PJSC «Rosseti Centre»

Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2024

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Independent auditor's report

To the Shareholders and Board of Directors of
PJSC "Rosseti Centre"

Opinion

We have audited the consolidated financial statements of PJSC "Rosseti Centre" and its subsidiaries (the Group), which comprise the consolidated statement of profit or loss and other comprehensive income for 2024, the consolidated statement of financial position as at 31 December 2024, consolidated statement of cash flows and consolidated statement of changes in equity for 2024, and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for 2024 in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of professional ethics for auditors and the Independence rules of auditors and audit organizations that are relevant to our audit of the consolidated financial statements in the Russian Federation together with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

NEW CHALLENGES
NEW SOLUTIONS

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Recognition and measurement of revenue from electricity transmission services	
Recognition and measurement of revenue from electricity transmission services was one of the most significant matters for our audit due to certain specifics of the electricity market mechanisms that gave rise to disagreements among electricity supply, utilities, and other companies in relation to the volume and cost of the transmitted electricity. The amount of revenue challenged by counterparties is material to the Group's financial statements. Management's assessment of the probability of settling disputes in the Group's favor is highly subjective. Revenue is recognized when disagreements are resolved in favor of the Group with regard to assumptions. Information on revenue from electricity transmission services is disclosed in Note 7 to the consolidated financial statements.	We considered the applied accounting policy with regard to the recognition of revenue from electricity transmission services; assessed internal controls over the recognition of this revenue; checked the calculation of the corresponding revenue amounts based on the existing electricity transmission contracts; received, on a selective basis, confirmations of balances of receivables from counterparties; analyzed the results of litigations concerning disputable amounts of services provided, if any; and assessed existing procedures to confirm the volume of electricity transmitted.
Allowance for expected credit losses on trade receivables	
The allowance for expected credit losses on trade receivables was one of the most significant matters for our audit due to the material balances of trade receivables as of 31 December 2024, as well as due to the fact that management's assessment of the possible recoverability of these receivables is based on assumptions, in particular, on the predicted solvency of the Group's customers.	We analyzed the Group's accounting policy on trade receivables with respect to the allowance for expected credit losses on trade receivables, and considered the assessment procedures performed by the Group's management, including the analysis of repayment of trade receivables, the analysis of maturity and delayed performance of obligations, and the analysis of customers' solvency.

Key audit matter	How our audit addressed the key audit matter
Information on the allowance for expected credit losses on trade receivables is disclosed in Notes 19 and 31 (a) to the consolidated financial statements.	We performed audit procedures in respect of the information used by the Group to determine the allowance for expected credit losses on trade receivables, as well as the structure of receivables by age and maturity, tested the calculation of the charged allowance amounts based on management's estimates.
Recognition, measurement and disclosure of provisions and contingent liabilities	
Recognition, measurement and disclosure of provisions and contingent liabilities in respect of litigations and claims from counterparties (including territorial electric grid and utilities companies) were among the most significant matters for our audit as they require significant judgments of management with respect to material amounts of balances of settlements with counterparties that are challenged in litigations or under the pretrial settlement. Information on provisions and contingent liabilities is disclosed in Notes 30 and 33 to the consolidated financial statements.	Audit procedures also involved analyzing decisions made by courts of different instances; considering management's judgments with regard to its assessment of the possibility of the economic resources outflow due to dispute settlement; examining the compliance of prepared documentation with provisions of existing contracts and legislation; and analyzing disclosures on provisions and contingent liabilities in notes to the consolidated financial statements.
Impairment of non-current assets	
Due to the existence of impairment indicators in respect of non-current assets as of 31 December 2024, the Group performed impairment testing. The value-in-use of fixed assets and right-of-use assets forming a significant share of the Group's non-current assets, as of 31 December 2024, was determined by the projected cash flow method. The impairment testing of fixed assets was one of the most significant matters for our audit because the fixed assets balance forms a significant part of the Group's assets at the reporting date, and because management's assessment of the value-in-use is complex and largely subjective and is based on assumptions, in particular, on projected electricity transmission volumes, transmission fees, as well as operating and capital expenditures that depend on the expected future market or economic conditions in the Russian Federation. Information on the results of the impairment analysis of non-current assets is disclosed by the Group in Note 13 to the consolidated financial statements.	As part of our audit procedures, we also assessed the assumptions and methodologies applied by the Group, in particular, those relating to projected total revenue from electricity transmission, fee solutions, operating and capital expenditures, long-term rates of fee growth and discount rates. We tested the incoming data imported in the model and the arithmetic accuracy of the model used to determine the recoverable amount in the impairment test of fixed assets and right-of-use assets. We engaged valuation specialists to analyze the model used to determine the recoverable amount in the impairment test of non-current assets. We also analyzed the sensitivity of the model to changes in the main indicators of assessment and the Group's disclosures of assumptions on which the results of impairment testing largely depend.

Other information included in Annual Report

Other information consists of the information included in the Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of management and Audit Committee of the Board of Directors for the consolidated financial statements

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

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

Audit Committee of the Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units of the group as a basis for forming our opinion on the consolidated financial statements of the group. We are responsible for the direction, supervision and review of audit work performed for group audit purposes. We remain fully responsible for our audit opinion.

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

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

NEW CHALLENGES
NEW SOLUTIONS

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

The partner in charge of the audit resulting in this independent auditor's report is Okolotina Tatyana Leonidovna.

Okolotina Tatyana Leonidovna,
acting on behalf of TSATR – Audit services Limited Liability Company
on the basis of power of attorney dated 3 April 2024,
partner in charge of the audit resulting in this independent auditor's report
(main registration number 21906110171)

17 March 2025

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, 75.
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 audited entity

Name: PJSC "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.

(in thousands of Russian rubles, unless otherwise stated)

	Notes	Year ended 31 December 2024	2023
Revenue	7	138,151,147	128,454,108
Operating expenses	9	(122,686,305)	(115,418,276)
(Accrual)/recovery of allowance for expected credit losses	31	678,103	(1,012,812)
Net accrual of impairment loss on property, plant and equipment, intangible assets and right-of-use assets	13,14,15	(861,528)	(1,677,259)
Other income	8	2,466,687	3,539,197
Other expenses	8	(142,087)	(130,127)
Operating profit		**17,606,017**	**13,754,831**
Finance income	11	1,947,497	1,577,958
Finance costs	11	(7,270,344)	(4,874,692)
Total financial costs		**(5,322,847)**	**(3,296,734)**
Share in profit of associates	5	78,140	567,897
Profit before income tax		**12,361,310**	**11,025,994**
Income tax expense	12	(5,800,683)	(3,033,568)
Windfall income tax expense	12	-	(76,188)
Total income tax expense	12	**(5,800,683)**	**(3,109,756)**
Profit for the period		**6,560,627**	**7,916,238**
Other comprehensive income/(expense)			
Items that will never be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments accounted for at fair value through other comprehensive income	16	(13,559)	47,516
Revaluation of defined benefit pension program liabilities	26	565,954	344,396
Income tax on other comprehensive income/(expense)	12,17	(35,644)	(35,508)
Total items that will not be reclassified subsequently to profit or loss		**516,751**	**356,404**
Other comprehensive income for the period, net of income tax		**516,751**	**356,404**
Total comprehensive income for the period		**7,077,378**	**8,272,642**
Profit attributable to:			
Equity holders of the Company		6,537,471	7,881,733
Non-controlling interests		23,156	34,505
Total comprehensive income attributable to:			
Equity holders of the Company		7,054,222	8,238,137
Non-controlling interests		23,156	34,505
Earnings per share			
Basic and diluted earnings per share (in RUB)	23	0.155	0.187

These consolidated financial statements were approved by management on 17 March 2025 and were signed on its behalf by:

General Director

B.B. Ebzeev

Chief Accountant

L.A. Sklyarova

The accompanying notes are an integral part of these Consolidated Financial Statements

(in thousands of Russian rubles, unless otherwise stated)

	Notes	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	13	121,769,257	108,901,174
Intangible assets	14	2,623,924	3,253,483
Right-of-use assets	15	8,484,497	7,365,103
Investments in associates and joint ventures	5	-	660,636
Trade and other receivables	19	1,025,523	1,323,338
Assets related to employee benefits plans	26	563,426	554,236
Other non-current financial assets	16	132,688	146,247
Advances given and other non-current assets	20	2,053	4,784
Total non-current assets		**134,601,368**	**122,209,001**
Current assets			
Inventories	18	4,934,329	4,380,625
Prepayment of current income tax		211,716	492,163
Windfall income tax security payment	12	-	76,188
Trade and other receivables	19	11,001,141	11,222,210
Cash and cash equivalents	21	5,088,988	7,809,829
Advances given and other current assets	20	3,040,889	2,564,272
Total current assets		**24,277,063**	**26,545,287**
Total assets		**158,878,431**	**148,754,288**
EQUITY AND LIABILITIES			
Equity			
Share capital	22	4,221,794	4,221,794
Reserves		157,847	(358,904)
Retained earnings		60,439,076	56,308,288
Total equity attributable to equity holders of the Company		**64,818,717**	**60,171,178**
Non-controlling interests		(582)	473,302
Total equity		**64,818,135**	**60,644,480**
Non-current liabilities			
Long-term borrowed funds	24	38,191,541	33,660,449
Long-term trade and other payables	27	22,750	60,855
Long-term advances from customers	29	2,863,665	4,040,915
Employee benefits	26	2,471,395	2,857,422
Deferred tax liabilities	17	7,029,459	4,681,431
Total non-current liabilities		**50,578,810**	**45,301,072**
Current liabilities			
Short-term borrowed funds and current part of long-term borrowed funds	24	6,074,152	11,783,286
Trade and other payables	27	22,741,077	18,184,806
Tax debts other than income tax	28	2,385,999	3,610,460
Advances from customers	29	9,559,653	6,090,460
Provisions	30	2,319,926	3,020,430
Current income tax liabilities		400,679	43,106
Windfall income tax payable	12	-	76,188
Total current liabilities		**43,481,486**	**42,808,736**
Total liabilities		**94,060,296**	**88,109,808**
Total equity and liabilities		**158,878,431**	**148,754,288**

The accompanying notes are an integral part of these Consolidated Financial Statements

(in thousands of Russian rubles, unless otherwise stated)

	Notes	Year ended 31 December 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**12,361,310**	**11,025,994**
Adjustments for:			
Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets	13,14,15	12,615,166	12,345,512
Impairment of property, plant and equipment, intangible assets and right-of-use assets	13,14,15	861,528	1,677,259
Finance costs	11	7,270,344	4,874,692
Finance income	11	(1,947,497)	(1,577,958)
Profit on disposal of property, plant and equipment for sales operations		(33,722)	-
Loss on disposal of property, plant and equipment		142,087	676,018
Accrual/(recovery) of allowance for expected credit losses		(678,103)	1,012,812
Accounts payable write-off		(28,837)	(91,872)
Accrual of provisions	30	300,846	1,716,887
Result from the acquisition of subsidiaries	5	(28,679)	(5,449)
Share in profit of associates and joint ventures	5	(78,140)	(567,897)
Adjustment of the value of intangible assets		1,084,541	-
Other non-cash transactions		526,618	(645,739)
Total impact of adjustments		**20,006,152**	**19,414,265**
Change in assets related to employee benefits plans		(9,190)	(41,104)
Change in employee benefit liabilities		(127,015)	(29,772)
Change in long-term trade and other receivables		297,800	1,222,754
Change in long-term advances given and other non-current assets		2,731	(1,582)
Change in long-term trade and other payables		(38,105)	(265,302)
Change in long-term advances received		(1,177,250)	2,049,491
Cash flows from operating activities before changes in working capital and provisions		**31,316,433**	**33,374,744**
Changes in working capital:			
Change in trade and other receivables		1,343,666	667,595
Change in advances given and other assets		(473,297)	(28,427)
Change in inventories		(462,398)	(118,295)
Change in trade and other payables		2,754,415	43,526
Change in advances received		3,232,271	(95,401)
Change in provisions		(1,016,672)	(1,635,442)
Cash flows from operating activities before income taxes and interest paid		**36,694,418**	**32,208,300**
Income tax paid		(2,579,875)	(3,380,051)
Windfall income tax security payment		-	(76,188)
Interest paid under lease agreement		(690,513)	(648,586)
Interest paid		(6,536,846)	(3,970,394)
Net cash flows from operating activities		**26,887,184**	**24,133,081**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(24,290,056)	(20,127,416)
Proceeds from the sale of property, plant and equipment and intangible assets		18,241	260,158
Acquisition of subsidiaries, net of cash received	5	(1,212,319)	(153,297)
Acquisition of investments in associates	5	-	(92,739)
Interest received		1,632,989	580,846
Dividends received		10,846	128
Net cash flows used in investing activities		**(23,840,299)**	**(19,532,320)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowed funds	25	10,146,219	20,730,454
Repayment of borrowed funds	25	(12,057,403)	(21,571,425)
Acquisition of non-controlling interests in subsidiaries		(119,000)	-
Dividends paid to equity holders of the Company	25	(2,751,025)	(1,860,742)
Dividends paid to shareholders of non-controlling interests	25	(1,470)	(1,468)
Payment of lease liabilities	25	(985,047)	(593,678)
Net cash flows used from financing activities		**(5,767,726)**	**(3,296,859)**
Net change in cash and cash equivalents		**(2,720,841)**	**1,303,902**
Cash and cash equivalents at the beginning of period		7,809,829	6,505,927
Cash and cash equivalents at the end of period	21	**5,088,988**	**7,809,829**

The accompanying notes are an integral part of these Consolidated Financial Statements

(in thousands of Russian rubles, unless otherwise stated)

	Notes	Attributable to equity holders of the Company				Non-controlling interest	Total equity
		Share capital	Reserves	Retained earnings	Total		
Balance at 1 January 2024		**4,221,794**	**(358,904)**	**56,308,288**	**60,171,178**	**473,302**	**60,644,480**
Profit for the period		-	-	6,537,471	**6,537,471**	23,156	**6,560,627**
Other comprehensive income	16,26	-	552,395	-	**552,395**	-	**552,395**
Related income tax	12,17	-	(35,644)	-	**(35,644)**	-	**(35,644)**
Total comprehensive income for the period		**-**	**516,751**	**6,537,471**	**7,054,222**	**23,156**	**7,077,378**
Dividends declared	22	-	-	(2,795,250)	**(2,795,250)**	(1,470)	**(2,796,720)**
Write-off of unclaimed debt on previously declared dividends		-	-	13,605	**13,605**	-	**13,605**
Change in non-controlling interests in subsidiaries	5	-	-	374,962	**374,962**	(495,570)	**(120,608)**
Balance at 31 December 2024		**4,221,794**	**157,847**	**60,439,076**	**64,818,717**	**(582)**	**64,818,135**

The accompanying notes are an integral part of these Consolidated Financial Statements

(in thousands of Russian rubles, unless otherwise stated)

		Attributable to equity holders of the Company					
	Notes	**Share capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2023		**4,221,794**	**(715,308)**	**48,899,818**	**52,406,304**	**440,265**	**52,846,569**
Profit for the period		-	-	7,881,733	**7,881,733**	34,505	**7,916,238**
Other comprehensive income	16,26	-	391,912	-	**391,912**	-	**391,912**
Related income tax	12,17	-	(35,508)	-	**(35,508)**	-	**(35,508)**
Total comprehensive income for the period		**-**	**356,404**	**7,881,733**	**8,238,137**	**34,505**	**8,272,642**
Dividends declared	22	-	-	(473,263)	**(473,263)**	(1,468)	**(474,731)**
Balance at 31 December 2023		**4,221,794**	**(358,904)**	**56,308,288**	**60,171,178**	**473,302**	**60,644,480**

The accompanying notes are an integral part of these Consolidated Financial Statements

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 head parent company

The Russian Government, through the Federal Agency for the Management of State Property, is the ultimate controlling party of the Company (hereinafter referred to as the main shareholder 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.

The State influences the Group's activities through representation on the Board of Directors of the parent company, 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) include a significant number of companies associated with the main shareholder of the parent company.

Following the results of the reorganization carried out in 2023, the parent company of the Group is the Public Joint Stock Company "Federal Grid Company – Rosseti". The abbreviated corporate name of the Group's parent company is PJSC "Rosseti".

Prior to the reorganization, the parent company of the Group was the Public Joint Stock Company "Russian Networks". The Extraordinary General Meeting of shareholders of the Public Joint Stock Company "Russian Networks", held on 16 September 2022, decided to reorganize the Public Joint Stock Company "Russian Networks" in the form of joining a subsidiary company – Public Joint Stock Company "Federal Grid Company – Rosseti" in the manner and on the terms provided for in the accession agreement.

On 9 January 2023, information was entered into the Unified State Register of Legal Entities on the termination of the activities of the Public Joint Stock Company "Russian Networks" through reorganization in the form of joining the Public Joint Stock Company "Federal Grid Company – Rosseti".

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.

The economy of the Russian Federation exhibits some of the characteristics of emerging markets. The legal, tax and regulatory system continues to evolve and is subject to frequent changes, as well as the possibility of different interpretations.

The ongoing geopolitical tensions, as well as sanctions imposed by a number of countries on certain sectors of the Russian economy, Russian organizations and citizens, have led to increased economic uncertainty, including reduced liquidity and greater volatility in capital markets, volatility in the exchange rate of the Russian ruble and the key interest rate, as well as a significant decrease in the availability of debt financing sources. It is difficult to assess the long-term consequences of the imposed and possible additional sanctions, as sanctions can have a significant negative impact on the Russian economy.

The Group takes all necessary measures to ensure the sustainability of its activities.

The presented consolidated financial statements reflect management's view of the impact of the business environment in the Russian Federation on the Group's operations and financial position. The future consequences of the current economic situation and the above measures are difficult to predict, and management's current expectations and estimates may differ from actual results.

2 Basis of preparation of consolidated financial statements

(a) Statement of compliance

These consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Each subsidiary of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with the Russian Accounting Standards (“RAS”). The Group’s consolidated financial statements are based on the statutory records with adjustments and reclassifications recorded in the consolidated financial statements for the fair presentations in accordance with IFRS.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, expect for:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian ruble (hereinafter referred to as "RUB"), which has been designated as the functional currency by the Group and selected as the presentation currency of the consolidated financial statements. All financial information presented in RUB has been rounded to the nearest thousand, unless otherwise stated.

(d) Application of new and revised standards and interpretations

The Group has applied amendments and amendments to the standards that are mandatory and approved for application in the Russian Federation for annual periods beginning on or after 1 January 2024:

– Amendments to IFRS (IAS) 1 “Presentation of Financial Statements” – “Classification of liabilities into short-term and long-term” and “Long-term Liabilities with Covenants”. The amendments clarify the requirements for classifying obligations as short-term or long-term, including long-term obligations with restrictive conditions (covenants). The amendments also clarify the requirements according to which an organization must disclose additional information about obligations arising from a loan agreement.

– Amendments to IFRS (IAS) 7 “Statement of Cash Flows” and IFRS (IFRS) 7 “Financial Instruments: Disclosure of Information” – “Supplier Financing Agreements”. The amendment clarifies the characteristics of supplier financing agreements (reverse factoring operations) and the requirements for additional disclosure of information about such agreements.

2 Basis of preparation of consolidated financial statements (continued)

– Amendments to IFRS 16 “Lease” – “Lease obligations under a sale and leaseback transaction”. The amendment clarifies the accounting requirements for lease obligations arising from a sale and leaseback transaction.

– Amendments to IAS 12 “Income Tax” – “International Tax Reform - Component 2 Model Rules” (issued on 4 June 2024 and effective from the date of official publication on 5 July 2024). The amendments clarify the rules for disclosures and the application of exceptions.

The impact of the amendments to the standards did not have a significant impact on these consolidated financial statements. New standards and interpretations have been published that are mandatory for annual periods beginning on or after 1 January 2025, and the Group intends to adopt the standards and amendments for use after their entry into force.

No significant impact on the Group's consolidated financial statements is expected:

– Lack of currency exchange capability. Amendments to IAS 21 "The Effect of Changes in Foreign Exchange Rates" (introduced in the Russian Federation by Order of the Ministry of Finance of the Russian Federation dated 06 April 2024 N 77n) and effective for annual periods beginning on or after 1 January 2025).

– Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Amendments to the Classification and Measurement of Financial Instruments" effective on or after 1 January 2026 (issued on 30 May 2024).

– IFRS 19 "Non-Public Subsidiaries: Disclosures", which will enter into force for annual periods beginning on or after January 1, 2027 (published on May 9, 2024).

– Annual Improvements to IFRS Financial Reporting Standards − Volume 11:
- Amendments to IAS 7 − Cost Accounting;
- Amendments to IFRS 9 − "Derecognition of Lease Obligations";
- Amendments to IFRS 10 − Definition of a De Facto Agent;
- Amendments to the Guidance on the Implementation of IFRS 7 − "Disclosure of information on the deferred difference between the fair value and the transaction price";
- Amendments to IFRS 7 − "Gain or Loss on Derecognition";
- Amendments to IFRS 1 − "Hedge Accounting by a First-time Adopter of IFRS";
- Amendments to the Guidance on the Implementation of IFRS 7 − "Introduction";
- Amendments to the Guidance on the Implementation of IFRS (IFRS) 7 − "Disclosure of information on credit risk";
- Amendments to IFRS (IFRS) 9 − "Transaction Price".

The Group is in the process of assessing the impact of changes in the presentation and disclosure of information in the consolidated financial statements:

– IFRS 18 “Presentation and Disclosures in Financial Statements” (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). IFRS 18 replaces IAS 1.

(e) Changes in presentation. Reclassification of comparative data

Some amounts in the comparative information for the previous period have been reclassified in order to ensure their comparability with the presentation of data in the current reporting period. All the reclassifications performed are insignificant.

(f) Use of estimates and professional judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make a number of professional judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Assumptions and estimates made on their basis are continually evaluated to determine the necessity to change them. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected by these changes.

2 Basis of preparation of consolidated financial statements (continued)

Professional judgements that have the most significant effect on the amounts recognized in these consolidated financial statements and estimates and assumptions that may require significant adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Impairment of fixed assets and right-of-use assets

At each reporting date, management of the Group determines whether there is any indication of impairment of fixed assets and assets in the form of a right of use. Such indicators include changes in business plans, tariffs and other factors that may lead to unfavorable conditions for the Group's activities. In making value-in-use calculations, the Group evaluates the expected cash flows from cash-generating units and calculates a discount rate to calculate the present value of these cash flows. A cash-generating unit (hereinafter referred to as a "CGU") is the smallest identifiable group of assets that provides cash flows that are largely independent of cash flows from other assets or groups of assets. The main criterion for determining the CGU is the indivisibility of the tariff and the impossibility of further detailing accounting and planning.

Determination of the lease term under contracts with an option to extend or an option to terminate the lease – The Group as a lessee

The Group defines a lease term as a non-prematurely terminated lease period, together with periods for which an option to extend the lease is available if there is sufficient confidence that it will be exercised, or periods for which an option to terminate the lease is available if there is sufficient confidence that it will not be exercised.

In making a judgment to assess whether the Group has sufficient confidence in the exercise of an option to extend or terminate the lease in determining the lease term, the Group considers the following factors:

- whether the leased object is a specialized;
- the location of the object;
- the Group and the lessor have a practical opportunity to choose an alternative counterparty (choose an alternative asset);
- costs associated with the termination of the lease and the conclusion of a new (replacement) contract;
- availability of significant improvements to leased properties.

Impairment of accounts receivable

Allowance for impairment of accounts receivable is based on management assumptions of debt recovery made for each debtor individually. For the goal of allowance for expected credit losses the Group consistently takes into account all reasonable and verified information about past events, current and forecasted events, which is available without undue effort and is relevant to the assessment of receivables. The experience gained in the past based on the date currently available to reflect current conditions that did not have an impact on previous periods and in order to exclude the impact of past conditions that no longer exist.

Liabilities for the non-state pension provision

The costs of the defined benefit pension plan and the related costs of the pension program are determined using actuarial calculations. Actuarial estimates provide for the use of assumptions regarding demographic and financial data. Since this program is long-term, there is considerable uncertainty about such estimates.

Deferred tax assets recognition

At each reporting date management assesses the amount of deferred tax assets and determines the amount to be reflected to the extent in which it is likely to be used as tax allowances. When determining future taxable profit and related tax allowances management uses estimates and assumptions based on prior periods' taxable profit and expectations related to the future profit that are reasonable under the circumstances.

3 Essential information about accounting policies

The accounting policies described below have been applied consistently in all reporting periods presented in these consolidated financial statements.

Amendments to the current standards, which entered into force for annual reporting periods beginning on or after 1 January 2024, did not have a significant impact on these consolidated financial statements of the Group.

(a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to risks connected to variable returns from its involvement with the entity or has the right to those returns and has the ability to affect those returns through its power over the entity the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses attributable to the non-controlling interests in a subsidiary are allocated to non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

ii. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquire; plus
- The fair value of the pre-existing equity interest in the acquire if the business combination is achieved in stages; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss for the period.

Transaction costs that the Group incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss for the period.

The acquisition of a group of assets and liabilities that do not meet the definition of “business acquisition” in accordance with IFRS 3 “Business Combinations” is reflected on the basis of the corresponding fair values of all identifiable assets and liabilities at the date of purchase.

iii. Non-controlling interests

Non-controlling interests are the portion of the results of operations and equity of subsidiaries attributable to equity interests that the Company does not own directly or indirectly. Non-controlling interests represent a separate component of the Group's equity.

3 Essential information about accounting policies (continued)

Non–controlling interest is calculated as of the acquisition date individually for each transaction:

- at fair value; or

- as a share in the net assets of a subsidiary owned by non-controlling owners (in proportion to the value of net assets).

The Group recognizes both an equity transaction and directly within equity:

- the difference between the consideration transferred for the acquisition of non-controlling interest and its carrying amount;

- the difference between the consideration received for the sale of non-controlling interest and its carrying amount.

The share of non-controlling owners in the profit (loss) and total comprehensive income of the subsidiary for the reporting period is calculated based on the profit (loss) of the period, the amount of other comprehensive income and the share of non-controlling owners in the subsidiary's equity. If the financial result of the subsidiary's activities during the reporting period is a loss, then the total comprehensive income is fully distributed between the owners of the parent company and non-controlling interests, even if this results in a negative balance of non-controlling interests.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Monetary assets and liabilities of the Group's entities denominated at the reporting date in foreign currencies have been translated into rubles at the exchange rate at the reporting date. Foreign currency transactions are accounted for at the exchange rate at the transaction date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

(c) Financial instruments

i. Financial assets

The Group classifies financial assets into the following measurement categories: subsequently measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss. The classification depends on the financial asset management business model and the cash flow characteristics of the contracts.

Financial assets are classified as measured at amortized cost if the following conditions are met: the asset is held in the framework of a business model, the purpose of which is to hold assets to receive cash flows stipulated by the contract, and the terms of the contract determine receipt of cash flows on specified dates, which are exclusively payments to the account principal amount of the debt and interest on the outstanding part of the principal amount of debt.

The Group includes the following financial assets in the category of financial assets measured at amortized cost:

- trade and other receivables that meet the definition of financial assets if the Group has no intention to sell immediately or in the near future;
- bank deposits not meeting the definition of cash equivalents;
- bills and bonds not held for trading;
- loans;
- cash and cash equivalents.

3 Essential information about accounting policies (continued)

For financial assets classified as measured at amortised cost provision for expected credit losses.

Upon derecognition of financial assets measured at amortized cost and fair value with any change therein recognised in profit or loss, the Group presents in the consolidated statement of profit or loss and other comprehensive income (through profit or loss) financial result from disposal equal to the difference between the fair value of consideration received and the carrying amount of the asset.

In the category of financial assets at fair value through other comprehensive income, the Group includes equity instruments other companies:

- not classified as measured at fair value with any change therein recognised in profit or loss; and
- do not provide Group control, joint control or significant influence over the company-object of investment.

At derecognition of equity instruments of other companies classified in the discretion of the Group as at fair value through other comprehensive income previously recognized components of other comprehensive income are transferred from the reserve for changes in fair value to retained earnings.

In the category of financial assets measured at fair value through profit or loss, the Group includes:

- assets held for trading (acquired by the Group primarily for the purpose of selling in the near future and making a profit as a result of favorable fluctuations in market prices);

- assets that are derivative financial instruments; − other financial assets that are not included by the Group in any of the above categories.

ii. Impairment of financial assets

Impairment provisions are assessed either on the basis of 12-month expected credit loss, which are the result of possible defaults within 12 months after the reporting date, or expected credit loss for the entire life period, which are the result of all possible cases of non-fulfillment of obligations during the expected term of the financial instrument.

For trade receivables or contractual assets arising from transactions that are within the scope of IFRS 15 Revenue from Contracts with Customers (including those that contain a significant financing component) and lease receivables, the Group uses a simplified approach to measuring provisions for expected credit losses - an estimate in an amount equal to the expected credit losses for the entire term.

Impairment allowances for other financial assets classified as measured at amortized cost are measured on the basis of 12-month asset allocation if there has not been a significant increase in credit risk since recognition. The estimated provision for expected credit losses for a financial instrument is assessed at each reporting date in an amount equal to expected credit losses for the entire period if the credit risk for this financial instrument has increased significantly since initial recognition, taking into account all reasonable and confirmed information, including predictive.

As indicators of significant deterioration in credit risk the Group considers the actual or anticipated difficulties of the Issuer or of a debtor's asset, the actual or expected breach of contract, the expected renegotiation of the contract due to financial difficulties of the debtor at a disadvantage for the Group the terms on which she would disagree in other circumstances.

On the basis of the usual practice of credit risk management the Group defines default as the failure of the counterparty (Issuer) to perform its obligations (including repayment of funds under the contract) due to significant deterioration in the financial position.

The credit impairment loss for financial assets is reflected by recognition of a valuation allowance for its impairment. In respect of a financial asset carried at amortised cost, the amount of the impairment loss is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows, discounted at the original effective interest rate.

If in subsequent periods, the credit risk on financial assets decreases due to an event occurring after the recognition of this loss, the previously recognized impairment loss reversed by reduction of the corresponding valuation allowance.

3 Essential information about accounting policies (continued)

iii. Financial liabilities.

The Group classifies financial liabilities into the following measurement categories: financial liabilities at fair value, changes in which are recognized in profit or loss; financial liabilities measured at amortized cost.

In the category of financial liabilities measured at amortized cost, the Group includes the following financial liabilities:

- Borrowed funds
- Trade and other payables

Borrowed funds are initially recognized at fair value, taking into account transaction costs directly related to raising these funds. Fair value is determined taking into account prevailing market interest rates for similar instruments if they differ materially from transaction prices. In subsequent periods, borrowings are carried at amortized cost using the effective interest method. The entire difference between the fair value of funds received (net of transaction costs) and the amount to be paid off is recognized in profit or loss as interest expense over the entire life of the obligation to repay the borrowed funds.

Borrowing costs are expensed in the reporting period in which they were incurred if they were not related to the acquisition or construction of qualifying assets. Borrowing costs related to the acquisition or construction of assets, the preparation of which takes considerable time (qualifying assets), are capitalized as part of the value of the asset. Capitalization is carried out when the Group:

- incur the costs of qualifying assets,
- incur the costs of loans and
- conducts activities related to the preparation of assets for use or sale.

The capitalization of borrowing costs continues until the date the assets are ready for use or sale. The Group capitalizes borrowing costs that could have been avoided if it had not borne the costs of qualifying assets. Borrowing costs are capitalized based on the average cost of financing the Group (weighted average interest expenses related to the costs incurred for qualifying assets), excluding loans that were received directly for the purpose of acquiring a qualifying asset. Actual borrowing costs of targeted loans, reduced by the amount of investment income from temporary investment loans, are capitalized.

Accounts payable are accrued from the moment the counterparty fulfills its obligations under the contract. Accounts payable are recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

(d) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The deemed cost of property, plant and equipment as at 1 January 2007, the date of transition to IFRS, was determined by using its fair value (deemed cost) at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed (built) assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalized interest on loans and borrowings. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net in the item “Other income”, ”Other expenses”, within the profit or loss for the period.

3 Essential information about accounting policies (continued)

ii. Subsequent costs

The cost of replacing part (major component) of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

iii. Depreciation

Each component of an item of property, plant and equipment is amortised from the time it is ready for use on a straight-line basis over its expected useful life, since this method most accurately reflects the nature of the expected consumption of the future economic benefits embodied in the asset. Leased assets are amortized over the shorter of the lease term and the useful life of the assets. Land plots are not amortized.

The useful lives, expressed in years by type of property, plant and equipment, are presented below:

- buildings 7-50 years;
- transmission networks 5-40 years;
- equipment for electricity transmission 5-40 years;
- other assets 1-50 years.

iv. Impairment

At each reporting date, management determines whether there is any indication that property, plant and equipment is impaired.

An impairment loss is recognized when the carrying amount of an asset or its associated cash-generating unit exceeds its estimated (recoverable) amount. The recoverable amount of an asset or cash-generating unit is the higher of the asset's value in use and its fair value less costs to sell.

For the purposes of an impairment test, assets that cannot be individually tested are grouped into the smallest group that generates cash inflows from continuing use of the related assets, and these inflows are largely independent of cash inflows generated by other assets or groups of assets (the “cash-generating unit”).

The Group's general (corporate) assets do not generate independent cash flows and are used by more than one cash-generating unit. The value of a corporate asset is allocated to the units on a reasonable and consistent basis, and its impairment test is performed as part of the testing of the unit to which the corporate asset was allocated.

Impairment losses are recognized in profit or loss. For other assets, an impairment loss recognized in a previous period is reviewed at each reporting date to identify indications that the amount of this loss should be reduced or that it should no longer be recognized.

Amounts written off for impairment losses are reversed if the measurement factors used in calculating the corresponding recoverable amount change. An impairment loss is reversed only to the extent that it is possible to restore the value of the assets to the carrying amount at which they would have been carried (net of accumulated depreciation) if no impairment loss had been recognized.

(e) Intangible assets

Intangible assets include primarily capitalized computer software and licenses. The purchased software and licenses are capitalized on the basis of the costs incurred to acquire them and bring them to a state of fitness for use.

3 Essential information about accounting policies (continued)

Research costs are expensed as incurred. Development costs are recognized as intangible assets only when the Group can demonstrate the following: the technical feasibility of creating an intangible asset so that it is available for use or sale; its intention to create an intangible asset and use or sell it; how the intangible asset will generate future economic benefits; the availability of resources to complete development, and the ability to reliably estimate the costs incurred during development. Other development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. The carrying amount of development costs is subject to an annual impairment test.

After initial recognition, intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. Amortization of intangible assets is calculated on a straight-line basis over their useful lives. At each reporting date, management assesses whether there is any indication that intangible assets are impaired. In the event of an impairment, the carrying amount of intangible assets is written down to the higher of the value in use and the fair value of the asset less costs to sell.

Goodwill (“negative goodwill”) arises from the acquisition of subsidiaries, associates and joint ventures. For the valuation of goodwill at initial recognition, see Note 3 (a) (iii) Goodwill is recorded net of impairment losses. With respect to associates, the amount of goodwill related to them is reflected in the carrying amount of the corresponding investment in an associate, and when recognizing an impairment of such investments, it is not allocated to any assets forming the carrying amount of investments in associates, including goodwill.

(f) Lease

At the time of the conclusion of the contract, the Group assesses whether the contract as a whole or its individual components is a lease agreement. A contract as a whole, or its individual components, is a lease if the contract transfers the right to control the use of an identified asset for a specified period in exchange for a refund.

Right-of-use assets are initially measured at cost and amortised to the earlier of the following dates: the end of the useful life of the right-of-use asset or the end of the lease term. The initial cost of a right-of-use asset includes the initial measurement of the lease liability, lease payments made before or at the lease commencement date, and initial direct costs. After recognition, right-of-use assets are carried at cost less accumulated depreciation and accumulated impairment losses. Right-of-use assets are presented as a separate item in the consolidated statement of financial position.

The lease liability is initially measured at the present value of lease payments that have not yet been made at the lease commencement date and is subsequently measured at amortised cost, with interest expense recognized as finance expense in the consolidated income statement. Lease liabilities are presented in the consolidated statement of financial position as long-term and short-term borrowings.

The Group recognises lease payments on short-term leases as an expense on a straight-line basis over the lease term.

For an individual lease agreement, the Group may decide to qualify the agreement as a lease in which the underlying asset has a low value and recognize the lease payments under such agreement as an expense on a straight-line basis over the lease term.

For lease agreements for land plots under power grid facilities with an indefinite term, or with a contract term of no more than 1 year with the possibility of annual renewal, the Group determines the term of the contract, using as a basic criterion the useful life of the fixed assets located on the leased land plots.

For leases of transmission facilities with indefinite or with a term contract of not more than 1 year with possibility of annual renewal, the Group determines the duration of the contract, using as basic criterion the useful life of the objects of fixed assets with similar technical characteristics.

(g) Advances issued

Advances given are classified as non-current if they are connected with the acquisition of an asset which will be classified as non-current upon initial recognition. Advances given for the acquisition of an asset are included in its carrying amount upon the acquisition of control over the asset, and when it is probable that the Group will obtain economic benefit from its usage.

3 Essential information about accounting policies (continued)

(h) Inventories

Inventories are measured at the lower of the cost or net realizable value. The cost of inventories is determined on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business of the Group, less the estimated costs of completion and selling expenses.

Inventories intended for the provision of work on the prevention and elimination of accidents (emergencies) at power grid facilities (emergency reserve) are reflected in the article “Inventories”.

(i) Cash and cash equivalents

Cash includes cash in hand, funds in bank accounts, and cash in transit. Cash equivalents include highly liquid financial assets intended to settle liabilities related to the Group's current operating activities with a maturity at the time of initial recognition not exceeding three months.

(j) Value-added tax

Output value-added tax (VAT) related to sales is payable to the tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. Advances issued and other assets include (on a net basis) the amounts of VAT accrued on advances received and advances issued, as well as VAT recoverable and VAT prepayments. Amounts of VAT to be paid to the tax authorities are presented separately within short-term accounts payable. Where a provision has been made for the impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

(k) Employee benefits

i. Defined contributions plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate (independent) entity and will have no further (neither legal nor due to established practice) obligation to pay further amounts. Obligations for contributions to defined contribution pension plans, including the Social Fund of Russia (until 1 January 2023 the Pension Fund of the Russian Federation), are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

The defined benefit program is a program for the payment of employee benefits at the end of an employment relationship with them, different from the defined benefit program. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension schemes is the discounted liability at the reporting date.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group’s obligations and that are denominated in the same currency in which the benefits are expected to be paid. These calculations are performed by a qualified actuary using the method of the predicted conditional unit of accumulation of future payments.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related

3 Essential information about accounting policies (continued)

to defined benefit plans are recognized in profit or loss. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in other comprehensive income/expense.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii. Other non-current employee benefits

The amount of the Group's liability for long-term employee benefits other than defined benefit payments is the amount of future benefits that employees have earned the right to in the current and past periods. These future rewards are discounted to determine their present value. The discount rate represents the market yield at the reporting date on government bonds that have maturities approximately equal to the maturity of the Group's respective obligations and are denominated in the same currency in which these rewards are expected to be paid. Obligations are assessed using the method of the predicted conditional unit. Revaluations are recognized in profit or loss for the period in which they occur.

iv. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably and it is highly probable that there will be an outflow of economic benefits.

(l) Income tax expense

Income tax expense is comprised of current and deferred tax. It is recognized in profit or loss for the period, except to the extent that it relates to a business combination, or items recognized in other comprehensive income or directly in equity.

Current income tax

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous years.

Deferred tax

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for consolidated financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences that arise upon initial recognition of assets or liabilities as a result of a transaction that is not a business combination and, at the time of its completion, does not affect either accounting or taxable profit or tax loss, and does not result in equal taxable and deductible temporary differences;
- taxable temporary differences that relate to investments in subsidiaries and associates, branches, and interests in joint ventures, to the extent that the Group is able to control the timing of the reversal of these temporary differences and it is probable that these temporary differences will not reverse in the foreseeable future;
- deductible temporary differences that relate to investments in subsidiaries and associates, branches, and interests in joint ventures, to the extent that it is not probable that taxable profits will be available against which the related temporary differences can be offset, and it is not probable that these temporary differences will reverse in the future. for the foreseeable future.

3 Essential information about accounting policies (continued)

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rate that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group accrues tax liabilities for open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions, and may involve a series of judgments about future events. New information may become available that causes the Group to changeits judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a s net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the related deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or practice-based obligation that can be estimated reliably, and it its probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(n) Capital

Share capital

Ordinary shares and non-redeemable preference shares are both classified as equity.

Issue income

Share premium is defined as the amount of funds accumulated from the start of the Group's operations as a result of the placement of shares, less the nominal value of the outstanding shares.

Own repurchased shares:

In the event that a Group company purchases shares of the Company (its own repurchased shares), the amount paid, including any additional costs directly related to the acquisition (net of income tax), is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or sold. Where such shares are subsequently reissued or sold, the amounts received, net of directly related transaction costs and related tax charges, are included in equity attributable to the Company's shareholders. Repurchased equity shares are carried at their weighted average cost. Gains and losses arising from the subsequent sale of shares are recognized in the consolidated statement of changes in equity, net of related expenses, including taxes.

Capital reserves include:

- revaluation reserve for financial assets,
- revaluation reserve for net defined benefit liability,
- the reserve associated with the transfer to the reporting currency.

3 Essential information about accounting policies (continued)

Provision for revaluation of financial assets.

The procedure for measuring financial assets measured at fair value through other comprehensive income, as well as the procedure for derecognition of these financial assets, is described in section (c) of this Note.

Revaluation reserve for the net defined benefit liability.

Actuarial gains and losses recorded as part of the revaluation reserve for the net defined benefit liability are calculated by a qualified independent actuary in accordance with the requirements of IFRS (IAS) 19 “Employee Benefits” (see also section (j) of this Note).

The reserve associated with the transfer to the reporting currency.

The financial result and financial position of a Group associate whose functional currency differs from the presentation currency are translated to the presentation currency using the following procedures: assets and liabilities are translated at the closing exchange rate at the date of the statement of financial position; income and expenses are translated at the exchange rates at the dates of the related transactions; all exchange differences resulting from the transfer are recognized in other comprehensive income and presented in equity as part of the reserve associated with the transfer to the presentation currency; transactions affecting equity are recalculated at the exchange rates at the dates of the transaction; items (components) of equity are not recalculated, that is, each item of equity The capital is recalculated once – at the exchange rates on the dates of the relevant transactions.

Retained earnings. Dividends.

Retained earnings (uncovered loss) reflect net profit (loss) on an accrual basis since the beginning of the Group's activities, not distributed among its shareholders and not otherwise used.

Dividends are recognized as a liability and excluded from equity at the reporting date only if they are declared (approved by shareholders) at or before the reporting date. Dividends are subject to disclosure if they are declared after the reporting date but before the consolidated financial statements are signed.

(o) Revenue from Contracts with Customers

The Group recognizes revenue when (or as) the performance obligation is fulfilled by transferring the promised good or service (i.e. an asset) to customer. An asset is transferred then (or as it is) a performance obligation is fulfilled.

When (or as) a performance obligation is fulfilled, the Group recognizes revenue in the amount that the Group expects to receive in exchange for transferring the promised assets to the buyer, excluding VAT.

Electricity transmission

Revenue from electricity transmission is recognized during the period (billing month) and is estimated using the results method (cost of transferred volumes of electricity).

Tariffs for electricity transmission services are approved by the executive bodies of the subjects of the Russian Federation in the field of state regulation of tariffs.

Sales of electricity and capacity

Revenue from the sale of electricity is recognized during the period (billing month) and is estimated using the results method (cost of transferred volumes of electricity).

The sale of electricity in the retail electricity and capacity markets to consumers is carried out at regulated prices (tariffs) established by the executive bodies of the subjects of the Russian Federation in the field of state regulation of tariffs.

3 Essential information about accounting policies (continued)

Technological connection services

Revenue from the provision of technological connection services is a non-refundable fee for connecting consumers to electric networks. The Group transfers control over the service at a certain point in time (after the consumer is connected to the power grid or, for certain categories of consumers, when the Group provides the opportunity for the consumer to connect to the power grid) and, therefore, fulfills the obligation to perform at a certain point in time.

Payment for technological connection for an individual project, the standardized tariff rates, the rates for an unit of maximum capacity and the form of payment for technological connection are approved by the regional energy commission (the department of prices and tariffs of the corresponding region) and do not depend on the proceeds from the provision of electricity transmission services. Payment for technological connection to the unified national electric network is approved by the Federal Antimonopoly Service.

The Group applied judgment that technological connection is a separate performance obligation that is recognized when the related services are provided. The technological connection agreement does not contain any further obligations after the provision of the connection service. According to the established practice and laws governing the electricity market, technological connection and transmission of electricity are subject to separate negotiations with different consumers as different services with different commercial purposes without connection in pricing, intentions, recognition or types of services.

Other revenue

Revenue from installation, repair and maintenance services, consulting and organizational and technical services, communication and information technology services, other services and other sales is recognized when the customer receives control of the asset.

Trade receivables

Accounts receivable represent the Group's right to compensation, which is unconditional (that is, the moment when such compensation becomes payable is due only to the passage of time).

Contractual obligations

An obligation under a contract is an obligation to transfer to the buyer the goods or services for which the Group has received compensation (or compensation for which is payable) from the buyer. If the buyer pays the consideration before the Group transfers the goods or services to the buyer, a contractual obligation is recognized at the time the payment is made or at the time when the payment becomes payable (whichever occurs earlier). Contractual obligations are recognized as revenue when the Group performs its obligations under the contract. The Group reflects obligations under contracts with customers under the item “Advances received” including value added tax (VAT).

Advances received mainly consists of deferred revenue under contracts of technological connection.

Advances received from buyers and customers are analyzed by the Group for the presence of a financial component. If there is a time interval of more than 1 year between the receipt of advances from buyers and customers and the transfer of promised goods and services for reasons other than the provision of financing to the counterparty (under technological connection agreements to electric networks), the interest expense is not recognized on the advances received. Such advances are carried at the fair value of the assets received by the Group from buyers and customers in advance.

(p) Finance income and costs

Financial income includes interest income on invested funds, dividend income, profit on disposal of financial assets measured at fair value and measured at amortized cost, and the effect of discounting financial instruments. Interest income is recognized in profit or loss when incurred, and its amount is calculated using the effective interest rate method. Dividend income is recognized in profit or loss when the Group is entitled to receive the corresponding payment.

3 Essential information about accounting policies (continued)

Financial expenses include interest expenses on borrowed funds, lease obligations, losses from the disposal of financial assets measured at fair value and measured at amortized cost, and the effect of discounting financial instruments. Borrowing costs that are not directly related to the acquisition, construction or production of a qualifying asset are recognized in profit or loss for the period using the effective interest method.

(q) Government grants

Government-provided subsidies are recognized at fair value if there is reasonable assurance that the subsidy will be received and all the conditions for obtaining such a subsidy will be met.

Government subsidies related to the acquisition of fixed assets are included in long-term liabilities as deferred income and charged to profit or loss over the estimated useful life of the related assets as such assets are amortized.

In the consolidated statement of cash flows, subsidies related to the acquisition of fixed assets are reflected as part of cash flows from financing activities.

Government subsidies allocated for the implementation of costs are recognized in profit or loss (as part of other income) during the period corresponding to the time of occurrence of the costs that they are supposed to compensate.

Government grants that are due to be received as compensation for expenses already incurred or for the purpose of providing immediate financial support without any future related costs are recognized in profit or loss for the period in which they are due.

Government subsidies that compensate the Group for electricity tariffs (loss of income) are recognized in the consolidated statement of profit or loss and other comprehensive income (as part of other income) in the same periods in which the related revenue was recognized.

(r) Social expenditure

When the Group's contributions to social programs are for the benefit of society as a whole and are not limited to payments to employees of the Group, they are recognized in profit or loss as they are made. The Group's expenses related to the financing of social programs, without committing to such financing in the future, are reflected in the consolidated Statement of profit or loss and other comprehensive income as they arise.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(t) Concession Arrangement

The Group applies IFRS (IFRS) 15 to public-private concession arrangement for the provision of services, if: 1. The concession provider controls or regulates what services the operator must provide in relation to the infrastructure, to whom it must provide them and at what price; and 2. the supplier of the concession controls - on the basis of ownership, use rights for the purpose of extracting benefits or other grounds - any significant residual share in the infrastructure at the end of the agreement period.

The Group doesn’t recognize the infrastructure of the objects of the concession agreement as property, plant and equipment, because the contractual services agreement doesn’t transfer to the Group the right to control the use of the infrastructure.

The Group keeps records of reimbursement for construction services and revenue from electricity transmission services, in accordance with IFRS (IFRS) 15.

The Group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from the concession provider or at its direction for performing construction services; the concession provider has a small choice to avoid payment, or does not have such a choice at all, usually because the agreement is enforceable.

3 Essential information about accounting policies (continued)

The Group recognizes an intangible asset to the extent that it obtains the right to charge users of services.

The Group accounts for an intangible asset in accordance with IFRS (IAS) 38. The Group determines the amortization period for an intangible asset as the period of validity of the concession agreement.

The Group capitalizes borrowing costs in accordance with IFRS (IAS) 23 relating to the construction phase of the concession agreement into the intangible asset. Other borrowing costs related to the concession agreement are recognized by the Group as an expense in the period in which they are incurred.

(u) Energy service contracts

Within the framework of the energy service contract, services are provided aimed at energy saving and improving the energy efficiency of the use of energy resources (including reducing the technological consumption (loss) of electricity during its transmission in electric networks) by identifying and reducing losses in electric networks. The services of an energy service company are paid for by saving the cost of compensating for electricity losses.

The Group recognizes the costs of energy service contracts as part of the operating expenses of the period under other works and industrial services.

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a normal transaction between market participants at the valuation date. A fair value measurement assumes that a transaction for the purpose of selling an asset or transferring a liability is carried out in the market that is the primary market for the asset or liability; or, in the absence of a primary market, in the market that is most advantageous for the asset or liability.

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 discloses transfers between levels of the fair value hierarchy in the reporting period during which the change takes place.

The point in time at which transfers to and from certain levels are recognized is the date on which the event or change in circumstances that caused the transfer occurs.

(in thousands of Russian rubles, unless otherwise stated)

5 Acquisition and disposal of subsidiaries, ownership interests, information on associated companies

Information on associated companies

Investment in an associated company at the beginning of the reporting period	**660,636**
Share in the profit of the associated company for the period up to 26 July 2024	78,140
Dividends	(68,303)
Investment in an associated company on 26 July 2024	**670,473**

Consolidated financial information on the associated company for the period from 01 January to 26 July 2024 and as at that date:

	thousand rubles
Non-current assets	1,026,233
Current assets	833,923
including cash and cash equivalents	237,230
Long-term obligations	(95,362)
Short-term liabilities	(444,260)
Total net assets	**1,320,534**

Revenue	960,956
Depreciation for the period	(42,795)
Net financial income	21,451
Income tax expense	(40,134)
Profit for the period	156,281
Total comprehensive income for the period	156,281
Total comprehensive income for the period in favor of the Group is 49.99997%	78,140

Acquisition of control

On 26 July 2024, the Group acquired ownership of 50.00003% of the ordinary registered undocumented shares of the associated company by sending a mandatory offer to the company's shareholders provided for in Article 84.2 of the Federal Law “On Joint Stock Companies”. The purchase price of the acquired share of shares was determined as RUB 750,001 thousand and paid in cash. Thus, the effective ownership share of the Group in this company after the completion of the transaction was 100%.

The Company's results of operations, assets and liabilities are consolidated by the Group from 26 July 2024. The Group reflected the acquisition of control over the company using the purchase method in accordance with the requirements of IFRS 3 “Business Combination”.

(in thousands of Russian rubles, unless otherwise stated)

5 Acquisition and disposal of subsidiaries, ownership interests, information on associated companies (continued)

The table below shows the fair value of the identifiable net assets of the acquired company received at the acquisition date:

	Fair value, thousand rubles
Non-current assets	
Property, plant and equipment	574,444
Intangible assets	718
Right-of-use assets	42,779
Deferred tax assets	408,292
Total non-current assets	**1,026,233**
Current assets	
Inventories	72,222
Accounts receivable	524,471
Cash and cash equivalents	237,230
Total current assets	**833,923**
Total assets	**1,860,156**
Non-current liabilities	
Long-term lease obligations	39,549
Deferred tax liabilities	55,813
Total non-current liabilities	**95,362**
Current liabilities	
Short-term lease obligations	6,668
Accounts payable	425,105
Provisions	12,487
Total current liabilities	**444,260**
Total liabilities	**539,622**
Total identifiable net assets at fair value	**1,320,534**
Identifiable net assets attributable to non-controlling interests	**(1,608)**
Value of an investment in an associated company	**670,473**
Consideration transferred	**750,001**
Goodwill	**98,332**

Since the value of the consideration transferred exceeds the value of the identifiable net assets of the acquired company, the Group recorded goodwill as part of other intangible assets in the amount of RUB 98,332 thousand in the consolidated statement of financial position.

The goodwill arising from the acquisition is a consequence of the expected additional economic effects from the consolidation of the electric grid assets after the acquisition of control of the company under the unified operational management of the Group.

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

Net cash received on the acquisition of a subsidiary	237,230
Consideration transferred	(750,001)
Net cash flow	**(512,771)**

Acquisition of subsidiaries

On 03 April 2024, the Group concluded an agreement for the purchase and sale of 100% of ordinary registered non-documentary shares of the acquired company. In accordance with the terms of the agreement, shares are considered to be transferred to the ownership of the Group from the moment the corresponding entry is entered into the register of owners of shares of the acquired company. The purchase price is defined as RUB 750,000 thousand and paid in cash.

The results of operations, assets and liabilities of the acquired company are consolidated by the Group from 25 April 2024.

(in thousands of Russian rubles, unless otherwise stated)

5 Acquisition and disposal of subsidiaries, ownership interests, information on associated companies (continued)

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

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 table below shows the fair value of the identifiable net assets of the acquired company received at the acquisition date:

	Fair value, thousand rubles
Non-current assets	
Property, plant and equipment	769,450
Deferred tax assets	3,692
Total non-current assets	**773,142**
Current assets	
Inventories	33,529
Accounts receivable	122,036
Cash and cash equivalents	50,452
Total current assets	**206,017**
Total assets	**979,159**
Non-current liabilities	
Deferred tax liabilities	79,714
Total non-current liabilities	**79,714**
Current liabilities	
Borrowed funds	72
Accounts payable	111,326
Provisions	9,368
Total current liabilities	**120,766**
Total liabilities	**200,480**
Total identifiable net assets at fair value	**778,679**
Consideration transferred	**750,000**
Gain on bargain purchase	**(28,679)**

Since the fair value of the identifiable net assets of the acquired company exceeds the value of the consideration transferred, the Group recognized a gain on a bargain purchase (negative goodwill) in other income in the amount of RUB 28,679 thousand in the consolidated statement of profit or loss and other comprehensive income.

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

Net cash received on the acquisition of a subsidiary	50,452
Consideration transferred	(750,000)
Net cash flow	**(699,548)**

Since the acquisition date, the proceeds of the acquired company and the acquisition of control, consolidated into the Group's financial statements, amounted to RUB 385,971 thousand and RUB 133,502 thousand, respectively, and profit before tax amounted to RUB 219,391 thousand and RUB 99,443 thousand, respectively. If the acquisition had taken place at the beginning of the year, the Group's revenue would have amounted to RUB 138,423,760 thousand, and the Group's profit before tax would have amounted to RUB 12,553,691 thousand.

(in thousands of Russian rubles, unless otherwise stated)

5 Acquisition and disposal of subsidiaries, ownership interests, information on associated companies (continued)

Acquisition of shares of ownership

On 17 October 2024 the Group entered into a purchase and sale agreement for a non-controlling interest in the amount of 49% of ordinary registered non–documentary shares of one of its subsidiaries (hereinafter referred to as the company). The purchase price is defined as RUB 119,000 thousand and paid in cash. Upon completion of the transaction, the Group's effective ownership interest in this company was 100%.

The cost of the non-controlling interest at the date of acquisition of 49% of the shares was:

	Value, thousand rubles
Non-controlling interest at the date of the company's establishment	**3,207**
Comprehensive income attributable to non-controlling interests accrued from the date of the company's establishment	546,539
Dividends paid to holders of non-controlling interests since the date of the company's establishment	(55,784)
Total non-controlling interest at the date of acquisition of 49% of the company's shares	**493,962**
Consideration transferred	119,000
Increase in equity due to owners of the Group	**374,962**

Since the value of the non-controlling interest at the date of the transaction exceeds the value of the consideration transferred, the Group recognized the increase in equity attributable to the owners of the Company in retained earnings in the amount of RUB 374,962 thousand in the consolidated statement of changes in equity.

6 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 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.

The Management Board of PJSC "Rosseti Centre" evaluates the results of operations, assets and liabilities of operating segments on the basis of internal management reports prepared on the basis of data generated according to Russian accounting standards.

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. This procedure for determining EBITDA may differ from the procedure used by other companies. This procedure for determining EBITDA may differ from the procedure used by other companies. 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 consolidated financial statements includes those reclassifications and adjustments that are necessary for reporting in accordance with IFRS.

(in thousands of Russian rubles, unless otherwise stated)

6 Information about segments (continued)

(a) Information about reportable segments

As at 31 December 2024 and for the year ended 31 December 2024:

	Belgorod energo	**Bryansk energo**	**Voronezh energo**	**Kostroma energo**	**Kursk energo**	**Lipetsk energo**	**Orel energo**	**Smolensk energo**	**Tambov energo**	**Tver energo**	**Yar energo**	**Other TSS**	**Others**	**Total**
Revenue from external customers	17,435,084	5,121,228	22,488,735	6,910,291	10,687,641	12,542,581	6,091,767	10,183,908	9,381,103	14,226,924	13,714,089	8,434,278	933,518	**138,151,147**
Inter-segment revenue	-	2,760,258	115,378	-	-	-	-	-	-	-	9,240	3,653,263	21,447	**6,559,586**
Segment revenue	**17,435,084**	**7,881,486**	**22,604,113**	**6,910,291**	**10,687,641**	**12,542,581**	**6,091,767**	**10,183,908**	**9,381,103**	**14,226,924**	**13,723,329**	**12,087,541**	**954,965**	**144,710,733**
Including														
Electricity transmission	*15,531,077*	*7,169,829*	*20,630,836*	*6,320,865*	*9,860,593*	*11,658,638*	*5,908,867*	*9,594,005*	*8,107,668*	*13,651,177*	*13,012,946*	*10,986,807*	*118,366*	***132,551,674***
Technological connection services	*912,843*	*214,364*	*990,405*	*296,195*	*635,112*	*531,376*	*104,876*	*235,017*	*967,886*	*392,044*	*412,589*	*712,772*	*38,997*	***6,444,476***
Other revenue	*991,164*	*497,293*	*982,872*	*293,231*	*191,936*	*352,567*	*78,024*	*354,886*	*305,549*	*183,703*	*297,794*	*387,962*	*797,602*	***5,714,583***
The cost of technological connection to the networks	(58,424)	(17,651)	(35,661)	(29,369)	(22,266)	(61,851)	(21,795)	(33,721)	(14,248)	(107,961)	(90,425)	(60,588)	(645)	**(554,605)**
Finance income	23	210,896	127,214	15	15,582	21	5	4	2	2	78	114,774	1,515,990	**1,984,606**
Finance costs	(432,384)	(332,739)	(561,070)	(171,577)	(175,778)	(712,002)	(274,576)	(761,665)	(557,272)	(1,249,315)	(1,168,428)	(490,446)	(173,426)	**(7,060,678)**
Depreciation and amortization	2,458,778	786,508	1,720,428	743,958	848,196	1,906,742	450,697	932,306	518,353	721,851	1,313,417	1,227,904	131,750	**13,760,888**
EBITDA	**5,366,730**	**1,564,146**	**5,958,324**	**1,473,649**	**(2,359,182)**	**3,484,933**	**938,079**	**1,852,477**	**2,143,901**	**4,564,406**	**4,657,509**	**3,242,298**	**2,445,979**	**35,333,249**
Segment assets	**26,705,440**	**7,809,441**	**24,096,964**	**9,735,183**	**8,528,680**	**19,967,708**	**5,135,834**	**9,691,407**	**7,571,030**	**13,203,004**	**19,377,736**	**21,099,694**	**10,728,616**	**183,650,737**
Including property, plant and equipment and construction in progress	22,408,475	5,912,532	21,077,174	7,901,271	4,853,872	17,852,976	4,206,058	8,025,660	5,049,637	9,733,653	15,364,958	14,593,220	1,875,213	**138,854,699**
Capital expenditure	4,351,951	1,286,514	3,853,791	1,211,175	1,994,916	2,798,769	525,563	1,247,347	2,197,643	1,314,033	2,080,150	2,119,531	471,497	**25,452,880**
Segment liabilities	**10,041,155**	**3,163,263**	**9,938,210**	**4,325,269**	**5,136,654**	**9,753,753**	**2,525,648**	**6,186,704**	**5,803,560**	**19,393,986**	**12,346,868**	**7,669,898**	**7,190,366**	**103,475,334**

(in thousands of Russian rubles, unless otherwise stated)

6 Information about segments (continued)

As at 31 December 2023 and for the year ended 31 December 2023:

	Belgorod energo	**Bryansk energo**	**Voronezh energo**	**Kostroma energo**	**Kursk energo**	**Lipetsk energo**	**Orel energo**	**Smolensk energo**	**Tambov energo**	**Tver energo**	**Yar energo**	**Other TSS**	**Others**	**Total**
Revenue from external customers	15,927,570	5,206,285	20,479,079	6,552,177	10,452,128	12,357,417	5,836,853	9,476,273	7,568,100	13,325,540	13,073,017	7,156,399	1,043,270	**128,454,108**
Inter-segment revenue	-	2,279,633	115,486	-	-	-	-	-	-	-	8,700	2,755,415	21,452	**5,180,686**
Segment revenue	**15,927,570**	**7,485,918**	**20,594,565**	**6,552,177**	**10,452,128**	**12,357,417**	**5,836,853**	**9,476,273**	**7,568,100**	**13,325,540**	**13,081,717**	**9,911,814**	**1,064,722**	**133,634,794**
Including														
Electricity transmission	*14,355,480*	*6,578,483*	*18,813,666*	*6,021,439*	*9,494,911*	*11,173,247*	*5,592,932*	*9,068,169*	*7,169,506*	*12,391,411*	*11,918,781*	*9,248,076*	*167,620*	***121,993,721***
Technological connection services	*776,502*	*167,241*	*736,185*	*262,303*	*768,840*	*809,453*	*73,834*	*131,455*	*196,757*	*289,454*	*336,246*	*431,343*	*8,827*	***4,988,440***
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	*416,789*	-	-	-	***416,789***
Other revenue	*795,588*	*740,194*	*1,044,714*	*268,435*	*188,377*	*374,717*	*170,087*	*276,649*	*201,837*	*227,886*	*826,690*	*232,395*	*888,275*	***6,235,844***
The cost of technological connection to the networks	(64,325)	(15,795)	(31,688)	(25,526)	(21,133)	(53,746)	(23,580)	(35,492)	(13,559)	(95,476)	(82,398)	(45,237)	(4,939)	**(512,894)**
Finance income	47,407	175,648	128,667	47,392	62,148	47,395	47,399	47,391	47,390	47,391	47,471	52,017	12,231	**809,947**
Finance costs	(300,178)	(233,406)	(384,449)	(99,611)	(111,707)	(477,837)	(177,175)	(479,453)	(364,195)	(825,945)	(701,253)	(282,379)	(120,124)	**(4,557,712)**
Depreciation and amortization	2,835,709	695,307	1,613,889	705,606	857,229	1,164,371	444,117	881,626	494,815	756,536	1,309,814	1,047,698	119,212	**12,925,929**
EBITDA	**1,016,504**	**1,845,844**	**4,977,254**	**567,745**	**2,634,640**	**7,935,928**	**833,217**	**1,823,593**	**784,733**	**489,622**	**1,997,736**	**3,001,540**	**331,798**	**28,240,154**
Segment assets	**24,177,797**	**6,932,233**	**22,115,576**	**9,074,410**	**10,350,395**	**19,326,554**	**5,034,258**	**9,430,234**	**6,515,627**	**9,068,512**	**16,134,069**	**14,923,198**	**15,999,415**	**169,082,278**
Including property, plant and equipment and construction in progress	20,221,876	5,423,279	19,114,490	7,431,229	8,331,681	16,904,453	4,098,632	7,778,609	3,783,591	6,017,715	11,574,003	10,612,909	1,844,651	**123,137,118**
Capital expenditure	3,379,139	1,224,573	3,336,049	1,098,969	1,615,294	2,600,586	553,941	1,352,624	810,324	645,056	2,074,106	1,529,277	82,078	**20,302,016**
Segment liabilities	**9,063,629**	**3,688,123**	**10,283,100**	**3,931,933**	**4,339,994**	**9,572,465**	**2,576,898**	**6,566,909**	**5,900,652**	**15,972,557**	**10,561,512**	**5,639,607**	**8,496,411**	**96,593,790**

(in thousands of Russian rubles, unless otherwise stated)

6 Information about segments (continued)

(b) The reconciliation of key segment items measured as reported to the Management Board of the Company with similar items in these consolidated financial statements:

The reconciliation of segment revenue:

	Year ended 31 December 2024	Year ended 31 December 2023
Segment revenues	**144,710,733**	**133,634,794**
Intersegment revenue elimination	(6,559,586)	(5,180,686)
Revenues per consolidated statement of profit or loss and other comprehensive income	**138,151,147**	**128,454,108**

The reconciliation of reportable segment EBITDA:

	Year ended 31 December 2024	Year ended 31 December 2023
EBITDA of reportable segments	**35,333,249**	**28,240,154**
Discounting receivables	1,914	932,647
Adjustment for lease	(78,264)	(43,385)
Impairment of property, plant and equipment, intangible assets, and right-of-use assets according to Russian standards	436,063	776,425
Recognition of pension and other long-term liabilities to employees	(179,927)	(255,990)
Adjustment on assets related to employee benefit liability	9,190	41,104
Re-measurement of financial assets at fair value through other comprehensive income (transfer of revaluation to equity)	13,559	(47,516)
Adjustment of the value of property, plant and equipment	(81,043)	538,154
Adjustment of income from donated property, plant and equipment	(285,632)	(540,212)
Adjustment of the value of intangible assets	(1,084,538)	-
Acquisition of subsidiaries	28,679	5,449
Acquisition of associated companies	-	567,897
Profit of associated companies	78,140	-
Adjustment for write-off of other material expenses	(398,049)	(347,878)
Other adjustments	(1,234,737)	(473,068)
EBITDA	**32,558,604**	**29,393,781**
Depreciation and amortization	(12,615,166)	(12,345,512)
Net accrual of impairment losses on property, plant and equipment and assets in the form of rights of use	(861,528)	(1,677,259)
Interest expenses on financial liabilities	(5,993,982)	(3,696,430)
Interest expenses of lease liabilities	(726,618)	(648,586)
Income tax expense and expenses on excess profit tax	(5,800,683)	(3,109,756)
Profit for the year per consolidated statement of profit or loss and other comprehensive income	**6,560,627**	**7,916,238**

(in thousands of Russian rubles, unless otherwise stated)

6 Information about segments (continued)

The reconciliation of reportable segment total assets is presented below:

	31 December 2024	31 December 2023
Total segment assets	**183,650,737**	**169,082,278**
Intersegment balances	(3,460,323)	(4,310,715)
Intragroup financial assets	(5,604,514)	(4,871,788)
Acquisition of subsidiaries	-	150,480
Acquisition of associated companies	-	567,897
Adjustment for value of property, plant and equipment, intangible assets and right-of-use assets	(7,723,374)	(5,440,456)
Impairment of property, plant and equipment, intangible assets and right-of-use assets	(861,528)	(1,677,259)
Recognition of right-of-use assets	(177,970)	(110,278)
Assets related to employee benefits	563,426	554,236
Adjustment for deferred tax assets	(7,394,954)	(5,176,537)
Discounting of accounts receivables	-	(1,914)
Other adjustments	(113,069)	(11,656)
Total assets per consolidated statement of financial position	**158,878,431**	**148,754,288**

The reconciliation of reportable segment total liabilities is presented below:

	31 December 2024	31 December 2023
Total segment liabilities	**103,475,334**	**96,593,790**
Intersegment balances	(3,460,323)	(4,310,715)
Adjustment for deferred tax liabilities	(7,192,861)	(5,985,135)
Recognition of pension and other long-term liabilities to employees	2,471,395	2,857,422
Recognition of lease obligations	(144,797)	(120,008)
Discounting of financial liabilities	(1,011,241)	(998,008)
Other adjustments	(77,211)	72,462
Total liabilities per consolidated statement of financial position	**94,060,296**	**88,109,808**

(c) Major customer

The Group operates in the Russian Federation. The Group does not receive revenues from foreign customer and does not have non-current assets abroad.

For the year ended 31 December 2024 and 31 December 2023, the Group had a few counterparties, each of which accounted for more than 10% of the Group's total revenue. Revenue received from these counterparties is reflected in the reporting of the operating segments of Voronezhenergo, Kurskenergo, Lipetskenergo, Smolenskenergo, Tverenergo and Yarenergo.

The total revenue received from "TNS energo" Group was RUB 22,989,567 thousand or 17.4% of the Group's total revenue for 2024 (2023: RUB 21,153,372 thousand or 17.2%). The total revenue received from PJSC "Atomenergosbyt" was RUB 27,111,832 thousand or 20.5% of the Group's total revenue for 2024 (2023: RUB 25,527,988 thousand or 20.7%).

(in thousands of Russian rubles, unless otherwise stated)

7 Revenue

	Year ended 31 December 2024	Year ended 31 December 2023
Electricity transmission	126,401,117	117,129,049
Technological connection services	6,444,322	4,988,213
Sales of electricity and capacity	-	416,789
Other revenue	5,188,021	5,722,874
Total revenue from contracts with customers	**138,033,460**	**128,256,925**
Lease revenue	117,687	197,183
	138,151,147	**128,454,108**

Other revenue includes mainly technical and maintenance services, installation of outdoor lighting networks, diagnostics and testing, construction services, consulting and organizational and technical services.

8 Other income and other expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Income from identified non-contracted electricity consumption	109,305	137,690
Income in the form of fines and penalties on commercial contracts	508,677	832,723
Income from compensation of losses in connection with the disposal/liquidation of electric grid property	527,972	334,672
Accounts payable write-off	28,837	91,872
Acquisition of subsidiaries	28,679	5,449
Insurance indemnity	348,289	1,139,954
Income from disposal of fixed assets on sale (sale) operations	33,722	369,060
Income from reimbursement of costs and losses	9,133	15,346
Income from inventory sales	122,870	47,438
Subsidies and targeted financing	114,412	39,726
Other income	634,791	525,267
	2,466,687	**3,539,197**

Other expenses include loss on disposal of property, plant and equipment for the year ended 31 December 2024 in the amount of RUB 142,087 thousand (for the year ended 31 December 2023: RUB 130,127 thousand).

(in thousands of Russian rubles, unless otherwise stated)

9 Operating expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Personnel costs	31,889,220	28,527,114
Depreciation of property, plant and equipment	11,842,436	11,309,063
Amortization of intangible assets	178,247	480,566
Depreciation of right-of-use assets	594,483	555,883
Material expenses, including:		
Electricity for compensation of losses	22,616,309	21,166,901
Electricity for sale	-	348,883
Purchased electricity and heat power for own needs	525,793	524,611
Other material costs	5,356,544	4,980,240
Production work and services, including:		
Electricity transmission services	35,728,544	33,464,644
Repair and maintenance services	1,214,401	1,032,839
Other works and industrial services	3,223,864	3,791,251
Taxes and levies other income tax	2,159,718	2,055,501
Short-term rent	91,801	92,156
Insurance	166,544	126,287
Other third-party services, including:		
Communication services	442,976	419,717
Security services	511,983	461,688
Consulting, legal and audit services	60,778	77,025
Software costs and services	455,957	235,443
Transportation services	39,078	52,987
Other services	832,233	756,298
Provisions	300,846	1,716,887
Expenses recognized in connection with debt settlement for electricity transmission, electricity for resale, purchased electricity to compensate for losses and non-contracted consumption	1,125,357	1,185,817
Other expenses	3,329,193	2,056,475
	122,686,305	**115,418,276**

10 Personnel costs

	Year ended 31 December 2024	Year ended 31 December 2023
Wages and salaries	20,182,977	17,722,705
Social security contributions	7,175,172	6,404,775
Provisions related to employee benefits	2,627,362	2,706,129
Expenses related to defined benefit plan	129,206	141,672
Other	1,774,503	1,551,833
	31,889,220	**28,527,114**

(in thousands of Russian rubles, unless otherwise stated)

10 Personnel costs (continued)

Other expenses for employee benefits include lump-sum payments when leaving for another vacation, financial assistance, compensation, benefits, social benefits.

The amount of contributions to the defined contribution plan was RUB 19,197 thousand for the year ended 31 December 2024 (for the year ended 31 December 2023: RUB 19,123 thousand).

Remuneration to key management personnel is disclosed in the Note 34.

11 Finance income and costs

	Year ended 31 December 2024	Year ended 31 December 2023
Finance income		
Interest income on bank deposits and balances on bank accounts	1,660,791	600,589
Interest income on assets related to employee defined benefits plans	34,752	34,023
Dividends receivable	155	10,699
Effect of initial recognition of discount on financial liabilities	249,885	-
Other finance income	1,914	932,647
	1,947,497	**1,577,958**
Finance costs		
Interest expenses on financial liabilities measured at amortized cost	(5,993,982)	(3,696,430)
Interest expenses on lease liabilities	(726,618)	(648,586)
Interest expense on long-term employee benefit liability	(306,942)	(285,762)
Amortization of discount on financial liabilities	(236,652)	(223,431)
Other finance costs	(6,150)	(20,483)
	(7,270,344)	**(4,874,692)**

12 Income tax

On 12 July 2024, Federal Law No. 176-FZ “On Amendments to Parts One and Two of the Tax Code of the Russian Federation, Certain Legislative Acts of the Russian Federation and Invalidation of Certain Provisions of Legislative Acts of the Russian Federation” was adopted, providing for an increase in the income tax rate from 20% to 25% from 1 January 2025.

In connection with the adoption of this law, additional deferred tax income/expense has been recognized in these consolidated financial statements related to the recalculation of deferred tax assets and liabilities at new rates that will apply in the periods of reimbursement of such assets and liabilities after 1 January 2025 in the amount of RUB 1,405,890 thousand, including:

- expense on income tax as part of profit or loss – RUB 1,437,895 thousand.
- income in other comprehensive income – RUB 32,005 thousand.

This change in legislation did not affect the amounts of current income tax for 2024 and deferred assets and liabilities of the Group as at 31 December 2023:

- the current income tax rate for 2024 was 20%
- deferred income tax assets and liabilities as of December 31, 2023 were calculated at a rate of 20 percent

The impact of the increase in the income tax rate on deferred income tax assets and liabilities as at 31 December 2024 by type of difference (items) is described in Note 17.

(in thousands of Russian rubles, unless otherwise stated)

12 Income tax (continued)

	Year ended 31 December 2024	Year ended 31 December 2023
Current income tax		
Accrual of current tax	(3,411,845)	(2,899,499)
Adjustment of the tax for the previous periods	200,003	333,287
Total	**(3,211,842)**	**(2,566,212)**
Deferred income tax		
Accrual of deferred tax at the applicable 2024 rate	(1,150,946)	(467,356)
Recognition of additional deferred tax expense due to an increase in the income tax rate	(1,437,895)	-
Total	**(2,588,841)**	**(467,356)**
Income tax expense	**(5,800,683)**	**(3,033,568)**

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

In 2024 and 2023, the Group recalculated tax for previous periods and filed revised statements the income tax including the settlement of disputes with contractors in the judicial and pre-trial order for previous periods. As a result, the profit tax to decrease for previous periods was RUB 200,003 thousand in accordance with the updated tax returns submitted to the tax authorities (2023: RUB 333,287 thousand tax to decrease).

Windfall income tax expense

On 4 August 2023 the President of the Russian Federation signed Federal Law N 414-FZ “On the Windfall income tax” (published on 4 August 2023, hereinafter referred to as the “Law”).

In accordance with the provisions of the Law, PJSC “Rosseti Centre” is a payer of windfall income tax. The amount of the liability and expenses for windfall income tax calculated at the rate of 5% is RUB 76,188 thousand. The Group has made a security payment for windfall income tax in the amount of RUB 76,188 thousand, which is presented in the consolidated statement of cash flows as a separate line “Windfall income tax security payment”. As a result of the security payment, the Group was entitled to a tax deduction in the amount of the above-mentioned security payment. Accordingly, the applicable windfall income tax rate was 5%.

Income tax recognized in other comprehensive income:

	Year ended 31 December 2024			Year ended 31 December 2023		
	Before tax	**Tax**	**Net of tax**	**Before tax**	**Tax**	**Net of tax**
Financial assets at fair value through other comprehensive income	(13,559)	2,706	(10,853)	47,516	(9,503)	38,013
Remeasurements of the defined benefit liability	565,954	(70,355)	495,599	344,396	(26,005)	318,391
	552,395	**(67,649)**	**484,746**	**391,912**	**(35,508)**	**356,404**

(in thousands of Russian rubles, unless otherwise stated)

12 Income tax (continued)

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

	Year ended 31 December 2024	Year ended 31 December 2023
Profit before income tax	**12,361,310**	**11,025,994**
Income tax calculated at the applicable tax rate	**(2,472,262)**	**(2,205,199)**
Tax effect of items not deductible/not taxable for taxation purposes	(2,090,529)	(1,161,656)
Recognition of an additional deferred tax expense due to an increase in the income tax rate	(1,437,895)	-
Adjustments for previous periods	200,003	333,287
	(5,800,683)	**(3,033,568)**

(in thousands of Russian rubles, unless otherwise stated)

13 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
Cost/deemed cost						
At 1 January 2023	**53,407,371**	**86,216,775**	**50,013,979**	**42,362,963**	**5,136,110**	**237,137,198**
Additions	22	-	40,325	394	20,227,386	**20,268,127**
Acquisition of subsidiaries	56,187	34,430	39,514	25,166	4,170	**159,467**
Transfer	4,529,835	5,557,366	4,192,788	5,433,721	(19,713,710)	**-**
Disposals	(750,428)	(192,545)	(196,492)	(357,786)	(350,960)	**(1,848,211)**
At 31 December 2023	**57,242,987**	**91,616,026**	**54,090,114**	**47,464,458**	**5,302,996**	**255,716,581**
Accumulated depreciation						
At 1 January 2023	**(22,351,736)**	**(53,314,051)**	**(26,571,375)**	**(24,041,755)**	**-**	**(126,278,917)**
Depreciation charge	(2,431,651)	(4,467,422)	(2,624,636)	(2,713,557)	-	**(12,237,266)**
Disposals	154,556	95,352	98,899	329,776	-	**678,583**
At 31 December 2023	**(24,628,831)**	**(57,686,121)**	**(29,097,112)**	**(26,425,536)**	**-**	**(137,837,600)**
Accumulated impairment						
At 1 January 2023	**(1,905,858)**	**(3,684,309)**	**(2,035,649)**	**(511,453)**	**(94,168)**	**(8,231,437)**
Transfer to property, plant and equipment (transfer of impairment losses)	(1,364)	(7,618)	(1,438)	(967)	11,387	**-**
Depreciation charge	159,805	473,883	223,965	59,760	-	**917,413**
Recognition of impairment losses/restoration of previously recognized impairment losses	(1,135,208)	242,253	(303,960)	(400,626)	(79,718)	**(1,677,259)**
Disposals	683	188	1,108	70	11,427	**13,476**
At 31 December 2023	**(2,881,942)**	**(2,975,603)**	**(2,115,974)**	**(853,216)**	**(151,072)**	**(8,977,807)**
Depreciation (including depreciation of impairment)	(2,271,846)	(3,993,539)	(2,400,671)	(2,653,797)	-	**(11,319,853)**
Net book value						
At 1 January 2023	**29,149,777**	**29,218,415**	**21,406,955**	**17,809,755**	**5,041,942**	**102,626,844**
At 31 December 2023	**29,732,214**	**30,954,302**	**22,877,028**	**20,185,706**	**5,151,924**	**108,901,174**

(in thousands of Russian rubles, unless otherwise stated)

13 Property, plant and equipment (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
Cost/deemed cost						
At 1 January 2024	**57,242,987**	**91,616,026**	**54,090,114**	**47,464,458**	**5,302,996**	**255,716,581**
Additions	22	-	-	15,888	24,356,063	**24,371,973**
Acquisition of subsidiaries	495,966	194,644	199,779	265,264	188,241	**1,343,894**
Transfer	4,673,644	5,371,735	4,948,897	5,966,575	(20,960,851)	**-**
Disposals	(66,623)	(157,639)	(173,041)	(281,787)	(127,538)	**(806,628)**
At 31 December 2024	**62,345,996**	**97,024,766**	**59,065,749**	**53,430,398**	**8,758,911**	**280,625,820**
Accumulated depreciation						
At 1 January 2024	**(24,628,831)**	**(57,686,121)**	**(29,097,112)**	**(26,425,536)**	**-**	**(137,837,600)**
Depreciation charge	(2,634,255)	(4,513,866)	(2,682,796)	(2,980,263)	-	**(12,811,180)**
Disposals	57,321	82,634	77,330	225,058	-	**442,343**
At 31 December 2024	**(27,205,765)**	**(62,117,353)**	**(31,702,578)**	**(29,180,741)**	**-**	**(150,206,437)**
Accumulated impairment						
At 1 January 2024	**(2,881,942)**	**(2,975,603)**	**(2,115,974)**	**(853,216)**	**(151,072)**	**(8,977,807)**
Transfer to property, plant and equipment (transfer of impairment losses)	(28,778)	(21,892)	(13,435)	(4,248)	68,353	**-**
Depreciation charge	234,448	391,695	249,893	87,461	-	**963,497**
Recognition of impairment losses/restoration of previously recognized impairment losses	(68,292)	176,912	8,551	(665,431)	(92,710)	**(640,970)**
Disposals	18	362	628	33	4,113	**5,154**
At 31 December 2024	**(2,744,546)**	**(2,428,526)**	**(1,870,337)**	**(1,435,401)**	**(171,316)**	**(8,650,126)**
Depreciation (including depreciation of impairment)	(2,399,807)	(4,122,171)	(2,432,903)	(2,892,802)	-	**(11,847,683)**
Net book value						
At 1 January 2024	**29,732,214**	**30,954,302**	**22,877,028**	**20,185,706**	**5,151,924**	**108,901,174**
At 31 December 2024	**32,395,685**	**32,478,887**	**25,492,834**	**22,814,256**	**8,587,595**	**121,769,257**

13 Property, plant and equipment (continued)

As at 31 December 2024 advance payments for property, plant and equipment include in construction in progress in the amount of RUB 410,225 thousand (as at 31 December 2023: RUB 144,660 thousand), also materials for the construction of property, plant and equipment in the amount of RUB 2,169,000 thousand (as at 31 December 2023: RUB 1,791,085 thousand).

For the year ended 31 December 2024 capitalized interest amount is RUB 508,858 thousand (for the year ended 31 December 2023: RUB 270,222 thousand), the capitalization rate used to determine the amount of borrowing costs to be capitalized was 16.56-22.92% during the year (for the year ended 31 December 2023 – 7.68-17.16%).

For the year ended 31 December 2024 depreciation charges in the amount of RUB 8,347 thousand were capitalized in the cost of capital construction facilities (including depreciation charges of property, plant and equipment – RUB 5,247 thousand, of right-of-use assets – RUB 61 thousand, intangible assets – RUB 3,039 thousand).

For the year ended 31 December 2023 depreciation charges in the amount of RUB 12,242 thousand were capitalized in the cost of capital construction facilities (including depreciation charges of property, plant and equipment – RUB 10,790 thousand, of right-of-use assets – RUB 1,452 thousand).

As at 31 December 2024 the initial cost of fully amortized property plant and equipment was RUB 38,193,137 thousand (as at 31 December 2023: RUB 38,850,455 thousand).

Disclosure of information on impairment testing

The Group considered the current economic conditions in the regions where the Group operates as an indicator (sign) of a possible impairment of fixed assets.

Most of the Group's fixed assets are specialized objects that rarely become objects of purchase and sale on the open market, except when they are sold as part of existing enterprises. The market for such fixed assets is not active in the Russian Federation and does not provide enough examples of purchase and sale in order for a market approach to determine the fair value of these fixed assets to be used.

Accordingly, the recoverable value of specialized facilities was determined as the value from their use using the method of projected cash flows. This method takes into account the future net cash flows that these fixed assets will generate in the course of operating activities, as well as upon disposal, in order to determine the recoverable value of these assets.

Cash-generating units are determined by the Group based on the geographical location of branches and subsidiaries and represent the smallest identifiable groups of assets that generate cash inflows regardless of other assets of the Group.

Future cash flows during the forecast period for the tested CGUs of the Group were determined based on the management's best estimate of electricity transmission volumes, operating costs and capital investments, as well as tariffs approved by regulatory authorities, taking into account business plan indicators based on tariff models formed taking into account the average annual growth rate of the tariff for electricity transmission services in accordance with the Forecast of socio-economic development of the Russian Federation for 2025 and for the planned period of 2026 and 2027 (30.09.2024), in 2023 – for 2024 and for the planned period of 2025 and 2026 (28.09.2023).

The Group tested property, plant and equipment for impairment as at 31 December 2024 in respect of all significant cash-generating units.

(in thousands of Russian rubles, unless otherwise stated)

13 Property, plant and equipment (continued)

The following key assumptions were used in estimating the recoverable value of assets of generating units:

Key assumption	As at 31 December 2024	As at 31 December 2023
The forecast period	Projected cash flows were determined for the period 2025-2029 for all generating units based on management's best estimate of electricity transmission volumes, operating and capital costs, as well as tariffs approved by regulatory authorities for 2025.	Projected cash flows were determined for the period 2024-2028 for all generating units based on management's best estimate of electricity transmission volumes, operating and capital costs, as well as tariffs approved by regulatory authorities for 2024.
The interest rate of net cash flow growth in the post-forecast period	4.00%	4.00%
Forecast of electricity transmission tariffs	Based on the tariff calculation methodology adopted by the regulatory authorities.	Based on the tariff calculation methodology adopted by the regulatory authorities.
Forecast of sales volume	In accordance with the approved business plan. Outside of business planning - a fixed amount (at the level of the last year of the business planning period).	In accordance with the approved business plan. Outside of business planning - a fixed amount (at the level of the last year of the business planning period).
Discount rate (The nominal discount rate determined for the purposes of the test based on the weighted average cost of capital ~~before income tax)~~	13.71%	11.97%

According to the results of impairment testing, the recoverable value of non-current assets of the tested EGDS was as at 31 December 2024: Belgorodenergo RUB 22,832,657 thousand, Bryanskenergo RUB 11,761,623 thousand, Voronezhenergo RUB 31,824,421 thousand, Kostromaenergo RUB 11,680,993 thousand, Kurskenergo RUB 4,981,892 thousand, Lipetsk RUB 24,037,004 thousand, Orelenergo RUB 9,775,538 thousand, Smolenskenergo RUB 17,411,994 thousand, Tambovenergo RUB 5,710,950 thousand, Tverenergo RUB 28,622,240 thousand, Yarenergo RUB 32,585,758 thousand.

According to the results of testing, as at 31 December 2024, an impairment loss in the amount of RUB 4,371,853 thousand was recognized, including for the branch Kurskenergo RUB 3,951,216 thousand, for the branch Tambovenergo RUB 420,637 thousand.

Deferred tax income recognized in profit or loss in respect of impairment losses on fixed assets, intangible assets and assets in the form of right of use at the applicable rate amounted to RUB 910,373 thousand.

As at 31 December 2024, the impairment loss recognized in previous reporting periods was restored in the total amount of RUB 3,690,337 thousand, including for the branch Tverenergo RUB 2,395,063 thousand, for the branch Yarenergo RUB 1,295,274 thousand.

Deferred tax expense recognized in profit or loss in respect of recovery of impairment losses on fixed assets, intangible assets and assets in the form of right of use at the applicable rate amounted to RUB 738,067 thousand.

According to the test results, as at 31 December 2024, an impairment loss on goodwill for subsidiaries in the amount of RUB 180,012 thousand was recognized. The subsidiaries are separate EGDS, however, due to a combination of circumstances, a group of generating units was considered for a branch of Kurskenergo and a subsidiary in this region. Since, in accordance with IAS 36, goodwill impairment losses are not recoverable, Note 14 reflects the disposal of goodwill and impairment losses.

The main factor in the recovery of impairment at the Tverenergo and Yarenergo branches is the expected increase in revenue from electricity transmission services relative to the forecast as at 31 December 2023 due to an increase in electricity consumption in 2024 and in the forecast for the period 2025-2029 according to the growth rate of the gross regional product in accordance with the Forecast of Socio-economic

13 Property, plant and equipment (continued)

Development of the Russian Federation for 2025 and for the planned period of 2026 and 2027 dated 30 September 2024, as well as taking into account the increase in approved tariffs for 2025, including in accordance with the agreement on the terms of regulated activities for the provision of electric transmission services cooperation with the Ministry of Tariff Regulation of the Yaroslavl Region the weighted average tariff for 2025.

The main factor in the impairment of assets at the Kurskenergo branch is mainly due to a decrease in the volume of electricity transmission services, at the Tambovenergo branch - to an increase in the discount rate of projected cash flows to their present value at the nominal weighted average cost of capital from 11.97% as at 31 December 2023 to 13.71% as at 31 December 2024.

For the year ended 31 December 2024, deferred tax expense recognized in profit or loss in terms of depreciation (movement) of accumulated impairment of fixed assets, intangible assets and assets in the form of right of use amounted to RUB 229,733 thousand (for the year ended 31 December 2023: RUB 186,178 thousand).

(in thousands of Russian rubles, unless otherwise stated)

14 Intangible assets

	Software	R&D	Other intangible assets	Total
Initial cost				
At 1 January 2023	**3,431,103**	**59,449**	**1,549,607**	**5,040,159**
Reclassification between groups	-	(8,770)	8,770	**-**
Additions	897,452	65,122	360,156	**1,322,730**
Disposals	-	(40,325)	(52)	**(40,377)**
At 31 December 2023	**4,328,555**	**75,476**	**1,918,481**	**6,322,512**
Accumulated amortization				
At 1 January 2023	**(2,054,457)**	**-**	**(534,026)**	**(2,588,483)**
Amortization charge	(402,650)	-	(77,916)	**(480,566)**
Disposals	-	-	20	**20**
At 31 December 2023	**(2,457,107)**	**-**	**(611,922)**	**(3,069,029)**
Net book value				
At 1 January 2023	**1,376,646**	**59,449**	**1,015,581**	**2,451,676**
At 31 December 2023	**1,871,448**	**75,476**	**1,306,559**	**3,253,483**
Initial cost				
At 1 January 2024	**4,328,555**	**75,476**	**1,918,481**	**6,322,512**
Reclassification between groups	538,410	(28,753)	(509,657)	**-**
Additions	690,158	87,390	20,103	**797,651**
Acquisition of subsidiaries	-	-	99,050	**99,050**
Disposals	(3,540,341)	(15,943)	(354,163)	**(3,910,447)**
At 31 December 2024	**2,016,782**	**118,170**	**1,173,814**	**3,308,766**
Accumulated amortization				
At 1 January 2024	**(2,457,107)**	**-**	**(611,922)**	**(3,069,029)**
Reclassification between groups	(57,607)	**-**	57,607	**-**
Amortization charge	(121,597)	-	(59,689)	**(181,286)**
Disposals	2,460,762	-	104,711	**2,565,473**
At 31 December 2024	**(175,549)**	**-**	**(509,293)**	**(684,842)**
Accumulated impairment				
At 1 January 2024	**-**	**-**	**-**	**-**
Recognition of impairment losses	**-**	**-**	(180,012)	**(180,012)**
Disposals	**-**	**-**	**180,012**	**180,012**
At 31 December 2024	**-**	**-**	**-**	**-**
Net book value				
At 1 January 2024	**1,871,448**	**75,476**	**1,306,559**	**3,253,483**
At 31 December 2024	**1,841,233**	**118,170**	**664,521**	**2,623,924**

14 Intangible assets (continued)

Amortization of intangible assets included in operating expenses in consolidated statement of profit or loss and other comprehensive income is RUB 181,286 thousand (for the year ended 31 December 2023: RUB 480,566 thousand).

Intangible assets are amortized on a straight-line basis.

Interest for the year ended 31 December 2024 and for the year ended 31 December 2023 was not capitalized as intangible assets.

Other intangible assets include intellectual property, R&D results, objects of the concession agreement.

Information on the impairment test conducted as at 31 December 2024 is disclosed in Note 13.

The Group carried out an analysis of intangible assets and revealed that some of the objects have no useful potential in the future, and, therefore, are subject to disposal for the purposes of IFRS. Other disposal of intangible assets occurred due to the revision of the estimated values of the use of facilities in production activities.

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. More over 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 31 December 2024 in the amount of RUB 604,026 thousand is reflected in the line "Intangible assets" of the consolidated statement of financial position (in the amount of RUB 658,889 thousand as at 31 December 2023). For the year ended 31 December 2024 depreciation was accrued on the objects of the concession agreement in the amount of RUB 54,863 thousand (for the year ended 31 December 2023: RUB 54,863 thousand).

(in thousands of Russian rubles, unless otherwise stated)

15 Right-of-use assets

	Land and buildings	**Electricity transmission networks**	**Equipment for electricity transmission**	**Other**	**Total**
Initial cost					
At 1 January 2023	**4,097,776**	**708,939**	**818,580**	**1,240,608**	**6,865,903**
Additions	200,203	24,967	17,354	1,437,681	**1,680,205**
Acquisition of subsidiaries	124	-	-	-	**124**
Change in lease terms	15,172	18,936	55,534	210	**89,852**
Disposal or termination of lease agreements	(43,982)	(55,194)	(26,462)	(376)	**(126,014)**
At 31 December 2023	**4,269,293**	**697,648**	**865,006**	**2,678,123**	**8,510,070**
Accumulated depreciation					
At 1 January 2023	**(373,868)**	**(87,073)**	**(95,584)**	**(71,947)**	**(628,472)**
Depreciation charge	(294,759)	(79,881)	(91,955)	(90,740)	**(557,335)**
Change in lease terms	100	804	28	-	**932**
Disposal or termination of lease agreements	7,538	15,922	16,344	104	**39,908**
At 31 December 2023	**(660,989)**	**(150,228)**	**(171,167)**	**(162,583)**	**(1,144,967)**
Net book value					
At 1 January 2023	**3,723,908**	**621,866**	**722,996**	**1,168,661**	**6,237,431**
At 31 December 2023	**3,608,304**	**547,420**	**693,839**	**2,515,540**	**7,365,103**

(in thousands of Russian rubles, unless otherwise stated)

15 Right-of-use assets (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
Initial cost					
At 1 January 2024	**4,269,293**	**697,648**	**865,006**	**2,678,123**	**8,510,070**
Additions	226,433	104,260	30,919	1,550,421	**1,912,033**
Acquisition of subsidiaries	41,516	-	1,238	25	**42,779**
Change in lease terms	(106,001)	52,406	(66,696)	4,721	**(115,570)**
Disposal or termination of lease agreements	(64,735)	(42,826)	(53,903)	(185)	**(161,649)**
At 31 December 2024	**4,366,506**	**811,488**	**776,564**	**4,233,105**	**10,187,663**
Accumulated depreciation					
At 1 January 2024	**(660,989)**	**(150,228)**	**(171,167)**	**(162,583)**	**(1,144,967)**
Depreciation charge	(307,060)	(90,011)	(89,052)	(108,421)	**(594,544)**
Change in lease terms	9,561	(13,148)	4,339	(752)	**-**
Disposal or termination of lease agreements	24,675	18,145	33,896	175	**76,891**
At 31 December 2024	**(933,813)**	**(235,242)**	**(221,984)**	**(271,581)**	**(1,662,620)**
Accumulated impairment					
At 1 January 2024	**-**	**-**	**-**	**-**	**-**
Recognition of impairment losses	(29,769)	(4,087)	(207)	(6,483)	**(40,546)**
At 31 December 2024	**(29,769)**	**(4,087)**	**(207)**	**(6,483)**	**(40,546)**
Net book value					
At 1 January 2024	**3,608,304**	**547,420**	**693,839**	**2,515,540**	**7,365,103**
At 31 December 2024	**3,402,924**	**572,159**	**554,373**	**3,955,041**	**8,484,497**

For the purposes of the impairment test specialized right-of-use assets (including leased land under own and leased specialized properties) are classified as CGU assets in the same way as own non-current assets-based on the geographical location of branches and subsidiaries.

The use value of the right-of-use assets is determined using the discounted cash flow method. Information on the impairment test conducted as at 31 December 2024 is disclosed in Note 13.

16 Other financial assets

	31 December 2024	31 December 2023
Non-current		
Financial assets at fair value through other comprehensive income	132,688	146,247
	132,688	**146,247**

Non-current financial assets include shares of Russian companies with a fair value calculated on the basis of published market quotations equal to RUB 132,688 thousand as at 31 December 2024 (as at 31 December 2023: RUB 146,247 thousand).

(in thousands of Russian rubles, unless otherwise stated)

17 Deferred tax assets and liabilities

Differences between IFRS and Russian tax legislation lead to temporary differences between the carrying value of certain assets and liabilities for financial reporting targets on the one hand and for tax targets on income tax on the other.

As at December 2024, deferred tax assets and liabilities, unrecognized deferred tax liabilities and unrecognized deferred assets are calculated taking into account the increase in the income tax rate from 20% to 25% from January 1, 2025 (Note 12).

(a) *Recognized deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**	**31 December 2024**	**31 December 2023**
Property plant and equipment	-	-	(8,516,858)	(6,169,875)	(8,516,858)	(6,169,875)
Intangible assets	108,311	-	-	(22,657)	108,311	(22,657)
Right-off-use assets	-	-	(2,121,124)	(1,473,021)	(2,121,124)	(1,473,021)
Assets related to employee defined benefits plans	-	-	(140,857)	(110,847)	(140,857)	(110,847)
Trade and other receivables	926,295	1,052,016	-	-	926,295	1,052,016
Lease obligations	1,985,322	1,432,196	-	-	1,985,322	1,432,196
Borrowed funds	-	-	(252,810)	(199,602)	(252,810)	(199,602)
Provisions	579,982	619,324	-	-	579,982	619,324
Employee benefits	377,734	351,729	-	-	377,734	351,729
Trade and other payables	624,873	439,030	(619,894)	(593,918)	4,979	(154,888)
Other	3,054	868	16,513	(6,674)	19,567	(5,806)
Net tax assets/(liabilities)	**4,605,571**	**3,895,163**	**(11,635,030)**	**(8,576,594)**	**(7,029,459)**	**(4,681,431)**

(in thousands of Russian rubles, unless otherwise stated)

17 Deferred tax assets and liabilities (continued)

(b) *Movement in temporary differences during the year*

	1 January 2024	Acquisition of subsidiaries	Recognized in profit and loss	Recognized in other comprehensive income	Effect of the increase in the income tax rate (Note 14)	31 December 2024
Property plant and equipment	(6,169,875)	276,457	(920,069)	-	(1,703,371)	(8,516,858)
Intangible assets	(22,657)	-	109,306	-	21,662	108,311
Right-off-use assets	(1,473,021)	-	(223,878)	-	(424,225)	(2,121,124)
Assets related to employee defined benefits plans	(110,847)	-	(1,838)	-	(28,172)	(140,857)
Financial assets at fair value through other comprehensive income	-	-	(2,706)	2,706	-	-
Trade and other receivables	1,052,016	-	(310,980)	-	185,259	926,295
Lease liabilities	1,432,196	-	156,061	-	397,065	1,985,322
Borrowed funds	(199,602)	-	(2,646)	-	(50,562)	(252,810)
Provisions	619,324	-	(155,339)	-	115,997	579,982
Employee benefits	351,729		20,813	(70,355)	75,547	377,734
Trade and other payables	(154,888)	-	158,871	-	996	4,979
Other	(5,806)	-	21,459	-	3,914	19,567
	(4,681,431)	**276,457**	**(1,150,946)**	**(67,649)**	**(1,405,890)**	**(7,029,459)**

(in thousands of Russian rubles, unless otherwise stated)

17 Deferred tax assets and liabilities (continued)

	1 January 2023	**Acquisition of subsidiaries**	**Recognized in profit and loss**	**Recognized in other comprehensive income**	**31 December 2023**
Property plant and equipment	(5,566,482)	469	(603,862)	-	(6,169,875)
Intangible assets	(23,290)	-	633	-	(22,657)
Right-off-use assets	(1,247,486)	-	(225,535)	-	(1,473,021)
Assets related to employee defined benefits plans	(102,626)	-	(8,221)	-	(110,847)
Financial assets at fair value through other comprehensive income	-	-	9,503	(9,503)	-
Trade and other receivables	1,226,992	-	(174,976)	-	1,052,016
Lease liabilities	1,217,872	-	214,324	-	1,432,196
Borrowed funds	(244,639)	-	45,037	-	(199,602)
Provisions	587,267	-	32,057	-	619,324
Employee benefits	351,077	-	26,657	(26,005)	351,729
Trade and other payables	(328,762)	-	173,874	-	(154,888)
Other	(48,959)	-	43,153	-	(5,806)
	(4,179,036)	**469**	**(467,356)**	**(35,508)**	**(4,681,431)**

(in thousands of Russian rubles, unless otherwise stated)

18 Inventories

	31 December 2024	31 December 2023
Raw materials and supplies	1,771,935	1,667,580
Allowance for impairment of raw materials and supplies	(16,161)	(1,105)
Other inventories	3,178,555	2,714,150
	4,934,329	**4,380,625**

As at 31 December 2024 the reserves intended to ensure the prevention and elimination of accidents (emergencies) at power grid facilities (emergency reserve) is RUB 1,148,308 thousand (as at 31 December 2023: RUB 1,005,745 thousand).

The Group had no inventories that would have been pledged under credit or other contracts as at 31 December 2024 and 31 December 2023. The Group has included spare parts, others.

During the year ended 31 December 2024 inventories in the amount of RUB 28,498,646 thousand were recognized as expenses (during the year ended 31 December 2023: RUB 27,020,635 thousand) as part of operating expenses under the item Material expenses.

19 Trade and other receivables

	31 December 2024	31 December 2023
Non-current trade and other account receivable		
Trade receivables	771,922	1,089,939
Allowance for expected credit losses on trade receivables	-	(57,798)
Other receivables	253,616	291,557
Allowance for expected credit losses on other receivables	(15)	(360)
	1,025,523	**1,323,338**
Current trade and other account receivable		
Trade receivables	13,531,932	14,915,869
Allowance for expected credit losses on trade receivables	(3,110,169)	(4,552,110)
Other receivables	2,251,131	2,558,785
Allowance for expected credit losses on other receivables	(1,671,753)	(1,700,334)
	11,001,141	**11,222,210**

The majority of long-term accounts receivable are regulated by interest rate restructuring agreements at market annual interest rates.

The Group’s exposure to credit risk and allowance for expected credit losses on trade and other receivables is disclosed in Note 31.

Balance with related parties is disclosed in Note 34.

In 2024, disagreements with the territorial grid organization JSC “Tambov Grid Company” were settled in the amount of RUB 801,549 thousand, as a result of which mutual claims were offset with the guaranteeing supplier JSC “Tambov Regional Sales Company” (accounts receivable for electricity transmission services were offset with the Group's obligations under assignment agreements (accounts payable arrears).

As at 31 December 2024, there are no disagreements with JSC “Tambov Grid Company” and JSC “Tambov Regional Sales Company” regarding the volume of electricity transmitted.

(in thousands of Russian rubles, unless otherwise stated)

20 Advances given and other assets

	31 December 2024	31 December 2023
Non-current		
Advances given	2,053	4,784
	2,053	**4,784**
Current		
Advances given	637,684	684,021
Advances given impairment allowance	(15,202)	(25,155)
VAT recoverable	8,700	22,218
VAT on advances to customers and clients and advances given for the purchase of property plant and equipment	2,098,576	1,703,963
Prepaid taxes other than income tax	311,131	179,225
	3,040,889	**2,564,272**

Balance with related parties is disclosed in Note 34.

21 Cash and cash equivalents

	31 December 2024	31 December 2023
Cash in bank accounts and cash on hand	3,472,140	6,148,566
Cash equivalents	1,616,848	1,661,263
	5,088,988	**7,809,829**

All balance of cash and cash equivalents are denominated in rubles as at 31 December 2024 and 31 December 2023.

Cash equivalents as at 31 December 2024 and 31 December 2023 include short-term investments in bank deposits. They are placed at interest rates 17.55% - 22.80% per annum.

Designated funds in the accounts of the Federal Treasury Department as at 31 December 2024 amounted to RUB 1,136,356 thousand (as at 31 December 2023 RUB 933,531 thousand).

22 Equity

(a) Equity

	Ordinary shares	
	31 December 2024	**31 December 2023**
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) Ordinary and preference shares

The holders of ordinary shares are entitled to vote on all issues on the agenda of the General meeting of shareholders to receive dividends in the manner determined by the legislation of the Russian Federation and the Charter as well as other rights stipulated by the Charter and the legislation of the Russian Federation.

22 Equity (continued)

(c) 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.

In accordance with the Russian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles.

At the annual general meeting of shareholders held on 09 June 2023 dividends for 2023 were declared in the amount of RUB 473,263 thousand. The amount of dividends was RUB 0.01121 per one ordinary share of the Company in cash.

At the annual general meeting of shareholders held on 20 June 2024 dividends for 2023 were declared in the amount of RUB 2,795,250 thousand. The amount of dividends was RUB 0.06621 per one ordinary share of the Company in cash.

At the same time, in 2024, the Company restored unclaimed dividends for 2020 in the amount of RUB 13,605 thousand (for 2023: Company did not restore unclaimed dividends for 2019).

For the year ended 31 December 2024 the dividends paid to the owners of the company amounted to RUB 2,751,025 thousand (for the year ended 31 December 2023 – RUB 1,860,742 thousand).

23 Earnings per share

The calculation of earnings per share for the year ended 31 December 2024 and 31 December 2023 is based on earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

The Company has no dilutive financial instruments.

In millions of shares	**2024**	**2023**
Ordinary shares at 1 January	**42,218**	**42,218**
Weighted average number of shares for the year ended 31 December	**42,218**	**42,218**

	Year ended 31 December 2024	**Year ended 31 December 2023**
Weighted average number of ordinary shares outstanding for the year ended 31 December (millions of shares)	42,218	42,218
Earnings for the year attributable to holders of ordinary shares	6,537,471	7,881,733
Earnings per ordinary share (in RUB) – basic and diluted	**0.155**	**0.187**

(in thousands of Russian rubles, unless otherwise stated)

24 Borrowed funds

	31 December 2024	31 December 2023
Non-current liabilities		
Unsecured loans and borrowings	31,318,407	35,320,412
Unsecured bonds	5,006,000	2,962,343
Lease liabilities	7,941,286	7,160,980
Less: current portion of long-term loans and borrowings	(4,572,951)	(10,845,305)
Less: current portion of long-term bonds	(6,000)	(30,544)
Less: current portion of long-term lease liabilities	(1,495,201)	(907,437)
	38,191,541	**33,660,449**
Current liabilities		
Current portion of long-term loans and borrowings	4,572,951	10,845,305
Current portion of long-term bonds	6,000	30,544
Current portion of long-term lease liabilities	1,495,201	907,437
	6,074,152	**11,783,286**
Including:		
Debts on interest payable on loans and borrowings	25,575	34,962
Debts on interest payable on bonds	6,000	30,544
	31,575	**65,506**

Long-term and short-term obligations on loans and borrowings, bond loans, promissory notes as at 31 December 2024 and 31 December 2023 amounted to RUB 44,265,693 thousand and RUB 45,443,735 thousand rubles, respectively (excluding long-term and short-term lease obligations).

All balance of loans and borrowings are denominated in rubles as at 31 December 2024 and 31 December 2023.

(in thousands of Russian rubles, unless otherwise stated)

24 Borrowed funds (continued)

		Effective interest rate		Carrying value	
	Year of maturity	**31.12.2024**	**31.12.2023**	**31 December 2024**	**31 December 2023**
Unsecured borrowed funds					
Unsecured bank loans	2025-2027	KR,CB,RF+1.48%-KR,CB,RF+3.13%	KR,CB,RF+1.48%-KR,CB,RF+3.13%	12,327,583	11,997,927
Unsecured bank loans	2025-2027	KR,CB,RF+1.48%-KR,CB,RF+2.80%	KR,CB,RF+1.26%-KR,CB,RF+2.80%	8,505,964	10,955,640
Unsecured bank loans	2026	KR,CB,RF+1.45%-KR,CB,RF+1.70%	KR,CB,RF+1.20%	5,500,000	7,369,429
Unsecured bank loans	2027	KR,CB,RF+2.30%	KR,CB,RF+2.60%	150,000	150,000
Unsecured bank loans	2025	KR,CB,RF+0.80%	KR,CB,RF+0.80%	1,002,978	1,002,301
Unsecured loans	2030	5.80%-6.40%	5.80%-6.40%	3,831,882	3,845,115
				31,318,407	**35,320,412**
Unsecured bonds					
Unsecured bonds	2027	KR,CB,RF+0.90%	15.90%	5,006,000	2,962,343
Lease liabilities					
Lease liabilities	2025-2073	7.50%-31.90%	8.30%-16.44%	7,941,286	7,160,980
Total liabilities				**44,265,693**	**45,443,735**

The Group does not use hedging instruments to manage interest rate risk.
Information on the Group’s exposure to interest rate risk is disclosed in Note 31.

(in thousands of Russian rubles, unless otherwise stated)

25 Changes in liabilities arising from financial activities

	Borrowed funds		Interest on financial liabilities other than leases	Lease liabilities	Dividends payable
	Long-term part	Short-term part			
As at 1 January 2024	**27,406,906**	**10,810,343**	**65,506**	**7,160,980**	**138,472**
Changes in cash flows from financial activities					
Proceeds from borrowed funds	9,651,219	495,000	-	-	-
Repayment of borrowed funds	(1,264,194)	(10,793,209)	-	-	-
Lease payment	-	-	-	(985,047)	-
Interest paid (operating activities reference)	-	-	(6,536,846)	(690,513)	-
Dividends paid	-	-	-	-	(2,752,495)
Total	**8,387,025**	**(10,298,209)**	**(6,536,846)**	**(1,675,560)**	**(2,752,495)**
Non-cash transactions					
Reclassification	(3,996,098)	3,996,098	-	-	-
Capitalize interest	-	-	508,858	-	-
Interest expense	-	-	5,993,982	726,618	-
Additions from lease agreements	-	-	-	1,912,033	-
Dividends accrued	-	-	-	-	2,796,720
Discounting	(52,377)	39,144	-	-	-
Acquisition of subsidiaries	-	-	75	46,217	-
Write-off of unclaimed debt on previously accrued dividends	-	-	-	-	(13,605)
Other changes net	-	-	-	(229,002)	-
Total	**(4,048,475)**	**4,035,242**	**6,502,915**	**2,455,866**	**2,783,115**
As at 31 December 2024	**31,745,456**	**4,547,376**	**31,575**	**7,941,286**	**169,092**

(in thousands of Russian rubles, unless otherwise stated)

25 Changes in liabilities arising from financial activities (continued)

	Borrowed funds		Interest on financial liabilities other than leases	Lease liabilities	Dividends payable
	Long-term part	Short-term part			
As at 1 January 2023	**21,848,881**	**17,948,650**	**163,779**	**6,089,360**	**1,525,951**
Changes in cash flows from financial activities					
Proceeds from borrowed funds	20,709,458	20,996	-	-	-
Repayment of borrowed funds	(374,027)	(21,197,398)	-	-	-
Lease payment	-	-	-	(593,678)	-
Interest paid (operating activities reference)	-	-	(3,970,394)	(648,586)	-
Dividends paid	-	-	-	-	(1,862,210)
Total	**20,335,431**	**(21,176,402)**	**(3,970,394)**	**(1,242,264)**	**(1,862,210)**
Non-cash transactions					
Reclassification	(14,332,181)	14,332,181	-	-	-
Capitalize interest	-	-	270,222	-	-
Interest expense	-	-	3,696,430	648,586	-
Additions from lease agreements	-	-	-	1,680,205	-
Dividends accrued	-	-	-	-	474,731
Discounting	262,575	(37,386)	-	-	-
Write-off of unclaimed debt on previously accrued dividends	-	-	-	132	-
Other changes net	(707,800)	(256,700)	(94,531)	(15,039)	-
Total	**(14,777,406)**	**14,038,095**	**3,872,121**	**2,313,884**	**474,731**
As at 31 December 2023	**27,406,906**	**10,810,343**	**65,506**	**7,160,980**	**138,472**

(in thousands of Russian rubles, unless otherwise stated)

26 Employee benefits

The Group has a defined benefit pension and other long-term defined benefit plans that cover most full-time and retired employees. Defined post-employment benefits consist of several unfunded plans providing for lump-sum payments upon retirement financial support for current pensioners death benefits and anniversary benefits.

Amounts of defined benefit obligations recognized in the consolidated statement of financial position are presented below:

	31 December 2024	**31 December 2023**
Present value of post-employment benefits obligation	2,471,395	2,857,422
Total present value of employee benefit obligation	**2,471,395**	**2,857,422**

Change in the value of assets related to employee benefit obligations:

	Year ended 31 December 2024	**Year ended 31 December 2023**
Value of assets at 1 January	**554,236**	**513,132**
Gain on program assets	34,752	34,023
Employer contributions	156,557	145,215
Other movements in the accounts	(12,118)	(9,502)
Payments of remuneration	(170,001)	(128,632)
Value of assets at 31 December	**563,426**	**554,236**

Assets related to pension plans and defined benefit plans are administrated by non-state pension funds JSC "NPF VTB Pension Fund".

These assets are not the defined benefit plans assets because according to the conditions of the fund the Group has right to use the contributions paid under defined benefit plans to fund its defined contribution pension plans or transfer to another fund on the Group's own initiative.

Movements in the present value of defined benefit liabilities:

	2024	**2023**
	Post-employment benefits obligation	**Post-employment benefits obligation**
Defined benefit plan obligations as at 1 January	**2,857,422**	**2,945,828**
Current service cost	129,206	141,672
Interest expense	306,942	285,762
Remeasurement effect from:		
- loss from change in demographic assumptions	53,299	-
- gain from change in financial actuarial assumptions	(670,995)	(383,769)
- loss arising from experience adjustment	51,742	39,373
Contributions to the plan	(256,221)	(171,444)
Defined benefit plan obligations as at 31 December	**2,471,395**	**2,857,422**

(in thousands of Russian rubles, unless otherwise stated)

26 Employee benefits (continued)

Expenses recognized in profit or loss for the period:

	Year ended 31 December 2024	Year ended 31 December 2023
Employees service cost	129,206	141,672
Interest expenses	306,942	285,762
Total expenses recognized in profit or loss	**436,148**	**427,434**

(Profit)/loss recognized in other comprehensive income for the period:

	Year ended 31 December 2024	Year ended 31 December 2023
Loss from change in demographic assumptions	53,299	-
Gain from change in financial actuarial assumptions	(670,995)	(383,769)
Loss arising from experience adjustment	51,742	39,373
Total gain recognized in other comprehensive income	**(565,954)**	**(344,396)**

Movements in allowance for remeasurement of employee benefit obligations in other comprehensive income during the year:

	Year ended 31 December 2024	Year ended 31 December 2023
Remeasurements at 1 January	**601,897**	**946,293**
Movement of remeasurements	(565,954)	(344,396)
Remeasurements at 31 December	**35,943**	**601,897**

The key actuarial assumptions are as follows:

	31 December 2024	31 December 2023
Financial assumptions		
Discount rate	15.40%	11.80%
Future salary increase	6.30%	6.10%
Inflation rate	5.80%	5.60%
Demographic assumptions		
Expected age of retirement		
• Men	65	65
• Women	60	60
Average level of staff movement	5.90%	5.90%

(in thousands of Russian rubles, unless otherwise stated)

26 Employee benefits (continued)

A sensitivity of total employee benefits obligations to changes in the key actuarial assumptions is as follows:

	Change in the assumption	**Impact on obligation**
Discount rate	Increase by 0.5%	Increase/decrease by -3.0%
Future salary growth	Increase by 0.5%	Increase/decrease by 3.0%
Future growth of benefits (inflations)	Increase by 0.5%	Increase/decrease by 0.5%
Level of staff movement	Increase by 10%	Increase/decrease by -1.0%
Mortality level	Increase by 10%	Increase/decrease by -0.9%

Expected payments under the defined long-term employee benefit plans to employees in 2024 year including non-state pension schemes are RUB 447,223 thousand under the defined benefit plans.

The risks associated with pension and other long-term employee benefit programs reflect the fact that the actual development of the situation may differ from the long-term assumptions used in calculating liabilities. The Group's programs are subject to risks of mortality and survival, risks of falling investment returns, while there is no significant concentration of risks.

The weighted average duration of the defined benefit obligation is seven years as at 31 December 2024 (nine years as at 31 December 2023).

27 Trade and other payables

	31 December 2024	**31 December 2023**
Non-current accounts payable		
Trade payables	22,689	60,855
Other payables	61	-
	22,750	**60,855**
Current accounts payable		
Trade payables	13,893,697	13,024,547
Other payables and accrued expenses	6,103,265	1,587,881
Payables to employees	2,575,023	3,433,906
Dividends payable	169,092	138,472
	22,741,077	**18,184,806**

Other accounts payable include payments received under agreements on compensation for network reconstruction costs from OOO VSM "Two Capitals" and JSC "Russian Railways" for a total amount of RUB 4,163,949 thousand.

The Group’s exposure to liquidity risk related to payables is disclosed in Note 31.

28 Tax liabilities other than income tax

	31 December 2024	**31 December 2023**
Value-added tax	1,189,426	1,963,318
Property tax	310,141	356,195
Social security contributions	847,534	1,104,287
Other taxes payable	38,898	186,660
	2,385,999	**3,610,460**

(in thousands of Russian rubles, unless otherwise stated)

29 Advances from customers

Advances from customers (contractual obligations) as at 31 December 2024 and 31 December 2023 are reflected including VAT.

	31 December 2024	31 December 2023
Advances for services of technological connection to electric grids	2,807,211	3,981,315
Advances from customers	56,454	59,600
Total non-current advances from customers	**2,863,665**	**4,040,915**
Advances for services of technological connection to electric grids	8,726,795	4,892,790
Advances from customers	832,858	1,197,670
Total current advances from customers	**9,559,653**	**6,090,460**

30 Provisions

	Year ended 31 December 2024	Year ended 31 December 2023
Balance on 1 January	**3,020,430**	**2,936,336**
Acquisition of subsidiaries	12,487	-
Accrual (increase) for the period	753,950	2,734,891
Recovery (decrease) for the period	(450,269)	(1,015,355)
Use of provisions	(1,016,672)	(1,635,442)
Balance on 31 December	**2,319,926**	**3,020,430**

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

31 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.

This note provides information on the Group’s exposure to each of these risks examines the goals policies and procedures for assessing and managing risks and the Group’s capital management system. More detailed quantitative information is disclosed in the relevant sections of these consolidated financial statements.

In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders return capital to shareholders or issue new shares.

(a) *Credit risk*

Credit risk is the risk that the Group will incur a financial loss caused by the buyer or counterparty to a financial instrument not fulfilling its contractual obligations in full and within a specified period. Credit risk is mainly related to the group's accounts receivable bank deposits cash and cash equivalents.

Deposits with an initial maturity of more than three months cash and cash equivalents are placed in financial institutions that have a minimal risk of default and are considered reliable counterparties with a stable financial position in the financial market of the Russian Federation.

(in thousands of Russian rubles, unless otherwise stated)

31 Financial risk and capital management (continued)

Taking into account the structure of the group's debtors the group's exposure to credit risk mainly depends on the individual characteristics of each counterparty. The group creates a provision for expected credit losses on trade and other receivables the estimated amount of which is determined based on the model of expected credit losses weighted by the probability of default and can be adjusted both upwards and downwards. To do this the Group analyzes the creditworthiness of counterparties the dynamics of debt repayment takes into account changes in payment terms the availability of third-party guarantees bank guarantees and current general economic conditions.

The carrying amount of accounts receivable less allowance for expected credit losses represents the maximum amount exposed to credit risk. Although the repayment of accounts receivable is subject to economic and other factors the Group believes that there is no significant risk of losses exceeding the created allowance.

If possible the group uses the prepayment system in its relations with counterparties. As a rule prepayment for technological connection of consumers to networks is provided by the contract. The group does not require collateral for receivables.

In order to effectively manage accounts receivable the Group monitors changes in the volume of accounts receivable and its structure identifying current and overdue debts. In order to minimize credit risk the Group implements measures aimed at timely fulfillment of contractual obligations by contractors reducing and preventing the formation of overdue debts. Such events include in particular: negotiating with customers improving the efficiency of the formation process of services volume on electricity transmission ensure the execution concerted with guaranteeing suppliers schedules a test of reading and technical checks of the accounting system of electricity restriction of the consumption mode of electric power (exercisable in accordance with the legislation of the Russian Federation) claim work the presentation of requirements on provision of financial security in the form of independent (bank) guarantees guarantees and other forms of security for the obligations performance.

Level of credit risk

The carrying amount of financial assets reflects the Group’s maximum exposure to credit risk. At the balance sheet date the maximum level of credit risk was:

	Carrying amount	
	31 December 2024	**31 December 2023**
Financial assets at fair value through other comprehensive income	132,688	146,247
Trade and other receivables (net of allowance for expected credit losses)	12,026,664	12,545,548
Cash and cash equivalents	5,088,988	7,809,829
	17,248,340	**20,501,624**

(in thousands of Russian rubles, unless otherwise stated)

31 Financial risk and capital management (continued)

At the balance sheet date the maximum level of credit risk in respect of trade receivables (excluding other receivables) by customer groups was as follows:

	Gross	Impairment loss	Gross	Impairment loss
	31 December 2024	31 December 2024	31 December 2023	31 December 2023
Buyers of electricity sales services	442,193	(441,817)	594,472	(588,946)
Buyers of electricity transmission services	12,394,903	(2,295,095)	13,987,330	(3,625,213)
Buyers of technological connection to networks	183,178	(65,636)	146,239	(42,136)
Other buyers	1,283,580	(307,621)	1,277,767	(353,613)
	14,303,854	**(3,110,169)**	**16,005,808**	**(4,609,908)**

The carrying amount of trade receivables attributable to the ten largest debtors of the Group was RUB 8,166,653 thousand as at 31 December 2024 (as at 31 December 2023: RUB 8,369,381 thousand).

The aging of trade and other receivables is provided below:

	Gross	Impairment loss	Gross	Impairment loss
	31 December 2024	31 December 2024	31 December 2023	31 December 2023
Not past due	11,739,478	(161,733)	12,015,141	(822,278)
Past due less than 3 months	387,137	(88,731)	506,492	(178,850)
Past due more than 3 months and less than 6 months	95,210	(40,045)	398,720	(186,280)
Past due more than 6 months and less than 1 year	239,135	(207,987)	594,818	(218,923)
Past due more than 1 year	4,347,641	(4,283,441)	5,340,979	(4,904,271)
	16,808,601	**(4,781,937)**	**18,856,150**	**(6,310,602)**

(in thousands of Russian rubles, unless otherwise stated)

31 Financial risk and capital management (continued)

The Group believes that overdue, non-impaired accounts receivable are highly likely to be recoverable as of the reporting date.

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

	Year ended 31 December 2024	Year ended 31 December 2023
Balance at 1 January	**6,310,602**	**5,962,810**
Increase for the period	757,337	1,961,777
Amounts of trade and other receivables written off using the allowance for impairment accrued earlier	(864,551)	(665,020)
Reversal of allowance for impairment for the period	(1,435,440)	(948,965)
Acquisition of subsidiaries	13,989	-
Balance at 31 December	**4,781,937**	**6,310,602**

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Management of liquidity risk involves maintaining sufficient cash and the availability of financial resources by securing credit lines. The Group adheres to a balanced model of financing working capital by using both short-term and long-term sources. Basically temporarily free funds invested in the short-term financial instruments such as bank deposits.

The Group’s approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group’s reputation. This approach is used to analyze payment dates associated with financial assets and also to forecast cash flows from operating activities.

The amount of free limit on open but unused credit lines of the Group was RUB 160,659,050 thousand at 31 December 2024 (31 December 2023: RUB 135,219,665 thousand). The Group has opportunity to attract additional financing within the corresponding limits including for the purpose of execution of the short-term obligations.

Information about the contractual maturities of financial liabilities including estimated interest payments and without influence of netting is provided below. With respect to the cash flows included in the maturity analysis it is not expected that they can arise much earlier in time or in significantly different amounts:

(in thousands of Russian rubles, unless otherwise stated)

31 Financial risk and capital management (continued)

31 December 2024	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**More than 5 years**
Non-derivative financial liabilities								
Borrowed funds	31,318,407	42,245,179	10,648,884	21,180,464	7,509,956	968,625	968,625	968,625
Bonds	5,006,000	7,372,200	1,001,000	995,000	5,376,200	-	-	-
Lease liabilities	7,941,286	13,170,129	1,930,713	1,559,371	1,412,325	1,335,381	1,262,929	5,669,410
Trade and other payables	22,763,827	22,763,827	22,741,077	19,016	-	-	-	3,734
	67,029,520	**85,551,335**	**36,321,674**	**23,753,851**	**14,298,481**	**2,304,006**	**2,231,554**	**6,641,769**

31 December 2023	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**More than 5 years**
Non-derivative financial liabilities								
Borrowed funds	35,320,412	45,682,677	15,138,377	9,036,962	18,739,839	691,875	691,875	1,383,749
Bonds	2,962,343	4,538,333	497,977	466,156	466,156	3,108,044	-	-
Lease liabilities	7,160,980	11,651,033	1,431,383	1,410,772	1,204,209	1,037,278	975,219	5,592,172
Trade and other payables	18,245,661	18,257,963	18,197,108	-	57,049	-	-	3,806
	63,689,396	**80,130,006**	**35,264,845**	**10,913,890**	**20,467,253**	**4,837,197**	**1,667,094**	**6,979,727**

31 Financial risk and capital management (continued)

(c) *Market risk*

Market risk is the risk of changes in market prices, such as foreign exchange rates interest rates prices of goods and equity prices that will affect the Group's financial results or the value of its financial instruments owned. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Currency risk

During the reporting period no significant payments were made in foreign currency.

Interest rate risk

The purpose of interest rate risk management is to prevent losses due to adverse changes in the level of market interest rates. Changes in interest rates primarily have an impact on loans and borrowings, as they change either their fair value (for loans and borrowings with a fixed rate) or future cash flows (for loans and borrowings with a floating rate). The Group does not adhere to any established rules when determining the ratio between loans and borrowings at fixed and floating rates. At the time of attraction of new loans and borrowings, a decision is made on the basis of judgment as to which rate – fixed or floating – will be most beneficial for the Group for the entire settlement period until the maturity of the debt. The Group analyzes the exposure to interest rate risks over time.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss for the period. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity of cash flows for financial instruments with a floating interest rate

As at 31 December 2024 the Group's financial liabilities with floating interest rates amounted to RUB 32,492,525 thousand (31 December 2023: RUB 31,475,298 thousand).

A possible change in interest rates by 100 basis points would increase (decrease) the amount of profit /(loss) for 2024 by RUB 343,118 thousand (31 December 2023: RUB 324,020 thousand). This analysis was based on the assumption that all other variables remain unchanged and interest expenses are not capitalized.

Other market price risk

The risk of changes in the price of equity instruments arises in respect of equity securities measured at fair value through other comprehensive income. The Management of the Group monitors its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group Management.

As at 31 December 2024 financial assets measured at fair value through other comprehensive income exposed to equity price risk amounted to RUB 132,688 thousand (31 December 2023: RUB 146,247 thousand). If the stock prices were 10% larger (lower) at constant values of all other variables the other comprehensive income excluding income tax increased (decreased) by RUB 13,265 thousand.

(d) *Fair value and carrying amount*

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

(in thousands of Russian rubles, unless otherwise stated)

31 Financial risk and capital management (continued)

Below is a comparison of the values of the fair and carrying amounts of the Group's financial instruments:

		31 December 2024		Level of fair value hierarchy		
	Note	Carrying amount	Fair value	1	2	3
Financial assets at fair value through other comprehensive income:	16					
Investments in equity instruments		132,688	132,688	132,651	-	37
Total		**132,688**	**132,688**	**132,651**	**-**	**37**

		31 December 2023		Level of fair value hierarchy		
	Note	Carrying amount	Fair value	1	2	3
Financial assets at fair value through other comprehensive income:	16					
Investments in equity instruments		146,247	146,247	146,210	-	37
Total		**146,247**	**146,247**	**146,210**	**-**	**37**

During the year ended 31 December 2024, there was no transfer between the 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:

	Financial assets at fair valu hrough other comprehensiv income 2024
On 1 January	**146,247**
Change in fair value recognized in other comprehensive income	(13,559)
On 31 December	**132,688**

(e) *Capital management*

The main goal of capital management for the Group is to maintain a consistently high level of capital that allows investors creditors and market participants to remain in trust and ensure sustainable business development in the future.

The Group monitors the structure and return on equity using coefficients calculated on the basis of the consolidated financial statements in accordance with IFRS management statements and statements prepared in accordance with RAS. The Group analyzes the dynamics of the indicators of total debt and net debt the structure of debt as well as the ratio of equity and debt capital.

31 Financial risk and capital management (continued)

The Group manages its debt position by implementing a credit policy aimed at improving financial stability, optimizing its debt portfolio and building long-term relationships with debt capital market participants. To manage the debt position, the Group applies limits, including the categories of financial leverage debt coverage and debt service coverage. The initial data for calculating the limits are the RAS reporting indicators.

32 Capital commitments

As at 31 December 2024, the Group has outstanding commitments under contract for the purchase and construction of property, plant and equipment items for RUB 13,073,457 thousand inclusive of VAT (as at 31 December 2023: RUB 8,477,331 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 are absent as at 31 December 2024 (as at 31 December 2023: RUB 25,181 thousand inclusive of VAT).

33 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*

The tax legislation of the Russian Federation, in force or effective at the end of the reporting period, allows for the possibility of different interpretations of certain facts of the Group's business life. In this regard, the position of the Group's management regarding taxes and the documents justifying this position may be challenged by the tax authorities.

Tax control in the Russian Federation is being tightened, which increases the risk of tax authorities checking the impact on the tax base of transactions that do not have a clear financial and economic purpose or transactions with counterparties that do not comply with the requirements of tax legislation. Tax audits may cover three calendar years preceding the year in which the decision to conduct the audit was made. Under certain circumstances, earlier periods may also be checked.

The Group's management currently believes that its position on taxes and the interpretations of legislation applied by the Group can be confirmed, however, there is a risk that the Group will incur additional costs if the management's position on taxes and the interpretations of legislation applied by the Group are challenged by the tax authorities. The impact of such a development cannot be reliably estimated, but it may be significant from the point of view of the Group's financial position and results of operations.

As the practice of applying property tax rules develops further, the criteria for classifying property as movable or immovable things applied by the Group may be challenged by tax authorities and courts. The Group's management does not exclude the risk of an outflow of resources, while the risk of such a development is not assessed as probable.

(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 thousands of Russian rubles, unless otherwise stated)

33 Contingencies (continued)

According to management, the probability of an unfavorable outcome for the Group and a corresponding outflow of financial resources is not high in relation to lawsuits/unresolved claims regarding disagreements over purchased electricity in order to compensate for losses in the amount of RUB 224,247 thousand (as at 31 December 2023 – RUB 187,869 thousand).

In the opinion of management, there are currently no other 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.

(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.

34 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 year ended 31 December 2024 and 31 December 2023, as well as at 31 December 2024 and 31 December 2023, 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 the parent company its subsidiaries and associates

	Amount of the transaction for the year ended 31 December		Carrying amount	
Revenue net other income finance income	**2024**	**2023**	**2024**	**2023**
Parent company				
Other revenue	14,830	10,593	507	453
Other income	159,144	-	-	-
Entities under common control of the parent company				
Electricity transmission revenue	1,985,473	1,583,458	255,853	180,658
Other revenue	1,106,857	1,370,199	467,055*	544,976*
Dividends receivable	155	8	-	-
Other	339,998	360,390	-	-

(in thousands of Russian rubles, unless otherwise stated)

34 Related party transactions (continued)

	Amount of the transaction		Carrying amount	
Operating expenses, finance costs	**2024**	**2023**	**2024**	**2023**
Parent company				
Technical supervision services	52,351	52,351	-	-
Electricity transmission services	22,449,191	20,758,730	1,155,057	1,050,869
Other expenses	46,282	43,222	34,950	543
Dividends	1,416,805	239,879	-	-
Entities under common control of the parent company				
Other expenses	1,118,957	1,300,315	4,147,453	1,859,206
Interest expenses on financial liabilities recorded at amortized cost	-	89,688	-	-
Others	-	-	-	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 31 December 2024 in the amount of RUB 153,469 thousand (as at 31 December 2023: in the amount of RUB 217,662 thousand).

For 2024 entities under the common control of the parent company performed work on the creation of assets that were registered as non-current assets in the amount of RUB 814,510 thousand (2023: in the amount of RUB 1,084,106 thousand). The accounts payable for such transactions are shown in the table above.

	Carrying amount	
	2024	**2023**
Parent company		
Advances given	19,622	13,763
Advances received	18,220	29,817
Borrowed funds	3,831,882	3,845,115
Entities under common control of the parent company		
Advances given	140,499	3,131
Advances received	2,198	38,806

The debt to the parent company for the payment of dividends as at 31 December 2024 is absent (as at 31 December 2023: is absent).

(c) Transactions with key management personnel

In order to prepare these 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.

(in thousands of Russian rubles, unless otherwise stated)

34 Related party transactions (continued)

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 represent the current period expenses for key management personnel reflected in employee benefits.

	Year ended 31 December 2024	Year ended 31 December 2023
Short-term employee benefits	509,924	454,223
Severance payment	-	2,602
	509,924	**456,825**

As at 31 December 2024 the current value of the defined benefit obligation is shown in the consolidated statement of financial position and includes liabilities for key management personnel is absent (as at 31 December 2023: RUB 2,071 thousand).

(d) 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.

Revenue from companies related to the main shareholder of the parent company for the year ended 31 December 2024 constitute 31% (for the year ended 31 December 2023: 33%) of total Group revenues, including 30% (for the year ended 31 December 2023: 30%) of electricity transmission revenues.

Electricity transmission costs and expenses for the purchase of electricity to compensate for technological losses, for companies associated with the main shareholder of the parent company, amounted to 81% of the total costs of electricity transmission and compensation for technological losses for the year ended 31 December 2024 (for the year ended 31 December 2023: 78%).

Interest accrued on loans and borrowings from banks related to the main shareholder of the parent company amounted to 84% of the total amount of accrued interest for the year ended 31 December 2024 (for the year ended 31 December 2023: 98%).

As at 31 December 2024 loans from banks related to the main shareholder of the parent company amounted to RUB 26,333,547 thousand (as at 31 December 2023: RUB 30,322,996 thousand).

As at 31 December 2024 the balance of cash and cash equivalents placed with banks associated with the main shareholder of the parent company amounted to RUB 2,870,658 thousand (as at 31 December 2023: RUB 7,478,809 thousand).

As at 31 December 2024 lease obligations for companies related to the main shareholder of the parent company amounted to RUB 7,529,843 thousand (as at 31 December 2023: RUB 6,880,246 thousand).

35 Events after the reporting date

On 6 March 2025, by a decision of the sole shareholder of one of the subsidiaries, it was decided to liquidate the subsidiary and create a liquidation commission. The company's liquidation period is not more than one year. The expected impact on the Group's financial position is assessed as insignificant.