

**PJSC «Rosseti Centre»**

**Interim Condensed Consolidated Financial Statements for the three and  
six months ended 30 June 2022  
(unaudited)**

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**НОВЫЕ ВЫЗОВЫ  
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## **Report on Review of Interim Financial Information**

To the shareholders and Board of Directors of  
Public Joint Stock Company "Rosseti Centre"

### ***Introduction***

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

### ***Scope of review***

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



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### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

T.L. Okolotina  
Partner  
TSATR – Audit Services Limited Liability Company

24 August 2022

### **Details of the auditor**

Name: TSATR – Audit Services Limited Liability Company  
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

### **Details of the entity**

Name: Public Joint Stock Company "Rosseti Centre"  
Record made in the State Register of Legal Entities on 17 December 2004, State Registration Number 1046900099498.  
Address: Russia 119017, Moscow, Malaya Ordynka street, 15.

**PJSC «Rosseti Centre»**  
**Interim Condensed Consolidated Statement of profit or loss and other comprehensive income**  
**for three and six months ended 30 June 2022**  
*In thousands of Russian rubles, unless otherwise stated*

	Notes	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
		2022	2021	2022	2021
Revenue	6	25,296,672	24,261,618	54,613,295	52,142,820
Operating expenses	8	(23,088,696)	(22,226,983)	(48,128,384)	(46,621,316)
Reversal of allowance for expected credit losses		260,677	86,421	286,119	78,285
Other income	7	350,769	393,913	719,593	832,051
Other expenses	7	(7,241)	(6,862)	(8,366)	(18,871)
<b>Result from operating activities</b>		<b>2,812,181</b>	<b>2,508,107</b>	<b>7,482,257</b>	<b>6,412,969</b>
Finance income/(costs)	9	(11,722)	37,147	312,992	97,422
Finance costs	9	(1,401,921)	(760,917)	(2,716,619)	(1,519,259)
<b>Total financial costs</b>		<b>(1,413,643)</b>	<b>(723,770)</b>	<b>(2,403,627)</b>	<b>(1,421,837)</b>
<b>Profit before income tax</b>		<b>1,398,538</b>	<b>1,784,337</b>	<b>5,078,630</b>	<b>4,991,132</b>
Income tax expense	10	(596,325)	(532,203)	(1,608,028)	(1,313,017)
<b>Profit for the period</b>		<b>802,213</b>	<b>1,252,134</b>	<b>3,470,602</b>	<b>3,678,115</b>
<b>Other comprehensive income/(cost)</b>					
<i>Items that will never be reclassified subsequently to profit or loss</i>					
Changes in the fair value of equity investments accounted for at fair value through other comprehensive income		(10,404)	(11,885)	(84,324)	(1,943)
Remeasurements of the defined benefit liability		(778,933)	30,738	(302,214)	371,617
Income tax	10	92,477	(1,069)	39,357	(41,205)
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>(696,860)</b>	<b>17,784</b>	<b>(347,181)</b>	<b>328,469</b>
<b>Other comprehensive income/(costs) for the period, net of income tax</b>		<b>(696,860)</b>	<b>17,784</b>	<b>(347,181)</b>	<b>328,469</b>
<b>Total comprehensive income for the period</b>		<b>105,353</b>	<b>1,269,918</b>	<b>3,123,421</b>	<b>4,006,584</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		786,274	1,230,014	3,431,856	3,622,937
Non-controlling interests		15,939	22,120	38,746	55,178
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		89,414	1,247,798	3,084,675	3,951,406
Non-controlling interest		15,939	22,120	38,746	55,178
<b>Earnings per share</b>					
Basic and diluted earnings per ordinary share (in RUB)	20	0.019	0.029	0.081	0.086

These interim condensed consolidated financial statements (unaudited) were approved by management on 24 August 2022 and were signed on this behalf by:

Deputy General Director  
for Economics and Finance



Deputy Chief Accountant  
for Accounting

N.V. Kochetova

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements (unaudited)

*PJSC “Rosseti Centre”*  
*Interim Condensed Consolidated Statements of Financial Position*  
*for the six months ended 30 June 2022*  
*In thousands of Russian rubles, unless otherwise stated*

	Notes	30 June 2022 (unaudited)	31 December 2021 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	99,491,266	100,269,568
Intangible assets	12	2,403,127	2,345,248
Right-of-use assets	13	6,444,388	6,207,131
Trade and other receivables	15	1,911,647	1,999,730
Assets related to employee benefits plans		530,980	524,376
Other non-current financial assets	14	109,723	194,019
Advances given and other non-current assets	16	112,993	4,077
<b>Total non-current assets</b>		<b>111,004,124</b>	<b>111,544,149</b>
<b>Current assets</b>			
Inventories		4,175,380	3,531,119
Income tax prepayments		431,420	22,038
Trade and other receivables	15	11,082,094	11,871,775
Cash and cash equivalents	17	4,927,205	1,881,546
Advances given and other current assets	16	2,004,179	1,499,084
<b>Total current assets</b>		<b>22,620,278</b>	<b>18,805,562</b>
<b>Total assets</b>		<b>133,624,402</b>	<b>130,349,711</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	4,221,794	4,221,794
Reserves		(1,146,187)	(799,006)
Retained earnings		48,755,082	46,743,299
<b>Total equity attributable to equity holders of the Company</b>		<b>51,830,689</b>	<b>50,166,087</b>
Non-controlling interest		1,078,002	1,055,410
<b>Total equity</b>		<b>52,908,691</b>	<b>51,221,497</b>
<b>Non-current liabilities</b>			
Long-term borrowed funds	21	32,062,087	39,271,378
Long-term trade and other payables	22	277,882	328,812
Long-term advances received	24	2,463,700	2,062,791
Employee benefits		3,352,251	2,981,218
Deferred tax liabilities		4,278,072	3,685,504
<b>Total non-current liabilities</b>		<b>42,433,992</b>	<b>48,329,703</b>
<b>Current liabilities</b>			
Short-term borrowed funds and current part of long-term borrowed funds	21	17,687,377	9,735,896
Trade and other payables	22	11,173,532	12,863,392
Tax debts other than income tax	23	4,127,704	2,820,793
Advances received	24	3,477,488	2,742,140
Provisions	25	1,814,697	2,327,790
Current income tax liabilities		921	308,500
<b>Total current liabilities</b>		<b>38,281,719</b>	<b>30,798,511</b>
<b>Total liabilities</b>		<b>80,715,711</b>	<b>79,128,214</b>
<b>Total equity and liabilities</b>		<b>133,624,402</b>	<b>130,349,711</b>

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements (unaudited)

**PJSC “Rosseti Centre”**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**for the six months ended 30 June 2022**  
*In thousands of Russian rubles, unless otherwise stated*

	<b>Notes</b>	<b>For the six months ended 30 June (unaudited)</b>	
		<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		<b>5,078,630</b>	<b>4,991,132</b>
<i>Adjustments for:</i>			
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	8,11, 12,13	6,362,478	6,137,061
Finance costs	9	2,716,619	1,519,259
Finance income	9	(312,992)	(97,422)
(Profit)/loss on disposal of property, plant and equipment		(6,123)	14,822
Reversal of allowance for expected credit losses		(286,119)	(78,285)
Bad debt write-off		4,476	5,025
(Recovery)/accrual of provisions	8	(29,937)	44,206
Acquisition of subsidiaries	18	-	(60,110)
Other non-cash transactions		(202,788)	(5,032)
<b>Total impact of adjustments</b>		<b>8,245,614</b>	<b>7,479,524</b>
Change in assets related to employee benefits plans		(6,604)	(8,266)
Change in employee benefit liabilities		(51,157)	(24,884)
Change in long-term trade and other receivables		126,699	(285,875)
Change in long-term advances given and other non-current assets		(108,916)	(580)
Change in long-term trade and other payables		(60,473)	(15,720)
Change in long-term advances received		400,909	723,871
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>13,624,702</b>	<b>12,859,202</b>
<i>Changes in working capital and provisions:</i>			
Change in trade and other receivables		1,019,147	425,270
Change in advances given and other assets		(506,065)	(221,434)
Change in inventories		(640,668)	(385,218)
Change in trade and other payables		25,650	35,331
Change in advances received		734,494	37,437
Change in provisions		(483,156)	(214,021)
<b>Cash flows from operating activities before income taxes and interest paid</b>		<b>13,774,104</b>	<b>12,536,567</b>
Income tax paid		(1,701,422)	(1,928,775)
Interest paid under lease agreement		(295,135)	(163,159)
Interest paid		(2,181,896)	(1,287,186)
<b>Net cash flows received from operating activities</b>		<b>9,595,651</b>	<b>9,157,447</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(6,685,075)	(6,767,170)
Proceeds from the sale of property, plant and equipment and intangible assets		35,177	3,074
Acquisition of subsidiaries, net of cash received	18	(364,260)	(1,024,373)
Interest received		253,037	61,844
Dividends received		-	7,024
<b>Net cash flows used in investing activities</b>		<b>(6,761,121)</b>	<b>(7,719,601)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowed funds	21	1,863,522	11,757,422
Repayment of borrowed funds	21	(1,352,385)	(11,284,349)
Dividends paid to equity holders of the Company	19	(1,930)	(1,340,206)
Repayment of lease liabilities		(298,078)	(112,677)
<b>Net cash flows received/(used) in financing activities</b>		<b>211,129</b>	<b>(979,810)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,045,659</b>	<b>458,036</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>1,881,546</b>	<b>1,406,311</b>
<b>Cash and cash equivalents at the end of period</b>	17	<b>4,927,205</b>	<b>1,864,347</b>

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements (unaudited)

*PJSC «Rosseti Centre»  
Interim Condensed Consolidated Statement of Changes in Equity  
for the six months ended 30 June 2022  
In thousands of Russian rubles, unless otherwise stated*

	<b>Attributable to equity holders of the Company</b>				<b>Non-controlling interest</b>	<b>Total equity</b>	
	<b>Notes</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Retained earnings</b>			<b>Total</b>
<b>Balance at 1 January 2022</b>		<b>4,221,794</b>	<b>(799,006)</b>	<b>46,743,299</b>	<b>50,166,087</b>	<b>1,055,410</b>	<b>51,221,497</b>
Profit for the period		-	-	3,431,856	3,431,856	38,746	3,470,602
Other comprehensive cost		-	(386,538)	-	(386,538)	-	(386,538)
Related income tax	10	-	39,357	-	39,357	-	39,357
<b>Total comprehensive income/(cost) for the period</b>		<b>-</b>	<b>(347,181)</b>	<b>3,431,856</b>	<b>3,084,675</b>	<b>38,746</b>	<b>3,123,421</b>
<b>Contributions and payments</b>							
Dividends	19	-	-	(1,427,448)	(1,427,448)	(16,154)	(1,443,602)
Other	19	-	-	7,375	7,375	-	7,375
<b>Total contributions and payments</b>		<b>-</b>	<b>-</b>	<b>(1,420,073)</b>	<b>(1,420,073)</b>	<b>(16,154)</b>	<b>(1,436,227)</b>
<b>Balance at 30 June 2022 (unaudited)</b>		<b>4,221,794</b>	<b>(1,146,187)</b>	<b>48,755,082</b>	<b>51,830,689</b>	<b>1,078,002</b>	<b>52,908,691</b>
	<b>Attributable to equity holders of the Company</b>				<b>Non-controlling interest</b>	<b>Total equity</b>	
	<b>Notes</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Retained earnings</b>			<b>Total</b>
<b>Balance at 1 January 2021</b>		<b>4,221,794</b>	<b>(1,212,174)</b>	<b>43,900,420</b>	<b>46,910,040</b>	<b>955,903</b>	<b>47,865,943</b>
Profit for the period		-	-	3,622,937	3,622,937	55,178	3,678,115
Other comprehensive income		-	369,674	-	369,674	-	369,674
Related income tax	10	-	(41,205)	-	(41,205)	-	(41,205)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>328,469</b>	<b>3,622,937</b>	<b>3,951,406</b>	<b>55,178</b>	<b>4,006,584</b>
<b>Contributions and payments</b>							
Dividends	19	-	-	(1,414,339)	(1,414,339)	(22,200)	(1,436,539)
Other	19	-	-	6,307	6,307	-	6,307
<b>Total contributions and payments</b>		<b>-</b>	<b>-</b>	<b>(1,408,032)</b>	<b>(1,408,032)</b>	<b>(22,200)</b>	<b>(1,430,232)</b>
<b>Balance at 30 June 2021 (unaudited)</b>		<b>4,221,794</b>	<b>(883,705)</b>	<b>46,115,325</b>	<b>49,453,414</b>	<b>988,881</b>	<b>50,442,295</b>

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements (unaudited)



## **1 Background**

### **(a) The Group and its operation**

The primary activities of Public Joint-Stock Company “Rosseti Centre” (hereinafter referred to as the PJSC “Rosseti Centre” or the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) are provision of services for transmission and distribution of electricity for power grids, as well as the provision of services for technological connection of consumers to the network, as well as the sale of electricity to the end consumer in a number of regions of the Russian Federation.

The parent company is PJSC “Rosseti”.

The Company was set up on 17 December 2004 based on Resolution no. 154p of 9 December 2004 and pursuant to the Board of Directors’ decision (board of directors’ meeting minutes no. 178 of 1 October 2004) and Management Board decision (Management Board meeting minute no. 1102 of 15 November 2004) of Open Joint-Stock Company RAO “United Energy Systems of Russia” (hereinafter - “RAO UES”). From 07 July 2015, OJSC “IDGC of Centre” is renamed as PJSC “IDGC of Centre” based on the Decision of the Annual General Meeting of Shareholders of OJSC “IDGC of Centre” dated 25 June 2015 (minutes No. 01/15 of 26 June 2015), in order to bring it in line with the legal requirements. From 03 August 2021 PJSC “IDGC of Centre” has been renamed PJSC “Rosseti Centre” based on the decision of the Annual General Meeting of Shareholders of PJSC “IDGC of Centre” held on 31 May 2021 (minutes No. 01/21 of 31 May 2021). The corresponding changes were made to the Company's Charter.

The Company’s registered office is Malaya Ordynka St., 15, Moscow, 119017, Russia.

The Company’s de facto address is Malaya Ordynka St., 15, Moscow, 119017, Russia.

### **(b) Relations with state**

The Russian Government, through the Federal Agency for the Management of State Property, is the ultimate controlling party of the Company. The policies of the Government of the Russian Federation in the economic, social and other areas may have a significant impact on the Group.

As at 30 June 2022, the share of the Russian Federation in the authorized capital of the parent company of PJSC “Rosseti” was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares (as at 31 December 2021, the share of the Russian Federation in the authorized capital of the parent company of PJSC “Rosseti” was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares).

PJSC “Rosseti”, in its turn, owns 50.23% of the Company’s shares.

The State has a direct influence on the Group's activities through the regulation of tariffs in the electric power industry, approval and control over the implementation of the investment program. The Group's counterparties (consumers of services, suppliers and contractors, others) include a significant number of companies associated with the main shareholder of the parent company).

## **1 Background (continued)**

### **(c) Russian business environment**

The Group operates in the Russian Federation and is therefore exposed to risks related to the state of the economy and financial markets of the Russian Federation.

Economic reforms and the development of legal, tax and administrative infrastructure that would meet the requirements of a market economy are continuing in Russia.

In 2020, the World Health Organization declared the COVID-19 epidemic a global pandemic. The Russian authorities have taken a number of measures aimed at curbing the spread and mitigating the consequences of the epidemic. Some measures were canceled or relaxed in 2022. The consequences of the epidemic have significantly limited economic activity in Russia and have already had and may still have a negative impact on the Russian and global economy for an indefinite period of time.

In February 2022, geopolitical tensions escalated. The European Union, the United States and a number of other countries have imposed new sanctions on a number of Russian state and commercial organizations, individuals and certain sectors of the economy, as well as restrictions on certain types of operations. In March 2022, temporary restrictive economic measures were introduced in the Russian Federation. The stability of the Russian economy in the future will largely depend on the effectiveness of the measures taken by the government in the field of economics, financial and monetary policy in order to offset the effects of the above factors.

Management continues to monitor and evaluate the impact of these events on the Group's operations. The future consequences of the current economic situation are difficult to predict, and management's current expectations and estimates may differ from actual results. Basis of preparation of consolidated financial statements

## **2 Basis of preparation of consolidated financial statements**

### **(a) Statement of compliance**

These interim condensed consolidated financial statements for the three months ended 31 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected notes are included to explain events and transactions that are material to the understanding of changes in the Group's financial position and operations since the date of the last annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

### **(b) Use of estimates and professional judgments**

The key judgments made by management in the preparation of these interim condensed consolidated financial statements regarding the Group's accounting policies and significant sources of estimation uncertainty are consistent with those made in the preparation of the consolidated financial statements for the year ended 31 December 2021 and as at that date.

### **(c) Application of new and revised standards and interpretations**

The Group has applied all new amendments to the standards that came into force on 1 January 2022. The impact of the adoption of the new amendments was not significant in relation to these interim condensed consolidated financial statements.

New standards, amendments and clarifications that have been issued but have not yet entered into force at the date of issue of the Group's consolidated financial statements are listed below. The Group intends to

## **2 Basis of preparation of consolidated financial statements (continued)**

adopt the applicable standards and clarifications for use after entry into force, no significant impact on the consolidated financial statements of the Group is expected.

- IFRS 17 “Insurance Contracts” (issued in May 2017 and effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 “Income Taxes” – deferred tax on assets and liabilities arising from a single transaction (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS (IAS) 1 “Presentation of Financial Statements”, which provides guidance and examples on the application of the concept of materiality to the disclosure of information on accounting policies – effective from 1 January 2023.
- Amendments to IFRS 10 and IAS 28 concerning the sale or deposit of assets between an investor and his associate or joint venture were adopted by the IASB in September 2014, in December 2015 application was postponed until the end of the study on the equity method of accounting.
- Amendments to IFRS (IAS) 1 “Presentation of Financial Statements” – “Classification of liabilities as short-term or long-term”. The amendment becomes effective from January 1, 2024 (taking into account the draft additional amendments issued in November 2021).

## **3 Significant accounting policies**

The key accounting policies and accounting methods used by the Group are consistent with those described in the audited consolidated financial statements for the year ended 31 December 2021.

## **4 Measurement of fair value**

A number of the Group’s accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

The moment of time at which transfers to certain levels are recognized and for transfers from certain levels, the Group considers the date of occurrence of the event or change in circumstances that caused the transfer.

## **5 Information about segments**

The Management Board of PJSC “Rosseti Centre” is the supreme body that makes decisions on operating activities.

The primary activities of the Group are provision of services for transmission and distribution of electricity for power grids, as well as the provision of services for technological connection of consumers to the network, as well as the sale of electricity to the end consumer in a number of regions of the Russian Federation. From 2016 and at the date of signing of the interim condensed consolidated financial statements, the division of the Company Tverenergo performs the electricity guarantee supplier function in the territory of Tver Region.

The internal management system is based on segments (branches formed on a territorial basis) related to transmission and distribution of electricity, technological connection to electric grids and electricity sales to the end user in a number of regions of the Russian Federation.

EBITDA is used to reflect the results of each reporting segment: profit or loss before interest expense, taxation, depreciation, and net accrual/(recovery) of an impairment loss on property, plant and equipment and right-of-use assets (taking into account current accounting and reporting standards in the Russian Federation). Management believes that the EBITDA calculated in this way is the most indicative indicator for evaluating the performance of the Group's operating segments.

The following reportable segments were identified:

- branch Belgorodenergo, branch Bryanskenergo, branch Voronezhenergo, branch Kostromaenergo, branch Kurskenergo, branch Lipetskenergo, branch Orelenergo, branch Smolenskenergo, branch Tambovenrgo, branch Tverenergo, branch Yarenergo
- Other TSS (specialized electric grid subsidiaries)
- Others

The “Others” category includes operations of the executive office and non-core subsidiaries. These operations do not meet the quantitative criteria for allocating them to reportable segments.

Segment indicators are based on management information, which is prepared on the basis of the Russian accounting standards financial statements and may differ those presented in the financial statements prepared in accordance with IFRS. The reconciliation of the indicators in the evaluation to the Management Board and similar indicators in these interim condensed consolidated financial statements includes those reclassifications and adjustments that are necessary for reporting in accordance with IFRS.

## 5 Information about segments (continued)

### (a) Information about reportable segments

For the three months ended 30 June 2022:

	<b>Belgorod energo</b>	<b>Bryansk energo</b>	<b>Voronezh energo</b>	<b>Kostroma energo</b>	<b>Kursk energo</b>	<b>Lipetsk energo</b>	<b>Orel energo</b>	<b>Smolensk energo</b>	<b>Tambov energo</b>	<b>Tver energo</b>	<b>Yar energo</b>	<b>Other TSS</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	3,392,758	986,605	3,857,646	1,347,452	2,012,321	2,327,224	1,184,207	1,878,367	1,469,163	2,670,665	2,490,596	1,523,635	156,033	<b>25,296,672</b>
Inter-segment revenue	-	420,965	28,753	-	-	-	-	-	-	-	2,176	580,808	1,642	<b>1,034,344</b>
<b>Segment revenue</b>	<b>3,392,758</b>	<b>1,407,570</b>	<b>3,886,399</b>	<b>1,347,452</b>	<b>2,012,321</b>	<b>2,327,224</b>	<b>1,184,207</b>	<b>1,878,367</b>	<b>1,469,163</b>	<b>2,670,665</b>	<b>2,492,772</b>	<b>2,104,443</b>	<b>157,675</b>	<b>26,331,016</b>
including														
<i>Electricity transmission</i>	3,041,701	1,326,827	3,764,944	1,295,560	1,835,740	2,270,469	1,170,512	1,840,150	1,426,100	2,489,700	2,415,585	1,958,848	-	<b>24,836,136</b>
<i>Technological connection services</i>	223,311	31,001	38,221	23,250	59,797	11,947	1,217	11,108	8,299	6,908	34,576	55,680	-	<b>505,315</b>
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	130,768	-	-	-	<b>130,768</b>
<i>Other revenue</i>	127,746	49,742	83,234	28,642	116,784	44,808	12,478	27,109	34,764	43,289	42,611	89,915	157,675	<b>858,797</b>
<b>EBITDA</b>	<b>1,012,844</b>	<b>351,886</b>	<b>929,916</b>	<b>421,958</b>	<b>458,186</b>	<b>641,965</b>	<b>172,185</b>	<b>281,270</b>	<b>255,682</b>	<b>316,153</b>	<b>593,805</b>	<b>745,000</b>	<b>289,544</b>	<b>6,470,394</b>

For the six months ended 30 June 2022:

	<b>Belgorod energo</b>	<b>Bryansk energo</b>	<b>Voronezh energo</b>	<b>Kostroma energo</b>	<b>Kursk energo</b>	<b>Lipetsk energo</b>	<b>Orel energo</b>	<b>Smolensk energo</b>	<b>Tambov energo</b>	<b>Tver energo</b>	<b>Yar energo</b>	<b>Other TSS</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	7,067,951	2,109,240	8,454,721	2,933,439	4,254,002	5,052,169	2,547,395	4,149,749	3,240,233	5,856,376	5,442,451	3,219,510	286,059	<b>54,613,295</b>
Inter-segment revenue	-	925,634	57,566	-	-	-	-	-	-	-	4,315	1,197,249	3,257	<b>2,188,021</b>
<b>Segment revenue</b>	<b>7,067,951</b>	<b>3,034,874</b>	<b>8,512,287</b>	<b>2,933,439</b>	<b>4,254,002</b>	<b>5,052,169</b>	<b>2,547,395</b>	<b>4,149,749</b>	<b>3,240,233</b>	<b>5,856,376</b>	<b>5,446,766</b>	<b>4,416,759</b>	<b>289,316</b>	<b>56,801,316</b>
including														
<i>Electricity transmission</i>	6,565,653	2,896,244	8,240,035	2,841,355	3,951,538	4,958,501	2,508,229	4,087,050	3,068,230	5,436,925	5,275,907	4,160,277	-	<b>53,989,944</b>
<i>Technological connection services</i>	263,545	34,017	132,388	38,197	171,648	26,638	18,984	16,982	120,215	45,293	70,202	89,197	-	<b>1,027,306</b>
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	308,730	-	-	-	<b>308,730</b>
<i>Other revenue</i>	238,753	104,613	139,864	53,887	130,816	67,030	20,182	45,717	51,788	65,428	100,657	167,285	289,316	<b>1,475,336</b>
<b>EBITDA</b>	<b>2,216,480</b>	<b>791,610</b>	<b>2,284,739</b>	<b>1,004,498</b>	<b>1,023,624</b>	<b>1,385,375</b>	<b>482,430</b>	<b>861,930</b>	<b>634,024</b>	<b>759,801</b>	<b>1,338,864</b>	<b>1,411,133</b>	<b>311,853</b>	<b>14,506,361</b>

## 5 Information about segments (continued)

For the three months ended 30 June 2021:

	<b>Belgorod energo</b>	<b>Bryansk energo</b>	<b>Voronezh energo</b>	<b>Kostroma energo</b>	<b>Kursk energo</b>	<b>Lipetsk energo</b>	<b>Orel energo</b>	<b>Smolensk energo</b>	<b>Tambov energo</b>	<b>Tver energo</b>	<b>Yar energo</b>	<b>Other TSS</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	3,210,629	906,887	3,844,237	1,350,292	1,808,015	2,083,700	1,153,815	1,817,621	1,372,855	2,624,530	2,375,654	1,573,291	140,092	<b>24,261,618</b>
Inter-segment revenue	-	383,911	10,372	-	-	-	-	-	210	-	1,981	544,627	1,206	<b>942,307</b>
<b>Segment revenue</b>	<b>3,210,629</b>	<b>1,290,798</b>	<b>3,854,609</b>	<b>1,350,292</b>	<b>1,808,015</b>	<b>2,083,700</b>	<b>1,153,815</b>	<b>1,817,621</b>	<b>1,373,065</b>	<b>2,624,530</b>	<b>2,377,635</b>	<b>2,117,918</b>	<b>141,298</b>	<b>25,203,925</b>
including														
<i>Electricity transmission</i>	3,017,549	1,267,311	3,585,803	1,291,965	1,776,431	2,049,987	1,126,857	1,787,794	1,364,738	2,479,573	2,319,490	2,018,902	-	<b>24,086,400</b>
<i>Technological connection services</i>	26,350	6,713	63,108	26,268	12,165	10,861	17,815	9,450	740	9,864	22,174	42,956	-	<b>248,464</b>
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	122,409	-	-	-	<b>122,409</b>
<i>Other revenue</i>	166,730	16,774	205,698	32,059	19,419	22,852	9,143	20,377	7,587	12,684	35,971	56,060	141,298	<b>746,652</b>
<b>EBITDA</b>	<b>915,851</b>	<b>187,444</b>	<b>975,582</b>	<b>367,010</b>	<b>248,570</b>	<b>385,701</b>	<b>138,088</b>	<b>323,247</b>	<b>71,774</b>	<b>461,433</b>	<b>597,313</b>	<b>653,233</b>	<b>73,985</b>	<b>5,399,231</b>

For the six months ended 30 June 2021:

	<b>Belgorod energo</b>	<b>Bryansk energo</b>	<b>Voronezh energo</b>	<b>Kostroma energo</b>	<b>Kursk energo</b>	<b>Lipetsk energo</b>	<b>Orel energo</b>	<b>Smolensk energo</b>	<b>Tambov energo</b>	<b>Tver energo</b>	<b>Yar energo</b>	<b>Other TSS</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	6,745,542	1,929,905	8,105,835	2,885,480	3,873,027	4,622,544	2,472,688	4,030,910	2,964,452	5,798,079	5,334,878	3,108,143	271,337	<b>52,142,820</b>
Inter-segment revenue	-	863,584	20,843	-	-	-	-	-	419	-	4,072	1,131,292	2,643	<b>2,022,853</b>
<b>Segment revenue</b>	<b>6,745,542</b>	<b>2,793,489</b>	<b>8,126,678</b>	<b>2,885,480</b>	<b>3,873,027</b>	<b>4,622,544</b>	<b>2,472,688</b>	<b>4,030,910</b>	<b>2,964,871</b>	<b>5,798,079</b>	<b>5,338,950</b>	<b>4,239,435</b>	<b>273,980</b>	<b>54,165,673</b>
including														
<i>Electricity transmission</i>	6,397,202	2,736,044	7,796,566	2,781,387	3,824,612	4,564,600	2,420,979	3,971,591	2,946,161	5,472,003	5,155,915	4,094,471	-	<b>52,161,531</b>
<i>Technological connection services</i>	44,485	27,422	88,151	37,140	13,654	13,701	32,008	19,899	4,921	13,150	124,790	62,041	-	<b>481,362</b>
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	288,627	-	-	-	<b>288,627</b>
<i>Other revenue</i>	303,855	30,023	241,961	66,953	34,761	44,243	19,701	39,420	13,789	24,299	58,245	82,923	273,980	<b>1,234,153</b>
<b>EBITDA</b>	<b>1,987,337</b>	<b>558,860</b>	<b>1,939,596</b>	<b>873,781</b>	<b>634,064</b>	<b>1,035,258</b>	<b>369,565</b>	<b>918,319</b>	<b>319,034</b>	<b>794,388</b>	<b>1,463,581</b>	<b>1,142,745</b>	<b>206,766</b>	<b>12,243,294</b>

## 5 Information about segments (continued)

As at 30 June 2022:

	<u>Belgorod energo</u>	<u>Bryansk energo</u>	<u>Voronezh energo</u>	<u>Kostroma energo</u>	<u>Kursk energo</u>	<u>Lipetsk energo</u>	<u>Orel energo</u>	<u>Smolensk energo</u>	<u>Tambov energo</u>	<u>Tver energo</u>	<u>Yar energo</u>	<u>Other TSS</u>	<u>Others</u>	<u>Total</u>
Segment assets	<b>25,650,477</b>	<b>5,587,262</b>	<b>19,420,941</b>	<b>8,463,353</b>	<b>8,872,640</b>	<b>13,358,047</b>	<b>4,695,457</b>	<b>8,300,185</b>	<b>5,514,260</b>	<b>9,424,880</b>	<b>15,357,474</b>	<b>15,266,955</b>	<b>13,697,947</b>	<b>153,609,878</b>
Including property, plant and equipment and construction in progress	23,548,155	4,731,313	16,451,848	7,036,365	7,487,508	9,500,931	3,813,523	7,114,855	3,695,036	6,417,250	9,826,840	11,096,473	1,417,462	<b>112,137,559</b>

As at 31 December 2021:

	<u>Belgorod energo</u>	<u>Bryansk energo</u>	<u>Voronezh energo</u>	<u>Kostroma energo</u>	<u>Kursk energo</u>	<u>Lipetsk energo</u>	<u>Orel energo</u>	<u>Smolensk energo</u>	<u>Tambov energo</u>	<u>Tver energo</u>	<u>Yar energo</u>	<u>Other TSS</u>	<u>Others</u>	<u>Total</u>
Segment assets	<b>24,597,808</b>	<b>5,642,227</b>	<b>17,692,704</b>	<b>8,152,093</b>	<b>8,615,640</b>	<b>19,929,647</b>	<b>4,541,905</b>	<b>8,242,960</b>	<b>6,487,110</b>	<b>12,655,371</b>	<b>16,759,037</b>	<b>14,387,675</b>	<b>8,528,535</b>	<b>156,232,712</b>
Including property, plant and equipment and construction in progress	22,650,335	4,659,704	14,978,109	6,690,033	7,081,640	16,537,299	3,794,388	6,839,613	4,619,006	10,203,053	11,168,372	11,019,061	151,468	<b>120,392,081</b>

## 5 Information about segments (continued)

### (b) The reconciliation of reportable segments EBITDA:

Reconciliation of reportable segments by EBITDA:

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
<b>EBITDA of reportable segments</b>	<b>6,470,394</b>	<b>5,399,231</b>	<b>14,506,361</b>	<b>12,243,294</b>
Discounting receivables	(166,135)	2,945	45,435	7,164
Discounting of financial liabilities	(58,689)	(55,273)	(115,876)	(109,136)
Adjustment for lease	(1,706)	158,282	190,858	295,053
Recognition of pension and other long-term liabilities to employees	(17,799)	(48,105)	(68,819)	(72,554)
Adjustment on assets related to employee benefit liabilities	(11,911)	8,181	6,604	8,266
Re-measurement of financial assets at fair value through other comprehensive income (transfer of revaluation to equity)	10,404	11,885	84,324	1,943
Adjustment of the value of property, plant and equipment	(40,249)	(17,589)	(58,812)	(18,461)
Acquisition of subsidiaries	-	60,110	-	60,110
Other adjustments	(346,589)	(1,769)	(680,997)	18,562
<b>EBITDA</b>	<b>5,837,720</b>	<b>5,517,898</b>	<b>13,909,078</b>	<b>12,434,241</b>
Depreciation and amortization	(3,160,722)	(3,078,804)	(6,362,478)	(6,137,061)
Interest expenses on financial liabilities	(1,131,781)	(576,479)	(2,172,835)	(1,142,889)
Interest expenses on lease liabilities	(146,679)	(78,278)	(295,135)	(163,159)
Income tax expense	(596,325)	(532,203)	(1,608,028)	(1,313,017)
<b>Profit for the period per consolidated statement of profit or loss and other comprehensive income</b>	<b>802,213</b>	<b>1,252,134</b>	<b>3,470,602</b>	<b>3,678,115</b>



## 6 Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
Electricity transmission	23,868,360	23,162,523	51,933,981	50,176,836
Technological connection services	505,206	248,449	1,027,136	481,196
Sale of electricity and capacity	130,768	122,409	308,730	288,627
Other revenue	743,056	719,806	1,245,018	1,179,859
<b>Total revenue from contracts with customers</b>	<b>25,247,390</b>	<b>24,253,187</b>	<b>54,514,865</b>	<b>52,126,518</b>
Lease revenue	49,282	8,431	98,430	16,302
	<b>25,296,672</b>	<b>24,261,618</b>	<b>54,613,295</b>	<b>52,142,820</b>

Other revenue includes mainly technical and maintenance services, diagnostics and testing, construction services, consulting and organizational and technical services.

## 7 Other income and other expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
Income from identified non-contracted electricity consumption	40,990	92,476	89,426	156,966
Income in the form of fines and penalties on commercial contracts	81,807	144,882	330,814	329,706
Accounts payable write-off	5,681	13,883	20,067	17,633
Acquisition of subsidiaries	-	60,110	-	60,110
Insurance indemnity	30,952	21,326	41,868	57,689
Other income	191,339	61,236	237,418	209,947
	<b>350,769</b>	<b>393,913</b>	<b>719,593</b>	<b>832,051</b>

Other expenses include loss on disposal of property, plant and equipment for three and six months ended 30 June 2022 in the amount of RUB 7,241 thousand and RUB 8,366 thousand (for three and six months ended 30 June 2021: RUB 6,862 thousand and RUB 18,871 thousand).

## 8 Operating expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
Personnel costs	5,913,981	5,672,004	11,559,164	11,275,848
Depreciation and amortization	3,160,722	3,078,804	6,362,478	6,137,061
<i>Material expenses, including:</i>				
Electricity for compensation of losses	3,446,996	3,191,597	9,403,594	8,835,893
Electricity for sale	114,150	105,577	267,871	251,296
Purchased electricity and heat power for own needs	64,366	62,276	279,833	285,363
Other material costs	934,077	857,257	1,474,437	1,348,578
<i>Production work and services, including:</i>				
Electricity transmission services	7,047,928	7,080,827	14,482,721	14,526,579
Repair and maintenance services	208,773	225,851	285,296	298,625
Other works and industrial services	473,208	356,062	853,332	712,145
Taxes and levies other than income tax	566,029	556,191	1,134,777	1,103,546
Short-term rent	21,040	60,018	24,405	61,596
Insurance	33,745	34,164	67,460	66,947
<i>Other third-party services, including:</i>				
Communication services	96,570	75,086	182,617	154,304
Security services	100,521	84,141	186,511	166,806
Consulting, legal and audit services	9,318	7,472	28,131	17,835
Software costs and services	87,542	68,769	142,876	134,686
Transportation services	3,731	26,413	6,313	29,733
Other services	307,711	239,869	442,500	365,277
Provisions	(28,320)	803	(29,937)	44,206
Expenses recognized in connection with the settlement for electricity transmission, electricity for sale, purchased electricity to compensate for losses and non-contracted consumption	109,209	248,756	152,136	250,671
Other expenses	417,399	195,046	821,869	554,321
	<b>23,088,696</b>	<b>22,226,983</b>	<b>48,128,384</b>	<b>46,621,316</b>

## 9 Finance income and costs

	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Finance income</b>				
Interest income on bank deposits and balances on bank accounts	154,302	25,820	252,843	61,074
Interest income on assets related to employee defined benefits plans	-	-	14,603	20,802
Dividends receivable	111	8,382	111	8,382
Other finance income	(166,135)	2,945	45,435	7,164
	<b>(11,722)</b>	<b>37,147</b>	<b>312,992</b>	<b>97,422</b>
<b>Finance costs</b>				
Interest expenses on financial liabilities measured at amortized cost	(1,131,781)	(576,479)	(2,172,835)	(1,142,889)
Interest expenses on lease liabilities	(146,679)	(78,278)	(295,135)	(163,159)
Interest expenses on long-term employee benefit liabilities	(58,365)	(48,039)	(119,976)	(97,438)
Amortization of discount on financial liabilities	(58,689)	(55,273)	(115,876)	(109,136)
Other finance costs	(6,407)	(2,848)	(12,797)	(6,637)
	<b>(1,401,921)</b>	<b>(760,917)</b>	<b>(2,716,619)</b>	<b>(1,519,259)</b>

## 10 Income tax

	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Current income tax</b>				
Accrual of current tax	(306,245)	(332,683)	(993,136)	(1,073,373)
Adjustment of the tax for the previous periods	4,351	10,613	6,050	38,728
<b>Total</b>	<b>(301,894)</b>	<b>(322,070)</b>	<b>(987,086)</b>	<b>(1,034,645)</b>
Deferred income tax	(294,431)	(210,133)	(620,942)	(278,372)
<b>Income tax expense</b>	<b>(596,325)</b>	<b>(532,203)</b>	<b>(1,608,028)</b>	<b>(1,313,017)</b>

The income tax rate established by Russian legislation is 20%.

Income tax expenses are reflected based on the management's best estimate at the reporting date of the weighted average expected income tax rate for the full fiscal year.

## 10 Income tax (continued)

The profit before taxation is correlated to income tax expenses as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
<b>Profit before income tax</b>	1,398,538	1,784,337	5,078,630	4,991,132
<b>Income tax calculated at the applicable tax rate</b>	(279,708)	(356,867)	(1,015,726)	(998,226)
Tax effect of items not deductible/not taxable for taxation purposes	(320,968)	(185,949)	(598,352)	(353,519)
Adjustments for prior years	4,351	10,613	6,050	38,728
	<b>(596,325)</b>	<b>(532,203)</b>	<b>(1,608,028)</b>	<b>(1,313,017)</b>

Income tax recognized in other comprehensive income:

	For the three months ended 30 June 2022			For the three months ended 30 June 2021		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	(10,404)	2,081	(8,323)	(11,885)	2,377	(9,508)
Remeasurements of the defined benefit liability	(778,933)	90,396	(688,537)	30,738	(3,446)	27,292
	<b>(789,337)</b>	<b>(92,477)</b>	<b>(696,860)</b>	<b>18,853</b>	<b>(1,069)</b>	<b>17,784</b>

	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	(84,324)	16,865	(67,459)	(1,943)	389	(1,554)
Remeasurements of the defined benefit liability	(302,214)	22,492	(279,722)	371,617	(41,594)	330,023
	<b>(386,538)</b>	<b>39,357</b>	<b>(347,181)</b>	<b>369,674</b>	<b>(41,205)</b>	<b>328,469</b>

## 11 Property, plant and equipment

	<b>Land and buildings</b>	<b>Electricity transmission networks</b>	<b>Equipment for electricity transmission</b>	<b>Other</b>	<b>Construction in progress</b>	<b>Total</b>
<i>Cost/deemed cost</i>						
<b>At 1 January 2021</b>	<b>47,131,304</b>	<b>78,252,593</b>	<b>44,683,833</b>	<b>30,976,746</b>	<b>5,565,987</b>	<b>206,610,463</b>
Additions	4,080	8,433	4,221	-	5,341,602	5,358,336
Acquisition of subsidiaries	733,888	148,452	139,140	61,709	8,212	1,091,401
Transfer	403,318	1,479,743	910,792	2,310,000	(5,103,853)	-
Disposals	(18,633)	(7,481)	(4,154)	(48,688)	(1,641)	(80,597)
<b>At 30 June 2021</b>	<b>48,253,957</b>	<b>79,881,740</b>	<b>45,733,832</b>	<b>33,299,767</b>	<b>5,810,307</b>	<b>212,979,603</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2021</b>	<b>(19,064,802)</b>	<b>(48,009,731)</b>	<b>(23,504,909)</b>	<b>(19,753,592)</b>	<b>(172,234)</b>	<b>(110,505,268)</b>
Transfer to property, plant and equipment (transfer of impairment losses)	(2,107)	(7,627)	(3,763)	(1,375)	14,872	-
Depreciation charge	(1,197,083)	(2,189,100)	(1,179,733)	(1,206,381)	-	(5,772,297)
Disposals	6,208	5,093	2,397	48,372	-	62,070
<b>At 30 June 2021</b>	<b>(20,257,784)</b>	<b>(50,201,365)</b>	<b>(24,686,008)</b>	<b>(20,912,976)</b>	<b>(157,362)</b>	<b>(116,215,495)</b>
<i>Net book value</i>						
<b>At 1 January 2021</b>	<b>28,066,502</b>	<b>30,242,862</b>	<b>21,178,924</b>	<b>11,223,154</b>	<b>5,393,753</b>	<b>96,105,195</b>
<b>At 30 June 2021</b>	<b>27,996,173</b>	<b>29,680,375</b>	<b>21,047,824</b>	<b>12,386,791</b>	<b>5,652,945</b>	<b>96,764,108</b>

## 11 Property, plant and equipment (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2022</b>	<b>50,656,129</b>	<b>82,460,141</b>	<b>47,546,801</b>	<b>37,564,865</b>	<b>5,150,754</b>	<b>223,378,690</b>
Additions	27,758	7,103	2,733	-	4,924,532	4,962,126
Acquisition of subsidiaries	50,622	35,803	41,573	43,657	2,004	173,659
Transfer	608,526	924,780	792,263	1,464,915	(3,790,484)	-
Disposals	(50,188)	(6,328)	(10,808)	(36,958)	(2,027)	(106,309)
<b>At 30 June 2022</b>	<b>51,292,847</b>	<b>83,421,499</b>	<b>48,372,562</b>	<b>39,036,479</b>	<b>6,284,779</b>	<b>228,408,166</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2022</b>	<b>(21,819,056)</b>	<b>(52,803,685)</b>	<b>(26,187,286)</b>	<b>(22,168,017)</b>	<b>(131,078)</b>	<b>(123,109,122)</b>
Transfer to property, plant and equipment (transfer of impairment losses)	(9,249)	(5,795)	(495)	(1,307)	16,846	-
Depreciation charge	(1,214,338)	(2,100,172)	(1,208,797)	(1,349,109)	-	(5,872,416)
Disposals	9,170	3,614	4,110	45,390	2,354	64,638
<b>At 30 June 2022</b>	<b>(23,033,473)</b>	<b>(54,906,038)</b>	<b>(27,392,468)</b>	<b>(23,473,043)</b>	<b>(111,878)</b>	<b>(128,916,900)</b>
<i>Net book value</i>						
<b>At 1 January 2022</b>	<b>28,837,073</b>	<b>29,656,456</b>	<b>21,359,515</b>	<b>15,396,848</b>	<b>5,019,676</b>	<b>100,269,568</b>
<b>At 30 June 2022</b>	<b>28,259,374</b>	<b>28,515,461</b>	<b>20,980,094</b>	<b>15,563,436</b>	<b>6,172,901</b>	<b>99,491,266</b>

## **11 Property, plant and equipment (continued)**

As at 30 June 2022 advance payments for property, plant and equipment include in construction in progress in the amount of RUB 153,440 thousand (as at 31 December 2021: RUB 82,584 thousand), also materials for the construction of property, plant and equipment in the amount RUB of 1,530,323 thousand (as at 31 December 2021: RUB 1,187,127 thousand).

For the six months ended 30 June 2022 capitalized interest amount is RUB 116,443 thousand (for the six months ended 30 June 2021: RUB 75,388 thousand), the capitalization rate used to determine the amount of borrowing costs to be capitalized was 8.76% - 16.20% during the year (for the six months ended 30 June 2021: 5.52% - 6.36%).

Depreciation charges were capitalized in the value of capital construction in the amount of RUB 7,741 thousand for the three months ended 30 June 2022 (for the three months ended 30 June 2021: RUB 14,107 thousand).

As at 30 June 2022 fixed assets in the amount of RUB 203,679 at the collateral value under loan agreements are used as collateral in the Group's subsidiaries (as at 31 December 2021: RUB 203,679 thousand).

As at 30 June 2022 the initial cost of fully amortized property plant and equipment was RUB 36,698,935 thousand (as at 31 December 2021: RUB 32,877,395 thousand).

## 12 Intangible assets

	Software	R&D	Other intangible assets	Total
<i>Initial costs</i>				
<b>At 1 January 2021</b>	<b>2,654,443</b>	<b>38,454</b>	<b>1,333,360</b>	<b>4,026,257</b>
Additions	114,419	9,007	2,017	125,443
Acquisition of subsidiaries	2,435	-	-	2,435
Disposals	-	-	(3,210)	(3,210)
<b>At 30 June 2021</b>	<b>2,771,297</b>	<b>47,461</b>	<b>1,332,167</b>	<b>4,150,925</b>
<i>Accumulated amortization and impairment</i>				
<b>At 1 January 2021</b>	<b>(1,307,093)</b>	-	<b>(387,206)</b>	<b>(1,694,299)</b>
Amortization charge	(200,625)	-	(34,972)	(235,597)
Disposals	-	-	3,133	3,133
<b>At 30 June 2021</b>	<b>(1,507,718)</b>	-	<b>(419,045)</b>	<b>(1,926,763)</b>
<i>Net book value</i>				
<b>At 1 January 2021</b>	<b>1,347,350</b>	<b>38,454</b>	<b>946,154</b>	<b>2,331,958</b>
<b>At 30 June 2021</b>	<b>1,263,579</b>	<b>47,461</b>	<b>913,122</b>	<b>2,224,162</b>
<i>Initial costs</i>				
<b>At 1 January 2022</b>	<b>3,099,656</b>	<b>28,794</b>	<b>1,383,864</b>	<b>4,512,314</b>
Additions	102,986	9,007	-	111,993
Acquisition of subsidiaries	391	-	181,778	182,169
<b>At 30 June 2022</b>	<b>3,203,033</b>	<b>37,801</b>	<b>1,565,642</b>	<b>4,806,476</b>
<i>Accumulated amortization and impairment</i>				
<b>At 1 January 2022</b>	<b>(1,711,866)</b>	-	<b>(455,200)</b>	<b>(2,167,066)</b>
Amortization charge	(196,956)	-	(39,327)	(236,283)
<b>At 30 June 2022</b>	<b>(1,908,822)</b>	-	<b>(494,527)</b>	<b>(2,403,349)</b>
<i>Net book value</i>				
<b>At 1 January 2022</b>	<b>1,387,790</b>	<b>28,794</b>	<b>928,664</b>	<b>2,345,248</b>
<b>At 30 June 2022</b>	<b>1,294,211</b>	<b>37,801</b>	<b>1,071,115</b>	<b>2,403,127</b>

Amortization of intangible assets included in operating expenses in consolidated interim condensed statement of profit or loss and other comprehensive income for the six months ended 30 June 2022 is RUB 236,283 thousand (for the six months ended 30 June 2021: RUB 235,597 thousand).

Capitalized interest is absent for the six months ended 30 June 2022 and for the six months ended 30 June 2021.

Other intangible assets include objects of intellectual property, R&D results, objects of Service Concession Arrangement and goodwill for the acquisition of a subsidiary in 2022.



## 12 Intangible assets (continued)

Intangible assets in the subgroup “Other intangible assets”, the Group included the right to charge users of electricity transmission services under the “Concession agreement regarding the financing, creation and operation of electric energy transmission and distribution facilities in the Tambov Region”. This agreement provides for the construction by the Group of facilities for the transmission and distribution of electricity in the Tambov region and the provision of services for the transmission, distribution of electricity and technological connection using the facilities of the concession agreement. The ownership of the constructed facilities belongs to the Tambov region, and the Group receives the right possession and use of objects for use in the specified activity. The concession agreement was concluded in 2015 for 20 years. A concession agreement may be amended or terminated by agreement of the parties in the manner and in the cases provided for by law, upon the expiration of the validity period, as well as on the basis of a court decision. The objects of the concession agreement shall be included in the planning document for the privatization of property for a period corresponding to the expiration of the concession agreement. Moreover, the Group has a preemptive right to repurchase these objects.

During the period of the Concession Agreement, the administration of the Tambov Region may provide the Group with subsidies both in terms of paying remuneration for construction and in compensating for lost revenue from electricity transmission.

The residual value of the intangible assets of the concession agreement as at 30 June 2022 in the amount of RUB 741,183 thousand is reflected in the line “Intangible assets” of the consolidated statement of financial position (in the amount of RUB 768,614 thousand as at 31 December 2021). For the six months ended 30 June 2022 depreciation was accrued on the objects of the concession agreement in the amount of RUB 27,431 thousand (for the six months ended 30 June 2021: RUB 27,431 thousand).

## 13 Right-of-use assets

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
<b>At 1 January 2021</b>	<b>2,726,743</b>	<b>191,516</b>	<b>186,151</b>	<b>137,844</b>	<b>3,242,254</b>
Additions	21,878	-	231	950,844	972,953
Changes in lease terms	(72,543)	(7,339)	(9,379)	(159)	(89,420)
Disposal or termination of lease agreements	(75,793)	(199)	(1,454)	-	(77,446)
<b>At 30 June 2021</b>	<b>2,600,285</b>	<b>183,978</b>	<b>175,549</b>	<b>1,088,529</b>	<b>4,048,341</b>
<i>Accumulated depreciation and impairment</i>					
<b>At 1 January 2021</b>	<b>(226,117)</b>	<b>(59,814)</b>	<b>(41,717)</b>	<b>(17,248)</b>	<b>(344,896)</b>
Depreciation charge	(86,604)	(12,331)	(15,686)	(28,653)	(143,274)
Changes in lease terms	49,001	9,147	10,269	241	68,658
Disposal or termination of lease agreements	19,708	-	171	-	19,879
<b>At 30 June 2021</b>	<b>(244,012)</b>	<b>(62,998)</b>	<b>(46,963)</b>	<b>(45,660)</b>	<b>(399,633)</b>
<i>Net book value</i>					
<b>At 1 January 2021</b>	<b>2,500,626</b>	<b>131,702</b>	<b>144,434</b>	<b>120,596</b>	<b>2,897,358</b>
<b>At 30 June 2021</b>	<b>2,356,273</b>	<b>120,980</b>	<b>128,586</b>	<b>1,042,869</b>	<b>3,648,708</b>

### 13 Right-of-use assets (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
<b>At 1 January 2022</b>	<b>4,031,009</b>	<b>733,808</b>	<b>755,253</b>	<b>1,238,558</b>	<b>6,758,628</b>
Additions	54,344	74,065	33,942	96,759	259,110
Change in lease terms	(6,965)	(95,310)	15,931	58,754	(27,590)
Disposal or termination of lease agreements	(1,953)	(14)	(3,456)	(167,394)	(172,817)
<b>At 30 June 2022</b>	<b>4,076,435</b>	<b>712,549</b>	<b>801,670</b>	<b>1,226,677</b>	<b>6,817,331</b>
<i>Accumulated depreciation and impairment</i>					
<b>At 1 January 2022</b>	<b>(321,151)</b>	<b>(63,512)</b>	<b>(55,656)</b>	<b>(111,178)</b>	<b>(551,497)</b>
Depreciation charge	(152,941)	(38,070)	(41,144)	(29,365)	(261,520)
Change in lease terms	238,654	56,982	48,818	89,521	433,975
Disposal or termination of lease agreements	479	7	1,069	4,544	6,099
<b>At 30 June 2022</b>	<b>(234,959)</b>	<b>(44,593)</b>	<b>(46,913)</b>	<b>(46,478)</b>	<b>(372,943)</b>
<i>Net book value</i>					
<b>At 1 January 2022</b>	<b>3,709,858</b>	<b>670,296</b>	<b>699,597</b>	<b>1,127,380</b>	<b>6,207,131</b>
<b>At 30 June 2022</b>	<b>3,841,476</b>	<b>667,956</b>	<b>754,757</b>	<b>1,180,199</b>	<b>6,444,388</b>

### 14 Other financial assets

	30 June 2022	31 December 2021
<b>Non-current</b>		
Financial assets at fair value through other comprehensive income	109,723	194,019
	<b>109,723</b>	<b>194,019</b>

Non-current financial assets include shares of Russian companies with a fair value calculated on the basis of published market quotations equal to RUB 109,723 thousand as at 30 June 2022 (as at 31 December 2021: RUB 194,019 thousand).

## 15 Trade and other receivables

	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>Non-current trade and other account receivables</b>		
Trade receivables	1,906,335	1,756,272
Allowance for expected credit losses on trade receivables	(87,509)	(9,016)
Other receivables	92,821	252,474
<b>Total financial assets</b>	<b><u>1,911,647</u></b>	<b><u>1,999,730</u></b>
<b>Current trade and other account receivables</b>		
Trade receivables	13,551,786	19,486,901
Allowance for expected credit losses on trade receivables	(4,201,696)	(8,797,026)
Other receivables	3,670,562	3,299,820
Allowance for expected credit losses on other receivables	(1,938,558)	(2,117,920)
<b>Total financial assets</b>	<b><u>11,082,094</u></b>	<b><u>11,871,775</u></b>

Long-term and short-term other receivables include restructured receivables under the contract of assignment of the right of claim in the total non-discounted amount of RUB 78,390 thousand as of 30 June 2022 (as of 31 December 2021: RUB 94,068 thousand). The terms of the agreement assume repayment of the remaining part of the receivables in 2022-2024 and the application of the interest rate 12.44 % per annum. As of 30 June 2022, long-term trade receivables include the debt of a number of consumers of electricity transmission services, discounted at a rate of 10.5 % per annum (as of 31 December 2021 - at a rate of 9.5 % per annum).

Balances with related parties are disclosed in Note 29.

## 16 Advances given and other assets

	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>Non-current</b>		
Advances given	112,993	4,077
	<b><u>112,993</u></b>	<b><u>4,077</u></b>
<b>Current</b>		
Advances given	967,289	637,991
Advances given impairment allowance	(14,436)	(14,446)
VAT recoverable	20,000	21,434
VAT on advances to customers and clients and advances given for the purchase of property, plant and equipment	997,122	801,289
Prepaid taxes, other than income tax and VAT	34,204	52,816
	<b><u>2,004,179</u></b>	<b><u>1,499,084</u></b>

Balance with related parties is disclosed in Note 29.

## 17 Cash and cash equivalents

	<u>30 June 2022</u>	<u>31 December 2021</u>
Cash in bank accounts and cash on hand	566,951	1,617,933
Cash equivalents	4,360,254	263,613
	<u>4,927,205</u>	<u>1,881,546</u>

All balance of cash and cash equivalents are denominated in rubles as at 30 June 2022 and 31 December 2021.

Cash equivalents as at 30 June 2022 and 31 December 2021 include short-term investments in bank deposits and promissory notes. They are placed at interest rates of 5.36 % - 9.26 % per annum as of 30 June 2022 (6.37 % - 8.15% per annum as of 31 December 2021).

## 18 Acquisition and disposal of subsidiaries, ownership interests

In the framework of the implementation of the development Strategy of the electric grid complex of the Russian Federation approved by the decree of the Government of the Russian Federation of 03 April 2013 No. 511-R, with the aim of reducing the number of existing territorial grid organizations, the Group acquired:

- 04 February 2022 100% of the ordinary registered non-documentary shares of an electric grid company (hereinafter referred to as the acquired company 1) for cash as a result of concluding the contract of sale.
- 29 June 2022 100% of the ordinary registered non-documentary shares of an electric grid company (hereinafter referred to as the acquired company 2) for cash as a result of concluding the contract of sale.

Goodwill in the amount of RUB 112,978 thousand in the part of company 1 and in the amount of RUB 68,800 thousand in the part of company 2 arising from the acquisition is the result of additional economic effects from the unification of the electric grid property of the acquired companies under the unified operational management of PJSC Rosseti Centre.

### Acquired company 1

On 21 January 2022 the Group concluded an agreement for the purchase and sale of 100% of ordinary registered non-documentary shares of the acquired company 1. The purchase price is defined as RUB 255,917 thousand and paid in cash.

The Group recorded the acquisition of control over the acquired company 1 using the purchase method in accordance with the requirements of IFRS 3 “Business Combination”.

The results of operations, assets and liabilities of the acquired company are consolidated by the Group from 04 February 2022.

The main activities of the acquired company are the transmission of electricity and technological connection to the power grid in one of the regions of the Russian Federation.

The assessment of the identifiable net assets of the acquired company 1 was not completed as of the date of signing of the interim condensed consolidated financial statements of the Group. Thus, the fair value of the identifiable net assets can be subsequently adjusted with the appropriate adjustment of the result of the acquisition.

## 18 Acquisition and disposal of subsidiaries, ownership interests (continued)

The table below shows the notional initial cost of the identifiable net assets of the acquired company 1 received at the acquisition date:

	Deemed value, thousand rubles
<b>Non-current assets</b>	
Property, plant and equipment	130,490
Deferred tax assets	484
Financial investments	28
<b>Total non-current assets</b>	<b>131,002</b>
<b>Current assets</b>	
Inventories	9,830
Accounts receivable	26,421
Cash and cash equivalents	9,326
Other current assets	385
<b>Total current assets</b>	<b>45,962</b>
<b>Total assets</b>	<b>176,964</b>
<b>Non-current liabilities</b>	
Deferred tax liabilities	10,446
<b>Total non-current liabilities</b>	<b>10,446</b>
<b>Current liabilities</b>	
Accounts payable	23,211
Provisions	368
<b>Total current liabilities</b>	<b>23,579</b>
<b>Total liabilities</b>	<b>34,025</b>
<b>Total identifiable net assets at deemed value</b>	<b>142,939</b>
<b>Consideration transferred</b>	<b>255,917</b>
<b>Goodwill</b>	<b>112,978</b>

Since the value of the consideration transferred exceeds the notional cost of the identifiable net assets of the acquired company 1, the Group recorded goodwill as part of other intangible assets in the amount of RUB 112,978 thousand in the consolidated statement of financial position.

Since the acquisition date, the revenue of the acquired company 1, consolidated into the Group's financial statements amounted to RUB 66,912 thousand, profit before tax amounted to RUB 6,765 thousand. If the merger had occurred at the beginning of the year, the Group's revenue from continuing operations would have amounted to RUB 54,627,866 thousand, and the Group's profit from continuing operations before tax would have amounted to RUB 5,122,725 thousand.

The cash inflow when acquiring a company 1 is shown in the following table:

Net cash received on the acquisition of a subsidiary	9,326
Consideration transferred	(255,917)
<b>Net cash flow</b>	<b>(246,591)</b>

## 18 Acquisition and disposal of subsidiaries, ownership interests (continued)

### Acquired company 2

On 27 May 2022 the Group concluded an agreement for the purchase and sale of 100% of ordinary registered non-documentary shares of the acquired company 2. The purchase price is defined as RUB 136,274 thousand and paid in cash.

The Group recorded the acquisition of control over the acquired company 2 using the purchase method in accordance with the requirements of IFRS 3 “Business Combination”.

The results of operations, assets and liabilities of the acquired company 2 are consolidated by the Group from 29 June 2022.

The main activities of the acquired company are the transmission of electricity and technological connection to the power grid in one of the regions of the Russian Federation.

The assessment of the identifiable net assets of the acquired company 2 was not completed as of the date of signing of the interim condensed consolidated financial statements of the Group. Thus, the fair value of the identifiable net assets can be subsequently adjusted with the appropriate adjustment of the result of the acquisition.

The table below shows the notional initial cost of the identifiable net assets of the acquired company 2 received at the acquisition date:

	Deemed value, thousand rubles
<b>Non-current assets</b>	
Property, plant and equipment	43,169
Intangible assets	391
<b>Total non-current assets</b>	<b>43,560</b>
<b>Current assets</b>	
Inventories	5,385
Accounts receivable	15,329
Cash and cash equivalents	18,605
Prepayment of income tax	603
<b>Total current assets</b>	<b>39,922</b>
<b>Total assets</b>	<b>83,482</b>
<b>Non-current liabilities</b>	
Deferred tax liabilities	1,021
<b>Total non-current liabilities</b>	<b>1,021</b>
<b>Current liabilities</b>	
Accounts payable	14,987
<b>Total current liabilities</b>	<b>14,987</b>
<b>Total liabilities</b>	<b>16,008</b>
<b>Total identifiable net assets at deemed value</b>	<b>67,474</b>
<b>Consideration transferred</b>	<b>136,274</b>
<b>Goodwill</b>	<b>68,800</b>

Since the value of the consideration transferred exceeds the notional cost of the identifiable net assets of the acquired company 2, the Group recorded goodwill as part of other intangible assets in the amount of RUB 68,800 thousand in the consolidated statement of financial position.

The cash inflow when acquiring a company 2 is shown in the following table:

Net cash received on the acquisition of a subsidiary	18,605
Consideration transferred	(136,274)
<b>Net cash flow</b>	<b>(117,669)</b>

## 19 Equity

### (a) Equity

	<b>Ordinary shares</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>
Par value (in RUB)	0.10	0.10
On issue at 1 January, units	42,217,941,468	42,217,941,468
On issue at the end of the period, fully paid, units	42,217,941,468	42,217,941,468

### (b) Dividends

The source of payment of dividends is the net profit of the Company, determined in accordance with the requirements established by the current legislation of the Russian Federation.

At the annual general meeting of shareholders held on 17 June 2022 dividends for 2021 were declared in the amount of RUB 1,427,448 thousand. The amount of dividends was RUB 0.0338114 per one ordinary share.

At the same time, for 6 months of 2021, the Company restored unclaimed dividends for 2018 in the amount of RUB 7,419 thousand (for six months of 2021: RUB 7,257 thousand - recovery of unclaimed dividends for 2017).

For the six months ended 30 June 2022 the dividends paid to the owners of the company amounted to RUB 1,930 thousand (for the six months ended 30 June 2021 – RUB 1,340,206 thousand).

## 20 Earnings per share

The calculation of earnings per share for the six months ended 30 June 2022 and for the six months ended 30 June 2021 is based on earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. The Company has no dilutive financial instruments.

	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<i>In millions of shares</i>				
<b>Ordinary shares at 1 January</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>
<b>Weighted average number of shares for the reporting period</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>
Weighted average number of ordinary shares outstanding, for the reporting period (millions of shares)	42,218	42,218	42,218	42,218
Earnings/(loss) for the year attributable to holders of ordinary shares	786,274	1,230,014	3,431,856	3,622,937
<b>Earnings(loss) per ordinary share (in RUB) – basic and diluted</b>	<b>0.019</b>	<b>0.029</b>	<b>0.081</b>	<b>0.086</b>

## 21 Borrowed funds

	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>Non-current liabilities</b>		
Secured loans and borrowings	59,804	120,068
Unsecured loans and borrowings	33,261,541	32,465,133
Unsecured bonds	10,057,214	10,055,702
Lease liabilities	6,370,905	6,366,371
Less: current portion of long-term loans and borrowings	(7,007,515)	(3,647,725)
Less: current portion of long-term bonds	(10,057,214)	(5,063,750)
Less: current portion of long-term lease liabilities	(622,648)	(1,024,421)
	<b><u>32,062,087</u></b>	<b><u>39,271,378</u></b>
<b>Current liabilities</b>		
Current portion of long-term loans and borrowings	7,007,515	3,647,725
Current portion of long-term bonds	10,057,214	5,063,750
Current portion of long-term lease liabilities	622,648	1,024,421
	<b><u>17,687,377</u></b>	<b><u>9,735,896</u></b>
<b>Including:</b>		
Debts on interest payable on loans and borrowings	194,114	84,983
Debts on interest payable on bonds	62,000	63,750
	<b><u>256,114</u></b>	<b><u>148,733</u></b>

All balances of loans and borrowings are denominated in rubles as at 30 June 2022 and 31 December 2021.

For the six months ended 30 June 2022 the Group attracted the following loans and bank loans:

	<u>Year of maturity</u>	<u>Nominal interest rate</u>	<u>Nominal value</u>
Unsecured bank loans	2024	12.3%	875,470
Unsecured bank loans	2024-2025	KR+1.7%-KR+2.8%	488,052
Unsecured loans	2029	11.95%	500,000
			<b><u>1,863,522</u></b>

For the six months ended 30 June 2022 the Group repaid the following significant bank loans and bonds:

	<u>Nominal value</u>
Bank loans	1,286,885
Bonds	65,500
	<b><u>1,352,385</u></b>

Information about operations and balances with related parties is disclosed in Note 29.



## 22 Trade and other payables

	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>Non-current accounts payable</b>		
Trade payables	191,834	258,383
Other payables	86,048	70,429
	<u><b>277,882</b></u>	<u><b>328,812</b></u>
<b>Current accounts payable</b>		
Trade payables	6,301,032	9,620,579
Other payables and accrued expenses	1,327,992	1,245,931
Payables to employees	2,051,159	1,937,786
Dividends payable	1,493,349	59,096
	<u><b>11,173,532</b></u>	<u><b>12,863,392</b></u>

## 23 Tax liabilities other than income tax

	<u>30 June 2022</u>	<u>31 December 2021</u>
Value-added tax	2,044,107	1,578,833
Property tax	532,358	528,945
Social security contributions	1,373,125	516,507
Other taxes payable	178,114	196,508
	<u><b>4,127,704</b></u>	<u><b>2,820,793</b></u>

## 24 Advances from customers

Advances from customers (contractual obligations) as at 30 June 2022 and 31 December 2021 are reflected, including VAT.

	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>Non-current advances from customers</b>		
Advances for services of technological connection to electric grids	2,385,985	1,975,234
Advances from customers	77,715	87,557
	<u><b>2,463,700</b></u>	<u><b>2,062,791</b></u>
<b>Current advances from customers</b>		
Advances for services of technological connection to electric grids	2,178,449	2,007,250
Advances from customers	1,299,039	734,890
	<u><b>3,477,488</b></u>	<u><b>2,742,140</b></u>

Balance with related parties is disclosed in Note 29.

## 25 Provisions

	<b>For six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
<b>Balance on 1 January</b>	<b>2,327,790</b>	<b>1,995,276</b>
Accrual (increase) for the period	143,649	105,150
Recovery (decrease) for the period	(173,586)	(59,315)
Use of provisions	(483,156)	(215,650)
<b>Balance on 30 June</b>	<b>1,814,697</b>	<b>1,825,461</b>

Provisions relate mainly to legal proceedings and claims against the Group on ordinary activities.

In the course of its operations, the Group is a party to legal proceedings. For pending litigation, where the Group is the defendant, with a low probability of resolution in favor of the Group, a litigation allowance has been created. Estimated maturity of estimated liabilities for pending litigation is less than 12 months, estimated liabilities for litigation are included in short-term liabilities.

The amount of disagreements on purchased electricity in order to compensate for losses amounted to RUB 3,547,978 thousand as at 30 June 2022 (as at 31 December 2021: RUB 3,827,327 thousand). The Group did not recognize provisions for estimated liabilities at the reporting date for disagreements on purchased electricity in order to compensate for losses, the probability of resolution of which is estimated, taking into account the presence of positive judicial practice in favor of the Group, as high. The amount of such disagreements amounted to RUB 2,024,648 thousand as at 30 June 2022 (as at 31 December 2021: RUB 1,960,490 thousand).

The amount of accounts receivable in disagreements on the volumes of electricity transmitted and on payment amounted to RUB 3,609,827 thousand as at 30 June 2022 (as at 31 December 2021: RUB 3,888,462 thousand). The Group did not recognize expected credit losses at the reporting date for disagreements on the volumes of electricity transmitted and on payment, the probability of resolution of which is estimated in favor of the Group as high based on similar positive judicial practice. The amount of such disagreements amounted to RUB 869,609 thousand as at 30 June 2022 (as at 31 December 2021: RUB 719,484 thousand). The Group believes that the carrying amount of accounts receivable in disagreements is not subject to significant adjustments due to the credit risk of counterparties in excess of the amount of the created reserve (Note 15).

## 26 Financial risk and capital management

In the normal course of its business the Group is exposed to a variety of financial risks, including but not limited to: market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's financial risk and capital management objectives and policies, as well as the fair value determination process, are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2021.

The Group's management takes operational measures to ensure that the cash (liquidity) received from operating activities is sufficient to finance the investment program and to service the short-term and long-term borrowings available at the reporting date. The Group's management implements measures aimed at optimizing the structure of borrowed capital, ensuring the availability of available credit limits, a reserve of liquidity in the form of bank account balances and short-term financial investments, and monitoring the quality of accepted financial security (bank guarantees).

The carrying amount of accounts receivable, less the allowance for expected credit losses, represents the maximum amount exposed to credit risk. Although the collectability of receivables may be affected by economic and other factors, the Group believes that there is no significant risk of losses exceeding the provision created.

## 26 Financial risk and capital management (continued)

The movement in the allowance for expected credit losses was as follows:

	<b>For the six months ended 30 June 2022</b>	<b>For the six months ended 30 June 2021</b>
<b>Balance at 1 January</b>	<b>10,923,962</b>	<b>12,390,051</b>
Increase for the period	135,068	249,211
Acquisition of subsidiaries	74	26,813
Amounts of trade and other receivables written off using the allowance for impairment accrued earlier	(4,410,154)	(1,554,792)
Reversal of allowance for impairment for the period	(421,187)	(327,496)
<b>Balance at 30 June</b>	<b>6,227,763</b>	<b>10,783,787</b>

The amount of free limit on open but unused credit lines of the Group was RUB 74,111,400 thousand as at 30 June 2022 (31 December 2021: RUB 66,744,802 thousand). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of the short-term obligations.

The Group's management believes that the fair value of other financial assets and financial liabilities approximates their carrying value.

For the six months ended 30 June 2022 there were no transfers between levels of the fair value hierarchy.

Reconciliation of the carrying amount of financial assets at fair value through other comprehensive income at the beginning and end of the reporting period is presented in the table below:

	<b>Financial assets at fair value through other comprehensive income</b>
<b>At 1 January 2022</b>	<b>194,019</b>
Change in fair value recognized in other comprehensive income	(84,324)
Acquisition of subsidiaries	28
<b>At 30 June 2022</b>	<b>109,723</b>

## 27 Capital commitments

As at 30 June 2022, The Group has outstanding commitments under contract for the purchase and construction of property, plant and equipment items for RUB 10,551,659 thousand inclusive of VAT (as at 31 December 2021: RUB 10,086,921 thousand inclusive of VAT).

Future lease payments under lease agreements for which the Group has contractual obligations and the lease term has not yet begun at the reporting date amount to RUB 60,729 thousand, inclusive of VAT, as at 30 June 2022 (as at 31 December 2021: 128,033 thousand inclusive of VAT).

## **28 Contingencies**

### **(a) Insurance**

The Group has unified requirements in respect of the volume of insurance coverage, reliability of insurance companies and about procedures of insurance protection organization. The Group maintains insurance of assets, civil liability and other insurable risks. The main business assets of the Group have insurance coverage in case of damage or loss assets. However, there are risks of negative impact on the operations and the financial position of the Group in the case of damage caused to third parties, and also as a result of damage or loss of assets, insurance protection of which is non-existent or not fully implemented.

### **(b) Taxation contingencies**

Russian tax and customs legislation is subject to varying interpretations regarding the operations and activities of the Group. Accordingly, management's interpretation of tax legislation and its formal documentation can be successfully challenged by the relevant regional or federal authorities. Tax administration in Russia is gradually increasing. In particular, the risk of checking the tax aspect of transactions without obvious economic sense or with counterparties that violate tax laws is increasing. Tax audits may cover the three calendar years preceding the year of the decision on the tax audit. Under certain conditions, earlier periods may also be subject to verification.

The Russian tax authorities have the right to add additional tax liabilities and penalties based on the rules established by the legislation on transfer pricing (hereinafter – TP), if the price/profitability in controlled transactions differs from the market level. The list of controlled transactions mainly includes transactions concluded between related parties.

Starting from 1 January 2019, control over transfer pricing for a significant part of domestic transactions has been lifted. However, the exemption from price controls may not apply to all transactions made in the domestic market. At the same time, in the case of additional charges, the mechanism of counter-adjustment of tax liabilities can be used if certain legal requirements are met. Intra-group transactions that have been out of the control of the TP since 2019 can nevertheless be checked by the territorial tax authorities for obtaining unjustified tax benefits, and the TP methods can be used to determine the amount of additional charges. The federal executive body authorized to control and supervise taxes and fees may check prices/profitability in controlled transactions and, in case of disagreement with the prices applied by the Group in these transactions, add additional tax liabilities if the Group is unable to justify the market nature of pricing in these transactions, by providing transfer pricing documentation that meets the legal requirements.

With the further development of the practice of applying the rules of taxation, the property tax, tax authorities and courts may challenge the criteria for classifying property as movable or immovable things applied by the Group. The Group's management does not exclude the risk of resource outflows, and the impact of such developments cannot be reliably assessed.

In the opinion of management, the relevant provisions of the legislation have been interpreted correctly, and the Group's position in terms of compliance with tax legislation can be justified and protected.

### **(c) Litigations**

The Group is a party to a number of litigations (both as a plaintiff and as respondent) arising in the ordinary course of business. In the opinion of Management, there are currently no outstanding claims or other claims that could have a material impact on the Group's results of operations or financial position and would not be recognized or disclosed in the consolidated financial statements.

## 28 Contingencies (continued)

### (d) Environmental matters

The Group has operated in the electric transmission industry in the Russian Federation for many years. The enforcement of environmental regulations in the Russian Federation continues to evolve responsibilities of authorized Government bodies to oversee are being reconsidered. Potential environmental liabilities arise from changes in interpretations of existing legislation lawsuits or changes in legislation can be assessed. In the opinion of management under the existing control system and under current legislation there are no probable liabilities that could have a material adverse effect on the financial position results of operations or cash flows of the Group.

## 29 Related party transactions

### (a) Control relationships

Parties are usually considered related if they are under common control or one of the parties has the ability to control the other party or can have a significant influence on its decisions on financial and economic activities or exercise joint control over it. When considering the relationship with each of the possible related parties, the economic content of such relationships is taken into account, and not only their legal form.

The related parties of the Group for the six months ended 30 June 2022 and 30 June 2021, as well as at 30 June 2022 and 31 December 2021, were the parent company, its subsidiaries, key management personnel, as well as companies related to the main shareholder of the parent company.

### (b) Transactions with parent company, its subsidiaries and associates

	Amount of the transaction				Carrying amount	
	For the three months ended 30 June		For the six months ended 30 June		30 June 2022	31 December 2021
	2022	2021	2022	2021		
<b>Revenue, net other income</b>						
<b>Parent company</b>						
Other income	195	195	390	390	-	-
<b>Entities under common control of the parent company</b>						
Electricity transmission revenue	365,488	514,308	746,670	854,960	136,891	158,176
Other revenue	208,480	295,955	399,182	440,335	364,006*	231,723*
Other income	115,168	1,909	115,168	124,224	-	-
Dividends receivable	111	383	111	383	111	-

## 29 Related party transactions (continued)

	Amount of the transaction				Carrying amount	
	For the three months ended 30 June		For the six months ended 30 June		30 June 2022	31 December 2021
	2022	2021	2022	2021		
<b>Operating expenses, finance costs</b>						
<b>Parent company</b>						
Expenses for services related to the organization of the functioning and development of the EEC	98,209	98,995	98,209	98,995	121,998	42,752
Technical supervision services	10,563	10,562	21,125	21,125	-	-
Other expenses	3,418	3,418	6,836	6,836	-	-
Dividends	717,021	710,436	717,021	710,436	717,021	-
<b>Entities under common control of the parent company</b>						
Electricity transmission services	4,377,711	4,287,243	8,772,547	8,602,717	879,898	824,702
Interest expenses on financial liabilities recorded at amortized cost	29,059	15,879	53,892	15,884	-	-
Other expenses	211,505	59,222	323,951	94,339	235,593	508,468
Other	-	-	-	-	878,000	878,000

\* Accounts receivable for other revenue includes an allowance for expected credit losses created for the debt of companies under the general control of the parent company as at 30 June 2022 in the amount of RUB 331,700 thousand (as at 31 December 2021: in the amount of RUB 330,927 thousand).

	Carrying amount	
	30 June 2022	31 December 2021
<b>Parent company</b>		
Borrowed funds	3,961,362	3,845,486
<b>Entities under common control of the parent company</b>		
Advances given	18,569	56,086
Advances received	44,254	62,316
Borrowed funds	1,518,391	1,087,775

The debt to the parent company for the payment of dividends as of 30 June 2022 amounts to RUB 717,021 thousand (as at 31 December 2021: is absent).

### (c) Transactions with companies related to the main shareholder of the parent company

As part of its current activities, the Group carries out transactions with other companies related to the main shareholder of the parent company. These operations are carried out at regulated tariffs, or at market prices. Attraction and placement of funds in financial organizations associated with the main shareholder of the parent company is carried out at market interest rates. Taxes are calculated and paid in accordance with Russian tax legislation.

## 29 Related party transactions (continued)

Revenue from companies related to the main shareholder of the parent company, including the municipal branch of government, amounted to 33% and 33% of the Group's total revenue for the three and six months ended 30 June 2022 (for the three and six months ended 30 June 2021: 30% and 31%), including 32% and 33% of the Group's electricity transmission revenue for the three and six months ended 30 June 2022 (for the three and six months ended 30 June 2021: 30% and 30%).

Electricity transmission costs and expenses for the purchase of electricity to compensate for technological losses, for companies related to the main shareholder of the parent company amounted to 72% and 71% of the total transmission costs and compensation for losses for the three and six months ended 30 June 2022 (for the three and six months ended 30 June 2021: 73% and 72%).

As at 30 June 2022 loans from banks related to the main shareholder of the parent company amounted to RUB 27,741,591 thousand (as at 31 December 2021: RUB 27,551,941 thousand).

Interest accrued on loans and borrowings from banks related to the main shareholder of the parent company for the three and six months ended 30 June 2022 amounted to 89% and 88% of the total amount of accrued interest (for the three and six months ended 30 June 2021: 77% and 70%).

As at 30 June 2022 the balance of cash and cash equivalents placed with banks associated with the main shareholder of the parent company amounted to RUB 798,680 thousand (as at 31 December 2021: RUB 452,516 thousand).

As at 30 June 2022 lease arrears for companies related to the main shareholder of the parent company amounted to RUB 5,875,651 thousand, including debt under leasing agreements (as at 31 December 2021 RUB 5,921,288 thousand, including debt under leasing agreements).

### (d) Transaction with key management personnel

In order to prepare these interim condensed consolidated financial statements, the key management personnel are members of the Board of Directors, the management Board, General Directors of subsidiaries and other key management personnel.

Remuneration of key management personnel consists of the salary stipulated in the employment agreement, non-monetary benefits, as well as bonuses determined by the results for the period and other payments. Remuneration or compensation is not paid to members of the Board of Directors who are public servants.

The amounts of remuneration to key management personnel disclosed in the table below represent the current period expenses for key management personnel reflected in employee benefits.

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
Short-term employee benefits	74,290	92,108	155,018	163,280
Severance payment	-	509	-	509
	<b>74,920</b>	<b>92,617</b>	<b>155,018</b>	<b>163,789</b>

As at 30 June 2022, the current value of the defined benefit obligation is shown in the interim condensed consolidated statement of financial position and includes liabilities for key management personnel in the amount RUB 52,532 thousand (as at 31 December 2021: RUB 43,914 thousand).

### **30 Events after the reporting date**

On 21 June 2022 the Group concluded a contract for the purchase and sale of 30,0008% of ordinary registered undocumented shares of one of its subsidiaries. Ownership of the shares passed to the Group on 14 July 2022. The purchase price of the acquired share of shares is determined as RUB 500,000 thousand and paid in cash. Thus, the effective ownership interest of the Group in this company after the completion of the transaction was 100%.

On 02 August 2022 the Group concluded a loan agreement for a period of one year in the amount of RUB 1,000,000 thousand at the rate of 8.7% per annum.