

**PJSC «Rosseti Centre»**

**Interim Condensed Consolidated Financial Statements for the three and  
six months ended 30 June 2023  
(unaudited)**

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

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

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company "Rosseti Centre" and its subsidiaries, which comprise of the interim condensed consolidated statement of profit or loss and other comprehensive income for the three and six months ended 30 June 2023, interim condensed consolidated statement of financial position as at 30 June 2023, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six-month period then ended and selected explanatory notes (interim consolidated financial information).

Management of Public joint stock company "Rosseti Centre" is responsible for the preparation and presentation of this interim consolidated financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

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

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



**NEW CHALLENGES  
NEW SOLUTIONS**

### ***Conclusion***

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

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

25 August 2023

### ***Details of the auditor***

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

### ***Details of the entity***

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

**PJSC «Rosseti Centre»**  
**Interim Condensed Consolidated Statement of profit or loss and other comprehensive income**  
**for three and six months ended 30 June 2023**  
*In thousands of Russian rubles, unless otherwise stated*

	Notes	For the three months ended 30 June (unaudited)		For the six months ended 30 June (unaudited)	
		2023	2022	2023	2022
Revenue	6	29,241,504	25,296,672	62,895,178	54,613,295
Operating expenses	8	(26,111,073)	(23,088,696)	(54,363,059)	(48,128,384)
Reversal of allowance for expected credit losses	25	369,292	260,677	335,819	286,119
Other income	7	417,481	350,769	894,925	719,593
Other expenses	7	(10,447)	(7,241)	(14,205)	(8,366)
<b>Result from operating activities</b>		<b>3,906,757</b>	<b>2,812,181</b>	<b>9,748,658</b>	<b>7,482,257</b>
Finance income	9	163,986	(11,722)	346,833	312,992
Finance costs	9	(988,120)	(1,401,921)	(1,974,530)	(2,716,619)
<b>Total financial costs</b>		<b>(824,134)</b>	<b>(1,413,643)</b>	<b>(1,627,697)</b>	<b>(2,403,627)</b>
<b>Profit before income tax</b>		<b>3,082,623</b>	<b>1,398,538</b>	<b>8,120,961</b>	<b>5,078,630</b>
Income tax expense	10	(1,102,506)	(596,325)	(2,329,265)	(1,608,028)
<b>Profit for the period</b>		<b>1,980,117</b>	<b>802,213</b>	<b>5,791,696</b>	<b>3,470,602</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	14	(8,559)	(10,404)	32,407	(84,324)
Remeasurements of the defined benefit liability		71,684	(778,933)	199,018	(302,214)
Income tax	10	(6,419)	92,477	(29,048)	39,357
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>56,706</b>	<b>(696,860)</b>	<b>202,377</b>	<b>(347,181)</b>
<b>Other comprehensive income/(cost) for the period, net of income tax</b>		<b>56,706</b>	<b>(696,860)</b>	<b>202,377</b>	<b>(347,181)</b>
<b>Total comprehensive income for the period</b>		<b>2,036,823</b>	<b>105,353</b>	<b>5,994,073</b>	<b>3,123,421</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		1,971,392	786,274	5,772,911	3,431,856
Non-controlling interests		8,725	15,939	18,785	38,746
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		2,028,098	89,414	5,975,288	3,084,675
Non-controlling interest		8,725	15,939	18,785	38,746
<b>Earnings per share</b>					
Basic and diluted earnings per ordinary share (in RUB)	19	0.047	0.018	0.137	0.081

These interim condensed consolidated financial statements (unaudited) were approved by management on 25 August 2023 and were signed on this behalf by:

General Director

I.V. Makovskiy



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 six months ended 30 June 2023*  
*In thousands of Russian rubles, unless otherwise stated*

	Notes	30 June 2023 (unaudited)	31 December 2022 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	103,918,526	102,626,844
Intangible assets	12	2,438,367	2,451,676
Right-of-use assets	13	6,240,718	6,237,431
Trade and other receivables	15	1,654,909	1,614,302
Assets related to employee benefits plans		543,451	513,132
Other non-current financial assets	14	131,138	98,731
Advances given and other non-current assets	16	2,964	3,202
<b>Total non-current assets</b>		<b>114,930,073</b>	<b>113,545,318</b>
<b>Current assets</b>			
Inventories		4,721,505	4,254,620
Income tax prepayments		560,573	42,454
Trade and other receivables	15	11,766,050	12,911,015
Cash and cash equivalents	17	5,027,393	6,505,927
Advances given and other current assets	16	2,290,261	2,544,473
<b>Total current assets</b>		<b>24,365,782</b>	<b>26,258,489</b>
<b>Total assets</b>		<b>139,295,855</b>	<b>139,803,807</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	4,221,794	4,221,794
Reserves		(512,931)	(715,308)
Retained earnings		54,199,466	48,899,818
<b>Total equity attributable to equity holders of the Company</b>		<b>57,908,329</b>	<b>52,406,304</b>
Non-controlling interest		457,582	440,265
<b>Total equity</b>		<b>58,365,911</b>	<b>52,846,569</b>
<b>Non-current liabilities</b>			
Long-term borrowed funds	20	24,144,661	27,270,749
Long-term trade and other payables	21	124,676	326,157
Long-term advances received	23	2,104,023	1,991,424
Employee benefits		2,862,195	2,945,828
Deferred tax liabilities		4,674,761	4,179,036
<b>Total non-current liabilities</b>		<b>33,910,316</b>	<b>36,713,194</b>
<b>Current liabilities</b>			
Short-term borrowed funds and current part of long-term borrowed funds	20	21,254,295	18,779,921
Trade and other payables	21	13,003,511	17,147,176
Tax debts other than income tax	22	4,050,669	4,792,277
Advances received	23	6,630,350	6,176,393
Provisions	24	2,045,803	2,936,336
Current income tax liabilities		35,000	411,941
<b>Total current liabilities</b>		<b>47,019,628</b>	<b>50,244,044</b>
<b>Total liabilities</b>		<b>80,929,944</b>	<b>86,957,238</b>
<b>Total equity and liabilities</b>		<b>139,295,855</b>	<b>139,803,807</b>

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

**PJSC “Rosseti Centre”**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**for the six months ended 30 June 2023**  
*In thousands of Russian rubles, unless otherwise stated*

	Notes	<b>For the six months ended</b>	
		<b>30 June (unaudited)</b>	
		<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		<b>8,120,961</b>	<b>5,078,630</b>
<i>Adjustments for:</i>			
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	8,11, 12,13	6,241,407	6,362,478
Finance costs	9	1,974,530	2,716,619
Finance income	9	(346,833)	(312,992)
Profit on disposal of property, plant and equipment		(16,995)	(6,123)
Reversal of allowance for expected credit losses	25	(335,819)	(286,119)
Bad debt write-off		5,479	4,476
Accrual/(reversal) of provisions	24	178,243	(29,937)
Other non-cash transactions		(42,267)	(202,788)
<b>Total impact of adjustments</b>		<b>7,657,745</b>	<b>8,245,614</b>
Change in assets related to employee benefits plans		(30,319)	(6,604)
Change in employee benefit liabilities		(31,077)	(51,157)
Change in long-term trade and other receivables		51,133	126,699
Change in long-term advances given and other non-current assets		238	(108,916)
Change in long-term trade and other payables		(175,981)	(60,473)
Change in long-term advances received		112,599	400,909
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>15,705,299</b>	<b>13,624,702</b>
<i>Changes in working capital and provisions:</i>			
Change in trade and other receivables		1,453,779	1,019,147
Change in advances given and other assets		246,903	(506,065)
Change in inventories		(435,523)	(640,668)
Change in trade and other payables		(3,065,808)	25,650
Change in advances received		453,957	734,494
Change in provisions		(1,069,940)	(483,156)
<b>Cash flows from operating activities before income taxes and interest paid</b>		<b>13,288,667</b>	<b>13,774,104</b>
Income tax paid		(2,757,648)	(1,701,422)
Interest paid under lease agreement		(278,660)	(295,135)
Interest paid		(1,502,549)	(2,181,896)
<b>Net cash flows received from operating activities</b>		<b>8,749,810</b>	<b>9,595,651</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(8,008,613)	(6,685,075)
Proceeds from the sale of property, plant and equipment and intangible assets		12,062	35,177
Acquisition of subsidiaries, net of cash received		-	(364,260)
Interest received		213,496	253,037
Dividends received		120	-
<b>Net cash flows used in investing activities</b>		<b>(7,782,935)</b>	<b>(6,761,121)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowed funds	20	7,600,000	1,863,522
Repayment of borrowed funds	20	(8,353,000)	(1,352,385)
Dividends paid to equity holders of the Company	18	(1,398,625)	(1,930)
Repayment of lease liabilities		(293,784)	(298,078)
<b>Net cash flows (used)/received in financing activities</b>		<b>(2,445,409)</b>	<b>211,129</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,478,534)</b>	<b>3,045,659</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>6,505,927</b>	<b>1,881,546</b>
<b>Cash and cash equivalents at the end of period</b>	17	<b>5,027,393</b>	<b>4,927,205</b>

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

*PJSC «Rosseti Centre»  
Interim Condensed Consolidated Statement of Changes in Equity  
for the six months ended 30 June 2023  
In thousands of Russian rubles, unless otherwise stated*

	<b>Attributable to equity holders of the Company</b>				<b>Non-controlling interest</b>	<b>Total equity</b>	
	<b>Notes</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Retained earnings</b>			<b>Total</b>
<b>Balance at 1 January 2023 (audited)</b>		<b>4,221,794</b>	<b>(715,308)</b>	<b>48,899,818</b>	<b>52,406,304</b>	<b>440,265</b>	<b>52,846,569</b>
Profit for the period		-	-	5,772,911	5,772,911	18,785	5,791,696
Other comprehensive income		-	231,425	-	231,425	-	231,425
Related income tax	10	-	(29,048)	-	(29,048)	-	(29,048)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>202,377</b>	<b>5,772,911</b>	<b>5,975,288</b>	<b>18,785</b>	<b>5,994,073</b>
<b>Contributions and payments</b>							
Dividends	31	-	-	(473,263)	(473,263)	(1,468)	(474,731)
<b>Total contributions and payments</b>		<b>-</b>	<b>-</b>	<b>(473,263)</b>	<b>(473,263)</b>	<b>(1,468)</b>	<b>(474,731)</b>
<b>Balance at 30 June 2023 (unaudited)</b>		<b>4,221,794</b>	<b>(512,931)</b>	<b>54,199,466</b>	<b>57,908,329</b>	<b>457,582</b>	<b>58,365,911</b>
	<b>Attributable to equity holders of the Company</b>						
	<b>Notes</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
<b>Balance at 1 January 2022 (audited)</b>		<b>4,221,794</b>	<b>(799,006)</b>	<b>46,743,299</b>	<b>50,166,087</b>	<b>1,055,410</b>	<b>51,221,497</b>
Profit for the period		-	-	3,431,856	3,431,856	38,746	3,470,602
Other comprehensive cost		-	(386,538)	-	(386,538)	-	(386,538)
Related income tax	10	-	39,357	-	39,357	-	39,357
<b>Total comprehensive income/(cost) for the period</b>		<b>-</b>	<b>(347,181)</b>	<b>3,431,856</b>	<b>3,084,675</b>	<b>38,746</b>	<b>3,123,421</b>
<b>Contributions and payments</b>							
Dividends	31	-	-	(1,427,448)	(1,427,448)	(16,154)	(1,443,602)
Other		-	-	7,375	7,375	-	7,375
<b>Total contributions and payments</b>		<b>-</b>	<b>-</b>	<b>(1,420,073)</b>	<b>(1,420,073)</b>	<b>(16,154)</b>	<b>(1,436,227)</b>
<b>Balance at 30 June 2022 (unaudited)</b>		<b>4,221,794</b>	<b>(1,146,187)</b>	<b>48,755,082</b>	<b>51,830,689</b>	<b>1,078,002</b>	<b>52,908,691</b>

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 Public Joint Stock Company «Federal Grid Company-Rosseti» (abbreviated as PJSC «Rosseti»).

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

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

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

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

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

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.

As at 31 December 2022, the share of the Russian Federation in the authorized capital of the parent company of PJSC «Rosseti» was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares.

The Extraordinary General Meeting of Shareholders of PJSC «Rosseti», held on 16 September 2022, decided to reorganize PJSC «Rosseti» in the form of joining the Public Joint Stock Company «Federal Grid Company-Rosseti» in the manner and on the terms provided for in the accession agreement.

Public Joint Stock Company «Federal Grid Company of the Unified Energy System» has changed its name to Public Joint Stock Company «Federal Grid Company-Rosseti» (abbreviated as PJSC «Rosseti»). The corresponding changes were made to the Unified State Register of Legal Entities on 12 October 2022.

On 9 January 2023 information was entered into the Unified State Register of Legal Entities on the termination of the activities of PJSC «Rosseti» through reorganization in the form of joining the Public Joint Stock Company «Federal Grid Company-Rosseti», which is the universal legal successor of PJSC «Rosseti». As a result of the reorganization, the share of the participation of the Russian Federation in the authorized capital of the parent parent company of the Public Joint Stock Company «Federal Grid Company-Rosseti», amounted to 75.000048%.

## **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 characteristic features inherent in 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.

In 2023, the effect of external sanctions on legal entities and individuals in the Russian Federation continues, in connection with which the influence of economic and other factors, as well as the uncertainty factor on the conditions of doing business in the Russian Federation increases. In 2023, the high uncertainty of the impact of external and internal factors on the economy of the Russian Federation, the volatility of financial indicators continues to persist. Sanctions have been imposed on a number of Russian banks by the United States, the United Kingdom and the EU. All of the above has a negative impact on the economy of the Russian Federation. At the same time, during the reporting year, there was a structural restructuring of the economy, a number of legislative measures made it possible to maintain the stability of the economy of the Russian Federation and adapt to the changes taking place.

The Group takes all necessary measures to ensure the sustainability of its activities. The presented interim condensed 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 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 six months ended 30 June 2023 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 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

All values in the interim condensed consolidated financial statements are rounded to the nearest thousand (RUB thousand), unless otherwise stated. Negative values are shown in parentheses.

### **(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 2022 and as at that date.

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

The Group has applied all new amendments to the standards that came into force on 1 January 2023. The impact of the adoption of the new amendments was not significant in relation to these interim condensed consolidated financial statements.

A number of new standards and interpretations have been published that are mandatory for annual periods beginning on or after 1 January 2024. The Group intends to adopt the standards and amendments for use after entry into force, no significant impact on the consolidated financial statements of the Group is expected.

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

- Classification of Liabilities into Short-term and Long-term - Amendments to IFRS (IAS) 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022, the effective date was subsequently postponed to 1 January 2024 by Amendments to IFRS (IAS) 1).
- Amendments to IFRS 10 and IAS 28 – "Sale or Contribution of Assets in Transactions between an Investor and its Associate or Joint Venture" (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB dates).
- Lease Obligations on Sale and Leaseback – Amendments to IFRS 16 (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Long-term Obligations with Covenants – Amendments to IAS 1 (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024).
- Accounts Payable Factoring Operations – Amendments to IFRS (IAS) 7 and IFRS (IFRS) 7 (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).

## **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 2022.

## **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 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.

## **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.

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

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

The following reportable segments were identified:

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

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

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

## 5 Information about segments (continued)

### (a) Information about reportable segments

For the three months ended 30 June 2023:

	<b>Belgorod energo</b>	<b>Bryansk energo</b>	<b>Voronezh energo</b>	<b>Kostroma energo</b>	<b>Kursk energo</b>	<b>Lipetsk energo</b>	<b>Orel energo</b>	<b>Smolensk energo</b>	<b>Tambov energo</b>	<b>Tver energo</b>	<b>Yar energo</b>	<b>Other TSS</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	3,502,449	1,058,110	4,567,673	1,496,167	2,415,589	2,684,609	1,306,990	2,197,368	1,675,163	3,088,137	2,903,665	1,748,592	167,442	<b>28,811,954</b>
Inter-segment revenue	-	513,156	28,872	-	-	-	-	-	-	-	2,144	668,286	2,184	<b>1,214,642</b>
<b>Segment revenue including</b>	<b>3,502,449</b>	<b>1,571,266</b>	<b>4,596,545</b>	<b>1,496,167</b>	<b>2,415,589</b>	<b>2,684,609</b>	<b>1,306,990</b>	<b>2,197,368</b>	<b>1,675,163</b>	<b>3,088,137</b>	<b>2,905,809</b>	<b>2,416,878</b>	<b>169,626</b>	<b>30,026,596</b>
<i>Electricity transmission</i>	3,284,412	1,476,534	4,270,741	1,419,098	2,183,884	2,573,445	1,269,794	2,097,644	1,639,203	2,807,860	2,717,543	2,224,121	-	<b>27,964,279</b>
<i>Technological connection services</i>	77,382	45,725	217,028	23,447	199,831	55,740	16,376	28,682	15,898	90,490	34,308	91,002	-	<b>895,909</b>
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	147,616	-	-	-	<b>147,616</b>
<i>Other revenue</i>	140,655	49,007	108,776	53,622	31,874	55,424	20,820	71,042	20,062	42,171	153,958	101,755	169,626	<b>1,018,792</b>
The cost of technological connection to the networks	(15,178)	(3,734)	(7,089)	(5,576)	(5,598)	(12,442)	(6,844)	(8,781)	(3,242)	(28,130)	(18,860)	(11,150)	-	<b>(126,624)</b>
<b>EBITDA</b>	<b>863,916</b>	<b>273,225</b>	<b>1,178,107</b>	<b>503,355</b>	<b>577,680</b>	<b>916,248</b>	<b>61,682</b>	<b>457,860</b>	<b>152,334</b>	<b>425,922</b>	<b>846,958</b>	<b>933,180</b>	<b>335,902</b>	<b>7,526,369</b>

For the six months ended 30 June 2023:

	<b>Belgorod energo</b>	<b>Bryansk energo</b>	<b>Voronezh energo</b>	<b>Kostroma energo</b>	<b>Kursk energo</b>	<b>Lipetsk energo</b>	<b>Orel energo</b>	<b>Smolensk energo</b>	<b>Tambov energo</b>	<b>Tver energo</b>	<b>Yar energo</b>	<b>Other TSS</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	7,592,726	2,361,350	9,854,247	3,246,964	5,051,322	6,089,152	2,857,611	4,736,143	3,654,418	6,729,045	6,313,375	3,658,145	321,130	<b>62,465,628</b>
Inter-segment revenue	-	1,133,825	57,743	-	-	-	-	-	-	-	4,336	1,381,029	3,864	<b>2,580,797</b>
<b>Segment revenue including</b>	<b>7,592,726</b>	<b>3,495,175</b>	<b>9,911,990</b>	<b>3,246,964</b>	<b>5,051,322</b>	<b>6,089,152</b>	<b>2,857,611</b>	<b>4,736,143</b>	<b>3,654,418</b>	<b>6,729,045</b>	<b>6,317,711</b>	<b>5,039,174</b>	<b>324,994</b>	<b>65,046,425</b>
<i>Electricity transmission</i>	7,124,334	3,274,926	9,327,811	3,069,497	4,691,254	5,658,431	2,788,084	4,599,321	3,567,418	6,197,133	6,017,850	4,733,667	-	<b>61,049,726</b>
<i>Technological connection services</i>	173,987	94,348	288,259	93,375	314,717	345,462	27,530	46,983	53,155	120,990	77,953	124,131	-	<b>1,760,890</b>
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	341,141	-	-	-	<b>341,141</b>
<i>Other revenue</i>	294,405	125,901	295,920	84,092	45,351	85,259	41,997	89,839	33,845	69,781	221,908	181,376	324,994	<b>1,894,668</b>
The cost of technological connection to the networks	(30,679)	(7,288)	(13,990)	(11,909)	(11,591)	(25,295)	(12,355)	(17,155)	(6,520)	(46,660)	(39,257)	(22,581)	-	<b>(245,280)</b>
<b>EBITDA</b>	<b>2,206,787</b>	<b>828,581</b>	<b>2,627,151</b>	<b>1,071,130</b>	<b>1,308,276</b>	<b>1,808,921</b>	<b>372,646</b>	<b>1,086,328</b>	<b>633,768</b>	<b>1,014,626</b>	<b>1,738,601</b>	<b>1,634,459</b>	<b>357,072</b>	<b>16,688,346</b>

## 5 Information about segments (continued)

For the three months ended 30 June 2022:

	<b>Belgorod energo</b>	<b>Bryansk energo</b>	<b>Voronezh energo</b>	<b>Kostroma energo</b>	<b>Kursk energo</b>	<b>Lipetsk energo</b>	<b>Orel energo</b>	<b>Smolensk energo</b>	<b>Tambov energo</b>	<b>Tver energo</b>	<b>Yar energo</b>	<b>Other TSS</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	3,392,758	986,605	3,857,646	1,347,452	2,012,321	2,327,224	1,184,207	1,878,367	1,469,163	2,670,665	2,490,596	1,523,635	156,033	<b>25,296,672</b>
Inter-segment revenue	-	420,965	28,753	-	-	-	-	-	-	-	2,176	580,808	1,642	<b>1,034,344</b>
<b>Segment revenue including</b>	<b>3,392,758</b>	<b>1,407,570</b>	<b>3,886,399</b>	<b>1,347,452</b>	<b>2,012,321</b>	<b>2,327,224</b>	<b>1,184,207</b>	<b>1,878,367</b>	<b>1,469,163</b>	<b>2,670,665</b>	<b>2,492,772</b>	<b>2,104,443</b>	<b>157,675</b>	<b>26,331,016</b>
<i>Electricity transmission</i>	3,041,701	1,326,827	3,764,944	1,295,560	1,835,740	2,270,469	1,170,512	1,840,150	1,426,100	2,489,700	2,415,585	1,958,848	-	<b>24,836,136</b>
<i>Technological connection services</i>	223,311	31,001	38,221	23,250	59,797	11,947	1,217	11,108	8,299	6,908	34,576	55,680	-	<b>505,315</b>
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	130,768	-	-	-	<b>130,768</b>
<i>Other revenue</i>	127,746	49,742	83,234	28,642	116,784	44,808	12,478	27,109	34,764	43,289	42,611	89,915	157,675	<b>858,797</b>
The cost of technological connection to the networks	(17,413)	(3,859)	(6,967)	(5,094)	(3,622)	(9,215)	(4,166)	(7,098)	(2,133)	(19,225)	(18,013)	(11,607)	-	<b>(108,412)</b>
<b>EBITDA</b>	<b>1,012,844</b>	<b>351,886</b>	<b>929,916</b>	<b>421,958</b>	<b>458,186</b>	<b>641,965</b>	<b>172,185</b>	<b>281,270</b>	<b>255,682</b>	<b>316,153</b>	<b>593,805</b>	<b>745,000</b>	<b>289,544</b>	<b>6,470,394</b>

For the six months ended 30 June 2022:

	<b>Belgorod energo</b>	<b>Bryansk energo</b>	<b>Voronezh energo</b>	<b>Kostroma energo</b>	<b>Kursk energo</b>	<b>Lipetsk energo</b>	<b>Orel energo</b>	<b>Smolensk energo</b>	<b>Tambov energo</b>	<b>Tver energo</b>	<b>Yar energo</b>	<b>Other TSS</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	7,067,951	2,109,240	8,454,721	2,933,439	4,254,002	5,052,169	2,547,395	4,149,749	3,240,233	5,856,376	5,442,451	3,219,510	286,059	<b>54,613,295</b>
Inter-segment revenue	-	925,634	57,566	-	-	-	-	-	-	-	4,315	1,197,249	3,257	<b>2,188,021</b>
<b>Segment revenue including</b>	<b>7,067,951</b>	<b>3,034,874</b>	<b>8,512,287</b>	<b>2,933,439</b>	<b>4,254,002</b>	<b>5,052,169</b>	<b>2,547,395</b>	<b>4,149,749</b>	<b>3,240,233</b>	<b>5,856,376</b>	<b>5,446,766</b>	<b>4,416,759</b>	<b>289,316</b>	<b>56,801,316</b>
<i>Electricity transmission</i>	6,565,653	2,896,244	8,240,035	2,841,355	3,951,538	4,958,501	2,508,229	4,087,050	3,068,230	5,436,925	5,275,907	4,160,277	-	<b>53,989,944</b>
<i>Technological connection services</i>	263,545	34,017	132,388	38,197	171,648	26,638	18,984	16,982	120,215	45,293	70,202	89,197	-	<b>1,027,306</b>
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	308,730	-	-	-	<b>308,730</b>
<i>Other revenue</i>	238,753	104,613	139,864	53,887	130,816	67,030	20,182	45,717	51,788	65,428	100,657	167,285	289,316	<b>1,475,336</b>
The cost of technological connection to the networks	(33,721)	(6,946)	(13,841)	(9,494)	(7,263)	(17,536)	(7,919)	(14,768)	(4,794)	(29,238)	(35,836)	(22,578)	-	<b>(203,934)</b>
<b>EBITDA</b>	<b>2,216,480</b>	<b>791,610</b>	<b>2,284,739</b>	<b>1,004,498</b>	<b>1,023,624</b>	<b>1,385,375</b>	<b>482,430</b>	<b>861,930</b>	<b>634,024</b>	<b>759,801</b>	<b>1,338,864</b>	<b>1,411,133</b>	<b>311,853</b>	<b>14,506,361</b>

## 5 Information about segments (continued)

As at 30 June 2023:

	<u>Belgorod energo</u>	<u>Bryansk energo</u>	<u>Voronezh energo</u>	<u>Kostroma energo</u>	<u>Kursk energo</u>	<u>Lipetsk energo</u>	<u>Orel energo</u>	<u>Smolensk energo</u>	<u>Tambov energo</u>	<u>Tver energo</u>	<u>Yar energo</u>	<u>Other TSS</u>	<u>Others</u>	<u>Total</u>
<b>Segment assets</b>	<b><u>26,525,821</u></b>	<b><u>5,864,145</u></b>	<b><u>20,854,272</u></b>	<b><u>8,574,659</u></b>	<b><u>9,754,796</u></b>	<b><u>15,014,381</u></b>	<b><u>4,877,545</u></b>	<b><u>8,724,066</u></b>	<b><u>7,190,404</u></b>	<b><u>9,411,934</u></b>	<b><u>14,183,654</u></b>	<b><u>16,079,250</u></b>	<b><u>12,448,412</u></b>	<b><u>159,503,339</u></b>
Including property, plant and equipment and construction in progress	23,687,748	4,915,608	17,652,276	7,031,929	7,620,324	11,013,473	3,942,804	7,337,479	3,815,998	6,419,203	9,891,448	11,555,962	1,399,935	<b>116,284,187</b>

As at 31 December 2022:

	<u>Belgorod energo</u>	<u>Bryansk energo</u>	<u>Voronezh energo</u>	<u>Kostroma energo</u>	<u>Kursk energo</u>	<u>Lipetsk energo</u>	<u>Orel energo</u>	<u>Smolensk energo</u>	<u>Tambov energo</u>	<u>Tver energo</u>	<u>Yar energo</u>	<u>Other TSS</u>	<u>Others</u>	<u>Total</u>
<b>Segment assets</b>	<b><u>26,512,419</u></b>	<b><u>6,527,177</u></b>	<b><u>20,112,454</u></b>	<b><u>8,600,024</u></b>	<b><u>9,516,957</u></b>	<b><u>15,072,220</u></b>	<b><u>5,010,002</u></b>	<b><u>8,614,713</u></b>	<b><u>6,569,292</u></b>	<b><u>9,670,926</u></b>	<b><u>15,580,965</u></b>	<b><u>15,376,498</u></b>	<b><u>12,520,616</u></b>	<b><u>159,684,263</u></b>
Including property, plant and equipment and construction in progress	23,755,568	4,893,510	17,209,819	6,996,904	7,520,950	10,499,329	3,952,315	7,023,708	3,767,082	6,476,374	10,099,348	11,694,392	1,405,226	<b>115,294,525</b>

## 5 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:

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
<b>Segment revenues</b>	<b>30,026,596</b>	<b>26,331,016</b>	<b>65,046,425</b>	<b>56,801,316</b>
Intersegment revenue elimination	(1,214,642)	(1,034,344)	(2,580,797)	(2,188,021)
Revenue adjustment	429,550	-	429,550	-
<b>Revenues per consolidated statement of profit or loss and other comprehensive income</b>	<b>29,241,504</b>	<b>25,296,672</b>	<b>62,895,178</b>	<b>54,613,295</b>

Reconciliation of reportable segments by EBITDA:

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
<b>EBITDA of reportable segments</b>	<b>7,526,369</b>	<b>6,470,394</b>	<b>16,688,346</b>	<b>14,506,361</b>
Discounting receivables	46,000	(166,135)	91,777	45,435
Discounting of financial liabilities	(55,266)	(58,689)	(109,122)	(115,876)
Adjustment for lease	(4,585)	(1,706)	(7,785)	190,858
Recognition of pension and other long-term liabilities to employees	(58,497)	(17,799)	(115,385)	(68,819)
Adjustment on assets related to employee benefit liabilities	(1,805)	(11,911)	30,319	6,604
Re-measurement of financial assets at fair value through other comprehensive income (transfer of revaluation to equity)	8,559	10,404	(32,407)	84,324
Adjustment of the value of property, plant and equipment	(18,171)	(40,249)	(68,770)	(58,812)
Other adjustments	(392,537)	(346,589)	(406,418)	(680,997)
<b>EBITDA</b>	<b>7,050,067</b>	<b>5,837,720</b>	<b>16,070,555</b>	<b>13,909,078</b>
Depreciation and amortization	(3,111,505)	(3,160,722)	(6,241,407)	(6,362,478)
Interest expenses on financial liabilities	(717,666)	(1,131,781)	(1,429,527)	(2,172,835)
Interest expenses on lease liabilities	(138,127)	(146,679)	(278,660)	(295,135)
Income tax expense	(1,102,506)	(596,325)	(2,329,265)	(1,608,028)
<b>Profit for the period per consolidated statement of profit or loss and other comprehensive income</b>	<b>1,980,263</b>	<b>802,213</b>	<b>5,791,696</b>	<b>3,470,602</b>



## 6 Revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Electricity transmission	26,823,433	23,868,360	58,615,767	51,933,981
Technological connection services	895,870	505,206	1,760,833	1,027,136
Sale of electricity and capacity	147,616	130,768	341,141	308,730
Other revenue	1,323,633	743,056	2,076,659	1,245,018
<b>Total revenue from contracts with customers</b>	<b>29,190,552</b>	<b>25,247,390</b>	<b>62,794,400</b>	<b>54,514,865</b>
Lease revenue	50,952	49,282	100,778	98,430
	<b>29,241,504</b>	<b>25,296,672</b>	<b>62,895,178</b>	<b>54,613,295</b>

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

## 7 Other income and other expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Income from identified non-contracted electricity consumption	50,076	40,990	106,973	89,426
Income in the form of fines and penalties on commercial contracts	116,956	81,807	257,332	330,814
Accounts payable write-off	43,164	5,681	67,727	20,067
Insurance indemnity	61,610	30,952	182,016	41,868
Income from disposal of fixed assets on sale (sale) operations	135	871	11,075	4,572
Other income	145,540	190,468	269,802	232,846
	<b>417,481</b>	<b>350,769</b>	<b>894,925</b>	<b>719,593</b>

Other expenses include loss on disposal of property, plant and equipment for three and six months ended 30 June 2023 in the amount of RUB 10,447 thousand and RUB 14,205 thousand (for three and six months ended 30 June 2022: RUB 7,241 thousand and RUB 8,366 thousand).

## 8 Operating expenses

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Personnel costs	6,742,728	5,913,981	13,204,645	11,559,164
Depreciation of property, plant and equipment	2,889,704	2,914,530	5,809,499	5,865,501
Amortization of intangible assets	85,205	117,892	169,375	236,283
Depreciation of right-of-use assets	136,596	128,300	262,533	260,694
<i>Material expenses, including:</i>				
Electricity for compensation of losses	3,738,615	3,446,996	10,496,767	9,403,594
Electricity for sale	127,325	114,150	285,784	267,871
Purchased electricity and heat power for own needs	62,907	64,366	301,488	279,833
Other material costs	1,203,001	934,077	1,812,221	1,474,437
<i>Production work and services, including:</i>				
Electricity transmission services	8,111,183	7,047,928	16,480,226	14,482,721
Repair and maintenance services	277,199	208,773	392,945	285,296
Other works and industrial services	609,232	473,208	1,218,038	853,332
Taxes and levies other than income tax	514,265	566,029	1,013,164	1,134,777
Short-term rent	19,598	21,040	28,257	24,405
Insurance	31,978	33,745	63,156	67,460
<i>Other third-party services, including:</i>				
Communication services	104,925	96,570	183,426	182,617
Security services	118,260	100,521	231,718	186,511
Consulting, legal and audit services	18,569	9,318	28,614	28,131
Software costs and services	83,427	87,542	167,472	142,876
Transportation services	13,685	3,731	17,609	6,313
Other services	212,837	307,711	368,756	442,500
Provisions	(190,759)	(28,320)	178,243	(29,937)
Expenses recognized in connection with the settlement for electricity transmission, electricity for sale, purchased electricity to compensate for losses and non-contracted consumption	724,842	109,209	724,842	152,136
Other expenses	475,751	417,399	924,281	821,869
	<b>26,111,073</b>	<b>23,088,696</b>	<b>54,363,059</b>	<b>48,128,384</b>

## 9 Finance income and costs

	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Finance income</b>				
Interest income on bank deposits and balances on bank accounts	117,978	154,302	221,025	252,843
Interest income on assets related to employee defined benefits plans	-	-	34,023	14,603
Dividends receivable	8	111	8	111
Other finance income	46,000	(166,135)	91,777	45,435
	<b>163,986</b>	<b>(11,722)</b>	<b>346,833</b>	<b>312,992</b>
<b>Finance costs</b>				
Interest expenses on financial liabilities measured at amortized cost	(717,666)	(1,131,781)	(1,429,527)	(2,172,835)
Interest expenses on lease liabilities	(138,127)	(146,679)	(278,660)	(295,135)
Interest expenses on long-term employee benefit liabilities	(71,972)	(58,365)	(146,462)	(119,976)
Amortization of discount on financial liabilities	(55,266)	(58,689)	(109,122)	(115,876)
Other finance costs	(5,089)	(6,407)	(10,759)	(12,797)
	<b>(988,120)</b>	<b>(1,401,921)</b>	<b>(1,974,530)</b>	<b>(2,716,619)</b>

## 10 Income tax

	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Current income tax</b>				
Accrual of current tax	(681,080)	(306,245)	(1,847,240)	(993,136)
Adjustment of the tax for the previous periods	(41,715)	4,351	(15,348)	6,050
<b>Total</b>	<b>(722,795)</b>	<b>(301,894)</b>	<b>(1,862,588)</b>	<b>(987,086)</b>
Deferred income tax	(379,711)	(294,431)	(466,677)	(620,942)
<b>Income tax expense</b>	<b>(1,102,506)</b>	<b>(596,325)</b>	<b>(2,329,265)</b>	<b>(1,608,028)</b>

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

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 2023 and 2022, 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, income tax accrual for previous periods, according to revised tax returns submitted to the tax authorities in 2023, amounted to RUB 15,348 thousand (income tax to decrease for 2022: RUB 6,050 thousand).

## 10 Income tax (continued)

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
<b>Profit before income tax</b>	3,082,623	1,398,538	8,120,961	5,078,630
<b>Income tax calculated at the applicable tax rate</b>	(616,524)	(279,708)	(1,624,192)	(1,015,726)
Tax effect of items not deductible/not taxable for taxation purposes	(444,267)	(320,968)	(689,725)	(598,352)
Adjustments for prior years	(41,715)	4,351	(15,348)	6,050
	<b>(1,102,506)</b>	<b>(596,325)</b>	<b>(2,329,265)</b>	<b>(1,608,028)</b>

Income tax recognized in other comprehensive income:

	For the three months ended 30 June 2023			For the three months ended 30 June 2022		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	(8,559)	1,712	(6,847)	(10,404)	2,081	(8,323)
Remeasurements of the defined benefit liability	71,684	(8,131)	63,553	(778,933)	90,396	(688,537)
	<b>63,125</b>	<b>(6,419)</b>	<b>56,706</b>	<b>(789,337)</b>	<b>(92,477)</b>	<b>(696,860)</b>

	For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	32,407	(6,481)	25,926	(84,324)	16,865	(67,459)
Remeasurements of the defined benefit liability	199,018	(22,567)	176,451	(302,214)	22,492	(279,722)
	<b>231,425</b>	<b>(29,048)</b>	<b>202,377</b>	<b>(386,538)</b>	<b>39,357</b>	<b>(347,181)</b>

At of 30 June 2023 and 30 June 2022 deferred income tax assets and liabilities are calculated at a rate of 20 percent, which is expected to be applicable when the respective assets and liabilities are realized.

## 11 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2022</b>	<b>50,656,129</b>	<b>82,460,141</b>	<b>47,546,801</b>	<b>37,564,865</b>	<b>5,150,754</b>	<b>223,378,690</b>
Additions	27,758	7,103	2,733	-	4,924,532	<b>4,962,126</b>
Acquisition of subsidiaries	50,622	35,803	41,573	43,657	2,004	<b>173,659</b>
Transfer	608,526	924,780	792,263	1,464,915	(3,790,484)	-
Disposals	(50,188)	(6,328)	(10,808)	(36,958)	(2,027)	<b>(106,309)</b>
<b>At 30 June 2022</b>	<b>51,292,847</b>	<b>83,421,499</b>	<b>48,372,562</b>	<b>39,036,479</b>	<b>6,284,779</b>	<b>228,408,166</b>
<i>Accumulated depreciation</i>						
<b>At 1 January 2022</b>	<b>(19,791,247)</b>	<b>(48,681,504)</b>	<b>(23,946,537)</b>	<b>(21,603,166)</b>	-	<b>(114,022,454)</b>
Depreciation charge	(1,298,176)	(2,355,235)	(1,327,943)	(1,389,585)	-	<b>(6,370,939)</b>
Disposals	9,113	3,603	4,084	36,214	-	<b>53,014</b>
<b>At 30 June 2022</b>	<b>(21,080,310)</b>	<b>(51,033,136)</b>	<b>(25,270,396)</b>	<b>(22,956,537)</b>	-	<b>(120,340,379)</b>
<i>Accumulated impairment</i>						
<b>At 1 January 2022</b>	<b>(2,027,809)</b>	<b>(4,122,181)</b>	<b>(2,240,749)</b>	<b>(564,851)</b>	<b>(131,078)</b>	<b>(9,086,668)</b>
Transfer to property, plant and equipment (transfer of impairment losses)	(9,249)	(5,795)	(495)	(1,307)	16,846	-
Depreciation charge	83,838	255,063	119,146	40,476	-	<b>498,523</b>
Disposals	57	11	26	9,176	2,354	<b>11,624</b>
<b>At 30 June 2022</b>	<b>(1,953,163)</b>	<b>(3,872,902)</b>	<b>(2,122,072)</b>	<b>(516,506)</b>	<b>(111,878)</b>	<b>(8,576,521)</b>
Depreciation (including depreciation of impairment)	(1,214,338)	(2,100,172)	(1,208,797)	(1,349,109)	-	<b>(5,872,416)</b>
<i>Net book value</i>						
<b>At 1 January 2022</b>	<b>28,837,073</b>	<b>29,656,456</b>	<b>21,359,515</b>	<b>15,396,848</b>	<b>5,019,676</b>	<b>100,269,568</b>
<b>At 30 June 2022</b>	<b>28,259,374</b>	<b>28,515,461</b>	<b>20,980,094</b>	<b>15,563,436</b>	<b>6,172,901</b>	<b>99,491,266</b>

## 11 Property, plant and equipment (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2023</b>	<b>53,407,371</b>	<b>86,216,775</b>	<b>50,013,979</b>	<b>42,362,963</b>	<b>5,136,110</b>	<b>237,137,198</b>
Additions	41,337	42,474	12,742	394	7,034,407	7,131,354
Transfer	1,042,474	1,733,646	1,001,431	1,545,368	(5,322,919)	-
Disposals	(11,506)	(9,016)	(8,436)	(77,342)	(685)	(106,985)
<b>At 30 June 2023</b>	<b>54,479,676</b>	<b>87,983,879</b>	<b>51,019,716</b>	<b>43,831,383</b>	<b>6,846,913</b>	<b>244,161,567</b>
<i>Accumulated depreciation</i>						
<b>At 1 January 2023</b>	<b>(22,351,736)</b>	<b>(53,314,051)</b>	<b>(26,571,375)</b>	<b>(24,041,755)</b>	-	<b>(126,278,917)</b>
Depreciation charge	(1,207,323)	(2,306,423)	(1,318,848)	(1,452,434)	-	(6,285,028)
Disposals	3,949	6,190	5,851	67,330	-	83,320
<b>At 30 June 2023</b>	<b>(23,555,110)</b>	<b>(55,614,284)</b>	<b>(27,884,372)</b>	<b>(25,426,859)</b>	-	<b>(132,480,625)</b>
<i>Accumulated impairment</i>						
<b>At 1 January 2023</b>	<b>(1,905,858)</b>	<b>(3,684,309)</b>	<b>(2,035,649)</b>	<b>(511,453)</b>	<b>(94,168)</b>	<b>(8,231,437)</b>
Transfer to property, plant and equipment (transfer of impairment losses)	(588)	(834)	(916)	(243)	2,581	-
Depreciation charge	80,344	241,914	113,248	33,056	-	468,562
Disposals	17	50	67	8	317	459
<b>At 30 June 2023</b>	<b>(1,826,085)</b>	<b>(3,443,179)</b>	<b>(1,923,250)</b>	<b>(478,632)</b>	<b>(91,270)</b>	<b>(7,762,416)</b>
Depreciation (including depreciation of impairment)	(1,126,979)	(2,064,509)	(1,205,600)	(1,419,378)	-	(5,816,466)
<i>Net book value</i>						
<b>At 1 January 2023</b>	<b>29,149,777</b>	<b>29,218,415</b>	<b>21,406,955</b>	<b>17,809,755</b>	<b>5,041,942</b>	<b>102,626,844</b>
<b>At 30 June 2023</b>	<b>29,098,481</b>	<b>28,926,416</b>	<b>21,212,094</b>	<b>17,925,892</b>	<b>6,755,643</b>	<b>103,918,526</b>

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

As at 30 June 2023 advance payments for property, plant and equipment include in construction in progress in the amount of RUB 128,861 thousand (as at 31 December 2022: RUB 154,282 thousand), also materials for the construction of property, plant and equipment in the amount RUB of 1,998,743 thousand (as at 31 December 2022: RUB 1,513,527 thousand).

For the six months ended 30 June 2023 capitalized interest amount to RUB 91,439 thousand (for the six months ended 30 June 2022: RUB 116,443 thousand), the capitalization rate used to determine the amount of borrowing costs to be capitalized was 7.68% - 8.76% during the year (for the six months ended 30 June 2022: 8.76% - 16.20%).

For the six months ended 30 June 2023 depreciation charges in the amount of RUB 8,411 thousand were capitalized in the cost of capital construction facilities (including depreciation charges of property, plant and equipment – RUB 6,967 thousand, of right-of-use assets – RUB 1,444 thousand).

For the six months ended 30 June 2022 depreciation charges in the amount of RUB 7,741 thousand were capitalized in the cost of capital construction facilities (including depreciation charges of property, plant and equipment – RUB 6,915 thousand, of right-of-use assets – RUB 826 thousand).

As at 30 June 2023 the initial cost of fully amortized property plant and equipment was RUB 42,981,606 thousand (as at 31 December 2022: RUB 39,618,273 thousand).

## 12 Intangible assets

	Software	R&D	Other intangible assets	Total
<i>Initial costs</i>				
<b>At 1 January 2022</b>	<b>3,099,656</b>	<b>28,794</b>	<b>1,383,864</b>	<b>4,512,314</b>
Additions	102,986	9,007	-	111,993
Acquisition of subsidiaries	391	-	181,778	182,169
<b>At 30 June 2022</b>	<b>3,203,033</b>	<b>37,801</b>	<b>1,565,642</b>	<b>4,806,476</b>
<i>Accumulated amortization</i>				
<b>At 1 January 2022</b>	<b>(1,711,866)</b>	-	<b>(455,200)</b>	<b>(2,167,066)</b>
Amortization charge	(196,956)	-	(39,327)	(236,283)
<b>At 30 June 2022</b>	<b>(1,908,822)</b>	-	<b>(494,527)</b>	<b>(2,403,349)</b>
<i>Net book value</i>				
<b>At 1 January 2022</b>	<b>1,387,790</b>	<b>28,794</b>	<b>928,664</b>	<b>2,345,248</b>
<b>At 30 June 2022</b>	<b>1,294,211</b>	<b>37,801</b>	<b>1,071,115</b>	<b>2,403,127</b>
<i>Initial costs</i>				
<b>At 1 January 2023</b>	<b>3,431,103</b>	<b>59,449</b>	<b>1,549,607</b>	<b>5,040,159</b>
Additions	108,457	6,853	40,756	156,066
<b>At 30 June 2023</b>	<b>3,539,560</b>	<b>66,302</b>	<b>1,590,363</b>	<b>5,196,225</b>
<i>Accumulated amortization</i>				
<b>At 1 January 2023</b>	<b>(2,054,457)</b>	-	<b>(534,026)</b>	<b>(2,588,483)</b>
Amortization charge	(129,876)	-	(39,499)	(169,375)
<b>At 30 June 2023</b>	<b>(2,184,333)</b>	-	<b>(573,525)</b>	<b>(2,757,858)</b>
<i>Net book value</i>				
<b>At 1 January 2023</b>	<b>1,376,646</b>	<b>59,449</b>	<b>1,015,581</b>	<b>2,451,676</b>
<b>At 30 June 2023</b>	<b>1,355,227</b>	<b>66,302</b>	<b>1,016,838</b>	<b>2,438,367</b>

Interest for the six months ended 30 June 2023 and for the six months ended 30 June 2022 was not capitalized as intangible assets.

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

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.



## 12 Intangible assets (continued)

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

The residual value of the intangible assets of the concession agreement as at 30 June 2023 in the amount of RUB 686,321 thousand (in the amount of RUB 713,752 thousand as at 31 December 2022). For the six months ended 30 June 2023 depreciation was accrued on the objects of the concession agreement in the amount of RUB 27,431 thousand (for the six months ended 30 June 2022: RUB 27,431 thousand).

## 13 Right-of-use assets

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

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

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
<b>At 1 January 2023</b>	<b>4,097,776</b>	<b>708,939</b>	<b>818,580</b>	<b>1,240,608</b>	<b>6,865,903</b>
Additions	145,092	9,536	11,572	27,832	<b>194,032</b>
Change in lease terms	42,809	12,137	22,082	1	<b>77,029</b>
Disposal or termination of lease agreements	(2,611)	(608)	(16,297)	(1)	<b>(19,517)</b>
<b>At 30 June 2023</b>	<b>4,283,066</b>	<b>730,004</b>	<b>835,937</b>	<b>1,268,440</b>	<b>7,117,447</b>
<i>Accumulated depreciation</i>					
<b>At 1 January 2023</b>	<b>(373,868)</b>	<b>(87,073)</b>	<b>(95,584)</b>	<b>(71,947)</b>	<b>(628,472)</b>
Depreciation charge	(149,487)	(42,900)	(45,843)	(25,747)	<b>(263,977)</b>
Change in lease terms	100	804	28	-	<b>932</b>
Disposal or termination of lease agreements	2,417	609	11,761	1	<b>14,788</b>
<b>At 30 June 2023</b>	<b>(520,838)</b>	<b>(128,560)</b>	<b>(129,638)</b>	<b>(97,693)</b>	<b>(876,729)</b>
<i>Net book value</i>					
<b>At 1 January 2023</b>	<b>3,723,908</b>	<b>621,866</b>	<b>722,996</b>	<b>1,168,661</b>	<b>6,237,431</b>
<b>At 30 June 2023</b>	<b>3,762,228</b>	<b>601,444</b>	<b>706,299</b>	<b>1,170,747</b>	<b>6,240,718</b>

### 14 Other financial assets

	30 June 2023	31 December 2022
<b>Non-current</b>		
Financial assets at fair value through other comprehensive income	131,138	98,731
	<b>131,138</b>	<b>98,731</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 131,138 thousand as at 30 June 2023 (as at 31 December 2022: RUB 98,731 thousand).

## 15 Trade and other receivables

	<u>30 June 2023</u>	<u>31 December 2022</u>
<b>Non-current trade and other account receivables</b>		
Trade receivables	1,663,566	1,578,383
Allowance for expected credit losses on trade receivables	(76,301)	(75,231)
Other receivables	67,644	111,150
<b>Total financial assets</b>	<b><u>1,654,909</u></b>	<b><u>1,614,302</u></b>
<b>Current trade and other account receivables</b>		
Trade receivables	13,673,306	15,781,402
Allowance for expected credit losses on trade receivables	(3,945,987)	(4,407,452)
Other receivables	3,342,167	3,017,192
Allowance for expected credit losses on other receivables	(1,303,436)	(1,480,127)
<b>Total financial assets</b>	<b><u>11,766,050</u></b>	<b><u>12,911,015</u></b>

Long-term and short-term other receivables include restructured receivables under the contract of assignment of the right of claim in the total non-discounted amount of RUB 62,712 thousand as at 30 June 2023 (as at 31 December 2022: RUB 62,712 thousand). The terms of the agreement assume repayment of the remaining part of the receivables in 2023-2025 and the application of the interest rate 12.44 % per annum. As at 30 June 2023, long-term trade receivables include the debt of a number of consumers of electricity transmission services, discounted at a rate of 12.65 % per annum (as at 31 December 2022 - at a rate of 12.65 % per annum).

Balances with related parties are disclosed in Note 28.

## 16 Advances given and other assets

	<u>30 June 2023</u>	<u>31 December 2022</u>
<b>Non-current</b>		
Advances given	2,964	3,202
	<b><u>2,964</u></b>	<b><u>3,202</u></b>
<b>Current</b>		
Advances given	754,498	1,060,671
Advances given impairment allowance	(41,876)	(34,711)
VAT recoverable	9,332	29,385
VAT on advances received and VAT on advances given for the purchase of property plant and equipment	1,462,193	1,376,236
Prepaid taxes other than income tax	106,114	112,892
	<b><u>2,290,261</u></b>	<b><u>2,544,473</u></b>

Balance with related parties is disclosed in Note 28.

## 17 Cash and cash equivalents

	<u>30 June 2023</u>	<u>31 December 2022</u>
Cash in bank accounts and cash on hand	504,055	845,184
Cash equivalents	4,523,338	5,660,743
	<u>5,027,393</u>	<u>6,505,927</u>

All balance of cash and cash equivalents are denominated in rubles as at 30 June 2023 and 31 December 2022.

Cash equivalents as at 30 June 2023 and 31 December 2022 include short-term investments in bank deposits and promissory notes. They are placed at interest rates of 7.15 % - 7.92 % per annum as at 30 June 2023 (7.00 % - 8.25% per annum as at 31 December 2022).

## 18 Equity

### (a) Equity

	<u>Ordinary shares</u>	
	<u>30 June 2023</u>	<u>31 December 2022</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.

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

At the extraordinary general meeting of shareholders held on 23 December 2022 dividends based on the results of 9 months of the 2022 financial year were declared in the amount of RUB 1,435,410 thousand. The amount of dividends was RUB 0.0340 per one ordinary share.

At the annual general meeting of shareholders held on 09 June 2023 dividends for 2022 were declared in the amount of RUB 473,263 thousand. The amount of dividends was RUB 0.01121 per one ordinary share.

For the six months ended 30 June 2023 the dividends paid to the owners of the company amounted to RUB 1,398,625 thousand (for the six months ended 30 June 2022 – RUB 1,930 thousand).

## 19 Earnings per share

The calculation of earnings per share for the six months ended 30 June 2023 and for the six months ended 30 June 2022 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>	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Ordinary shares at 1 January</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>
<b>Weighted average number of shares for the reporting period</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>
Weighted average number of ordinary shares outstanding, for the reporting period (millions of shares)	42,218	42,218	42,218	42,218
Earnings/(loss) for the year attributable to holders of ordinary shares	1,971,392	786,274	5,772,911	3,431,856
<b>Earnings(loss) per ordinary share (in RUB) – basic and diluted</b>	<b>0.047</b>	<b>0.018</b>	<b>0.137</b>	<b>0.081</b>

## 20 Borrowed funds

	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Non-current liabilities</b>		
Unsecured loans and borrowings	38,336,725	33,939,715
Unsecured bonds	-	5,020,492
Lease liabilities	6,061,349	6,089,360
Less: current portion of long-term loans and borrowings	(19,476,090)	(12,090,834)
Less: current portion of long-term bonds	-	(5,020,492)
Less: current portion of long-term lease liabilities	(777,323)	(667,492)
	<b>24,144,661</b>	<b>27,270,749</b>
<b>Current liabilities</b>		
Unsecured loans and borrowings	1,000,882	1,001,103
Current portion of long-term loans and borrowings	19,476,090	12,090,834
Current portion of long-term bonds	-	5,020,492
Current portion of long-term lease liabilities	777,323	667,492
	<b>21,254,295</b>	<b>18,779,921</b>
<b>Including:</b>		
Debts on interest payable on loans and borrowings	181,751	141,529
Debts on interest payable on bonds	445	22,250
	<b>182,196</b>	<b>163,779</b>

## 20 Borrowed funds (continued)

All balances of loans and borrowings are denominated in rubles as at 30 June 2023 and 31 December 2022.

For the six months ended 30 June 2023 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	2026	KR+1.45%-KR+1.58%	7,600,000
			<u><b>7,600,000</b></u>

For the six months ended 30 June 2023 the Group repaid the following significant bank loans and loans:

	<u>Nominal value</u>
Bank loans	3,353,000
Bonds	5,000,000
	<u><b>8,353,000</b></u>

Information about operations and balances with related parties is disclosed in Note 28.

## 21 Trade and other payables

	<u>30 June 2023</u>	<u>31 December 2022</u>
<b>Non-current accounts payable</b>		
Trade payables	81,198	282,965
Other payables	43,478	43,192
	<u><b>124,676</b></u>	<u><b>326,157</b></u>
<b>Current accounts payable</b>		
Trade payables	8,287,566	11,915,655
Other payables and accrued expenses	1,783,359	1,590,546
Payables to employees	2,330,529	2,115,024
Dividends payable	602,057	1,525,951
	<u><b>13,003,511</b></u>	<u><b>17,147,176</b></u>

## 22 Tax liabilities other than income tax

	<u>30 June 2023</u>	<u>31 December 2022</u>
Value-added tax	1,986,994	2,234,404
Property tax	441,312	376,882
Social security contributions	1,420,633	1,975,615
Other taxes payable	201,730	205,376
	<u><b>4,050,669</b></u>	<u><b>4,792,277</b></u>

## 23 Advances from customers

Advances from customers (contractual obligations) as at 30 June 2023 and 31 December 2022 are reflected, including VAT.

<b>Non-current</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Advances for services of technological connection to electric grids	2,018,394	1,892,739
Advances from customers	85,629	98,685
	<b>2,104,023</b>	<b>1,991,424</b>
<b>Current</b>		
Advances for services of technological connection to electric grids	4,488,120	3,829,447
Advances from customers	2,142,230	2,346,946
	<b>6,630,350</b>	<b>6,176,393</b>

Balance with related parties is disclosed in Note 28.

## 24 Provisions

	<b>For six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<b>Balance on 1 January</b>	<b>2,936,336</b>	<b>2,327,790</b>
Accrual (increase) for the period	719,892	143,649
Recovery (decrease) for the period	(540,485)	(173,586)
Use of provisions	(1,069,940)	(483,156)
<b>Balance on 30 June</b>	<b>2,045,803</b>	<b>1,814,697</b>

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

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

The amount of disagreements on purchased electricity in order to compensate for losses amounted to RUB 2,730,160 thousand as at 30 June 2023 (as at 31 December 2022: RUB 3,415,753 thousand). The Group did not recognize provisions for estimated liabilities at the reporting date for disagreements on purchased electricity in order to compensate for losses, the probability of resolution of which is estimated, taking into account the presence of positive judicial practice and the expected results of an independent examination, in favor of the Group, as high. The amount of such disagreements amounted to RUB 1,513,569 thousand as at 30 June 2023 (as at 31 December 2022: RUB 1,432,250 thousand).

The amount of disagreements on the volumes of electricity transmitted and on payment amounted to RUB 4,215,504 thousand as at 30 June 2023 (as at 31 December 2022: RUB 4,013,859 thousand). The Group did not recognize expected credit losses at the reporting date on disagreements on the volumes of electricity transferred and on payment, the probability of resolution of which is estimated, given the presence of positive judicial practice and the expected results of an independent examination, in favor of the Group, as high. The amount of such disagreements amounted to RUB 803,013 thousand as at 30 June 2023 (as at 31 December 2022: RUB 639,789 thousand). The Group believes that the carrying amount of accounts receivable in

## 24 Provisions (continued)

disagreements is not subject to significant adjustments due to the credit risk of counterparties in excess of the amount of the created reserve (Note 15).

## 25 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 2022.

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.

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

	<b>For the six months ended 30 June 2023</b>	<b>For the six months ended 30 June 2022</b>
<b>Balance at 1 January</b>	<b>5,962,810</b>	<b>10,923,962</b>
Increase for the period	125,778	135,068
Acquisition of subsidiaries	-	74
Amounts of trade and other receivables written off using the allowance for impairment accrued earlier	(301,267)	(4,410,154)
Reversal of allowance for impairment for the period	(461,597)	(421,187)
<b>Balance at 30 June</b>	<b>5,325,724</b>	<b>6,227,763</b>

The amount of free limit on open but unused credit lines of the Group was RUB 140,302,396 thousand as at 30 June 2023 (31 December 2022: RUB 100,152,396 thousand). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of the short-term obligations.

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

For the six months ended 30 June 2023 there were no transfers between levels of the fair value hierarchy.



## 25 Financial risk and capital management (continued)

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 2023</b>	<b>98,731</b>
Change in fair value recognized in other comprehensive income	32,407
<b>At 30 June 2023</b>	<b>131,138</b>

## 26 Capital commitments

As at 30 June 2023, the Group has outstanding commitments under contract for the purchase and construction of property, plant and equipment items for RUB 12,223,760 thousand inclusive of VAT (as at 31 December 2022: RUB 12,070,469 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 34,106 thousand, inclusive of VAT, as at 30 June 2023 (as at 31 December 2022: RUB 40,334 thousand inclusive of VAT).

## 27 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

## **27 Contingencies (continued)**

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.

### **(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.

## **28 Related party transactions**

### **(a) Control relationships**

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

The related parties of the Group for the six months ended 30 June 2023 and 30 June 2022, as well as at 30 June 2023 and 31 December 2022, were the parent company, its subsidiaries, key management personnel, as well as companies related to the main shareholder of the parent company.

## 28 Related party transactions (continued)

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

	Amount of the transaction				Carrying amount	
	For the three months ended 30 June		For the six months ended 30 June		30 June 2023	31 December 2022
	2023	2022	2023	2022		
<b>Revenue, net other income</b>						
<b>Parent company</b>						
Other revenue	1,294	-	2,636	-	44,426	-
Other income	-	195	-	390	-	-
<b>Entities under common control of the parent company</b>						
Electricity transmission revenue	380,222	365,488	794,994	746,670	141,913	177,056
Other revenue	574,349	208,480	773,099	399,182	840,002*	548,244*
Other income	-	115,168	-	115,168	-	-
Dividends receivable	8	111	8	111	8	120
Other	343	-	38,432	-	-	-
	Amount of the transaction				Carrying amount	
	For the three months ended 30 June		For the six months ended 30 June		30 June 2023	31 December 2022
	2023	2022	2023	2022		
<b>Operating expenses, finance costs</b>						
<b>Parent company</b>						
Expenses for services related to the organization of the functioning and development of the EEC	-	98,209	-	98,209	-	131,099
Technical supervision services	13,088	10,563	26,176	21,125	10,314	-
Electricity transmission services	5,121,298	-	10,145,693	-	1,039,473	-
Other expenses	8,974	3,418	12,880	6,836	-	-
Dividends	239,879	717,021	239,879	717,021	239,879	721,020
<b>Entities under common control of the parent company</b>						
Electricity transmission services	-	4,377,711	-	8,772,547	-	1,899,147
Other expenses	193,354	211,505	376,675	323,951	315,276	451,316
Interest expenses on financial liabilities recorded at amortized cost	24,512	29,059	48,755	53,892	-	-
Other	-	-	-	-	878,000	878,000

## 28 Related party transactions (continued)

\* Accounts receivable for other revenue includes an allowance for expected credit losses created for the debt of companies under the general control of the parent company as at 30 June 2023 in the amount of RUB 284,511 thousand (as at 31 December 2022: in the amount of RUB 284,511 thousand).

	Carrying amount	
	30 June 2023	31 December 2022
<b>Parent company</b>		
Advances given	13,641	-
Advances received	29,774	-
Borrowed funds	3,730,806	3,621,684
<b>Entities under common control of the parent company</b>		
Advances given	1,614	24,817
Advances received	884,771	919,773
Borrowed funds	1,252,843	1,204,088

The debt to the parent company for the payment of dividends as at 30 June 2023 amounted to RUB 239,879 thousand (as at 31 December 2022: RUB 721,020 thousand).

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

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

Revenue from companies related to the main shareholder of the parent company, including the municipal branch of government, amounted to 31% and 32% of the Group's total revenue for the three and six months ended 30 June 2023 (for the three and six months ended 30 June 2022: 33% and 33%), including 30% and 31% of the Group's electricity transmission revenue for the three and six months ended 30 June 2023 (for the three and six months ended 30 June 2022: 32% and 33%).

Electricity transmission costs and expenses for the purchase of electricity to compensate for technological losses, for companies related to the main shareholder of the parent company amounted to 78% and 78% of the total transmission costs and compensation for losses for the three and six months ended 30 June 2023 (for the three and six months ended 30 June 2022: 72% and 71%).

Interest accrued on loans and borrowings from banks related to the main shareholder of the parent company for the three and six months ended 30 June 2023 amounted to 93% and 91% of the total amount of accrued interest (for the three and six months ended 30 June 2022: 89% and 88%).

As at 30 June 2023 loans from banks related to the main shareholder of the parent company amounted to RUB 33,124,072 thousand (as at 31 December 2022: RUB 28,884,940 thousand).

As at 30 June 2023 the balance of cash and cash equivalents placed with banks associated with the main shareholder of the parent company amounted to RUB 4,975,552 thousand (as at 31 December 2022: RUB 6,331,979 thousand).

As at 30 June 2023 lease arrears for companies related to the main shareholder of the parent company amounted to RUB 5,786,510 thousand, including debt under leasing agreements (as at 31 December 2022 RUB 5,840,910 thousand, including debt under leasing agreements).

## 28 Related party transactions (continued)

### (d) Transaction with key management personnel

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

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

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Short-term employee benefits	85,894	74,290	162,764	155,018
Severance payment	2,602	-	2,602	-
	<b>88,496</b>	<b>74,920</b>	<b>165,366</b>	<b>155,018</b>

As at 30 June 2023, 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 15,240 thousand (as at 31 December 2022: RUB 15,124 thousand).