004)	-
Accrued depreciation	(6,986)	(88,192)	(95,178)	-
Depreciation expenses	-	50,809	50,809	50,809
Interest expense	-	-	-	19,932
Payments	-	-	-	(123,416)
Acquisition value				
Balance as of 31.12.2022	57,023	264,901	321,924	193,843
Accumulated depreciation				
Balance as of 31.12.2022	(13,850)	(130,523)	(144,373)	-
Residual value				
December 31, 2021	46,291	235,423	281,714	323,597
December 31, 2022	43,173	134,378	177,551	193,843

As of December 31, 2021, the following movement under long-term lease agreements was reflected on the company's balance sheet:

	Land	Other property	Total	Lease liabilities
Acquisition value				
Balance as of 31.12.2020	37,534	276,247	313,781	351,320
Receipt	16,119	129,460	145,579	145,579
Return	(498)	(77,144)	(77,642)	(77,227)
Accumulated depreciation				
Balance as of 31.12.2020	-	-	-	-
Accrued depreciation	(6,864)	(93,140)	(100,004)	-
Interest expense	-	-	-	27,998
Payments	-	-	-	(124,073)
Acquisition value				
Balance as of 31.12.2021	53,155	328,563	381,718	323,597
Accumulated depreciation				
Balance as of 31.12.2021	(6,864)	(93,140)	(100,004)	
Residual value				
December 31, 2020	37,534	276,247	313,781	351,320
December 31, 2021	46,291	235,423	281,714	323,597

As part of long-term accounts payable as of December 31, 2022, there are debts to lessors in the amount of 104,102 ths rubles (as of December 31, 2021 - 198,707 ths rubles).

As part of short-term accounts payable as of December 31, 2022, there are debts to lessors in the amount of 89,741 ths rubles (as of December 31, 2021 - 124,890 ths rubles).

3.2 Financial investments

Information on the availability and movement of financial investments in the reporting period is provided in Table 3.1 of the Notes to the balance sheet and the statement of financial performance.

As of December 31 the initial cost of the financial investments amounted to:

	ths rubles		
	2022	2021	2020
Equity financial investments for which the current market value is not determined	4,987,291	1,987,291	687,291
Debt financial investments for which the current market value is not determined	893,083	639,802	772,953

Long-term financial investments

Information concerning investment flows in 2022 is given in the table below:

ths rubles							
Type of financial investment	Balance as of 31.12.2021	Provision for impairment as of 31.12.2021	Acquired	Retired	Cost change	Balance as of 31.12.2022	Provision for impairment as of 31.12.2022
Equity financial investments for which the current market value is not determined							
LLC EL5 Finance	10	-	-	-	-	10	-
JSC Ispytatelny Stend Ivanovskoi GRES	4,917	-	-	-	-	4,917	-
LLC Azovskaya Wind Farm	425,542	-	-	-	-	425,542	-
LLC Stavropolskaya Wind Farm	136,622	-	-	-	-	136,622	-
LLC Enel Rus Wind Kola	1,343,400	-	3,000,000	-	-	4,343,400	-
JSC Teploprogress	76,800	(76,800)	-	-	-	76,800	(76,800)
Total investment	1,987,291	(76,800)	3,000,000	-	-	4,987,291	(76,800)

Subsidiaries:

Title and organizational legal form of a subsidiary company	Location	Activity
JSC TEPLOPROGRESS	26 Uralskaya Str., Sredneuralsk, 624070, Sverdlovsk Region	Ensuring central heating operability
LLC Stavropolskaya Wind Farm	69 Kulichenko Str., rooms 2,3, floor 1, Kochubeyevskoye settlement, Kochubeyevsky District, 357000, Stavropol Territory	Electricity generation
LLC Azovskaya Wind Farm	1, territory of Azovskaya Wind Farm, Port-Caton settlement, Azov District, 346778, Rostov Region	Production of electricity from renewable energy sources, including solar, wind, geothermal power plants, as well as activities to ensure their efficiency
LLC Enel Rus Wind Kola	82 Lenin Avenue, office 1011, Murmansk, 183038, Murmansk Region	Production of electricity from renewable energy sources, including solar, wind, geothermal power plants, as well as activities to ensure their efficiency

LLC EL5 Finance	12 Promyshlennaya Str., floor 1, office 108, Konakovo, Konakovsky District, 171252, Tver Region	Production of electricity by thermal power plants, including activities to ensure the operability of power plants
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Short-term financial investments

Information concerning investment flows in 2022 is given in the table below:

Ths rubles

Type of financial investment	Balance as of December 31, 2021	Depreciation provision as of December 31, 2021	Acquired	Retired	Depreciation on provision recovered (created)	Transfer from the long-term debt to the short-term one	Balance as of December 31, 2022	Depreciation provision as of December 31, 2022
Assignment agreements	619,714	(619,714)	-	(116,141)	116,141	-	503,573	(503,573)
Bills of exchange	20,088	(20,088)	134,085	(134,085)	(44,331)	369,422	389,510	(64,419)
Total	639,802	(639,802)	134,085	(250,226)	71,810	369,422	893,083	(567,992)

Investment impairment reserve.

As of December 31, 2022, the investment impairment reserve for acquired accounts receivable under assignment agreements and bills of exchange was 567,992 ths rubles. In 2022, a provision of 110,827 ths rubles was created and a reserve in the amount of 182,637 ths rubles was recovered, including debt under assignment agreements was written off at the expense of a provision for impairment of financial investments in connection with the liquidation of the organization in the amount of 116,141 ths rubles.

3.3 Inventories

The inventories are evaluated in the amount of actual expenditures on acquisition.

The estimation of inventory in taking out thereof for production and other retirements was carried out in 2022 under the average net cost for all warehouses of each power plant of the Company.

Depreciation provision of current inventories amounted to 185,819 ths rubles.

As of December 31 inventories consisted of the following items:

ths rubles

Categories	2022	2021	2020
Raw and other materials	177,939	154,123	277,279
Fuel	1,140,559	955,126	904,704
Spare parts	869,602	927,632	1,955,298
Other inventories	571,828	523,836	271,878
Total inventories	2,759,928	2,560,717	3,409,159

3.4 Accounts receivable

The information on availability and movement of accounts receivable for the reporting period is shown in Table 5.1 of the notes to the balance sheet.

As of December 31 accounts receivable structure was as follows:

ths rubles

Indicators	2022		2021	
	Maturity less than 12 months	Maturity more than 12 months	Maturity less than 12 months	Maturity more than 12 months
Accounts receivable from customers (net of provision for doubtful debts)	4,265,614	-	4,067,344	-
Accounts receivable on down payments made (net of provision for doubtful debts)	209,653	-	230,607	-
Other accounts receivable (net of provision for doubtful debts)	826,315	9,007,957	1,018,239	6,815,669
Total	5,301,582	9,007,957	5,316,190	6,815,669

Accounts receivable are determined on the basis of the price of the Contract between the Company and the debtor, including VAT.

Account breakdown of long-term accounts receivable

ths rubles

№	Name	December 31, 2022	December 31, 2021
1	Other borrowers	9,007,957	6,815,669
	including:		
	- Zero Interest Loans given	8,954,500	6,349,500
	- Other settlements with the staff	37,809	37,161
	- Settlements with buyers and customers for other sales	-	402,805
	- Other settlements with other borrowers	15,648	26,203

Account breakdown of short-term accounts receivable

ths rubles

№	Name	As of December 31, 2022	As of December 31, 2021	Increase (+) / decrease (-)
1	Buyers and customers	8,569,440	8,662,652	(93,212)
2	Advances paid	209,664	230,669	(21,005)
3	Other borrowers	3,134,804	3,307,531	(172,727)
	Total short-term accounts receivable	11,913,908	12,200,852	(286,944)

Throughout the accounting year, the accounts receivable of buyers and customers for the principal type of activity (sales of electricity and heat) accrued for the total amount of 57,063,348 ths rubles, for other buyers and customers – 709,621 ths rubles. Repaid in cash – 3,957,216 ths rubles, offset by previously received advances – 53,357,214 ths rubles, offset of mutual claims – 331 ths rubles, written off at the expense of the previously created provision – 260,559 ths rubles, other repayment – 290,861 ths rubles.

Bad debt reserve

The amount of bad debt allowance is established by the Company management on the basis of determining the specific consumers' solvency and analyzing tendencies and prospects of reception of payment and redemption of indebtedness, and also based on the analysis of expected future cash flows. The rules for creation of bad debt allowance are stipulated by the accounting policy of the Company (cl. 2.14 of the Accounting Policy). According to the accounting policy for accounting purposes

the amount of the bad debt allowance shall be determined separately for each contractor depending on its financial solvency and possible failure to repay its indebtedness in full or in part.

Within the reporting year the bad debt allowance in the amount of 451,732 thousand rubles for the accounts receivable was written back due to the repayment of indebtedness, including due to liquidation of organization for the amount of 262,426 thousand rubles. The new bad debt allowance in the amount of 441,822 thousand rubles for the indebtedness of insolvent debtors was created.

As of December 31 the amount of the bad debt allowance, amending accounts receivable in the balance sheet, was:

ths rubles			
Item No.	Name	2022	2021
Total provision for bad debts		6,612,326	6,884,662
including:			
1	Provisions for bad debts on settlements with customers	4,303,826	4,595,308
2	Provisions for bad debts on down payments issued	11	62
3	Provisions for other debtors' bad receivables	2,308,489	2,289,292

Loans granted

Other receivables comprise non-interest bearing loans issued by the Company to its subsidiary:

ths rubles			
Name	Repayment period	As of December 31, 2022	As of December 31, 2021
LLC Azovskaya Wind Farm	2035	350,000	800,000
LLC Azovskaya Wind Farm	2041	1,600,000	1,600,000
LLC Enel Rus Wind Kola	2040	395,000	395,000
LLC Enel Rus Wind Kola	2041	3,550,000	3,550,000
LLC Enel Rus Wind Kola	2042	3,055,000	-
LLC EL5 Finance	2024	4,500	4,500
Total		8,954,500	6,349,500

3.5 Borrowed funds

Borrowed funds as of December 31 included:

ths rubles						
	2022		2021		2020	
	Short-term borrowed funds	Long-term borrowed funds	Short-term borrowed funds	Long-term borrowed funds	Short-term borrowed funds	Long-term borrowed funds
Bank loans	8,013,211	365,000	6,882	4,000,000	3,078	-
Stock Exchange Bonds	-	-	2,074,928	-	3,125,086	2,000,000
Current portion of long-term liabilities	-	-	-	-	1,666,667	-
Total borrowed funds	8,013,211	365,000	2,081,810	4,000,000	4,794,831	2,000,000

Amount of expenses on credits and loans included in expenses in 2022 amounted to 545,576 ths rubles, including accrued interest 545,512 ths rubles, other financial expenses related to credits and loans received – 64 ths rubles, and in 2021 amounted to 506,585 ths rubles, including accrued interest 506,405 ths rubles, other financial expenses related to credits and loans received – 180 ths rubles.

Short-term borrowed funds

Short-term borrowed funds as of December 31, 2022 had the following structure:

Name	Balance as of 31.12.2022, ths rubles	Balance as of 31.12.2022, in the loan currency with specification of the currency	Annual interest rate, %	Repayment period	Security provided
Loans:					
UniCredit Bank JSC (current portion and outstanding interest)	3,506,022	3,506,022 ths rubles	7.85	2023	Without security provided
Gazprombank JSC (current portion and outstanding interest)	4,507,189	4,507,189 ths rubles	9 - 9.1	2023	Without security provided
Loans total:	8,013,211				
Total borrowed funds	8,013,211	-	-	-	-

Short-term borrowed funds as of December 31, 2021 had the following structure:

Name	Balance as of 31.12.2021, ths rubles	Balance as of 31.12.2021, in the loan currency with specification of the currency	Annual interest rate, %	Repayment period	Security provided
Loans:					
UniCredit Bank JSC (current portion and outstanding interest)	6,882	6,882 ths rubles	7-11	2022	Without security provided
Loans total:	6,882	-	-	-	-
Stock Exchange Bonds:					
4B02-02-50077-A-001P	2,074,928	2,074,928 ths rubles	8.60	2022	Without security provided
Total stock exchange bonds:	2,074,928	-	-	-	-
Total borrowed funds	2,081,810	-	-	-	-

The book value of short-term credits and loans is denominated in the following currency (balance in ths rubles as of December 31):

	2022	2021	2020
Russian rubles	8,013,211	2,081,810	4,794,831

Long-term borrowed funds

Long-term borrowed funds as of December 31, 2022 had the following structure:

Name	Balance as of 31.12.2022, ths rubles	Balance as of 31.12.2022, in the loan currency with specification of the currency	Annual interest rate	Repayment period	Security provided
Loans:					
LLC Stavropolskaya Wind Farm	365,000	365,000 ths rubles	-	2042	Without security provided
Loans total:	365,000	-	-	-	-
Total borrowed funds	365,000	-	-	-	-

Long-term borrowed funds as of December 31, 2021 had the following structure:

Name	Balance as of 31.12.2021, ths rubles	Balance as of 31.12.2021, in the loan currency with specification of the currency	Annual interest rate	Repayment period	Security provided
Loans:					
001/0202L/16	4,000,000	4,000,000 ths rubles	7.85	2023	Without security provided
Loans total:	4,000,000	-	-	-	-
Total borrowed funds	4,000,000	-	-	-	-

Repayment schedule of borrowed funds is provided below at the rate as of 31.12.2022 (amounts are shown without outstanding interests):

	Amount, ths rubles
2042	365,000

The book value of long-term borrowed funds is denominated in the following currency (balance in ths as of December 31):

	2022	2021	2020
Russian rubles	365,000	4,000,000	2,000,000

3.6 Short-term accounts payable

Short-term accounts payable amounted to 3,380,875 ths rubles as of December 31, 2022 (as of December 31, 2021 – 5,942,594 ths rubles). That included accounts payable to suppliers and contractors amounting to 2,225,069 ths rubles (as of December 31, 2021 – 4,485,162 ths rubles), taxes, charges and extra-budgetary funds payable was 518,796 ths rubles (as of December 31, 2021 – 774,913 ths rubles), down payments received was 3,749 ths rubles (as of December 31, 2021 – 41,126 ths rubles), wage and salary was absent (as of December 31, 2021 – none) and other accounts payable – 633,261 ths rubles. (as of December 31, 2021 – 641,393 ths rubles).

In 2022 the amount of 733,391 ths rubles was written off under financial result.

3.7 Company's shares

As of December 31, 2022 the authorized capital of the Company is paid in full and amounts to 35,371,898 ths rubles. The authorized capital consists of:

	Total number (pcs)	Nominal value (rubles)
Ordinary shares	35,371,898,370	1.00
Preference shares	–	–
Total	35,371,898,370	–

3.8 Additional and reserve capital

Additional capital was changed by 62,376 ths rubles as a result of the changes of the fair value of hedging instruments during the financial year. As of December 31, 2022 it amounted to 7,326,630 ths rubles.

Pursuant to the applicable laws the Company has created its reserve capital in the amount of 5% of its authorized capital. In accordance with the Charter of the Company the amount of annual additions to the Company's reserve capital shall be 5% of the Company's net profit. As of December 31, 2022 the reserve capital of the company was 305,000 ths rubles.

3.9 Retained earnings

As of December 31, 2022 the retained earnings of the Company amounted to (492,191) ths rubles. As of December 31, 2021 the retained earnings in the amount of 6,855,196 ths rubles were accounted in the Company's Balance Sheet.

Changes in the structure of retained earnings (loss) were due to the loss of the Company in the reporting year in the amount of (7,238,935) ths rubles and the distribution of retained earnings as of December 31, 2021 for increase of reserve fund in the amount of 128,000 ths rubles by other profit in the amount of 19,548 ths rubles.

3.10 Contingent liabilities

The movement per items of provisions for 2022 is below:

Type of provision	ths rubles				
	Restructuring	Provision for legal claims	Provisions for employee benefits	Other	Total
Balance as of December 31, 2021	197,869	26,008	424,408	2,150,680	2,798,965
Provisions created during the reporting period	-	17,776	583,415	108,660	709,851
Provisions restored during the reporting period	(1,480)	(26,083)	(25,019)	(1,654,949)	(1,707,531)
Provisions used during the reporting period	(5,078)	-	(571,506)	(235,364)	(811,948)
Foreign exchange difference	-	-	(170)	(201,840)	(202,010)
Discount expenses	1,708	-	-	-	1,708
Balance as of December 31, 2022	193,019	17,701	411,128	167,187	789,035
including Long-term	123,819	-	13,901	72,762	210,482
Short-term	69,200	17,701	397,227	94,425	578,553

The movement per items of provisions for 2021 is below:

ths rubles

Type of provision	Restructuring	Provision for legal claims	Provisions for employee benefits	Other	Total
Balance as of December 31, 2020	235,573	6,458	434,972	3,814,385	4,491,388
Provisions created during the reporting period	-	26,008	573,720	578,606	1,178,334
Provisions restored during the reporting period	-	(6,458)	(81,014)	(1,241,624)	(1,329,096)
Provisions used during the reporting period	(23,702)	-	(502,254)	(818,056)	(1,344,012)
Foreign exchange difference	-	-	(1,016)	(182,631)	(183,647)
Discount expenses	(14,002)	-	-	-	(14,002)
Balance as of December 31, 2021	197,869	26,008	424,408	2,150,680	2,798,965
including Long-term	127,702	-	22,117	-	149,819
Short-term	70,167	26,008	402,291	2,150,680	2,649,146

Restructuring

As of December 31, 2022 the provision for restructuring amounted to 193,019 ths rubles. The provision was recognized by the Company to make future payments during redundancy dismissals.

Provision for legal claims

The total amount of the provision for legal claims as of 31.12.2022 was in the amount of 17,701 ths rubles (as of 31.12.2021 - 26,008 ths rubles).

Provisions for employee benefits

The total amount of the provision as of 31.12.2022 is 411,128 ths rubles included long term bonuses amounted to 13,901 ths rubles (as of 31.12.2021 - 424,408 ths rubles, including under the long-term incentive plan for employees in the amount of 22,117 ths rubles)

Other

Such provision includes the environmental risk assessment, tax and other provisions created in accordance with the laws of the Russian Federation.

3.11 Income and expenses of operating types of activities

Income and expenses for a financial year are detailed in the Income Statement separately by operating types of activities and other incomes and expenses with breakdown by types and amounts.

For the financial year the revenue has decreased in comparison with previous year by 1,439,234 ths rubles and made up 48,144,142 ths rubles.

The information on the revenue (net) from selling goods, products, works, services (net of VAT, excise taxes and similar mandatory payments), cost of the sold goods, products, works, services, and also commercial and management expenses is given here below:

ths rubles

Types of activity	Revenue (net) from selling goods, products, works, services (net of VAT, excises and other similar payments)	Cost of goods, products, works, services sold	Gross profit
Electric power	32,893,739	29,022,184	3,871,555
Capacity	11,167,024	9,898,091	1,268,933
Heat power	3,492,028	3,940,042	(448,014)
Other	591,351	438,254	153,097
Total for 2022	48,144,142	43,298,571	4,845,571

ths rubles

Types of activity	Revenue (net) from selling goods, products, works, services (net of VAT, excises and other similar payments)	Cost of goods, products, works, services sold	Gross profit
Electric power	33,583,574	29,091,038	4,492,536
Capacity	9,216,682	10,812,591	(1,595,909)
Heat power	3,283,488	3,836,300	(552,812)
Other	621,164	465,869	155,295
Total for 2021	46,704,908	44,205,798	2,499,110

The information on the cost as per elements of expenses (clause 22 of RAS 10/99) is below:

ths rubles

Indicators	2022	2021
Material expenses, incl. Raw and other materials	273,552	207,766
Wages and salaries	2,564,450	2,329,581
Allocations for social needs	519,936	483,583
Depreciation charges	2,602,500	3,328,676
Expenses for energy resources of various types	31,533,808	31,786,884
Other costs	5,804,325	6,069,308
Total costs	43,298,571	44,205,798

Commercial expenses were presented within the following items:

ths rubles

Commercial expenses	2022	2021
Services by market operators	833,169	780,345
Commercial expenses, total	833 169	780,345

The costs, which are not connected directly with production process (administrative cost, etc.) on corresponding accounts, are included monthly in the actual net cost of manufactured products. The amount of such expenses in 2022 equals to 4,128,840 ths rubles (in 2021, the corresponding group of expenses was 4,502,403 ths rubles).

3.12 Other income and expenses

Other income and expenditures comprise the following groups:

	ths rubles	
Name	2022	2021
Other income	6,592,404	6,415,745
including:		
gain from recovery of reserves	2,361,239	2,045,235
gain from sales of non-current assets	2,924,861	1,876,663
from sales of materials and other current assets	165,136	1,736,494
from sale of financial investments	34,521	239,122
from sale of accounts receivable	2,684	46,642
from fines and penalties receivable	55,592	33,962
from assets found by inventory, maintenance, other	12,456	12,570
insurance compensation	51,300	91,777
profit of the previous years	5,203	4
income from operations with currency	40,106	244,051
income from write-off of accounts payable	725,739	-
other income	213,567	89,225
Other expenses	19,367,764	4,686,794
including:		
losses from impairment of non-current assets	14,244,983	-
losses from accrual of estimated reserves	785,833	505,103
losses from sales of non-current assets	2,686,879	2,787,100
losses from sales of materials and other current assets	148,602	226,706
losses from sales of financial investments	39,362	258,448
losses from sales of accounts receivable	2,684	46,642
from fines and penalties payable	2,996	5,056
losses from the write-off of assets	21,096	585,770
financial expenses	25,058	2,410
non-production personnel expenses	122,958	106,454
charity expenses	54,300	31,300
social overhead costs	24,093	12,421
interest on lease agreements	19,932	27,998
losses of previous years	1,577	-
foreign exchange loss	1,057,836	-
loss of foreign currency operation	-	8,701
losses from derivative transactions	12,309	2,770
other expenses	117,266	79,915

Other changes in net profit (loss) of the reporting period, presented in the Statement of financial performance under item "Other", are due to the following indicators:

Indicators	ths rubles	
	for 2022	for 2021
Income tax under revised tax declarations for previous accounting periods	(42,095)	(41,908)
Penalties, fines on taxes and duties, accrued in the reporting period	(7,493)	(6,091)
Write-off of previously accrued DTA and DTL to financial result	-	-
Total	(49,588)	(47,999)

3.13 Taxes and charges

The Company recognized loss for 2022, the amount of contingent expense for the income tax in the reporting period was 1,784,741 ths rubles (for 2021 the amount of contingent profit tax expense - 658,116 ths rubles).

In the reporting year the amount of the constant differences that influenced the adjustment of the income by the income tax, calculated based on the tax accounting (the current income tax), made up 251,911 ths rubles (2021 – 174,501 ths rubles).

Name	ths rubles	
	2022	2021
Permanent taxable difference caused correction of provisional profits tax expense, total	251,911	174,501
including:		
Expenses coming from collective agreement	109,072	87,426
Fines and penalties	1,316	975
Expenses for social sphere (charity)	23,727	43,259
Losses (profits) of previous years not counted in current period	79,539	553
Charges for excess negative environmental impact	807	637
Other permanent differences	37,450	41,651

Deferred Income Tax:

The total amount of changes in deferred tax that affected the adjustment of the conditional income tax expense in order to determine the current income tax calculated according to tax accounting data amounted to 1,777,018 ths rubles (2021 – change amounted to 693,016 ths rubles), including:

The accrual of deductible temporary differences is explained by the impairment of depreciable property and the revision of useful lives in accordance with Federal Accounting Standard 6/2020, the accrual of differences on IPR. In addition, it should be noted: during 2022, there was a repayment of temporary differences that is associated with the use of provisions for contingent liabilities in accounting, repayment of a loss from the sale of fixed assets that is recognized in accounting at a time, repayment of previously accrued differences in the valuation of fixed assets.

ths rubles

Name	2022	2021
Tax effect of temporary deductible differences resulting in adjustment of the conditional income tax expense, total	773,185	(688,124)
including:		
Deductible difference due to charging (use) of provisions	(463,264)	(305,110)
Deductible difference from losses of the current period (previous years)	-	55,026
Deductible difference on fixed assets	1,518,391	(14,638)
Deductible difference on payment to non-state pension fund	(14,880)	(28,858)
Bad debt reserve	45,354	(82,568)
Losses from the fixed assets disposal	(7,208)	(12,580)
Depreciation of inventories	(290,013)	(290,882)
Other deductible differences	(15,195)	(8,514)

Total amount of taxable temporary differences effected correction of provisional profits tax income with the purpose to define income tax calculated according to fiscal accounting regulations was 1,003,833 ths rubles (2021 – 4,892 ths rubles).

ths rubles

Name	2022	2021
Tax effect of temporary deductible differences resulting in adjustment of the conditional income tax expense, total	1,003,833	(4,892)
including:		
fixed assets	1,011,860	(4,892)
derivatives	(5,031)	-
exchange rate differences	(2,698)	-
other taxable temporary differences	(298)	-

According to fiscal accounting for 2022 income was received in the amount of 213,298 ths rubles. Income tax was in the amount of 42,660 ths rubles.

ths rubles

Name	Constituent of Income Tax	Tax rate	Base amount	Tax amount
Accounting Profit	Provisional Profits Tax Expense	20%	(8,923,705)	(1,784,741)
Temporary Differences:	Deferred Income Tax	20%	8,885,092	1,777,019
- repaid/accrued differences	- deferred tax liabilities	20%	5,019,164	1,003,833
- repaid/accrued differences	- deferred tax assets	20%	3,865,928	773,186
Permanent taxable differences	Permanent Taxable Liability	20%	251,911	50,382
Taxation base on tax declaration for 2022	Current income tax	20%	213,298	42,660

Total accrued property tax for 2022 amounted to 215,167 ths rubles (in 2021 – 301,965 ths rubles). Paid to the budget – 238,990 ths rubles (in 2021 – 304,854 ths rubles).

Total amount of accrued value-added tax, according to Chapter 21 of the Tax Code of the Russian Federation, amounted to 11,249,400 ths rubles in 2022 (in 2021 – 9,849,972 ths rubles). Tax deductions amounted to 9,357,536 ths rubles in 2022 (in

2021 – 8,168,195 ths rubles). Therefore value-added tax to be paid to the state budget amounted to 1,891,864 ths rubles in 2022 (in 2021 – 1,681,777 ths rubles).

Value-added tax paid to the state budget in 2022 - 1,756,644 ths rubles (in 2021 – 1,633,003 ths rubles).

Other paid taxes and charges (land tax, water tax, transport tax, charges for negative environmental impact, state duties) totaled 56,738 ths rubles in 2022 (2021 – 71,412 ths rubles).

3.14 Base profit (loss) per share

The earnings per share are disclosed under the procedure provided for by the Methodical recommendations on disclosing of the information on earnings per share, approved by order of the Ministry of Finance of the Russian Federation No. 29Н dated 21.03.2000. The basic earnings per share reflect a part of the profit of an accounting period which can be potentially distributed among shareholders - holders of ordinary shares. It is calculated as the ratio of base profit for a financial year to the weighted average number of ordinary shares being in circulation within a financial year.

Calculation of profit / loss per share:

Indicator	2022	2021
Base loss / profit for the financial year (ths rubles)	(7,238,935)	2,549,564
Weighted average number of ordinary shares in circulation within a financial year (ths of shares)	35,371,898	35,371,898
Base loss / profit per share, ths rubles	(0.2047)	0.0721

The Company has no convertible securities and share purchase agreements with Issuers, therefore diluted earnings (loss) per share are not calculated.

3.15 Related parties disclosures

In the normal course of business the Company enters into transactions with related parties.

Transactions with related parties mainly include sales of capacity and heat operations, purchasing of licenses and IT services.

In accordance with cl. 1 of Decree of the Government of the Russian Federation No. 351 dated March 12, 2022, the Company does not disclose the list of related parties with whom business transactions were carried out in 2022 and information about the main shareholders and the ultimate controlling party.

For the purposes of these accounting (financial) statements in accordance with RAS 11/2008 "Information on related parties", the following related parties have been identified:

Principle shareholders

Operations with related parties

ths rubles

Types of activity	NATURE OF RELATIONS			
	Main business entity	Companies belonging together with the Company to one group of companies, including subsidiaries	Main business entity	Companies belonging together with the Company to one group of companies, including subsidiaries
	2022		2021	
Sale of electricity and capacity	-	18,795	-	253,704
Sales of other products, goods (works, services)	-	544,894	-	407,752
Acquisition of goods (works, services)	-	4,221	223,028	619,431

Status of settlements with related parties

As of December 31 the indebtedness of the related parties to the Company and indebtedness of the Company to the related parties amounted to:

ths rubles

Types of activity	NATURE OF RELATIONS			
	Main business entity	Companies belonging together with the Company to one group of companies, including subsidiaries	Main business entity	Companies belonging together with the Company to one group of companies, including subsidiaries
	2022		2021	
Accounts receivable	-	9,510,164	-	7,232,826
Loans received	-	365,000	-	-
Accounts payable	-	3,192	183,273	855,335

Cash flows between the Company and related parties

ths rubles

Funds received	in 2022	in 2021
Proceeds from sale of products, goods, works and services (operating activities)	620,779	463,584
including main business entity	-	-
subsidiaries	602,270	199,092
companies belonging to the same group of entities as the Company	18,509	264,492
Receivables from sales of non-current assets (except for financial investments) (investment activity)	-	-
including subsidiaries	-	-
Loans repayments (investment activity)	2,665,463	2,475
including subsidiaries	2,665,463	2,475
TOTAL funds received	3,286,242	466,059
Payments to suppliers (contractors) for raw and other materials, works, services (operating activities)	22	475,329
including main business entity	-	60,529
companies belonging to the same group of entities as the Company	22	414,800

Funds remitted	in 2022	in 2021
Payments in connection with acquisition of shares of other companies (participation interests) (investment activities)	3,000,000	1,300,000
including subsidiaries	3,000,000	1,300,000
Loans to other entities (investment activity)	6,557,300	5,154,500
including subsidiaries	6,557,300	5,154,500
Distributed dividends (financial activity)	-	-
including main business entity	-	-
TOTAL funds remitted	9,557,300	6,454,500

During 2022, the Company made payments in favor of foreign companies to the former shareholder in the amount of 120,334 ths rubles.

Estimated short-term liabilities to related parties

ths rubles

Movement item	2022	2021
Balance as of January 1	1,832,221	2,609,175
Provisions created during the reporting period	-	431,163
Provisions restored during the reporting period	(1,832,221)	(281,465)
Provisions used during the reporting period	-	(744,021)
Foreign exchange difference	-	(182,631)
Balance as of December 31	-	1,832,221

Estimated liabilities relate to transactions with parent companies, subsidiaries and associates.

Collateral for obligations and payments provided

As of December 31, 2022, the Company is a guarantor for subsidiaries' obligations to the amount of 35,596,047 ths rubles (as of 31.12.2021 – 40,037,032 ths rubles).

Settlements with Non-Governmental Pension Fund "VTB Pension Fund"

In 2022, payments to NGPF VTB amounted to 119,146 ths rubles, in 2021, payments to NGPF VTB amounted to 80,777 ths rubles. There were no trade receivables or trade payables as of December 31, 2022.

Transactions with key management personnel

Key management personnel:

- Members of the Board of Directors of the Company who have the opportunity to influence the Company's economic activities with their decisions;
- Members of the collective executive body of the Company (Executive Board).

Total short-term remuneration paid to the members of the Board of Directors and Management Board were at the amount of 209,266 ths rubles in 2022, including insurance premiums in the amount of 23,537 ths rubles (in 2021 – 146,107 ths rubles, including insurance premiums in the amount of 12,632 ths rubles).

During 2022 the loans were provided to key management personnel amounting to 9,580 ths rubles (in 2021 – 7,000 ths rubles).

3.16 Information by segments

The information by segments is not disclosed as the principal type of economic activities of the Company is production of power, capacity and heat, sale of which makes up 98.7% of the total revenue. The production technology of power, capacity and heat does not allow allocating separate operational segments. Besides the Company carries out other kinds of activities, which are not essential and do not form separate accounting segments either together or separately. The information on geographical segments is also not disclosed as the whole activity of the organization is limited to a uniform segment of the wholesale power and capacity market (the first price zone in classification of the Trading System Administrator) where the sources and nature of the risks are approximately the same.

3.17 Events after the reporting date

As of the date of issue of the Annual Financial Statements, there were no events that could have a material effect on the reporting indicators as of December 31, 2022.

3.18 Information on Off-Balance Sheet Accounts

ths rubles

Account details	Account number	Balance as of 31.12.2022	Balance as of 31.12.2021	Balance as of 31.12.2020
Leased fixed assets	001	16,977	16,977	52,291
Commodities and materials received for safe custody	002	6,291	6,291	58,896
Writing off as the loss of the debts of insolvent debtors	007	283,112	282,917	155,445
Security of liabilities and payments received	008	4,752,908	4,676,608	9,563,505
Collateral for obligations and payments provided	009	35,658,347	40,071,425	48,654,495
Depreciation of fixed assets	010	-	161	146
Low-value fixed assets	012	3	-	-

Collateral for obligations and payments received are bank guarantees received by the Company from third parties as a security of contractual obligations by the third party.

Collateral for obligations and payments provided are guarantees provided by the Company to third parties as a security of contractual obligations of the Company as well as to subsidiaries.

Structure of collaterals for obligations and payments provided

ths rubles

Guarantees and sureties	as of 31.12.2022	as of 31.12.2021	as of 31.12.2020
for the Company's obligations	62,300	34,392	35,102
for obligations of LLC Azovskaya Wind Farm	11,250,000	11,803,509	11,803,508
for obligations of LLC Enel Rus Wind Kola	24,346,047	28,233,524	36,815,885
Total	35,658,347	40,071,425	48,654,495

3.19 Term transaction financial instruments

The Company's balance sheet included the following financial instruments for forward transactions:

Fair value	as of 31.12.2022	as of 31.12.2021	as of 31.12.2020
Forward exchange contracts	-	2,427	1,770
Total term transaction instruments	-	2,427	1,770

Cash flow hedges within the additional capital are reflected as follows:

Cash flow hedges	2022	2021
Reclassifications during the year	18,729	14,070
Net gains/(losses) during the year	(81,106)	(49,217)
Effective part of changes in fair value of cash flow hedging	(62,377)	(35,147)

In order to comply with Company'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 are hedged. Forward exchange contracts are designated as hedging instruments in cash flow hedges of capital expenditures during implementation of thermal generation modernization projects.

In 2022, these hedges were assessed to be effective and net change was (62,377) ths rubles, including the forward element amounting to 1,230 ths rubles (in 2021: (35,147) ths rubles, including the forward element of (3,033) ths rubles). No significant element of ineffectiveness required recognition in the financial statement.

3.20 Contingencies

Tax Affairs

The taxation system of the Russian Federation, being relatively new, is characterized by frequent changes of legal regulations, official explanations and court decisions that are often unclear and contradictory that allows different interpretation of them by various tax authorities. Tax authorities having the right to impose large fines and charge penalties are responsible for verifying the correctness of the tax calculation. The tax authorities have the right to conduct field tax inspections within three calendar years preceding the year when the tax authorities decide to conduct a field tax audit.

These circumstances may lead to tax risks in the Russian Federation much higher than in other countries. The Company's management believes that the tax obligations are reflected in the adequate amount in the statements based on its understanding of the applicable Russian tax laws, official explanations and court decisions. However, the interpretation of these provisions by the tax authorities may be different and, if they can prove the legitimacy of their position, this can have a significant impact on these accounting (financial) statements.

The Russian transfer pricing laws, which came into force on January 1, 2012, allows the tax Russian authorities to apply transfer pricing adjustments and to charge additional amounts of income tax payable in respect of all controlled transactions if the price applied in the transaction differs from the range of market prices. The list of controlled transactions includes, in particular, transactions concluded between interdependent parties, as well as certain types of cross-border transactions.

On February 12, 2021, in Letter N IIIIO-4-13/1749@, the tax authorities issued clarifications regarding the assessment of the economic feasibility of expenses incurred on the basis of intra-group contracts for the provision of services, as well as the recognition of income of foreign companies from such activities, in which they noted that such services and the concept of "joint-stock activity" should be distinguished.

There is a possibility that the Company's assessment of the economic validity of the expenses incurred under service contracts with foreign companies, a former

shareholder, will differ from the assessment of the tax authorities that may lead to an adjustment of tax liabilities if the Company cannot prove that the intra-group expenses are economically justified and do not relate to "joint-stock activities". However, the Company believes that this risk is not highly probable.

The Company determines tax obligations arising from controlled transactions based on actual transaction prices.

In December 2019, the Interregional Inspectorate of the Federal Tax Service of Russia for the Largest Taxpayers No. 4 (Inspection) made a decision to hold the Group accountable based on the results of an on-site tax audit for 2014-2016. The main amount of additional charges for the tax audit is due to the incorrect (in the opinion of the Inspectorate) qualification of a number of fixed assets as movable property, which led to an underestimation of the amounts of property tax for 2014-2016 in the amount of 152 mln rubles. Currently, the Company is appealing the Inspection's decision to the Arbitration Court of Moscow. The Company understands that there is uncertainty regarding the payment of property tax on the disputed items, however, taking into account the current laws, official explanations of the regulatory authorities of the Russian Federation and law enforcement practice, it believes that such a risk is not highly probable.

In general, the Company's management believes that the Company has paid or accrued all taxes established by law. For taxes, where there is uncertainty, the Company has accrued tax liabilities based on management's best estimate of the likely outflow of resources that will be necessary to repay these obligations.

Insurance

The Company applies the integrated comprehensive insurance policy. The Company insurance policy includes both mandatory and voluntary types of insurance and covers risks in respect of the Company assets, risks in respect of obligations to third parties and other insurable risks. The Company management takes appropriate measures to minimize potential negative impact on the Company property exposed to risks not covered by the existing insurance programs.

Environmental Issues

The laws on environment protection in the Russian Federation are at the development stage and corresponding measures of state authorities are constantly revised. The Company carries out periodic review of its commitments in environment protection.

Potential liabilities might arise as a result of amendments in laws or civil litigation documents. The impact of these potential changes cannot be estimated. Taking into account the situation with regard to the implementation of existing regulations, management believes that there are no significant obligations related to environmental pollution, in addition to the obligations included in the reserve.

Litigations

The Company is not party to any other legal proceedings, which upon final resolution may have material negative impact on the Company's financial condition, except for those with the provision accrued and recorded herein.

General Director

A.A. Tnalin

Chief Accountant

V.V. Grishachev

April 05, 2023