

10.3. The main risk factors in the Company's activities

10.3.2.

Inflation risk

The consumer price index (CPI) is used as one of the main indicators characterizing the level of inflation in the Russian Federation. The change in the CPI has a significant impact on the financial and economic activities of the Issuer.

Due to the fact that the increase in electricity transmission tariffs is limited by state regulation, tariffs cannot change depending on changes in the rate of inflation. At the same time, the amount of the Issuer's expenses changes in accordance with the change in the CPI, and because the Issuer receives all income in rubles, in conditions of inflation, it faces depreciation of the real value of expected income.

The dynamics of the CPI, formed on the basis of data from the Federal State Statistics Service, is presented in the table:

Period Inflation for the period*

2021	8.4%
2020	4.9%
2019	3.0%
2018	4.3%
2017	2.5%
2016	5.4%
2015	12.9%
2014	11.4%
2013	6.5%
2012	6.6%
2011	6.1%
2010	8.8%
2009	8.8%
2008	13.3%

* according to the Federal State Statistics Service

Rosstat has published an estimate of inflation in the Russian Federation for 2021 at the level of 8.4%. For comparison, in 2020, inflation is fixed at 4.9%.

Under this condition, the inflationary risk will not have a significant impact on the Issuer's ability to make payments on securities.

The exposure of the Issuer's financial statements prepared according to Russian accounting standards to the impact of these financial risks.

The following financial reporting indicators are most susceptible to change as a result of the impact of these financial risks:

* accounts receivable – decrease in the real value of accounts receivable and increase in the amount of overdue accounts receivable;

* cash – decrease in the amount of available cash;

* accounts payable – non-fulfillment of contractual terms of debt payment;

* interest payable - increase in the cost of servicing borrowed funds;

- * net profit - reduction.

Minimization of these risks is carried out in the following ways:

- * optimization of financial flows by strengthening financial discipline;
- * formation of budget policy and clear execution of the income and expenditure plan;
- * conducting a competent credit policy of the Company, financing in accordance with the deadline for payment according to the terms of contracts and directing operational cash flow to reduce debt;
- * analysis of financial activities in order to develop proposals to increase profitability and increase profitability, save financial resources, increase the financial stability of the Company;
- * optimize cost management by reducing costs;
- * management of accounts receivable and accounts payable;
- * strengthening of claim and claim work with overdue accounts receivable;
- * compliance with corporate control over the Issuer's financial and economic activities.

10.3.3. Interest rate risks

The formed loan portfolio of the Company has a number of characteristics that allow us to highly evaluate its quality. A wide range of lenders, including those with unselected limits, allows the Company to vary in terms of attracting monetary funds and even in conditions of an increase in the Central Bank's key rate to maintain an optimal level of expenses for servicing the loan portfolio. The availability of registered bond issues provides the necessary diversification of funding sources and the ability to promptly use optimal conditions for attracting borrowed funds.

Given the sufficient level of the free credit limit and the presence of registered bond issues, credit risks will not have a significant impact on the financial condition of the company.

In order to reduce interest rate risk, the Company conducts a balanced credit policy aimed at optimizing the structure of the loan portfolio.

With the available opportunities to raise funds under the concluded loan agreements and the absence of debt that is mandatory for repayment by maturity, the liquidity risk does not seem significant.

Changes in interest rates under existing credit agreements and newly attracted credit resources in the current conditions may lead to an unplanned increase in the costs of servicing credit debt and, accordingly, an increase in the Company's costs. However, taking into account the state and structure of the loan portfolio, the ability to raise funds under different types of lending, the presence of unselected credit lines in the largest banks in the country, the risks associated with interest rate changes will not have a significant impact on the financial condition of the company.

Currency risks

Currency risks do not have a significant impact on the Company due to the fact that settlements with counterparties for financial and economic activities in the vast majority of cases occur at prices fixed in the national currency and are carried out exclusively in the currency of the Russian Federation.