

**PJSC «Rosseti Centre»**

**Interim Condensed Consolidated Financial Statements for the three and  
nine months ended 30 September 2021  
(unaudited)**

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**PJSC «Rosseti Centre»**  
**Interim Condensed Consolidated Statement of profit or loss and other comprehensive income**  
**for three and nine months ended 30 September 2021**  
*In thousands of Russian rubles, unless otherwise stated*

	Notes	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
		2021	2020 (restated)	2021	2020 (restated)
Revenue	6	25,452,968	23,291,571	77,595,788	69,731,933
Operating expenses	8	(23,384,661)	(21,315,601)	(70,005,977)	(64,581,913)
Accrual of allowance for expected credit losses		(84,280)	(79,600)	(5,995)	(77,325)
Other income	7	306,543	358,055	1,138,594	924,451
Other expenses	7	(2,066)	(7,488)	(20,937)	(19,976)
<b>Result from operating activities</b>		<b>2,288,504</b>	<b>2,246,937</b>	<b>8,701,473</b>	<b>5,977,170</b>
Finance income	9	39,503	884,604	136,925	1,016,350
Finance costs	9	(902,561)	(767,805)	(2,421,820)	(2,475,713)
<b>Total financial income/(cost)</b>		<b>(863,058)</b>	<b>116,799</b>	<b>(2,284,895)</b>	<b>(1,459,363)</b>
<b>Profit before income tax</b>		<b>1,425,446</b>	<b>2,363,736</b>	<b>6,416,578</b>	<b>4,517,807</b>
Income tax expense	10	(602,475)	(550,257)	(1,915,492)	(1,106,838)
<b>Profit for the period</b>		<b>822,971</b>	<b>1,813,479</b>	<b>4,501,086</b>	<b>3,410,969</b>
<b>Other comprehensive income/(cost)</b>					
<i>Items that will never be reclassified subsequently to profit or loss</i>					
Changes in the fair value of equity investments accounted for at fair value through other comprehensive income		(4,689)	336	(6,632)	536
Remeasurements of the defined benefit liability		59,839	102,615	431,456	(15,332)
Income tax	10	(5,775)	(11,018)	(46,980)	(107)
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>49,375</b>	<b>91,933</b>	<b>377,844</b>	<b>(14,903)</b>
<b>Other comprehensive income/(cost) for the period, net of income tax</b>		<b>49,375</b>	<b>91,933</b>	<b>377,844</b>	<b>(14,903)</b>
<b>Total comprehensive income for the period</b>		<b>872,346</b>	<b>1,905,412</b>	<b>4,878,930</b>	<b>3,396,066</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		789,501	1,780,292	4,412,438	3,303,033
Non-controlling interests		33,470	33,187	88,648	107,936
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		838,876	1,872,225	4,790,282	3,288,130
Non-controlling interest		33,470	33,187	88,648	107,936
<b>Earnings per share</b>					
Basic and diluted earnings per ordinary share (in RUB)	20	0.019	0.042	0.105	0.078

These interim condensed consolidated financial statements (unaudited) were approved by management on 22 November 2021 and were signed on this behalf by:

General Director

I.V. Makovsky



Chief Accountant

L.A. Sklyarova

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

**PJSC "Rosseti Centre"**  
**Interim Condensed Consolidated Statements of Financial Position**  
**for the nine months ended 30 September 2021**  
*In thousands of Russian rubles, unless otherwise stated*

	Notes	30 September 2021 (unaudited)	31 December 2020 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	97,257,521	96,105,195
Intangible assets	12	2,206,834	2,331,958
Right-of-use assets	13	3,551,849	2,897,358
Trade and other receivables	15	263,921	138,841
Assets related to employee benefits plans		532,126	517,405
Other non-current financial assets	14	201,569	208,201
Advances given and other non-current assets	16	11,056	1,500
<b>Total non-current assets</b>		<b>104,024,876</b>	<b>102,200,458</b>
<b>Current assets</b>			
Inventories		3,428,155	3,069,976
Income tax prepayments		545,167	4,630
Trade and other receivables	15	13,681,242	14,341,554
Cash and cash equivalents	17	1,803,181	1,406,311
Advances given and other current assets	16	1,212,496	973,365
<b>Total current assets</b>		<b>20,670,241</b>	<b>19,795,836</b>
<b>Total assets</b>		<b>124,695,117</b>	<b>121,996,294</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	4,221,794	4,221,794
Reserves		(834,330)	(1,212,174)
Retained earnings		46,904,826	43,900,420
<b>Total equity attributable to equity holders of the Company</b>		<b>50,292,290</b>	<b>46,910,040</b>
Non-controlling interest		1,022,351	955,903
<b>Total equity</b>		<b>51,314,641</b>	<b>47,865,943</b>
<b>Non-current liabilities</b>			
Long-term borrowed funds	21	45,646,023	33,443,946
Long-term trade and other payables	22	43,700	63,553
Long-term advances received	24	1,398,076	616,964
Employee benefits		2,993,993	3,308,876
Deferred tax liabilities		4,239,067	3,647,908
<b>Total non-current liabilities</b>		<b>54,320,859</b>	<b>41,081,247</b>
<b>Current liabilities</b>			
Short-term borrowed funds and current part of long-term borrowed funds	21	1,794,261	13,944,769
Trade and other payables	22	9,524,917	11,856,820
Tax debts other than income tax	23	3,069,509	2,561,765
Advances received	24	2,925,329	2,306,436
Provisions	25	1,740,851	1,995,276
Current income tax liabilities		4,750	384,038
<b>Total current liabilities</b>		<b>19,059,617</b>	<b>33,049,104</b>
<b>Total liabilities</b>		<b>73,380,476</b>	<b>74,130,351</b>
<b>Total equity and liabilities</b>		<b>124,695,117</b>	<b>121,996,294</b>

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

**PJSC "Rosseti Centre"**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**for the nine months ended 30 September 2021**  
*In thousands of Russian rubles, unless otherwise stated*

	Notes	For the nine months ended 30 September (unaudited)	
		2021	2020 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		6,416,578	4,517,807
<i>Adjustments for:</i>			
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	8,11, 12,13	9,283,759	8,643,868
Finance costs	9	2,421,820	2,475,713
Finance income	9	(136,925)	(1,016,350)
Loss on disposal of property, plant and equipment		8,902	14,918
Accrual of allowance for expected credit losses		5,995	77,325
Bad debt write-off		6,536	28,754
Accrual of provisions	8	75,803	11,687
Acquisition of subsidiaries	18	(60,110)	(121,849)
Other non-cash transactions		(8,893)	212,143
<b>Total impact of adjustments</b>		<b>11,596,887</b>	<b>10,326,209</b>
Change in assets related to employee benefits plans		(14,721)	(17,985)
Change in employee benefit liabilities		(27,426)	(37,088)
Change in long-term trade and other receivables		(126,980)	47,672
Change in long-term advances given and other non-current assets		(9,556)	1,336
Change in long-term trade and other payables		(23,581)	(36,071)
Change in long-term advances received		781,112	340,046
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>18,592,313</b>	<b>15,141,926</b>
<i>Changes in working capital and provisions:</i>			
Change in trade and other receivables		757,326	(861,682)
Change in advances given and other assets		(246,149)	(506,934)
Change in inventories		(305,004)	(386,714)
Change in trade and other payables		(259,730)	956,526
Change in advances received		574,527	178,283
Change in provisions		(331,856)	(130,779)
<b>Cash flows from operating activities before income taxes and interest paid</b>		<b>18,781,427</b>	<b>14,390,626</b>
Income tax paid		(2,221,829)	(1,476,848)
Interest paid under lease agreement		(259,587)	(247,579)
Interest paid		(1,857,633)	(1,918,874)
<b>Net cash flows received from operating activities</b>		<b>14,442,378</b>	<b>10,747,325</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(10,564,529)	(9,809,310)
Proceeds from the sale of property, plant and equipment and intangible assets		9,980	9,465
Acquisition of subsidiaries, net of cash received	18	(1,024,373)	(288,904)
Interest received		98,463	107,128
Dividends received		15,406	14,374
<b>Net cash flows used in investing activities</b>		<b>(11,465,053)</b>	<b>(9,967,247)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowed funds	21	15,214,445	52,569,822
Repayment of borrowed funds	21	(16,179,771)	(50,409,701)
Dividends paid to equity holders of the Company	19	(1,391,893)	(836,337)
Dividends paid to non-controlling interests		(22,200)	-
Repayment of lease liabilities		(201,036)	(76,225)
<b>Net cash flows (used)/ received in financing activities</b>		<b>(2,580,455)</b>	<b>1,247,559</b>
<b>Net increase in cash and cash equivalents</b>		<b>396,870</b>	<b>2,027,637</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>1,406,311</b>	<b>1,517,108</b>
<b>Cash and cash equivalents at the end of period</b>	17	<b>1,803,181</b>	<b>3,544,745</b>

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

**FJSC «Rosseti Centre»**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
**for the nine months ended 30 September 2021**  
*In thousands of Russian rubles, unless otherwise stated*

	Attributable to equity holders of the Company				Total equity		
	Notes	Share capital	Reserves	Retained earnings		Total	Non-controlling interest
<b>Balance at 1 January 2021</b>		4,221,794	(1,212,174)	43,900,420	46,910,040	955,903	47,865,943
Profit for the period		-	-	4,412,438	4,412,438	88,648	4,501,086
Other comprehensive income		-	424,824	-	424,824	-	424,824
Related income tax		-	(46,980)	-	(46,980)	-	(46,980)
<b>Total comprehensive income for the period</b>		-	377,844	4,412,438	4,790,282	88,648	4,878,930
<b>Transactions with owners</b>							
Dividends	19	-	-	(1,414,339)	(1,414,339)	(22,200)	(1,436,539)
Other	19	-	-	6,307	6,307	-	6,307
<b>Total contributions and payments</b>		-	-	(1,408,032)	(1,408,032)	(22,200)	(1,430,232)
<b>Balance at 30 September 2021 (unaudited)</b>		4,221,794	(834,330)	46,904,826	50,292,290	1,022,351	51,314,641

	Attributable to equity holders of the Company				Total equity		
	Notes	Share capital	Reserves	Retained earnings		Total	Non-controlling interest
<b>Balance at 31 December 2019 (before restatement)</b>		4,221,794	(1,063,748)	41,944,315	45,102,361	984,795	46,087,156
Effect of recount		-	-	(93,660)	(93,660)	(128,153)	(221,813)
<b>Balance at 1 January 2020 (restated)</b>		4,221,794	(1,063,748)	41,850,655	45,008,701	856,642	45,865,343
Profit for the period (restated)		-	-	3,303,033	3,303,033	107,936	3,410,969
Other comprehensive cost		-	(14,796)	-	(14,796)	-	(14,796)
Related income tax		-	(107)	-	(107)	-	(107)
<b>Total comprehensive income/(cost) for the period (restated)</b>		-	(14,903)	3,303,033	3,288,130	107,936	3,396,066
<b>Transactions with owners</b>							
Dividends	19	-	-	-	-	(6,000)	(6,000)
Other		-	-	2,995	2,995	-	2,995
<b>Total contributions and payments</b>		-	-	2,995	2,995	(6,000)	(3,005)
<b>Balance at 30 September 2020 (unaudited) (restated)</b>		4,221,794	(1,078,651)	45,156,683	48,299,826	958,578	49,258,404

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

## **1 Background**

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

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

The parent company is PJSC “Rosseti”.

PJSC “Rosseti Centre” and its subsidiaries include Russian public, limited liability company and joint-stock companies (as defined by the Civil Code of the Russian Federation). 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”) as an Open Joint-Stock Company “Interregional Distribution Grid Company of Centre” (hereinafter OJSC “IDCG of Centre”). From 07 July 2015 OJSC “IDGC of Centre” is renamed as PJSC “IDGC of Centre” based on the Decision of the Annual General Meeting of Shareholders of OJSC “IDGC of Centre” dated 25 June 2015 (minutes No. 01/15 of 26 June 2015), in order to bring it in line with the legal requirements. From 03 August 2021 PJSC “IDGC of Centre” has been renamed PJSC “Rosseti Centre” based on the decision of the Annual General Meeting of Shareholders of PJSC “IDGC of Centre” held on 31 May 2021 (minutes No. 01/21 of 31 May 2021). The corresponding changes were made to the Company's Charter.

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

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

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

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

As at 30 September 2021, the share of the Russian Federation in the authorized capital of the parent company of PJSC “Rosseti” was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares (as at 31 December 2020, the share of the Russian Federation in the authorized capital of the parent company of PJSC “Rosseti” was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares).

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

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



## **1 Background (continued)**

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

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

The economy of the Russian Federation exhibits some of the characteristics of emerging markets. The country's economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory system continues to evolve and is subject to frequent changes, as well as the possibility of different interpretations. Ongoing political tensions, as well as international sanctions against some Russian companies and citizens, continue to have a negative impact on the Russian economy.

The spread of the COVID-19 virus in 2020 had a significant negative impact on the global economy. Global oil and gas markets are experiencing volatility in demand and prices. The measures taken to limit the spread of the virus have caused a significant decrease in the business activity of companies in certain industries. The duration and consequences of the COVID-19 pandemic, as well as the effectiveness of the measures taken, are currently unclear.

The Group continues to monitor and assess the development of the situation and respond accordingly:

- work in contact with the authorities at the federal and regional levels to contain the spread of the coronavirus and take all necessary measures to ensure the safety, protection of the life and health of its employees and contractors;
- implement measures to ensure reliable energy supply, implement investment projects;
- track forward-looking and actual information on the impact of the pandemic on the Russian economy, on the activities of the Group and the main counterparties of the Group;
- adapt the Group's activities to new market opportunities, take measures to neutralize the possible negative impact of the pandemic, and ensure the financial stability of the Group.

These interim condensed consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the Group's operations and financial position. The actual impact of future business conditions may differ from current estimates.



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

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

These interim condensed consolidated financial statements for the three and nine months ended 30 September 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected notes are included to explain events and transactions that are material to the understanding of changes in the Group's financial position and operations since the date of the last annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

The key judgments made by management in the preparation of these interim condensed consolidated financial statements regarding the Group's accounting policies and significant sources of estimation uncertainty are consistent with those made in the preparation of the consolidated financial statements for the year ended 31 December 2020 and as at that date.

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

The Group has applied all the new standards and amendments to them, which came into force on 1 January 2021. The impact of the adoption of the new standards and clarifications was not significant in relation to these interim condensed consolidated financial statements.

In addition to the new standards and clarifications that are effective for annual periods beginning on or after 1 January 2021 and applicable to the Group's operations, which were disclosed in the consolidated financial statements for the year ended 31 December 2020, the following amendments to the standards were issued:

- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 “Income Taxes” – Deferred tax on assets and liabilities arising from a single transaction (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

These amendments are not expected to have a material impact on the Group's consolidated financial statements after their entry into force.

### **(d) Comparative period data restatement**

In these interim condensed consolidated financial statements, the Group has recalculated the comparative period data in terms of completing the distribution of the acquisition price of the previously acquired companies and reflecting the fair value of identifiable assets and liabilities in the comparative period information. These interim condensed consolidated financial statements clarify the fair value of identifiable assets and liabilities in terms of information for three and nine months and as at 30 September 2020.

These interim condensed consolidated financial statements also clarify the deferred tax liability and income tax expense in terms of information for the three and nine months and as at 30 September 2020.

The effect of the restatement on these interim condensed consolidated financial statements is as follows:

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

### Interim Condensed Consolidated Statement of profit or loss and other comprehensive income for the three and nine months ended 30 September 2020

For the three and nine  
months ended 30  
September 2020

	As previously reported		Effect of change		As restated	
	For the three months ended 30 September 2020	For the nine months ended 30 September 2020	For the three months ended 30 September 2020	For the nine months ended 30 September 2020	For the three months ended 30 September 2020	For the nine months ended 30 September 2020
Revenue	23,291,698	69,732,060	(127)	(127)	23,291,571	69,731,933
Operating expenses	(21,195,130)	(64,461,639)	(120,471)	(120,274)	(21,315,601)	(64,581,913)
Accrual of allowance for expected credit losses	(79,600)	(77,325)	-	-	(79,600)	(77,325)
Other income	456,497	1,023,112	(98,442)	(98,661)	358,055	924,451
Other expenses	(6,027)	(16,456)	(1,461)	(3,520)	(7,488)	(19,976)
<b>Result from operating activities</b>	<b>2,467,438</b>	<b>6,199,752</b>	<b>(220,501)</b>	<b>(222,582)</b>	<b>2,246,937</b>	<b>5,977,170</b>
Finance income	884,617	1,016,363	(13)	(13)	884,604	1,016,350
Finance costs	(755,789)	(2,463,697)	(12,016)	(12,016)	(767,805)	(2,475,713)
<b>Total financial costs</b>	<b>128,828</b>	<b>(1,447,334)</b>	<b>(12,029)</b>	<b>(12,029)</b>	<b>116,799</b>	<b>(1,459,363)</b>
<b>Profit before income tax</b>	<b>2,596,266</b>	<b>4,752,418</b>	<b>(232,530)</b>	<b>(234,611)</b>	<b>2,363,736</b>	<b>4,517,807</b>
Income tax expense	(580,482)	(928,605)	30,225	(178,233)	(550,257)	(1,106,838)
<b>Profit for the period</b>	<b>2,015,784</b>	<b>3,823,813</b>	<b>(202,305)</b>	<b>(412,844)</b>	<b>1,813,479</b>	<b>3,410,969</b>
<b>Total comprehensive income for the period</b>	<b>2,107,717</b>	<b>3,808,910</b>	<b>(202,305)</b>	<b>(412,844)</b>	<b>1,905,412</b>	<b>3,396,066</b>
<b>Profit attributable to:</b>						
Equity holders of the Company	1,982,043	3,714,698	(201,751)	(411,665)	1,780,292	3,303,033
Non-controlling interests	33,741	109,115	(554)	(1,179)	33,187	107,936
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	2,073,976	3,699,795	(201,751)	(411,665)	1,872,225	3,288,130
Non-controlling interests	33,741	109,115	(554)	(1,179)	33,187	107,936
<b>Earnings per share</b>						
Basic and diluted earnings per ordinary share (in RUB)	0.047	0.088	(0.005)	(0.010)	0.042	0.078

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

### Interim Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2020

<b>For the nine months ended 30 September 2020</b>	<b>As previously reported</b>	<b>Effect of change</b>	<b>As restated</b>
<b>Profit before income tax</b>	<b>4,752,418</b>	<b>(234,611)</b>	<b>4,517,807</b>
Depreciation and amortization of fixed assets, right-of-use assets and intangible assets	8,618,346	25,522	8,643,868
Finance costs	2,463,697	12,016	2,475,713
Finance income	(1,016,363)	13	(1,016,350)
Loss on disposal of property, plant and equipment	11,631	3,287	14,918
Acquisition of subsidiaries	(220,740)	98,891	(121,849)
Other non-cash transactions	77,590	134,553	212,143
<b>Total impact of adjustments</b>	<b>10,051,927</b>	<b>274,282</b>	<b>10,326,209</b>
<b>Cash flows from operating activities before changes in working capital and provisions</b>	<b>15,102,255</b>	<b>39,671</b>	<b>15,141,926</b>
Change in trade and other receivables	(854,112)	(7,570)	(861,682)
Change in inventories	(388,080)	1,366	(386,714)
Change in trade and other payables	965,886	(9,360)	956,526
Change in advances received	179,348	(1,065)	178,283
<b>Cash flows from operating activities before income taxes and interest paid</b>	<b>14,367,584</b>	<b>23,042</b>	<b>14,390,626</b>
Interest on the lease liability paid	(235,563)	(12,016)	(247,579)
<b>Net cash flows received from operating activities</b>	<b>10,736,299</b>	<b>11,026</b>	<b>10,747,325</b>
Acquisition of subsidiaries, net of cash received	(280,394)	(8,510)	(288,904)
Interest received	107,141	(13)	107,128
<b>Net cash flows used in investing activities</b>	<b>(9,958,724)</b>	<b>(8,523)</b>	<b>(9,967,247)</b>
Repayment of lease liabilities	(73,722)	(2,503)	(76,225)
<b>Net cash flows received in financing activities</b>	<b>1,250,062</b>	<b>(2,503)</b>	<b>1,247,559</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,027,637</b>	<b>-</b>	<b>2,027,637</b>

### Interim Condensed Consolidated Statement of Financial Position as at 30 September 2020

<b>30 September 2020</b>	<b>As previously reported</b>	<b>Effect of change</b>	<b>As restated</b>
Property, plant and equipment	97,535,074	(824,157)	96,710,917
Right-of-use assets	2,790,396	174,587	2,964,983
<b>Total non-current assets</b>	<b>103,443,915</b>	<b>(649,570)</b>	<b>102,794,345</b>
<b>Total assets</b>	<b>125,689,779</b>	<b>(649,570)</b>	<b>125,040,209</b>
Retained earnings	45,662,008	(505,325)	45,156,683
<b>Total equity attributable to equity holders of the Company</b>	<b>48,805,151</b>	<b>(505,325)</b>	<b>48,299,826</b>
Non-controlling interest	1,087,910	(129,332)	958,578
<b>Total equity</b>	<b>49,893,061</b>	<b>(634,657)</b>	<b>49,258,404</b>
Long-term borrowed funds	33,286,791	97,735	33,384,526
Deferred tax liabilities	4,567,633	(158,665)	4,408,968
<b>Total non-current liabilities</b>	<b>42,103,284</b>	<b>(60,930)</b>	<b>42,042,354</b>
Short-term borrowed funds and current part of long-term borrowed funds	14,884,517	46,017	14,930,534
<b>Total current liabilities</b>	<b>33,693,434</b>	<b>46,017</b>	<b>33,739,451</b>
<b>Total equity and liabilities</b>	<b>125,689,779</b>	<b>(649,570)</b>	<b>125,040,209</b>

### **3 Significant accounting policies**

The key accounting policies and accounting methods used by the Group are consistent with those described in the audited consolidated financial statements for the year ended 31 December 2020.

### **4 Measurement of fair value**

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

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

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

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

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

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

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

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

### **5 Information about segments**

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

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

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

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

The following reportable segments were identified:

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

## **5 Information about segments (continued)**

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

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



## 5 Information about segments (continued)

### (a) Information about reportable segments

For the three months ended 30 September 2021:

	Belgorod	Bryansk	Voronezh	Kostroma	Kursk	Lipetsk	Orel	Smolensk	Tambov	Tver	Yaroslavl	Other	Total
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS	
Revenue from external customers	3,519,587	946,139	4,012,401	1,347,034	1,970,299	2,350,431	1,151,526	1,855,190	1,500,043	2,549,788	2,480,382	1,623,067	25,452,897
Inter-segment revenue	-	374,801	10,465	-	-	-	-	-	209	-	1,985	574,677	963,256
<b>Segment revenue</b>	<b>3,519,587</b>	<b>1,320,940</b>	<b>4,022,866</b>	<b>1,347,034</b>	<b>1,970,299</b>	<b>2,350,431</b>	<b>1,151,526</b>	<b>1,855,190</b>	<b>1,500,252</b>	<b>2,549,788</b>	<b>2,482,367</b>	<b>2,197,744</b>	<b>26,416,153</b>
Including:													
Electricity transmission	3,271,105	1,289,417	3,901,657	1,297,619	1,898,852	2,305,861	1,121,731	1,790,648	1,437,597	2,389,419	2,399,258	2,100,665	25,203,829
Technological connection services	72,475	3,933	34,074	8,505	52,174	6,486	9,743	7,681	43,744	20,054	15,601	50,212	324,682
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	117,944	-	-	117,944
Other revenue	176,007	27,590	87,135	40,910	19,273	38,084	20,052	56,861	18,911	22,371	67,508	46,867	769,698
<b>EBITDA</b>	<b>1,090,253</b>	<b>248,006</b>	<b>929,580</b>	<b>323,063</b>	<b>356,522</b>	<b>482,792</b>	<b>164,018</b>	<b>326,044</b>	<b>59,396</b>	<b>164,811</b>	<b>496,051</b>	<b>678,872</b>	<b>5,224,973</b>

For the nine months ended 30 September 2021:

	Belgorod	Bryansk	Voronezh	Kostroma	Kursk	Lipetsk	Orel	Smolensk	Tambov	Tver	Yaroslavl	Other	Total
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS	
Revenue from external customers	10,265,129	2,876,044	12,118,236	4,232,514	5,843,326	6,972,975	3,624,214	5,886,100	4,464,495	8,347,867	7,815,260	4,731,210	77,595,717
Inter-segment revenue	-	1,238,385	31,308	-	-	-	-	-	628	-	6,057	1,705,969	2,986,109
<b>Segment revenue</b>	<b>10,265,129</b>	<b>4,114,429</b>	<b>12,149,544</b>	<b>4,232,514</b>	<b>5,843,326</b>	<b>6,972,975</b>	<b>3,624,214</b>	<b>5,886,100</b>	<b>4,465,123</b>	<b>8,347,867</b>	<b>7,821,317</b>	<b>6,437,179</b>	<b>80,581,826</b>
Including:													
Electricity transmission	9,668,307	4,025,461	11,698,223	4,079,006	5,723,464	6,870,461	3,542,710	5,762,239	4,383,758	7,861,422	7,555,173	6,195,136	77,365,360
Technological connection services	116,960	31,355	122,225	45,645	65,828	20,187	41,751	27,580	48,665	33,204	140,391	112,253	806,044
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	406,571	-	-	406,571
Other revenue	479,862	57,613	329,096	107,863	54,034	82,327	39,753	96,281	32,700	46,670	125,753	129,790	2,003,851
<b>EBITDA</b>	<b>3,077,590</b>	<b>806,866</b>	<b>2,869,176</b>	<b>1,196,844</b>	<b>990,586</b>	<b>1,518,050</b>	<b>533,583</b>	<b>1,244,363</b>	<b>378,430</b>	<b>959,199</b>	<b>1,959,632</b>	<b>1,821,617</b>	<b>17,468,267</b>



**PJSC «Rosseti Centre»**  
**Notes to the Interim Condensed Consolidated Financial statements**  
**for the three and nine months ended 30 September 2021 (unaudited)**  
*In thousands of Russian Rubles, unless otherwise stated*

**5 Information about segments (continued)**

For the three months ended 30 September 2020:

	Belgorod	Bryansk	Voronezh	Kostroma	Kursk	Lipetsk	Orel	Smolensk	Tambov	Tver	Yar	Other	Total	
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS		Others
Revenue from external customers	3,561,263	1,073,955	3,696,145	1,244,632	1,787,301	2,064,414	1,110,823	1,661,889	1,399,617	2,464,670	2,168,949	1,001,276	56,637	23,291,571
Inter-segment revenue	-	225,928	6,476	-	-	-	-	-	-	-	292	513,142	1,478	747,316
<b>Segment revenue</b>	<b>3,561,263</b>	<b>1,299,883</b>	<b>3,702,621</b>	<b>1,244,632</b>	<b>1,787,301</b>	<b>2,064,414</b>	<b>1,110,823</b>	<b>1,661,889</b>	<b>1,399,617</b>	<b>2,464,670</b>	<b>2,169,241</b>	<b>1,514,418</b>	<b>58,115</b>	<b>24,038,887</b>
Including:														
Electricity transmission	3,078,599	1,152,014	3,495,884	1,219,420	1,736,811	2,015,900	1,073,709	1,632,137	1,362,175	2,343,673	2,114,258	1,423,067	-	22,647,647
Technological connection services	36,512	39,986	141,102	8,014	25,154	10,098	20,369	7,108	25,456	3,039	22,614	46,487	-	385,939
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	106,213	-	-	-	106,213
Other revenue	446,152	107,883	65,635	17,198	25,336	38,416	16,745	22,644	11,986	11,745	32,369	44,864	58,115	899,088
<b>EBITDA</b>	<b>1,242,731</b>	<b>253,271</b>	<b>886,897</b>	<b>290,188</b>	<b>173,020</b>	<b>454,690</b>	<b>90,252</b>	<b>229,211</b>	<b>155,781</b>	<b>326,716</b>	<b>374,802</b>	<b>496,815</b>	<b>84,768</b>	<b>5,059,142</b>

For the nine months ended 30 September 2020:

	Belgorod	Bryansk	Voronezh	Kostroma	Kursk	Lipetsk	Orel	Smolensk	Tambov	Tver	Yar	Other	Total	
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS		Others
Revenue from external customers	9,909,992	3,655,314	10,891,367	3,777,402	5,324,291	6,440,447	3,414,747	5,231,274	4,327,381	7,803,297	6,883,812	1,696,993	375,616	69,731,933
Inter-segment revenue	-	225,928	6,476	-	-	-	-	-	-	-	715	1,588,188	4,695	1,826,002
<b>Segment revenue</b>	<b>9,909,992</b>	<b>3,881,242</b>	<b>10,897,843</b>	<b>3,777,402</b>	<b>5,324,291</b>	<b>6,440,447</b>	<b>3,414,747</b>	<b>5,231,274</b>	<b>4,327,381</b>	<b>7,803,297</b>	<b>6,884,527</b>	<b>3,285,181</b>	<b>380,311</b>	<b>71,557,935</b>
Including:														
Electricity transmission	9,207,814	3,690,299	10,572,111	3,701,987	5,231,462	6,307,841	3,331,674	5,112,881	4,237,653	7,377,712	6,715,100	3,138,194	-	68,624,728
Technological connection services	103,385	60,374	187,524	23,116	39,229	40,902	41,200	46,352	50,757	10,926	93,064	64,141	-	760,970
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	377,827	-	-	-	377,827
Other revenue	598,793	130,569	138,208	52,299	53,600	91,704	41,873	72,041	38,971	36,832	76,363	82,846	380,311	1,794,410
<b>EBITDA</b>	<b>3,060,880</b>	<b>628,335</b>	<b>2,084,710</b>	<b>952,090</b>	<b>650,896</b>	<b>1,347,207</b>	<b>436,994</b>	<b>878,455</b>	<b>612,631</b>	<b>1,003,258</b>	<b>1,187,061</b>	<b>1,156,618</b>	<b>219,179</b>	<b>14,218,314</b>

## 5 Information about segments (continued)

As at 30 September 2021:

Segment assets	Belgorod	Bryansk	Voronezh	Kostroma	Kursk	Lipetsk	Orel	Smolensk	Tambov	Tver	Yar	Other	Total	
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS	Others	
	24,271,036	5,431,415	16,193,198	7,767,211	7,720,914	15,056,143	4,362,235	7,956,103	6,212,918	12,684,831	16,356,158	14,327,801	8,784,797	147,124,760
Including property, plant and equipment and construction in progress	22,511,418	4,575,546	13,837,140	6,401,585	6,464,162	12,235,581	3,711,814	6,745,728	4,511,802	10,120,062	10,740,913	10,845,909	128,959	112,830,619

As at 31 December 2020:

Segment assets	Belgorod	Bryansk	Voronezh	Kostroma	Kursk	Lipetsk	Orel	Smolensk	Tambov	Tver	Yar	Other	Total	
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS	Others	
	25,016,192	5,617,777	15,601,028	7,577,834	7,939,731	15,429,997	4,252,635	8,016,138	6,578,189	13,136,798	15,960,256	11,529,377	8,137,629	144,793,581
Including property, plant and equipment and construction in progress	23,234,786	4,730,462	13,385,920	6,163,387	6,533,036	12,753,768	3,610,479	6,735,758	4,592,434	10,594,159	10,867,190	9,616,657	126,450	112,944,486

## 5 Information about segments (continued)

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

Reconciliation of reportable segments by EBITDA:

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020 (restated)	2021	2020 (restated)
<b>EBITDA of reportable segments</b>	<b>5,224,973</b>	<b>5,059,142</b>	<b>17,468,267</b>	<b>14,218,314</b>
Discounting receivables	2,912	3,741	10,076	10,175
Adjustment for lease	192,678	(173,362)	487,731	58,203
Recognition of pension and other long-term liabilities to employees	(44,019)	(29,346)	(116,573)	(97,298)
Adjustment on assets related to employee benefit liabilities	6,455	(20,288)	14,721	17,985
Re-measurement of financial assets at fair value through other comprehensive income (transfer of revaluation to equity)	4,689	(336)	6,632	(536)
Adjustment of the value of property, plant and equipment	1,866	191,908	(16,595)	182,249
Acquisition of subsidiaries	-	121,849	60,110	121,849
Discounting of financial liabilities	-	830,405	-	830,405
Amortization of discount on financial liabilities	(56,727)	(22,623)	(165,863)	(22,623)
Other adjustments	35,856	23,082	54,418	150,093
<b>EBITDA</b>	<b>5,368,683</b>	<b>5,984,172</b>	<b>17,802,924</b>	<b>15,468,816</b>
Depreciation and amortization	(3,146,698)	(2,923,999)	(9,283,759)	(8,643,868)
Interest expenses on financial liabilities	(700,111)	(606,581)	(1,843,000)	(2,058,862)
Interest expenses on lease liabilities	(96,428)	(89,856)	(259,587)	(248,279)
Income tax expense	(602,475)	(550,257)	(1,915,492)	(1,106,838)
<b>Profit for the period per consolidated statement of profit or loss and other comprehensive income</b>	<b>822,971</b>	<b>1,813,479</b>	<b>4,501,086</b>	<b>3,410,969</b>

## 6 Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020 (restated)	2021	2020 (restated)
Electricity transmission	24,259,054	21,910,642	74,435,890	66,815,060
Technological connection services	324,574	384,969	805,770	759,971
Sale of electricity and capacity	117,944	106,213	406,571	377,827
Other revenue	737,532	879,792	1,917,391	1,755,466
<b>Total revenue from contracts with customers</b>	<b>25,439,104</b>	<b>23,281,616</b>	<b>77,565,622</b>	<b>69,708,324</b>
Lease revenue	13,864	9,955	30,166	23,609
	<b>25,452,968</b>	<b>23,291,571</b>	<b>77,595,788</b>	<b>69,731,933</b>

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

## 7 Other income and other expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020 (restated)	2021	2020 (restated)
Income from identified non-contracted electricity consumption	49,951	61,417	206,917	174,392
Income in the form of fines and penalties on commercial contracts	163,850	98,233	493,556	448,782
Accounts payable write-off	7,624	5,510	25,257	19,769
Acquisition of subsidiaries	-	121,849	60,110	121,849
Insurance indemnity	25,249	17,200	82,938	29,274
Other income	59,869	53,846	269,816	130,385
	<b>306,543</b>	<b>358,055</b>	<b>1,138,594</b>	<b>924,451</b>

Other expenses include loss on disposal of property, plant and equipment for three and nine months ended 30 September 2021 in the amount of RUB 2,066 thousand and RUB 20,937 thousand (for three and nine months ended 30 September 2020 (restated): RUB 7,488 thousand and RUB 19,976 thousand).

## 8 Operating expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020 (restated)	2021	2020 (restated)
Personnel costs	5,764,423	5,185,550	17,040,271	15,789,072
Depreciation and amortization	3,146,698	2,923,999	9,283,759	8,643,868
<i>Material expenses, including:</i>				
Electricity for compensation of losses	3,641,370	2,921,789	12,477,263	10,609,417
Electricity for sale	104,220	96,047	355,516	335,131
Purchased electricity and heat power for own needs	39,923	31,693	325,286	257,001
Other material costs	1,097,169	1,041,580	2,445,747	2,342,480
<i>Production work and services, including:</i>				
Electricity transmission services	7,284,608	7,127,742	21,811,187	21,555,175
Repair and maintenance services	218,028	236,429	516,653	463,902
Other works and industrial services	426,158	318,183	1,138,303	821,570
Taxes and levies other than income tax	553,266	517,936	1,656,812	1,604,990
Short-term rent	3,363	782	64,959	2,462
Insurance	34,179	33,364	101,126	99,343
<i>Other third-party services, including:</i>				
Communication services	73,898	82,895	228,202	239,409
Security services	84,381	80,745	251,187	230,343
Consulting, legal and audit services	9,602	33,626	27,437	45,759
Software costs and services	92,025	87,788	226,711	223,333
Transportation services	20,952	6,395	50,685	23,452
Other services	216,410	201,247	581,687	573,289
Provisions	31,597	(22,386)	75,803	11,687
Expenses recognized in connection with the settlement for electricity transmission, electricity for sale, purchased electricity to compensate for losses and non-contracted consumption	155,594	38,810	406,265	62,093
Other expenses	386,797	371,387	941,118	648,137
	<b>23,384,661</b>	<b>21,315,601</b>	<b>70,005,977</b>	<b>64,581,913</b>

## 9 Finance income and costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020 (restated)	2021	2020 (restated)
<b>Finance income</b>				
Interest income on bank deposits and balances on bank accounts	36,591	27,853	97,665	107,414
Interest income on assets related to employee defined benefits plans	-	-	20,802	38,591
Dividends receivable	-	-	8,382	7,160
Effect of initial discounting of financial liabilities	-	853,028	-	853,028
Other finance income	2,912	3,723	10,076	10,157
	<b>39,503</b>	<b>884,604</b>	<b>136,925</b>	<b>1,016,350</b>
<b>Finance costs</b>				
Interest expenses on financial liabilities measured at amortized cost	(700,111)	(606,581)	(1,843,000)	(2,058,862)
Interest expenses on lease liabilities	(96,428)	(89,856)	(259,587)	(248,279)
Interest expenses on long-term employee benefit liabilities	(46,561)	(43,147)	(143,999)	(134,386)
Amortization of discount on financial liabilities	(56,727)	(22,623)	(165,863)	(22,623)
Other finance costs	(2,734)	(5,598)	(9,371)	(11,563)
	<b>(902,561)</b>	<b>(767,805)</b>	<b>(2,421,820)</b>	<b>(2,475,713)</b>

## 10 Income tax

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020 (restated)	2021	2020 (restated)
<b>Current income tax</b>				
Accrual of current tax	(254,416)	(265,258)	(1,327,789)	(964,017)
Adjustment of the tax for the previous periods	(24,523)	-	14,205	45,555
<b>Total</b>	<b>(278,939)</b>	<b>(265,258)</b>	<b>(1,313,584)</b>	<b>(918,462)</b>
Deferred income tax	(323,536)	(284,999)	(601,908)	(188,376)
<b>Income tax expense</b>	<b>(602,475)</b>	<b>(550,257)</b>	<b>(1,915,492)</b>	<b>(1,106,838)</b>

The profit tax rate officially established by Russian legislation in 2021 and 2020 was 20%.

Income tax expense is recognized based on management's best estimate of the weighted average expected income tax rate for the full financial year at the reporting date.



## 10 Income tax (continued)

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020 (restated)	2021	2020 (restated)
<b>Profit before income tax</b>	1,425,446	2,363,736	6,416,578	4,517,807
<b>Income tax calculated at the applicable tax rate</b>	(285,090)	(472,747)	(1,283,316)	(903,561)
Tax effect of items not deductible/not taxable for taxation purposes	(292,862)	(77,510)	(646,381)	(248,832)
Adjustments for prior years	(24,523)	-	14,205	45,555
	<b>(602,475)</b>	<b>(550,257)</b>	<b>(1,915,492)</b>	<b>(1,106,838)</b>

Income tax recognized in other comprehensive income:

	For the three months ended 30 September 2021			For the three months ended 30 September 2020		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	(4,689)	937	(3,752)	336	(67)	269
Remeasurements of the defined benefit liability	59,839	(6,712)	53,127	102,615	(10,951)	91,664
	<b>55,150</b>	<b>(5,775)</b>	<b>49,375</b>	<b>102,951</b>	<b>(11,018)</b>	<b>91,933</b>

	For the nine months ended 30 September 2021			For the nine months ended 30 September 2020		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	(6,632)	1,326	(5,306)	536	(107)	429
Remeasurements of the defined benefit liability	431,456	(48,306)	383,150	(15,332)	-	(15,332)
	<b>424,824</b>	<b>(46,980)</b>	<b>377,844</b>	<b>(14,796)</b>	<b>(107)</b>	<b>(14,903)</b>

## 11 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction in progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2020 (restated)</b>	<b>42,805,772</b>	<b>74,062,318</b>	<b>41,950,076</b>	<b>26,840,678</b>	<b>3,839,050</b>	<b>189,497,894</b>
Additions	1,139,738	647,842	119,804	73,637	8,816,729	10,797,750
Acquisition of subsidiaries (restated)	111,825	20,860	41,259	56,766	18,450	249,160
Transfer (restated)	1,547,685	2,299,591	1,782,247	1,601,832	(7,231,355)	-
Disposals (restated)	(9,541)	(15,460)	(17,935)	(102,952)	(4,647)	(150,535)
<b>At 30 September 2020 (restated)</b>	<b>45,595,479</b>	<b>77,015,151</b>	<b>43,875,451</b>	<b>28,469,961</b>	<b>5,438,227</b>	<b>200,394,269</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2020</b>	<b>(16,566,258)</b>	<b>(41,572,555)</b>	<b>(20,177,966)</b>	<b>(17,321,047)</b>	<b>(80,830)</b>	<b>(95,718,656)</b>
Transfer to property, plant and equipment (transfer of impairment losses)	(2,835)	(10,618)	(4,368)	(22,161)	39,982	-
Depreciation charge (restated)	(1,470,260)	(3,284,131)	(1,745,460)	(1,586,631)	-	(8,086,482)
Disposals (restated)	3,329	10,464	8,301	99,414	278	121,786
<b>At 30 September 2020 (restated)</b>	<b>(18,036,024)</b>	<b>(44,856,840)</b>	<b>(21,919,493)</b>	<b>(18,830,425)</b>	<b>(40,570)</b>	<b>(103,683,352)</b>
<i>Net book value</i>						
<b>At 1 January 2020 (restated)</b>	<b>26,239,514</b>	<b>32,489,763</b>	<b>21,772,110</b>	<b>9,519,631</b>	<b>3,758,220</b>	<b>93,779,238</b>
<b>At 30 September 2020 (restated)</b>	<b>27,559,455</b>	<b>32,158,311</b>	<b>21,955,958</b>	<b>9,639,536</b>	<b>5,397,657</b>	<b>96,710,917</b>

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

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2021</b>	47,131,304	78,252,593	44,683,833	30,976,746	5,565,987	206,610,463
Additions	4,248	9,501	4,302	-	8,778,199	8,796,250
Acquisition of subsidiaries	733,888	148,452	139,140	61,709	8,212	1,091,401
Transfer	1,172,732	2,400,438	1,329,348	3,099,810	(8,002,328)	-
Disposals	(19,654)	(10,135)	(11,267)	(99,135)	(2,027)	(142,218)
<b>At 30 September 2021</b>	<b>49,022,518</b>	<b>80,800,849</b>	<b>46,145,356</b>	<b>34,039,130</b>	<b>6,348,043</b>	<b>216,355,896</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2021</b>	(19,064,802)	(48,009,731)	(23,504,909)	(19,753,592)	(172,234)	(110,505,268)
Transfer to property, plant and equipment (transfer of impairment losses)	(2,403)	(21,128)	(3,902)	(1,874)	29,307	-
Depreciation charge	(1,812,695)	(3,282,726)	(1,793,491)	(1,826,790)	-	(8,715,702)
Disposals	6,586	5,844	9,417	100,631	117	122,595
<b>At 30 September 2021</b>	<b>(20,873,314)</b>	<b>(51,307,741)</b>	<b>(25,292,885)</b>	<b>(21,481,625)</b>	<b>(142,810)</b>	<b>(119,098,375)</b>
<i>Net book value</i>						
<b>At 1 January 2021</b>	<b>28,066,502</b>	<b>30,242,862</b>	<b>21,178,924</b>	<b>11,223,154</b>	<b>5,393,753</b>	<b>96,105,195</b>
<b>At 30 September 2021</b>	<b>28,149,204</b>	<b>29,493,108</b>	<b>20,852,471</b>	<b>12,557,505</b>	<b>6,205,233</b>	<b>97,257,521</b>

## 11 Property, plant and equipment (continued)

For the nine months ended 30 September 2021 capitalized interest amount is RUB 125,362 thousand (for the nine months ended 30 September 2020: RUB 114,239 thousand), the capitalization rate used to determine the amount of borrowing costs to be capitalized was 5.52% - 7.56% during the year (for the nine months ended 30 September 2020: 5.79% - 7.44%).

Depreciation charges were capitalized in the value of capital construction in the amount of RUB 20,835 thousand for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: RUB 21,337 thousand).

As at 30 September 2021 fixed assets in the amount of RUB 203,679 at the collateral value under loan agreements are used as collateral in the Group's subsidiaries (as at 31 December 2020: RUB 38,173 thousand).

As at 30 September 2021 the initial cost of fully amortized property plant and equipment was RUB 31,212,803 thousand (as at 31 December 2020: RUB 27,875,865 thousand).

## 12 Intangible assets

	Software	R&D	Other intangible assets	Total
<i>Initial costs</i>				
<b>At 1 January 2020</b>	<b>2,263,075</b>	<b>84,135</b>	<b>1,311,317</b>	<b>3,658,527</b>
Additions	165,950	18,489	-	184,439
Acquisition of subsidiaries	4,753	-	52	4,805
Disposals	-	-	(16)	(16)
<b>At 30 September 2020</b>	<b>2,433,778</b>	<b>102,624</b>	<b>1,311,353</b>	<b>3,847,755</b>
<i>Accumulated amortization and impairment</i>				
<b>At 1 January 2020</b>	<b>(861,945)</b>	<b>-</b>	<b>(320,467)</b>	<b>(1,182,412)</b>
Amortization charge	(329,944)	-	(49,242)	(379,186)
<b>At 30 September 2020</b>	<b>(1,191,889)</b>	<b>-</b>	<b>(369,709)</b>	<b>(1,561,598)</b>
<i>Net book value</i>				
<b>At 1 January 2020</b>	<b>1,401,130</b>	<b>84,135</b>	<b>990,850</b>	<b>2,476,115</b>
<b>At 30 September 2020</b>	<b>1,241,889</b>	<b>102,624</b>	<b>941,644</b>	<b>2,286,157</b>

## 12 Intangible assets (continued)

	Software	R&D	Other intangible assets	Total
<i>Initial costs</i>				
At 1 January 2021	2,654,443	38,454	1,333,360	4,026,257
Additions	208,862	15,972	2,575	227,409
Acquisition of subsidiaries	2,435	-	-	2,435
Disposals	-	-	(3,210)	(3,210)
<b>At 30 September 2021</b>	<b>2,865,740</b>	<b>54,426</b>	<b>1,332,725</b>	<b>4,252,891</b>
<i>Accumulated amortization and impairment</i>				
At 1 January 2021	(1,307,093)	-	(387,206)	(1,694,299)
Amortization charge	(302,354)	-	(52,537)	(354,891)
Disposals	-	-	3,133	3,133
<b>At 30 September 2021</b>	<b>(1,609,447)</b>	<b>-</b>	<b>(436,610)</b>	<b>(2,046,057)</b>
<i>Net book value</i>				
At 1 January 2021	1,347,350	38,454	946,154	2,331,958
<b>At 30 September 2021</b>	<b>1,256,293</b>	<b>54,426</b>	<b>896,115</b>	<b>2,206,834</b>

Amortization of intangible assets included in operating expenses in consolidated interim condensed statement of profit or loss and other comprehensive income for the nine months ended 30 September 2021 is RUB 354,891 thousand (for the nine months ended 30 September 2020: RUB 379,186 thousand).

Capitalized interest is absent for the nine months ended 30 September 2021 and for the nine months ended 30 September 2020.

Other intangible assets include objects of intellectual property, R&D results and objects of Service Concession Arrangement

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

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

The residual value of the intangible assets of the concession agreement as at 30 September 2021 in the amount of RUB 782,330 thousand is reflected in the line “Intangible assets” of the consolidated statement of financial position (in the amount of RUB 823,477 thousand as at 31 December 2020). For the nine months ended 30 September 2021 depreciation was accrued on the objects of the concession agreement in the amount of RUB 41,147 thousand (for the nine months ended 30 September 2020: RUB 41,147 thousand).

### 13 Right-of-use assets

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
<b>At 1 January 2020</b>	<b>2,755,804</b>	<b>141,151</b>	<b>78,446</b>	<b>11,980</b>	<b>2,987,381</b>
Additions	22,337	55,243	85,147	-	162,727
Acquisition of subsidiaries	1,144,149	645,047	152,230	244,343	2,185,769
Changes in lease terms (restated)	(69,626)	(4,016)	(9,288)	(16,688)	(99,618)
Disposal or termination of lease agreements (restated)*	(1,157,683)	(645,881)	(119,753)	(74,535)	(1,997,852)
<b>At 30 September 2020</b>	<b>2,694,981</b>	<b>191,544</b>	<b>186,782</b>	<b>165,100</b>	<b>3,238,407</b>
<i>Accumulated depreciation and impairment</i>					
<b>At 1 January 2020</b>	<b>(136,951)</b>	<b>(26,082)</b>	<b>(13,720)</b>	<b>(2,293)</b>	<b>(179,046)</b>
Depreciation charge (restated)	(138,829)	(27,811)	(23,241)	(9,656)	(199,537)
Changes in lease terms (restated)	91,203	2,959	4,759	2,822	101,743
Disposal or termination of lease agreements	3,295	19	-	102	3,416
<b>At 30 September 2020</b>	<b>(181,282)</b>	<b>(50,915)</b>	<b>(32,202)</b>	<b>(9,025)</b>	<b>(273,424)</b>
<i>Net book value</i>					
<b>At 1 January 2020</b>	<b>2,618,853</b>	<b>115,069</b>	<b>64,726</b>	<b>9,687</b>	<b>2,808,335</b>
<b>At 30 September 2020 (restated)</b>	<b>2,513,699</b>	<b>140,629</b>	<b>154,580</b>	<b>156,075</b>	<b>2,964,983</b>

\* At the date of acquisition of one of the acquired companies in August 2020, assets were recognized in the form of right-of-use under lease and lease agreements, the leased property for which was subsequently purchased into the ownership of the Group, and the lease agreements were terminated. Disposal of leased assets from right-of-use assets to property, plant and equipment for nine months of 2020 amounted to RUB 1,978,139 thousand.



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

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
At 1 January 2021	2,726,743	191,516	186,151	137,844	3,242,254
Additions	23,442	3	233	950,844	974,522
Change in lease terms	(84,218)	(11,982)	(14,022)	(159)	(110,381)
Disposal or termination of lease agreements	(88,815)	(556)	(1,844)	(79)	(91,294)
<b>At 30 September 2021</b>	<b>2,577,152</b>	<b>178,981</b>	<b>170,518</b>	<b>1,088,450</b>	<b>4,015,101</b>
<i>Accumulated depreciation and impairment</i>					
At 1 January 2021	(226,117)	(59,814)	(41,717)	(17,248)	(344,896)
Depreciation charge	(130,833)	(18,828)	(23,808)	(60,532)	(234,001)
Change in lease terms	64,275	14,688	15,810	241	95,014
Disposal or termination of lease agreements	20,189	113	297	32	20,631
<b>At 30 September 2021</b>	<b>(272,486)</b>	<b>(63,841)</b>	<b>(49,418)</b>	<b>(77,507)</b>	<b>(463,252)</b>
<i>Net book value</i>					
At 1 January 2021	<b>2,500,626</b>	<b>131,702</b>	<b>144,434</b>	<b>120,596</b>	<b>2,897,358</b>
At 30 September 2021	<b>2,304,666</b>	<b>115,140</b>	<b>121,100</b>	<b>1,010,943</b>	<b>3,551,849</b>

### 14 Other financial assets

	30 September 2021	31 December 2020
<b>Non-current</b>		
Financial assets at fair value through other comprehensive income	201,569	208,201
	<b>201,569</b>	<b>208,201</b>

Non-current financial assets include shares of Russian companies with a fair value calculated on the basis of published market quotations equal to RUB 201,569 thousand as at 30 September 2021 (as at 31 December 2020: RUB 208,201 thousand).

## 15 Trade and other receivables

	<u>30 September 2021</u>	<u>31 December 2020</u>
<b>Non-current trade and other account receivables</b>		
Trade receivables	28,633	59,053
Provision for expected credit losses on trade receivables	(11,270)	-
Other receivables	246,558	79,788
<b>Total financial assets</b>	<b><u>263,921</u></b>	<b><u>138,841</u></b>
<b>Current trade and other account receivables</b>		
Trade receivables	21,123,097	24,183,709
Allowance for expected credit losses on trade receivables	(8,801,873)	(10,785,503)
Other receivables	2,980,455	2,547,896
Allowance for expected credit losses on other receivables	(1,620,437)	(1,604,548)
<b>Total financial assets</b>	<b><u>13,681,242</u></b>	<b><u>14,341,554</u></b>

Balances with related parties are disclosed in Note 29.

## 16 Advances given and other assets

	<u>30 September 2021</u>	<u>31 December 2020</u>
<b>Non-current</b>		
Advances given	11,056	1,500
	<b><u>11,056</u></b>	<b><u>1,500</u></b>
<b>Current</b>		
Advances given	402,693	406,450
Advances given impairment allowance	(13,849)	(14,123)
VAT recoverable	11,016	42,484
VAT on advances to customers and clients and advances given for the purchase of property, plant and equipment	717,235	479,109
Prepaid taxes, other than income tax and VAT	95,401	59,445
	<b><u>1,212,496</u></b>	<b><u>973,365</u></b>

Balance with related parties is disclosed in Note 29.

## 17 Cash and cash equivalents

	<u>30 September 2021</u>	<u>31 December 2020</u>
Cash in bank accounts and cash on hand	1,524,281	1,002,671
Cash equivalents	278,900	403,640
	<u>1,803,181</u>	<u>1,406,311</u>

All balance of cash and cash equivalents are denominated in rubles as at 30 September 2021 and 31 December 2020.

Cash equivalents as at 30 September 2021 and 31 December 2020 include short-term investments in bank deposits and promissory notes. They are placed at interest rates 4.7 % - 6.61% per annum.

## 18 Acquisition and disposal of subsidiaries, ownership interests

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

- 06 April 2021 100% of the ordinary registered non-documentary shares of an electric grid company (hereinafter referred to as the acquired company) for cash as a result of concluding the contract of sale.

On 30 March 2021 the Group concluded an agreement for the purchase and sale (in electronic form) of 100% of ordinary registered non-documentary shares of the acquired company. In accordance with the terms of the agreement, the shares are considered to be transferred to the ownership of the Group from the moment the corresponding entry about the buyer of shares as the owner of shares is made in the register of owners of shares of the acquired company - on 06 April 2021. The purchase price is defined as RUB 1,030,000 thousand and paid in cash.

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 results of operations, assets and liabilities of the acquired company are consolidated by the Group from 06 April 2021.

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.

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

The table below shows the fair value of the identifiable net assets of the acquired company received at the acquisition date, which was determined by an independent appraiser:

	Fair value, thousand rubles
<b>Non-current assets</b>	
Property, plant and equipment	1,091,401
Deferred tax assets	102,932
<b>Total non-current assets</b>	<b>1,194,333</b>
<b>Current assets</b>	
Inventories	53,090
Accounts receivable	150,335
Cash and cash equivalents	5,627
Other current assets	2,538
<b>Total current assets</b>	<b>211,590</b>
<b>Total assets</b>	<b>1,405,923</b>
<b>Non-current liabilities</b>	
Long-term borrowed funds	48,000
Deferred tax liabilities	45,203
<b>Total non-current liabilities</b>	<b>93,203</b>
<b>Current liabilities</b>	
Short-term borrowed funds and current part of long-term borrowed funds	10,125
Accounts payable	199,553
Provisions	12,932
<b>Total current liabilities</b>	<b>222,610</b>
<b>Total liabilities</b>	<b>315,813</b>
<b>Total identifiable net assets at fair value</b>	<b>1,090,110</b>
<b>Consideration transferred</b>	<b>1,030,000</b>
<b>Gain on a bargain purchase</b>	<b>60,110</b>

Since the fair value of the identifiable net assets of the acquired company exceeds the value of the consideration transferred, the Group recorded income (negative goodwill) in other income in the amount of RUB 60,110 thousand in the interim condensed consolidated statement of profit or loss and other comprehensive income.

Since the acquisition date, the revenue of the acquired company, consolidated into the Group's financial statements amounted to RUB 428,459 thousand, profit before tax amounted to RUB 62,588 thousand. If the merger had taken place at the beginning of the year, the Group's revenue from continuing operations would have amounted to RUB 77,862,358 thousand, and the Group's profit from continuing operations before tax would have amounted to RUB 6,440,086 thousand.

The cash flow from the acquisition of the company is shown in the following table:

Net cash received on the acquisition of a subsidiary	5,627
Consideration transferred	(1,030,000)
<b>Net cash flow</b>	<b>(1,024,373)</b>

## 19 Equity

### (a) Equity

	<b>Ordinary shares</b>	
	<u>30 September 2021</u>	<u>31 December 2020</u>
Par value (in RUB)	0.10	0.10
On issue at 1 January, units	42,217,941,468	42,217,941,468
On issue at the end of the period, fully paid, units	42,217,941,468	42,217,941,468

### (b) Dividends

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

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 31 May 2021 dividends for 2020 were declared in the amount of RUB 1,414,339 thousand. The amount of dividends was RUB 0.0335009 per one ordinary share.

At the same time, for 9 months of 2021, the Company restored unclaimed dividends for 2017 in the amount of RUB 7,257 thousand (for nine months of 2020: RUB 14,955 thousand - recovery of unclaimed dividends for 2016).

For the nine months ended 30 September 2021 the dividends paid to the owners of the company amounted to RUB 1,391,893 thousand (for the nine months ended 30 September 2020 – RUB 836,337 thousand).

## 20 Earnings per share

The calculation of earnings per share for the nine months ended 30 September 2021 and for the nine months ended 30 September 2020 is based on earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. The Company has no dilutive financial instruments.

<i>In millions of shares</i>	<u>For the three months ended 30 September</u>		<u>For the nine months ended 30 September</u>	
	<u>2021</u>	<u>2020 (restated)</u>	<u>2021</u>	<u>2020 (restated)</u>
<b>Ordinary shares at 1 January</b>	<u>42,218</u>	<u>42,218</u>	<u>42,218</u>	<u>42,218</u>
<b>Weighted average number of shares for the reporting period</b>	<u>42,218</u>	<u>42,218</u>	<u>42,218</u>	<u>42,218</u>
Weighted average number of ordinary shares outstanding, for the reporting period (millions of shares)	42,218	42,218	42,218	42,218
Earnings for the period attributable to holders of ordinary shares	789,501	1,780,292	4,412,438	3,303,033
<b>Earnings per ordinary share (in RUB) – basic and diluted</b>	<u>0.019</u>	<u>0.042</u>	<u>0.105</u>	<u>0.078</u>

## 21 Borrowed funds

	<u>30 September 2021</u>	<u>31 December 2020</u>
<b>Non-current liabilities</b>		
Secured loans and borrowings	242,093	239,183
Unsecured loans and borrowings	33,225,865	28,932,684
Unsecured bonds	10,207,600	15,128,660
Lease liabilities	3,764,726	3,088,188
Less: current portion of long-term loans and borrowings	(936,666)	(8,386,286)
Less: current portion of long-term bonds	(217,200)	(5,142,867)
Less: current portion of long-term lease liabilities	(640,395)	(415,616)
	<b><u>45,646,023</u></b>	<b><u>33,443,946</u></b>
<b>Current liabilities</b>		
Current portion of long-term loans and borrowings	936,666	8 386 286
Current portion of long-term bonds	217,200	5 142 867
Current portion of long-term lease liabilities	640,395	415 616
	<b><u>1,794,261</u></b>	<b><u>13 944 769</u></b>
<b>Including:</b>		
Debts on interest payable on loans and borrowings	54,630	16 751
Debts on interest payable on bonds	217,200	143 900
	<b><u>271,830</u></b>	<b><u>160 651</u></b>

All balances of loans and borrowings are denominated in rubles as at 30 September 2021 and 31 December 2020.

For the nine months ended 30 September 2021 the Group attracted the following loans and bank loans:

	<u>Year of maturity</u>	<u>Nominal interest rate</u>	<u>Nominal value</u>
Unsecured bank loans	2021	6.90%-7.06%	512,445
Unsecured bank loans	2023-2024	KR+1.2%-KR+1.4%	13,500,000
Secured bank loans	2021-2023	8.30%	172,000
Unsecured loans	2027	8.00%	1,030,000
			<b><u>15,214,445</u></b>

For the nine months ended 30 September 2021 the Group repaid the following significant bank loans and bonds:

	<u>Nominal value</u>
Bank loans	11,179,771
Bonds	5,000,000
	<b><u>16,179,771</u></b>

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



## 22 Trade and other payables

	<u>30 September 2021</u>	<u>31 December 2020</u>
<b>Non-current accounts payable</b>		
Trade payables	15,317	19,446
Other payables	28,383	44,107
	<u>43,700</u>	<u>63,553</u>
<b>Current accounts payable</b>		
Trade payables	6,934,666	9,152,280
Other payables and accrued expenses	1,194,866	1,583,221
Payables to employees	1,335,898	1,077,021
Dividends payable	59,487	44,298
	<u>9,524,917</u>	<u>11,856,820</u>

Balance with related parties is disclosed in Note 29.

## 23 Tax liabilities other than income tax

	<u>30 September 2021</u>	<u>31 December 2020</u>
Value-added tax	1,949,904	1,540,225
Property tax	520,109	512,728
Social security contributions	426,776	473,965
Other taxes payable	172,720	34,847
	<u>3,069,509</u>	<u>2,561,765</u>

## 24 Advances from customers

Advances from customers (contractual obligations) as at 30 September 2021 and 31 December 2020 are reflected, including VAT.

	<u>30 September 2021</u>	<u>31 December 2020</u>
<b>Non-current</b>		
Advances for services of technological connection to electric grids	1,330,417	547,256
Advances from customers	67,659	69,708
	<u>1,398,076</u>	<u>616,964</u>
<b>Current</b>		
Advances for services of technological connection to electric grids	2,248,937	1,640,372
Advances from customers	676,392	666,064
	<u>2,925,329</u>	<u>2,306,436</u>

Balance with related parties is disclosed in Note 29.

## 25 Provisions

	<u>30 September 2021</u>	<u>30 September 2020</u>
<b>Balance on 1 January</b>	<b>1,995,276</b>	<b>2,251,523</b>
Accrual (increase) for the period, including capitalized	171,130	149,663
Reversal (decrease) for the period	(93,699)	(79,939)
Use of provisions	(331,856)	(117,237)
<b>Balance on 30 September</b>	<b>1,740,851</b>	<b>2,204,010</b>

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

In the course of its operations, the Group is a party to legal proceedings. For unfinished legal proceedings, where the Group acts as a defendant with a low probability of resolution in favor of the Group, an allowance reserve for legal proceedings has been established. The estimated timeframe for the fulfillment of estimated obligations for unfinished litigation is less than 12 months. The Group did not recognize at the reporting date provisions for estimated liabilities for disagreements on purchased electricity in order to compensate for losses, the likelihood of their resolution being assessed, considering the positive judicial practice and the expected results of an independent expertise, in favor of the Group as high. The amount of such disagreements amounted to RUB 2,086,313 thousand as at 30 September 2021 (as at 31 December 2020: RUB 1,411,696 thousand).

The amount of disagreements on the volumes of electricity transmitted and on payment amounted to RUB 4,263,904 thousand as at 30 September 2021 (as at 31 December 2020: RUB 4,360,030 thousand). The Group did not recognize the expected credit losses at the reporting date for disagreements on the volumes of electricity transmitted and on payment, the likelihood of their resolution being assessed, considering the positive judicial practice and the expected results of an independent expertise, in favor of the Group as high. The amount of such disagreements amounted to RUB 3,052,626 thousand as at 30 September 2021 (as at 31 December 2020: RUB 2,874,355 thousand). The Group recognized expected credit losses at the reporting date for disagreements on the volumes of electricity transmitted and on payment, the probability of resolving which in favor of the Group is estimated as low.

## 26 Financial risk and capital management

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

The Group's financial risk and capital management objectives and policies, as well as the fair value determination process, are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

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

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

## 26 Financial risk and capital management (continued)

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

	<b>For the nine months ended 30 September 2021</b>	<b>For the nine months ended 30 September 2020</b>
<b>Balance at 1 January</b>	<b>12,390,051</b>	<b>12,465,010</b>
Increase for the period	495,370	305,454
Acquisition of subsidiaries	26,813	21,868
Amounts of trade and other receivables written off using the allowance for impairment accrued earlier	(1,989,279)	(241,489)
Reversal of allowance for impairment for the period	(489,375)	(228,130)
<b>Balance at 30 September</b>	<b>10,433,580</b>	<b>12,322,713</b>

The amount of free limit on open but unused credit lines of the Group was RUB 75,850,485 thousand as at 30 September 2021 (31 December 2020: RUB 85,846,485 thousand). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of the short-term obligations.

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

For the nine months ended 30 September 2021 there were no transfers between levels of the fair value hierarchy.

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

	<b>Financial assets at fair value through other comprehensive income</b>
<b>At 1 January 2021</b>	<b>208,201</b>
Change in fair value recognized in other comprehensive income	(6,632)
<b>At 30 September 2021</b>	<b>201,569</b>

## 27 Capital commitments

As at 30 September 2021, The Group has outstanding commitments under contract for the purchase and construction of property, plant and equipment items for RUB 11,818,508 thousand inclusive of VAT (as at 31 December 2020: RUB 10,669,117 thousand inclusive of VAT).

Future lease payments under lease agreements for which the Group has contractual obligations and the lease term has not yet begun at the reporting date amount to RUB 4,976,726 thousand, inclusive of VAT, as at 30 September 2021 (as at 31 December 2020: 1,501,170 thousand, inclusive of VAT).

## **28 Contingencies**

### **(a) Insurance**

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

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

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

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

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

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

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

### **(c) Litigations**

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

## 28 Contingencies (continued)

### (d) Environmental matters

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

## 29 Related party transactions

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 nine months ended 30 September 2021 and 30 September 2020, as well as at 30 September 2021 and 31 December 2020, were the parent company, its subsidiaries, key management personnel, as well as companies related to the main shareholder of the parent company.

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

	Amount of the transaction				Carrying amount	
	For the three months ended 30 September		For the nine months ended 30 September		30 September 2021	31 December 2020
	2021	2020	2021	2020		
<b>Revenue, net other income</b>						
<b>Parent company</b>						
Other income	195	195	585	585	-	-
<b>Entities under common control of the parent company</b>						
Electricity transmission revenue	519,242	310,912	1,374,202	953,376	209,530	141,135
Other revenue	157,853	443,035	598,188	792,239	183,889*	264,385*
Other income	2,978	-	127,202	-	-	-
Dividends receivable	-	-	383	162	-	-

**29 Related party transactions (continued)**

	Amount of the transaction				Carrying amount	
	For the three months ended 30 September		For the nine months ended 30 September		30 September	31 December
	2021	2020	2021	2020	2021	2020
<b>Operating expenses, finance costs</b>						
<b>Parent company</b>						
Expenses for services related to the organization of the functioning and development of the EEC	55,547	64,674	154,542	178,956	41,761	47,050
Technical supervision services	10,562	10,563	31,687	31,687	-	-
Other expenses	3,417	3,418	10,253	10,253	-	-
Dividends	-	-	710,436	-	-	-
<b>Entities under common control of the parent company</b>						
Electricity transmission services	4,290,846	4,212,614	12,893,563	12,522,841	859,297	887,005
Interest expenses on financial liabilities recorded at amortized cost	19,415	-	35,299	-	-	-
Other expenses	133,329	13,721	227,668	34,607	217,298	110,407
Other	-	-	-	-	903,000	903,000

	Carrying amount	
	30 September 2021	31 December 2020
<b>Parent company</b>		
Borrowed funds	3,787,895	3,622,032
<b>Entities under common control of the parent company</b>		
Advances given	58,701	67,414
Advances received	30,457	229,554
Borrowed funds	1,030,000	-

\* Accounts receivable for other revenue includes an allowance for expected credit losses created for the debt of companies under the general control of the parent company as at 30 September 2021 in the amount of RUB 330,927 thousand (as at 31 December 2020: in the amount of RUB 328,851 thousand).

The debt to the parent company for the payment of dividends as at 30 September 2021 is absent (as at 31 December 2020: is absent).

**(b) Transactions with companies related to the main shareholder of the parent company**

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



## 29 Related party transactions (continued)

Revenue from companies related to the main shareholder of the parent company, including the municipal branch of government, amounted to 30% and 30% of the Group's total revenue for the three and nine months ended 30 September 2021 (for the three and nine months ended 30 September 2020: 31% and 31%), including 29% and 30% of the Group's electricity transmission revenue for the three and nine months ended 30 September 2021 (for the three and nine months ended 30 September 2020: 30% and 30%).

Electricity transmission costs and expenses for the purchase of electricity to compensate for technological losses, for companies related to the main shareholder of the parent company, including the municipal branch of government, amounted to 72% and 72% of the total transmission costs and compensation for losses for the three and nine months ended 30 September 2021 (for the three and nine months ended 30 September 2020: 69% and 69%).

As at 30 September 2021 loans from banks related to the major shareholder of the parent company amounted to RUB 28,614,764 thousand (as of 31 December 2020: RUB 25,549,835 thousand).

For the nine months ended 30 September 2021, the Group received loans from banks related to the major shareholder of the parent company in the amount of RUB 13,777,494 thousand repaid – RUB 10,440,000 thousand.

Interest accrued on loans and borrowings from banks related to the main shareholder of the parent company for the three and nine months ended 30 September 2021 amounted to 82% and 75% of the total amount of accrued interest (for the three and nine months ended 30 September 2020: 62% and 71%).

As of 30 September 2021 the balance of cash and cash equivalents placed with banks associated with the main shareholder of the parent company amounted to RUB 627,048 thousand (as of 31 December 2020: RUB 1,032,741 thousand)

As of 30 September 2021 lease obligations for companies related to the main shareholder of the parent company, including the municipal branch of government, amounted to RUB 2,092,354 thousand (as of 31 December 2020: RUB 1,291,534 thousand).

### (c) Transaction with key management personnel

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

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

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
Short-term employee benefits	197,779	170,815	361,059	350,483
Severance payment	-	192	509	5,760
	<b>197,779</b>	<b>171,007</b>	<b>361,568</b>	<b>356,243</b>

As at 30 September 2021, the current value of the defined benefit obligation is shown in the interim condensed consolidated statement of financial position and includes liabilities for key management personnel in the amount RUB 17,975 thousand (as at 31 December 2020: RUB 19,271 thousand).