

PJSC «Rosseti Centre»

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

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PJSC «Rosseti Centre»
Interim Condensed Consolidated Statement of profit or loss and other comprehensive income
for the three and nine months ended 30 September 2023
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)	
		2023	2022	2023	2022
Revenue	6	28,524,675	26,187,862	91,419,853	80,801,157
Operating expenses	8	(25,995,236)	(24,531,968)	(80,358,295)	(72,660,352)
(Accrual)/reversal of allowance for expected credit losses	25	129,693	(254,733)	465,512	31,386
Other income	7	846,111	359,046	1,741,036	1,078,639
Other expenses	7	(693)	(10,744)	(14,898)	(19,110)
Result from operating activities		3,504,550	1,749,463	13,253,208	9,231,720
Finance income	9	234,327	141,953	581,160	454,945
Finance costs	9	(1,292,561)	(1,091,450)	(3,267,091)	(3,808,069)
Total financial costs		(1,058,234)	(949,497)	(2,685,931)	(3,353,124)
Profit before income tax		2,446,316	799,966	10,567,277	5,878,596
Income tax expense	10	(753,460)	(321,115)	(3,082,725)	(1,929,143)
Profit for the period		1,692,856	478,851	7,484,552	3,949,453
Other comprehensive income/(cost)					
<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	39,190	(29,627)	71,597	(113,951)
Remeasurements of the defined benefit liability		175,618	513,510	374,636	211,296
Income tax	10	(27,769)	(51,286)	(56,817)	(11,929)
Total items that will not be reclassified subsequently to profit or loss		187,039	432,597	389,416	85,416
Other comprehensive income for the period, net of income tax		187,039	432,597	389,416	85,416
Total comprehensive income for the period		1,879,895	911,448	7,873,968	4,034,869
Profit attributable to:					
Equity holders of the Company		1,684,595	472,280	7,457,506	3,904,136
Non-controlling interests		8,261	6,571	27,046	45,317
Total comprehensive income attributable to:					
Equity holders of the Company		1,871,634	904,877	7,846,922	3,989,552
Non-controlling interest		8,261	6,571	27,046	45,317
Earnings per share					
Basic and diluted earnings per ordinary share (in RUB)	19	0.040	0.011	0.177	0.092

These interim condensed consolidated financial statements (unaudited) were approved by management on 28 November 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 nine months ended 30 September 2023
In thousands of Russian rubles, unless otherwise stated

	Notes	30 September 2023 (unaudited)	31 December 2022 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	105,874,398	102,626,844
Intangible assets	12	2,457,905	2,451,676
Right-of-use assets	13	7,450,726	6,237,431
Investments in associates and joint ventures		91,634	-
Trade and other receivables	15	1,380,355	1,614,302
Assets related to employee benefits plans		545,646	513,132
Other non-current financial assets	14	170,328	98,731
Advances given and other non-current assets	16	4,649	3,202
Total non-current assets		117,975,641	113,545,318
Current assets			
Inventories		4,941,953	4,254,620
Income tax prepayments		921,980	42,454
Trade and other receivables	15	12,141,234	12,911,015
Cash and cash equivalents	17	5,343,235	6,505,927
Advances given and other current assets	16	2,355,068	2,544,473
Total current assets		25,703,470	26,258,489
Total assets		143,679,111	139,803,807
EQUITY AND LIABILITIES			
Equity			
Share capital	18	4,221,794	4,221,794
Reserves		(325,892)	(715,308)
Retained earnings		55,884,061	48,899,818
Total equity attributable to equity holders of the Company		59,779,963	52,406,304
Non-controlling interest		465,843	440,265
Total equity		60,245,806	52,846,569
Non-current liabilities			
Long-term borrowed funds	20	31,958,550	27,270,749
Long-term trade and other payables	21	135,443	326,157
Long-term advances received	23	2,012,661	1,991,424
Employee benefits		2,751,769	2,945,828
Deferred tax liabilities		5,158,548	4,179,036
Total non-current liabilities		42,016,971	36,713,194
Current liabilities			
Short-term borrowed funds and current part of long-term borrowed funds	20	14,667,685	18,779,921
Trade and other payables	21	13,741,956	17,147,176
Tax debts other than income tax	22	3,898,603	4,792,277
Advances received	23	7,604,115	6,176,393
Provisions	24	1,497,922	2,936,336
Current income tax liabilities		6,053	411,941
Total current liabilities		41,416,334	50,244,044
Total liabilities		83,433,305	86,957,238
Total equity and liabilities		143,679,111	139,803,807

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 2023
In thousands of Russian rubles, unless otherwise stated

	Notes	For the nine months ended 30 September (unaudited)	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		10,567,277	5,878,596
<i>Adjustments for:</i>			
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	8,11, 12,13	9,409,127	9,518,622
Finance costs	9	3,267,091	3,808,069
Finance income	9	(581,160)	(454,945)
Profit on disposal of property, plant and equipment		(86,532)	(14,931)
Reversal of allowance for expected credit losses	25	(465,512)	(31,386)
Bad debt write-off		13,171	5,734
Accrual/(reversal) of provisions	24	(115,601)	1,398,346
Other non-cash transactions		(233,495)	(259,753)
Total impact of adjustments		11,207,089	13,969,756
Change in assets related to employee benefits plans		(32,514)	8,454
Change in employee benefit liabilities		(35,999)	(70,945)
Change in long-term trade and other receivables		438,835	101,605
Change in long-term advances given and other non-current assets		(1,447)	(52,450)
Change in long-term trade and other payables		(190,714)	(72,298)
Change in long-term advances received		21,237	116,961
Cash flows from operating activities before changes in working capital and provisions		21,973,764	19,879,679
<i>Changes in working capital and provisions:</i>			
Change in trade and other receivables		1,202,799	591,915
Change in advances given and other assets		180,849	(386,734)
Change in inventories		(687,336)	(785,359)
Change in trade and other payables		(2,563,955)	102,804
Change in advances received		1,427,722	1,814,633
Change in provisions		(1,324,224)	(814,763)
Cash flows from operating activities before income taxes and interest paid		20,209,619	20,402,175
Income tax paid		(3,443,966)	(2,005,943)
Interest paid under lease agreement		(487,089)	(440,692)
Interest paid		(2,525,926)	(2,863,038)
Net cash flows received from operating activities		13,752,638	15,092,502
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(12,073,462)	(9,473,678)
Proceeds from the sale of property, plant and equipment and intangible assets		18,577	37,738
Acquisition of subsidiaries, net of cash received		-	(364,260)
Investments in associates and joint ventures		(91,634)	-
Interest received		329,504	344,599
Dividends received		120	111
Net cash flows used in investing activities		(11,816,895)	(9,455,490)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowed funds	20	16,573,085	3,852,629
Repayment of borrowed funds	20	(17,439,166)	(3,635,239)
Acquisition of non-controlling interests in subsidiaries		-	(500,000)
Dividends paid to equity holders of the Company	18	(1,864,894)	(1,407,296)
Dividends paid to non-controlling interests		(1,468)	(16,154)
Repayment of lease liabilities		(365,992)	(436,570)
Net cash flows used in financing activities		(3,098,435)	(2,142,630)
Net (decrease)/increase in cash and cash equivalents		(1,162,692)	3,494,382
Cash and cash equivalents at the beginning of period		6,505,927	1,881,546
Cash and cash equivalents at the end of period	17	5,343,235	5,375,928

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 nine months ended 30 September 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 Tambovenergo, 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 September 2023:

	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	3,816,752	1,078,692	4,870,248	1,483,106	2,331,847	2,684,134	1,354,182	2,102,765	1,712,088	2,921,661	2,761,281	1,662,234	175,235	28,954,225
Inter-segment revenue	-	499,994	28,871	-	-	-	-	-	-	-	2,140	662,135	1,837	1,194,977
Segment revenue including	3,816,752	1,578,686	4,899,119	1,483,106	2,331,847	2,684,134	1,354,182	2,102,765	1,712,088	2,921,661	2,763,421	2,324,369	177,072	30,149,202
<i>Electricity transmission</i>	3,335,920	1,476,273	4,410,344	1,364,705	2,248,059	2,581,978	1,285,569	2,027,488	1,642,675	2,728,076	2,619,252	2,176,516	-	27,896,855
<i>Technological connection services</i>	280,601	29,530	150,978	91,741	56,947	62,199	18,102	29,832	33,648	59,041	93,887	60,908	-	967,414
<i>Sale of electricity and capacity</i>	200,231	72,883	337,797	26,660	26,841	39,957	50,511	45,445	35,765	58,896	50,282	86,945	177,072	75,648
<i>Other revenue</i>	(16,165)	(3,899)	(7,468)	(5,509)	(4,405)	(12,963)	(5,270)	(7,930)	(3,027)	(22,905)	(19,930)	(11,557)	-	1,209,285
The cost of technological connection to the networks	1,076,148	430,630	1,071,212	383,901	497,832	743,149	250,577	447,260	278,619	272,747	579,417	768,419	19,229	(121,028)
EBITDA	1,076,148	430,630	1,071,212	383,901	497,832	743,149	250,577	447,260	278,619	272,747	579,417	768,419	19,229	6,819,140

For the nine months ended 30 September 2023:

	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	11,409,478	3,440,042	14,724,495	4,730,070	7,383,169	8,773,286	4,211,793	6,838,908	5,366,506	9,650,706	9,074,656	5,320,379	496,365	91,419,853
Inter-segment revenue	-	1,633,819	86,614	-	-	-	-	-	-	-	6,476	2,043,164	5,701	3,775,774
Segment revenue including	11,409,478	5,073,861	14,811,109	4,730,070	7,383,169	8,773,286	4,211,793	6,838,908	5,366,506	9,650,706	9,081,132	7,363,543	502,066	95,195,627
<i>Electricity transmission</i>	10,460,254	4,751,199	13,738,155	4,434,202	6,939,313	8,240,409	4,073,653	6,626,809	5,210,093	8,925,209	8,637,102	6,910,183	-	88,946,581
<i>Technological connection services</i>	454,588	123,878	439,237	185,116	371,664	407,661	45,632	76,815	86,803	180,031	171,840	185,039	-	2,728,304
<i>Sale of electricity and capacity</i>	494,636	198,784	633,717	110,752	72,192	125,216	92,508	135,284	69,610	128,677	272,190	268,321	502,066	416,789
<i>Other revenue</i>	(46,844)	(11,187)	(21,458)	(17,418)	(15,996)	(38,258)	(17,625)	(25,085)	(9,547)	(69,565)	(59,187)	(34,138)	-	3,103,953
The cost of technological connection to the networks	3,282,935	1,259,211	3,698,363	1,455,031	1,806,108	2,552,070	623,223	1,533,588	912,387	1,287,373	2,318,018	2,402,878	376,301	(366,308)
EBITDA	3,282,935	1,259,211	3,698,363	1,455,031	1,806,108	2,552,070	623,223	1,533,588	912,387	1,287,373	2,318,018	2,402,878	376,301	23,507,486

5 Information about segments (continued)

For the three months ended 30 September 2022:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	3,641,166	1,024,606	4,172,760	1,308,990	2,058,463	2,463,907	1,228,400	1,914,172	1,556,067	2,625,148	2,480,402	1,555,166	158,615	26,187,862
Inter-segment revenue	-	412,018	28,751	-	-	-	-	157	-	-	2,095	604,528	1,963	1,049,512
Segment revenue including	3,641,166	1,436,624	4,201,511	1,308,990	2,058,463	2,463,907	1,228,400	1,914,329	1,556,067	2,625,148	2,482,497	2,159,694	160,578	27,237,374
<i>Electricity transmission</i>	3,243,150	1,363,085	3,962,677	1,266,984	1,958,084	2,376,313	1,201,412	1,845,492	1,506,744	2,456,839	2,398,784	2,022,329	-	25,601,893
<i>Technological connection services</i>	269,837	14,497	97,231	12,296	45,120	28,475	14,298	6,514	14,102	13,907	21,323	49,616	-	587,216
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	118,006	-	-	-	118,006
<i>Other revenue</i>	128,179	59,042	141,603	29,710	55,259	59,119	12,690	62,323	35,221	36,396	62,390	87,749	160,578	930,259
The cost of technological connection to the networks	(14,624)	(3,606)	(6,152)	(5,518)	(4,140)	(10,064)	(4,508)	(6,514)	(2,748)	(23,260)	(17,448)	(10,777)	-	(109,359)
EBITDA	1,212,505	280,287	740,108	233,429	252,053	644,222	179,647	269,812	(83,280)	315,551	111,325	694,654	522,104	5,372,417

For the nine months ended 30 September 2022:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	10,709,117	3,133,846	12,627,481	4,242,429	6,312,465	7,516,076	3,775,795	6,063,921	4,796,300	8,481,524	7,922,853	4,774,676	444,674	80,801,157
Inter-segment revenue	-	1,337,652	86,317	-	-	-	-	157	-	-	6,410	1,801,777	5,220	3,237,533
Segment revenue including	10,709,117	4,471,498	12,713,798	4,242,429	6,312,465	7,516,076	3,775,795	6,064,078	4,796,300	8,481,524	7,929,263	6,576,453	449,894	84,038,690
<i>Electricity transmission</i>	9,808,803	4,259,329	12,202,712	4,108,339	5,909,622	7,334,814	3,709,641	5,932,542	4,574,974	7,893,764	7,674,691	6,182,606	-	79,591,837
<i>Technological connection services</i>	533,382	48,514	229,619	50,493	216,768	55,113	33,282	23,496	134,317	59,200	91,525	138,813	-	1,614,522
<i>Sale of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	426,736	-	-	-	426,736
<i>Other revenue</i>	366,932	163,655	281,467	83,597	186,075	126,149	32,872	108,040	87,009	101,824	163,047	255,034	449,894	2,405,595
The cost of technological connection to the networks	(48,345)	(10,552)	(19,993)	(15,012)	(11,403)	(27,600)	(12,427)	(21,282)	(7,542)	(52,498)	(53,284)	(33,355)	-	(313,293)
EBITDA	3,428,985	1,071,897	3,024,847	1,237,927	1,275,677	2,029,597	662,077	1,131,742	550,744	1,075,352	1,450,189	2,105,787	833,957	19,878,778

PJSC «Rosseti Centre»
Notes to the Interim Condensed Consolidated Financial Statements
for the three and nine months ended 30 September 2023 (unaudited)
In thousands of Russian Rubles, unless otherwise stated

5 Information about segments (continued)

As at 30 September 2023:

	Belgorod		Bryansk		Voronezh		Kostroma		Kursk		Lipetsk		Orel		Smolensk		Tambov		Tver		Yar		Other		Total
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS	Other	Others		
Segment assets	26,708,853	6,297,606	21,152,599	8,737,362	9,678,228	15,008,414	4,873,057	8,866,971	7,574,561	9,335,265	15,698,717	16,083,019	12,742,277	162,756,929											
<i>Including property, plant and equipment and construction in progress</i>	23,847,780	5,111,800	18,099,854	7,130,954	7,795,233	11,379,050	3,987,352	7,480,008	3,855,930	6,311,023	11,366,238	11,554,598	1,379,992	119,299,812											

As at 31 December 2022:

	Belgorod		Bryansk		Voronezh		Kostroma		Kursk		Lipetsk		Orel		Smolensk		Tambov		Tver		Yar		Other		Total
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS	Other	Others		
Segment assets	26,512,419	6,527,177	20,112,454	8,600,024	9,516,957	15,072,220	5,010,002	8,614,713	6,569,292	9,670,926	15,580,965	15,376,498	12,520,616	159,684,263											
<i>Including property, plant and equipment and construction in progress</i>	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	115,294,525											

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 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Segment revenues	30,149,202	27,237,374	95,195,627	84,038,690
Intersegment revenue elimination	(1,194,977)	(1,049,512)	(3,775,774)	(3,237,533)
Revenue adjustment	(429,550)	-	-	-
Revenues per consolidated statement of profit or loss and other comprehensive income	28,524,675	26,187,862	91,419,853	80,801,157

Reconciliation of reportable segments by EBITDA:

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
EBITDA of reportable segments	6,819,140	5,372,417	23,507,486	19,878,778
Discounting receivables	113,811	46,871	205,588	92,306
Discounting of financial liabilities	(56,723)	(60,234)	(165,845)	(176,110)
Adjustment for lease	(3,476)	(5,032)	(11,261)	185,826
Recognition of pension and other long-term liabilities to employees	(65,192)	(36,637)	(180,577)	(105,456)
Adjustment on assets related to employee benefit liabilities	2,195	(15,058)	32,514	(8,454)
Re-measurement of financial assets at fair value through other comprehensive income (transfer of revaluation to equity)	(39,190)	29,627	(71,597)	113,951
Adjustment of the value of property, plant and equipment	(214,850)	(1,451)	(283,620)	(60,263)
Other adjustments	219,003	(406,095)	(187,415)	(1,087,092)
EBITDA	6,774,718	4,924,408	22,845,273	18,833,486
Depreciation and amortization	(3,167,720)	(3,156,144)	(9,409,127)	(9,518,622)
Interest expenses on financial liabilities	(952,253)	(822,741)	(2,381,780)	(2,995,576)
Interest expenses on lease liabilities	(208,429)	(145,557)	(487,089)	(440,692)
Income tax expense	(753,460)	(321,115)	(3,082,725)	(1,929,143)
Profit for the period per consolidated statement of profit or loss and other comprehensive income	1,692,856	478,851	7,484,552	3,949,453

6 Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Electricity transmission	26,776,189	24,622,792	85,391,956	76,556,773
Technological connection services	967,379	586,255	2,728,212	1,613,391
Sale of electricity and capacity	75,648	118,006	416,789	426,736
Other revenue	654,152	813,498	2,730,811	2,058,516
Total revenue from contracts with customers	28,473,368	26,140,551	91,267,768	80,655,416
Lease revenue	51,307	47,311	152,085	145,741
	28,524,675	26,187,862	91,419,853	80,801,157

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 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Income from identified non-contracted electricity consumption	15,752	47,920	122,725	137,346
Income in the form of fines and penalties on commercial contracts	401,197	66,326	658,529	397,140
Accounts payable write-off	4,274	1,906	72,001	21,973
Insurance indemnity	97,525	45,856	279,541	87,724
Income from disposal of fixed assets on sale (sale) operations	2,352	1,644	13,427	6,216
Other income	325,011	195,394	594,813	428,240
	846,111	359,046	1,741,036	1,078,639

Other expenses include loss on disposal of property, plant and equipment for the three and nine months ended 30 September 2023 in the amount of RUB 693 thousand and RUB 14,898 thousand (for the three and nine months ended 30 September 2022: RUB 10,744 thousand and RUB 19,110 thousand).

8 Operating expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Personnel costs	6,322,744	5,865,913	19,527,389	17,425,077
Depreciation of property, plant and equipment	2,923,325	2,912,985	8,732,824	8,778,486
Amortization of intangible assets	90,501	108,668	259,876	344,951
Depreciation of right-of-use assets	153,894	134,491	416,427	395,185
<i>Material expenses, including:</i>				
Electricity for compensation of losses	3,885,918	3,761,215	14,382,685	13,164,809
Electricity for sale	63,099	101,524	348,883	369,395
Purchased electricity and heat power for own needs	34,884	41,518	336,372	321,351
Other material costs	1,374,269	1,257,344	3,186,490	2,731,781
<i>Production work and services, including:</i>				
Electricity transmission services	8,275,201	6,532,963	24,755,427	21,015,684
Repair and maintenance services	309,091	301,929	702,036	587,225
Other works and industrial services	698,080	547,868	1,916,118	1,401,200
Taxes and levies other than income tax	506,891	559,296	1,520,055	1,694,073
Short-term rent	34,401	20,958	62,658	45,363
Insurance	32,744	33,609	95,900	101,069
<i>Other third-party services, including:</i>				
Communication services	119,063	103,940	302,489	286,557
Security services	109,329	108,947	341,047	295,458
Consulting, legal and audit services	17,964	12,973	46,578	41,104
Software costs and services	83,784	76,042	251,256	218,918
Transportation services	14,943	4,947	32,552	11,260
Other services	164,280	148,597	533,036	591,097
Provisions	(293,844)	1,428,283	(115,601)	1,398,346
Expenses recognized in connection with the settlement for electricity transmission, electricity for sale, purchased electricity to compensate for losses and non-contracted consumption	572,376	86,630	1,297,218	238,766
Other expenses	502,299	381,328	1,426,580	1,203,197
	25,995,236	24,531,968	80,358,295	72,660,352

9 Finance income and costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Finance income				
Interest income on bank deposits and balances on bank accounts	120,516	95,082	341,541	347,925
Interest income on assets related to employee defined benefits plans	-	-	34,023	14,603
Dividends receivable	-	-	8	111
Other finance income	113,811	46,871	205,588	92,306
	234,327	141,953	581,160	454,945
Finance costs				
Interest expenses on financial liabilities measured at amortized cost	(952,253)	(822,741)	(2,381,780)	(2,995,576)
Interest expenses on lease liabilities	(208,429)	(145,557)	(487,089)	(440,692)
Interest expenses on long-term employee benefit liabilities	(70,114)	(56,425)	(216,576)	(176,401)
Amortization of discount on financial liabilities	(56,723)	(60,234)	(165,845)	(176,110)
Other finance costs	(5,042)	(6,493)	(15,801)	(19,290)
	(1,292,561)	(1,091,450)	(3,267,091)	(3,808,069)

10 Income tax

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Current income tax				
Accrual of current tax	(451,819)	(448,892)	(2,299,059)	(1,442,028)
Adjustment of the tax for the previous periods	155,855	62,091	140,507	68,141
Total	(295,964)	(386,801)	(2,158,552)	(1,373,887)
Deferred income tax	(457,496)	65,686	(924,173)	(555,256)
Income tax expense	(753,460)	(321,115)	(3,082,725)	(1,929,143)

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, the income tax to decrease for previous periods, according to revised tax returns submitted to the tax authorities in 2023, amounted to RUB 140,507 thousand (income tax to decrease for 2022: RUB 68,141 thousand).

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	
	2023	2022	2023	2022
Profit before income tax	2,446,316	799,966	10,567,277	5,878,596
Income tax calculated at the applicable tax rate	(489,263)	(159,993)	(2,113,455)	(1,175,719)
Tax effect of items not deductible/not taxable for taxation purposes	(420,052)	(223,213)	(1,109,777)	(821,565)
Adjustments for prior years	155,855	62,091	140,507	68,141
	(753,460)	(321,115)	(3,082,725)	(1,929,143)

Income tax recognized in other comprehensive income:

	For the three months ended 30 September 2023			For the three months ended 30 September 2022		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	39,190	(7,838)	31,352	(29,627)	5,925	(23,702)
Remeasurements of the defined benefit liability	175,618	(19,931)	155,687	513,510	(57,211)	456,299
	214,808	(27,769)	187,039	483,883	(51,286)	432,597

	For the nine months ended 30 September 2023			For the nine months ended 30 September 2022		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	71,597	(14,319)	57,278	(113,951)	22,790	(91,161)
Remeasurements of the defined benefit liability	374,636	(42,498)	332,138	211,296	(34,719)	176,577
	446,233	(56,817)	389,416	97,345	(11,929)	85,416

At of 30 September 2023 and 30 September 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>						
At 1 January 2022	50,656,129	82,460,141	47,546,801	37,564,865	5,150,754	223,378,690
Additions	33,476	16,738	5,575	-	7,906,019	7,961,808
Acquisition of subsidiaries	50,622	35,803	41,573	43,657	2,004	173,659
Transfer	1,228,656	1,539,939	1,171,904	2,636,843	(6,577,342)	-
Disposals	(43,951)	(9,522)	(15,323)	(85,300)	(506)	(154,602)
At 30 September 2022	51,924,932	84,043,099	48,750,530	40,160,065	6,480,929	231,359,555
<i>Accumulated depreciation</i>						
At 1 January 2022	(19,791,247)	(48,681,504)	(23,946,537)	(21,603,166)	-	(114,022,454)
Depreciation charge	(1,937,792)	(3,511,231)	(1,996,226)	(2,086,424)	-	(9,531,673)
Disposals	10,272	6,379	6,928	83,065	-	106,644
At 30 September 2022	(21,718,767)	(52,186,356)	(25,935,835)	(23,606,525)	-	(123,447,483)
<i>Accumulated impairment</i>						
At 1 January 2022	(2,027,809)	(4,122,181)	(2,240,749)	(564,851)	(131,078)	(9,086,668)
Transfer to property, plant and equipment (transfer of impairment losses)	(10,224)	(8,282)	(507)	(2,620)	21,633	-
Depreciation charge	124,734	380,015	178,501	59,569	-	742,819
Disposals	57	13	115	9,179	2,456	11,820
At 30 September 2022	(1,913,242)	(3,750,435)	(2,062,640)	(498,723)	(106,989)	(8,332,029)
Depreciation (including depreciation of impairment)	(1,813,058)	(3,131,216)	(1,817,725)	(2,026,855)	-	(8,788,854)
<i>Net book value</i>						
At 1 January 2022	28,837,073	29,656,456	21,359,515	15,396,848	5,019,676	100,269,568
At 30 September 2022	28,292,923	28,106,308	20,752,055	16,054,817	6,373,940	99,580,043

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>						
At 1 January 2023	53,407,371	86,216,775	50,013,979	42,362,963	5,136,110	237,137,198
Additions	166,097	133,940	55,282	437	11,658,238	12,013,994
Transfer	1,672,454	3,302,631	2,021,171	2,583,355	(9,579,611)	-
Disposals	(11,653)	(12,027)	(9,245)	(95,969)	(723)	(129,617)
At 30 September 2023	55,234,269	89,641,319	52,081,187	44,850,786	7,214,014	249,021,575
<i>Accumulated depreciation</i>						
At 1 January 2023	(22,351,736)	(53,314,051)	(26,571,375)	(24,041,755)	-	(126,278,917)
Depreciation charge	(1,828,528)	(3,453,393)	(1,983,635)	(2,175,166)	-	(9,440,722)
Disposals	4,077	9,007	6,429	85,750	-	105,263
At 30 September 2023	(24,176,187)	(56,758,437)	(28,548,581)	(26,131,171)	-	(135,614,376)
<i>Accumulated impairment</i>						
At 1 January 2023	(1,905,858)	(3,684,309)	(2,035,649)	(511,453)	(94,168)	(8,231,437)
Transfer to property, plant and equipment (transfer of impairment losses)	(883)	(1,814)	(947)	(295)	3,939	-
Depreciation charge	120,299	360,441	169,260	48,158	-	698,158
Disposals	16	50	86	9	317	478
At 30 September 2023	(1,786,426)	(3,325,632)	(1,867,250)	(463,581)	(89,912)	(7,532,801)
Depreciation (including depreciation of impairment)	(1,708,229)	(3,092,952)	(1,814,375)	(2,127,008)	-	(8,742,564)
<i>Net book value</i>						
At 1 January 2023	29,149,777	29,218,415	21,406,955	17,809,755	5,041,942	102,626,844
At 30 September 2023	29,271,656	29,557,250	21,665,356	18,256,034	7,124,102	105,874,398

11 Property, plant and equipment (continued)

As at 30 September 2023 advance payments for property, plant and equipment include in construction in progress in the amount of RUB 103,432 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 1,941,101 thousand (as at 31 December 2022: RUB 1,513,527 thousand).

For the nine months ended 30 September 2023 capitalized interest amount to RUB 165,484 thousand (for the nine months ended 30 September 2022: RUB 166,751 thousand), the capitalization rate used to determine the amount of borrowing costs to be capitalized was 7.68% - 13.68% during the year (for the nine months ended 30 September 2022: 8.28% - 16.20%).

For the nine months ended 30 September 2023 depreciation charges in the amount of RUB 11,186 thousand were capitalized in the cost of capital construction facilities (including depreciation charges of property, plant and equipment – RUB 9,740 thousand, of right-of-use assets – RUB 1,446 thousand).

For the nine months ended 30 September 2022 depreciation charges in the amount of RUB 11,613 thousand were capitalized in the cost of capital construction facilities (including depreciation charges of property, plant and equipment – RUB 10,368 thousand, of right-of-use assets – RUB 1,245 thousand).

As at 30 September 2023 the initial cost of fully amortized property plant and equipment was RUB 44,484,323 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>				
At 1 January 2022	3,099,656	28,794	1,383,864	4,512,314
Additions	131,629	14,831	93	146,553
Acquisition of subsidiaries	391	-	181,778	182,169
At 30 September 2022	3,231,676	43,625	1,565,735	4,841,036
<i>Accumulated amortization</i>				
At 1 January 2022	(1,711,866)	-	(455,200)	(2,167,066)
Amortization charge	(285,879)	-	(59,072)	(344,951)
At 30 September 2022	(1,997,745)	-	(514,272)	(2,512,017)
<i>Net book value</i>				
At 1 January 2022	1,387,790	28,794	928,664	2,345,248
At 30 September 2022	1,233,931	43,625	1,051,463	2,329,019
<i>Initial costs</i>				
At 1 January 2023	3,431,103	59,449	1,549,607	5,040,159
Additions	151,989	9,554	104,562	266,105
At 30 September 2023	3,583,092	69,003	1,654,169	5,306,264
<i>Accumulated amortization</i>				
At 1 January 2023	(2,054,457)	-	(534,026)	(2,588,483)
Amortization charge	(201,063)	-	(58,813)	(259,876)
At 30 September 2023	(2,255,520)	-	(592,839)	(2,848,359)
<i>Net book value</i>				
At 1 January 2023	1,376,646	59,449	1,015,581	2,451,676
At 30 September 2023	1,327,572	69,003	1,061,330	2,457,905

Interest for the nine months ended 30 September 2023 and for the nine months ended 30 September 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 September 2023 in the amount of RUB 672,605 thousand (in the amount of RUB 713,752 thousand as at 31 December 2022). For the nine months ended 30 September 2023 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 2022: 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>					
At 1 January 2022	4,031,009	733,808	755,253	1,238,558	6,758,628
Additions	60,789	74,367	34,934	110,706	280,796
Changes in lease terms	(28,851)	(94,442)	30,068	58,753	(34,472)
Disposal or termination of lease agreements	(7,687)	(648)	(3,232)	(167,395)	(178,962)
At 30 September 2022	4,055,260	713,085	817,023	1,240,622	6,825,990
<i>Accumulated depreciation</i>					
At 1 January 2022	(321,151)	(63,512)	(55,656)	(111,178)	(551,497)
Depreciation charge	(223,793)	(62,605)	(67,950)	(42,082)	(396,430)
Changes in lease terms	238,656	56,981	48,818	89,521	433,976
Disposal or termination of lease agreements	743	648	1,006	4,544	6,941
At 30 September 2022	(305,545)	(68,488)	(73,782)	(59,195)	(507,010)
<i>Net book value</i>					
At 1 January 2022	3,709,858	670,296	699,597	1,127,380	6,207,131
At 30 September 2022	3,749,715	644,597	743,241	1,181,427	6,318,980

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 2023	4,097,776	708,939	818,580	1,240,608	6,865,903
Additions	185,192	11,975	12,755	1,434,977	1,644,899
Change in lease terms	(15,592)	11,989	30,542	22	26,961
Disposal or termination of lease agreements	(39,024)	(2,944)	(17,041)	(1)	(59,010)
At 30 September 2023	4,228,352	729,959	844,836	2,675,606	8,478,753
<i>Accumulated depreciation</i>					
At 1 January 2023	(373,868)	(87,073)	(95,584)	(71,947)	(628,472)
Depreciation charge	(222,300)	(60,652)	(69,302)	(65,619)	(417,873)
Change in lease terms	100	804	28	-	932
Disposal or termination of lease agreements	4,693	777	11,916	-	17,386
At 30 September 2023	(591,375)	(146,144)	(152,942)	(137,566)	(1,028,027)
<i>Net book value</i>					
At 1 January 2023	3,723,908	621,866	722,996	1,168,661	6,237,431
At 30 September 2023	3,636,977	583,815	691,894	2,538,040	7,450,726

14 Other financial assets

	30 September 2023	31 December 2022
Non-current		
Financial assets at fair value through other comprehensive income	170,328	98,731
	170,328	98,731

Non-current financial assets include shares of Russian companies with a fair value calculated on the basis of published market quotations equal to RUB 170,328 thousand as at 30 September 2023 (as at 31 December 2022: RUB 98,731 thousand).

15 Trade and other receivables

	<u>30 September 2023</u>	<u>31 December 2022</u>
Non-current trade and other account receivables		
Trade receivables	1,234,217	1,578,383
Allowance for expected credit losses on trade receivables	(68,439)	(75,231)
Other receivables	214,577	111,150
Total financial assets	<u>1,380,355</u>	<u>1,614,302</u>
Current trade and other account receivables		
Trade receivables	14,272,569	15,781,402
Allowance for expected credit losses on trade receivables	(3,731,485)	(4,407,452)
Other receivables	2,865,913	3,017,192
Allowance for expected credit losses on other receivables	(1,265,763)	(1,480,127)
Total financial assets	<u>12,141,234</u>	<u>12,911,015</u>

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 47,034 thousand as at 30 September 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 September 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 September 2023</u>	<u>31 December 2022</u>
Non-current		
Advances given	4,649	3,202
	<u>4,649</u>	<u>3,202</u>
Current		
Advances given	673,865	1,060,671
Advances given impairment allowance	(25,131)	(34,711)
VAT recoverable	5,547	29,385
VAT on advances received and VAT on advances given for the purchase of property plant and equipment	1,600,823	1,376,236
Prepaid taxes other than income tax	99,964	112,892
	<u>2,355,068</u>	<u>2,544,473</u>

Balance with related parties is disclosed in Note 28.

17 Cash and cash equivalents

	<u>30 September 2023</u>	<u>31 December 2022</u>
Cash in bank accounts and cash on hand	648,270	845,184
Cash equivalents	4,694,965	5,660,743
	<u>5,343,235</u>	<u>6,505,927</u>

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

Cash equivalents as at 30 September 2023 and 31 December 2022 include short-term investments in bank deposits and promissory notes. They are placed at interest rates of 12.20% - 13.30% per annum as at 30 September 2023 (7.00 % - 8.25% per annum as at 31 December 2022).

18 Equity

(a) Equity

	<u>Ordinary shares</u>	
	<u>30 September 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 nine months ended 30 September 2023 the dividends paid to the owners of the company amounted to RUB 1,864,894 thousand (for the nine months ended 30 September 2022 – RUB 1,407,296 thousand).

19 Earnings per share

The calculation of earnings per share for the nine months ended 30 September 2023 and for the nine months ended 30 September 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>	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Ordinary shares at 1 January	42,218	42,218	42,218	42,218
Weighted average number of shares for the reporting period	42,218	42,218	42,218	42,218
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 year attributable to holders of ordinary shares	1,684,595	472,280	7,457,506	3,904,136
Earnings per ordinary share (in RUB) – basic and diluted	0.040	0.011	0.177	0.092

20 Borrowed funds

	30 September 2023	31 December 2022
Non-current liabilities		
Unsecured loans and borrowings	39,284,170	33,939,715
Unsecured bonds	-	5,020,492
Lease liabilities	7,342,065	6,089,360
Less: current portion of long-term loans and borrowings	(13,737,481)	(12,090,834)
Less: current portion of long-term bonds	-	(5,020,492)
Less: current portion of long-term lease liabilities	(930,204)	(667,492)
	31,958,550	27,270,749
Current liabilities		
Unsecured loans and borrowings	-	1,001,103
Current portion of long-term loans and borrowings	13,737,481	12,090,834
Current portion of long-term bonds	-	5,020,492
Current portion of long-term lease liabilities	930,204	667,492
	14,667,685	18,779,921
Including:		
Debts on interest payable on loans and borrowings	185,117	141,529
Debts on interest payable on bonds	-	22,250
	185,117	163,779

20 Borrowed funds (continued)

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

For the nine months ended 30 September 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	2024 - 2026	KR+1.45%-KR+2.60%	16,573,085
			<u>16,573,085</u>

For the nine months ended 30 September 2023 the Group repaid the following significant bank loans and loans:

	<u>Nominal value</u>
Bank loans	12,439,166
Bonds	5,000,000
	<u>17,439,166</u>

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

21 Trade and other payables

	<u>30 September 2023</u>	<u>31 December 2022</u>
Non-current accounts payable		
Trade payables	70,454	282,965
Other payables	64,989	43,192
	<u>135,443</u>	<u>326,157</u>
Current accounts payable		
Trade payables	10,099,736	11,915,655
Other payables and accrued expenses	1,701,843	1,590,546
Payables to employees	1,806,057	2,115,024
Dividends payable	134,320	1,525,951
	<u>13,741,956</u>	<u>17,147,176</u>

22 Tax liabilities other than income tax

	<u>30 September 2023</u>	<u>31 December 2022</u>
Value-added tax	2,067,640	2,234,404
Property tax	440,022	376,882
Social security contributions	1,186,139	1,975,615
Other taxes payable	204,802	205,376
	<u>3,898,603</u>	<u>4,792,277</u>

23 Advances from customers

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

Non-current	30 September 2023	31 December 2022
Advances for services of technological connection to electric grids	1,919,922	1,892,739
Advances from customers	92,739	98,685
	2,012,661	1,991,424
Current		
Advances for services of technological connection to electric grids	5,498,003	3,829,447
Advances from customers	2,106,112	2,346,946
	7,604,115	6,176,393

Balance with related parties is disclosed in Note 28.

24 Provisions

	For the nine months ended 30 September	
	2023	2022
Balance on 1 January	2,936,336	2,327,790
Accrual (increase) for the period	758,668	1,664,732
Recovery (decrease) for the period	(872,858)	(266,387)
Use of provisions	(1,324,224)	(814,762)
Balance on 30 September	1,497,922	2,911,373

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 1,815,811 thousand as at 30 September 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 822,572 thousand as at 30 September 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 3,900,043 thousand as at 30 September 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 499,784 thousand as at 30 September 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:

	<u>For the nine months ended 30 September 2023</u>	<u>For the nine months ended 30 September 2022</u>
Balance at 1 January	5,962,810	10,923,962
Increase for the period	179,095	542,314
Acquisition of subsidiaries	-	74
Amounts of trade and other receivables written off using the allowance for impairment accrued earlier	(431,611)	(4,613,690)
Reversal of allowance for impairment for the period	(644,607)	(573,700)
Balance at 30 September	5,065,687	6,278,960

The amount of free limit on open but unused credit lines of the Group was RUB 131,312,976 thousand as at 30 September 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 nine months ended 30 September 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:

	Financial assets at fair value through other comprehensive income
At 1 January 2023	98,731
Change in fair value recognized in other comprehensive income	71,597
At 30 September 2023	170,328

26 Capital commitments

As at 30 September 2023, the Group has outstanding commitments under contract for the purchase and construction of property, plant and equipment items for RUB 11,997,412 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 28,718 thousand, inclusive of VAT, as at 30 September 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 nine months ended 30 September 2023 and 30 September 2022, as well as at 30 September 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 September		For the nine months ended 30 September		30 September 2023	31 December 2022
	2023	2022	2023	2022		
Revenue, net other income						
Parent company						
Other revenue	1,290	-	3,926	-	44,611	-
Other income	1	195	1	585	-	-
Entities under common control of the parent company						
Electricity transmission revenue	375,874	374,889	1,170,868	1,121,559	146,246	177,056
Other revenue	(137,634)	219,985	635,465	619,167	429,273*	548,244*
Other income	-	152,359	38,432	267,527	-	-
Dividends receivable	-	-	8	111	8	120
Operating expenses, finance costs						
Parent company						
Expenses for services related to the organization of the functioning and development of the EEC	-	-	-	98,209	-	131,099
Technical supervision services	13,088	10,562	39,264	31,687	-	-
Electricity transmission services	5,282,287	-	15,427,980	-	1,058,306	-
Other expenses	5,191	3,417	18,071	10,253	543	-
Dividends	-	-	239,879	717,021	-	721,020
Entities under common control of the parent company						
Electricity transmission services	-	4,394,009	-	13,166,556	-	1,899,147
Other expenses	285,141	137,787	661,816	461,738	1,818,541	451,316
Interest expenses on financial liabilities recorded at amortized cost	22,858	38,373	71,613	92,265	-	-
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 September 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 September 2023	31 December 2022
Parent company		
Advances given	13,461	-
Advances received	29,818	-
Borrowed funds	3,787,529	3,621,684
Entities under common control of the parent company		
Advances given	339	24,817
Advances received	883,238	919,773
Borrowed funds	1,128,005	1,204,088

The debt to the parent company for the payment of dividends as at 30 September 2023 is absent (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 32% and 32% of the Group's total revenue for the three and nine months ended 30 September 2023 (for the three and nine months ended 30 September 2022: 32% and 33%), including 30% and 30% of the Group's electricity transmission revenue for the three and nine months ended 30 September 2023 (for the three and nine months ended 30 September 2022: 31% and 32%).

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 nine months ended 30 September 2023 (for the three and nine months ended 30 September 2022: 77% and 73%).

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 2023 amounted to 97% and 90% of the total amount of accrued interest (for the three and nine months ended 30 September 2022: 82% and 87%).

As at 30 September 2023 loans from banks related to the main shareholder of the parent company amounted to RUB 34,218,636 thousand (as at 31 December 2022: RUB 28,884,940 thousand).

As at 30 September 2023 the balance of cash and cash equivalents placed with banks associated with the main shareholder of the parent company amounted to RUB 4,740,948 thousand (as at 31 December 2022: RUB 6,331,979 thousand).

As at 30 September 2023 lease arrears for companies related to the main shareholder of the parent company amounted to RUB 7,069,996 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 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Short-term employee benefits	187,442	177,732	350,206	332,750
Severance payment	-	-	2,602	-
	187,442	177,732	352,808	332,750

As at 30 September 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 14,792 thousand (as at 31 December 2022: RUB 15,124 thousand).