

**PJSC “Rosseti North-West”**

**Interim Condensed Consolidated Financial Statements  
prepared in accordance with IAS 34 “Interim financial reporting”  
as at and for three months ended 31 March 2022  
(unaudited)**

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**PJSC Rosseti North-West**  
*Interim Condensed Consolidated Statement of Profit or Loss and other comprehensive income  
for the three months ended 31 March 2022 (unaudited)  
(in thousand of Russian rubles, unless otherwise stated)*

	Notes	Three months ended 31 March 2022	Three months ended 31 March 2021
Revenue	6	14,047,965	14,100,649
Operating expenses	8	(12,603,295)	(12,613,071)
Expected credit losses		(821)	24,396
Other income	7	190,050	128,545
Other expenses		(17,306)	(8)
<b>Results from operating activities</b>		<b>1,616,593</b>	<b>1,640,511</b>
Finance income	9	54,243	37,367
Finance costs	9	(501,539)	(258,170)
<b>Net finance costs</b>		<b>(447,296)</b>	<b>(220,803)</b>
<b>Profit before tax</b>		<b>1,169,297</b>	<b>1,419,708</b>
Income tax expense	10	(262,423)	(274,152)
<b>Profit for the period</b>		<b>906,874</b>	<b>1,145,556</b>
<b>Other comprehensive income</b>			
<i>Items that will never be reclassified subsequently to profit or loss</i>			
Change in the fair value equity investments measured at fair value through other comprehensive income		(2,855)	453
Remeasurements of the defined benefit liability		62,761	50,474
Income tax	10	(11,981)	(10,186)
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>47,925</b>	<b>40,741</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>47,925</b>	<b>40,741</b>
<b>Total comprehensive income for the period</b>		<b>954,799</b>	<b>1,186,297</b>
<b>Profit attributable to:</b>			
Owners of the Company		906,888	1,145,562
Non-controlling interest		(14)	(6)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		954,813	1,186,303
Non-controlling interest		(14)	(6)
<b>Earnings per share</b>			
Basic and diluted earnings per ordinary share (in RUB)	19	0.0095	0.0120

These Interim Condensed Consolidated Financial Statements were approved by management on 24 May 2022 and were signed on its behalf by:

Director General



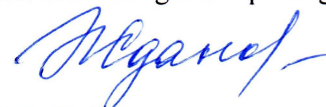
A.Y. Pidnik

Deputy General Director for  
Economy and Finance



L.V. Shadrina

Chief Accountant – Head of  
Department of accounting and  
tax accounting and reporting



I.G. Zhdanova

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

**PJSC IDGC of North-West**  
*Interim Condensed Consolidated Statement of Financial Position as at 31 March 2022 (unaudited)*  
*(in thousand of Russian rubles, unless otherwise stated)*

	<u>Notes</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	38,845,521	38,224,015
Intangible assets	12	494,685	496,093
Right-of-use assets	13	1,062,674	995,764
Trade and other receivables	15	81,934	81,750
Assets related to employee benefits plans		285,011	278,977
Other non-current financial assets	14	495,464	498,319
Deferred tax assets		3,475	2,688
Advances issued and other non-current assets	16	93,242	57,141
<b>Total non-current assets</b>		<b>41,362,006</b>	<b>40,634,747</b>
<b>Current assets</b>			
Inventories		1,332,101	1,136,354
Income tax prepayments		2,413	98,282
Trade and other receivables	15	5,973,219	5,839,195
Cash and cash equivalents	17	2,248,847	866,952
Advances issued and other current assets	16	1,516,602	1,286,540
<b>Total current assets</b>		<b>11,073,182</b>	<b>9,227,323</b>
<b>Total assets</b>		<b>52,435,188</b>	<b>49,862,070</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	9,578,592	9,578,592
Reserve related to business combination	18	10,457,284	10,457,284
Other reserves		(4,197)	(52,122)
Accumulated loss		(1,369,704)	(2,276,592)
<b>Total equity attributable to owners of the Company</b>		<b>18,661,975</b>	<b>17,707,162</b>
Non-controlling interest		191	205
<b>Total equity</b>		<b>18,662,166</b>	<b>17,707,367</b>
<b>Non-current liabilities</b>			
Loans and borrowings	20	13,011,820	12,975,606
Trade and other payables	21	1,911,703	1,652,707
Advances received	23	590,178	368,928
Employee benefit liabilities		779,068	851,324
Deferred tax liabilities		204,688	144,308
<b>Total non-current liabilities</b>		<b>16,497,457</b>	<b>15,992,873</b>
<b>Current liabilities</b>			
Loans and borrowings and short-term portion of long-term loans and borrowings	20	3,883,119	2,831,627
Trade and other payables	21	6,919,430	7,296,618
Taxes, other than income tax	22	1,707,292	1,421,682
Advances received	23	2,822,121	2,806,900
Provisions		1,744,245	1,792,157
Current income tax liabilities		199,358	12,846
<b>Total current liabilities</b>		<b>17,275,565</b>	<b>16,161,830</b>
<b>Total liabilities</b>		<b>33,773,022</b>	<b>32,154,703</b>
<b>Total equity and liabilities</b>		<b>52,435,188</b>	<b>49,862,070</b>

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

*Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2022 (unaudited)  
(in thousand of Russian rubles, unless otherwise stated)*

	Notes	Three months ended 31 March 2022	Three months ended 31 March 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		906,874	1,145,556
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	8	1,160,415	1,163,056
Finance costs	9	501,539	258,170
Finance income	9	(54,243)	(37,367)
Gain on disposal of property, plant and equipment		(2,781)	(6,001)
Expected credit loss		821	(24,396)
Bad debt write-off		104	50
Accounts payable write-off		(803)	(739)
Change in provisions		(3,422)	4,485
Other non-cash transactions		(12,119)	(1,242)
Income tax expense	10	262,423	274,152
<b>Total effect of adjustments</b>		<b>1,851,934</b>	<b>1,630,168</b>
Change in financial assets related to employee benefits plans		2,474	17,522
Change in employee benefit liabilities		(27,102)	(31,116)
Change in long-term trade and other receivables		(184)	1,774
Change in long-term advances issued and other non-current assets		(36,101)	6,119
Change in long-term trade and other payables		170,068	22,138
Change in long-term advances received		221,250	(21,270)
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>3,089,213</b>	<b>2,770,891</b>
<i>Changes in working capital</i>			
Change in trade and other receivables		(103,257)	(422,818)
Change in advances issued and other assets		(230,062)	(138,004)
Change in inventories		(183,902)	(127,199)
Change in trade and other payables		(7,908)	372,669
Change in advances received		15,221	91,408
Use of provision		(46,480)	(79,074)
<b>Cash flows from operating activities before income tax and interest paid</b>		<b>2,532,825</b>	<b>2,467,873</b>
Income tax paid		67,541	(26,955)
Interest paid under lease agreements		(18,373)	(16,222)
Interest paid		(464,658)	(211,876)
<b>Net cash from operating activities</b>		<b>2,117,335</b>	<b>2,212,820</b>

*Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2022 (unaudited)  
(in thousand of Russian rubles, unless otherwise stated)*

	Notes	<b>Three months ended 31 March 2022</b>	<b>Three months ended 31 March 2021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(1,537,710)	(953,150)
Proceeds from the sale of property, plant and equipment and intangible assets		3,280	9,513
Interest received		43,401	11,555
Dividends received		–	–
<b>Net cash used in investing activities</b>		<b>(1,491,029)</b>	<b>(932,082)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	20	3,524,711	3,069,997
Repayment of loans and borrowings	20	(2,710,927)	(4,292,573)
Dividends paid		(54)	(5)
Repayment of finance lease liabilities		(58,141)	(55,750)
<b>Net cash used in financing activities</b>		<b>755,589</b>	<b>(1,278,331)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,381,895</b>	<b>2,407</b>
<b>Cash and cash equivalents at the year beginning</b>		<b>866,952</b>	<b>842,490</b>
<b>Cash and cash equivalents at the year end</b>	<b>17</b>	<b>2,248,847</b>	<b>844,897</b>

**PJSC Rosseti North-West**  
*Interim Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2022 (unaudited)*  
*(in thousand of Russian rubles, unless otherwise stated)*

	<b>Equity attributable to owners of the Company</b>						
	<b>Share capital</b>	<b>Reserve related to business combination</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
<b>Balance at 1 January 2021</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(58,146)</b>	<b>(1,393,803)</b>	<b>18,583,927</b>	<b>217</b>	<b>18,584,144</b>
Profit/(loss) for the period	–	–	–	1,145,562	<b>1,145,562</b>	(6)	<b>1,145,556</b>
Other comprehensive income	–	–	50,927	–	<b>50,927</b>	–	<b>50,927</b>
Income tax related to other comprehensive income	–	–	(10,186)	–	<b>(10,186)</b>	–	<b>(10,186)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>–</b>	<b>40,741</b>	<b>1,145,562</b>	<b>1,186,303</b>	<b>(6)</b>	<b>1,186,297</b>
<b>Balance at 31 March 2021</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(17,405)</b>	<b>(248,241)</b>	<b>19,770,230</b>	<b>211</b>	<b>19,770,441</b>
<b>Balance at 1 January 2022</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(52,122)</b>	<b>(2,276,592)</b>	<b>17,707,162</b>	<b>205</b>	<b>17,707,367</b>
Profit/(loss) for the period	–	–	–	906,888	<b>906,888</b>	(14)	<b>906,874</b>
Other comprehensive income	–	–	59,906	–	<b>59,906</b>	–	<b>59,906</b>
Income tax related to other comprehensive income	–	–	(11,981)	–	<b>(11,981)</b>	–	<b>(11,981)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>–</b>	<b>47,925</b>	<b>906,888</b>	<b>954,813</b>	<b>(14)</b>	<b>954,799</b>
<b>Balance at 31 March 2022</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(4,197)</b>	<b>(1,369,704)</b>	<b>18,661,975</b>	<b>191</b>	<b>18,662,166</b>

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

## **1 Background**

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

The primary activities of PJSC Rosseti North-West and its subsidiaries (hereinafter jointly 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 and sale of electricity to end customers in the territory of North-West Region of Russia.

The parent company is PJSC “ROSSETI”.

The registered office (location) of the Company is 3 Constitution Square, lit. “A” room 16N, Saint-Petersburg 196247.

### **(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 policy of the Russian Government in the economic, social and other spheres may have a significant impact on the Group's activities.

As at 31 March 2022, the Russian Government owned 88.04% in the share capital of the parent company PJSC “ROSSETI” including 88.89% of the voting ordinary shares and 7.01% of the preference shares (as at 31 December 2021: 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares).

The Russian Government influences the Group's operations through representation on the Board of Directors of the parent company PJSC “ROSSETI”, regulation of tariffs in the electric power industry, approval and control over the implementation of the investment program.

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

The Group's operations are located in the Russian Federation, therefore it is exposed to risks related to the state of the economy and financial markets of the Russian Federation.

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

In 2020 The World Health Organization has declared the COVID-19 epidemic a global pandemic. In connection with the pandemic, the Russian authorities have taken a number of measures aimed at curbing the spread and mitigating the consequences of COVID-19, such as banning and restricting movement, self-isolation and restricting commercial activities, including the closure of enterprises. Some of the above measures were canceled or relaxed in 2022. The consequences of the COVID-19 epidemic have significantly limited economic activity in Russia and have already had and may still have a negative impact on business, market participants, customers of the Group, as well as on the Russian and global economy for an indefinite period of time.

In February 2022, the aggravation of geopolitical tensions and the conflict related to Ukraine had a negative impact on the economy of the Russian Federation. The European Union, the United States and a number of other countries have imposed new sanctions on a number of Russian state and commercial organizations, including banks, individuals and certain sectors of the economy, as well as restrictions on certain types of transactions. Some international companies have announced the suspension of activities in Russia or the termination of the supply of products to Russia. This led to increased volatility in the stock and currency markets. The ruble exchange rate against foreign currencies has decreased. In March 2022, temporary restrictive economic measures were introduced



in the Russian Federation, including, inter alia, a ban on residents providing loans to non-residents in foreign currency, residents crediting foreign currency to their accounts in foreign banks, restrictions on payments on securities to foreign investors, restrictions on transactions with persons of a number of foreign states. These events may have a significant impact on the activities of Russian organizations in various sectors of the economy.

Management continues to monitor and evaluate the impact of these events on the Group's operations. At the time of signing these statements, management estimates that the described circumstances do not call into question the continuity of the Group's activities. The future consequences of the current economic situation are difficult to predict, and management's current expectations and estimates may differ from actual results.

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

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

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

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

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

### **(c) New standards, clarifications and amendments to existing standards**

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

New standards, amendments and clarifications that have been issued but have not yet entered into force at the date of issue of the Group's consolidated financial statements are listed below. The Group intends to adopt the applicable standards and clarifications for use after entry into force, no significant impact on the consolidated financial statements of the Group is expected.

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

– Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as short-term or long-term. The amendment becomes effective from 1 January 2024 (taking into account the draft additional amendments issued in November 2021).

### **3 Significant accounting policies**

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

### **4 Measurement of fair values**

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 at the end of the reporting period during which the change has occurred.

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

### **5 Information about segments**

The Management Board of PJSC Rosseti North-West has been determined as the chief operating decision maker.

The Group's primary activity is the provision of services for electricity transmission and distribution, technological connection to electricity grids and sale of electricity to end customers in the territory of North-West Region of the Russian Federation.

The internal management reporting system is based on segments (branches formed on a territorial basis) related to transmission and distribution of electricity, technological connection to electricity grids and sale of electricity to end customers in the territory of North-West Region of the Russian Federation.

To reflect the results of each reporting segment, EBITDA is used: 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 this way is the most indicative for evaluating the performance of the Group's operating segments.

In accordance with the requirements of IFRS 8 the following reportable segments were identified based on segment revenue, EBITDA and the total assets reported to the Management Board:

- Electricity Transmission Segments – Arkhangelsk branch, Vologda branch, Karelian branch, Murmansk branch, Komi Republic branch, Novgorod branch, Pskov branch;

- Energy Retail Segment – Pskovenergosbyt;
- Other Segments – other Group companies.

Unallocated items comprise corporate balances of the Company's headquarters which do not constitute an operating segment under IFRS 8 requirements.

Segment items are based on financial information reported in statutory accounts and can differ from those used in the consolidated financial statements prepared under IFRSs. The reconciliation of reportable segment measurements reported to the Management Board with similar items in these interim condensed consolidated financial statements includes those reclassifications and adjustments that are necessary for the financial statements to be presented in accordance with IFRS

**(a) Information about reportable segments**

For the three months ended 31 March 2022:

	Electricity Transmission						Energy Retail	Other	Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch				Pskov energosbyt
Revenue from external customers	1,892,996	1,790,178	2,326,582	2,083,955	1,949,759	1,268,004	173,340	2,591,397	1,491	–	14,077,702
Inter-segment revenue	–	–	–	–	–	–	1,196,770	263,694	339,621	–	1,800,085
<b>Segment revenue</b>	<b>1,892,996</b>	<b>1,790,178</b>	<b>2,326,582</b>	<b>2,083,955</b>	<b>1,949,759</b>	<b>1,268,004</b>	<b>1,370,110</b>	<b>2,855,091</b>	<b>341,112</b>	<b>–</b>	<b>15,877,787</b>
Including											
<i>Electricity transmission</i>	1,751,327	1,764,547	2,276,421	2,076,698	1,930,404	1,255,660	1,346,915	–	–	–	12,401,972
<i>Connection services</i>	8,438	7,315	3,710	829	5,491	2,846	12,928	–	–	–	41,557
<i>Sales of electricity and capacity</i>	–	–	–	–	–	–	–	2,854,979	–	–	2,854,979
<i>Other revenue</i>	127,015	11,441	7,803	2,386	8,961	6,347	2,714	112	340,972	–	507,751
<i>Rental income</i>	6,216	6,875	38,648	4,042	4,903	3,151	7,553	–	140	–	71,528
<b>EBITDA</b>	<b>471,656</b>	<b>372,845</b>	<b>567,214</b>	<b>254,019</b>	<b>538,906</b>	<b>108,542</b>	<b>249,278</b>	<b>118,642</b>	<b>148,513</b>	<b>21,918</b>	<b>2,851,533</b>

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

For the three months ended 31 March 2021:

	Electricity Transmission						Energy Retail	Other	Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch				Pskov energosbyt
Revenue from external customers	1,928,881	1,897,327	2,253,014	2,105,466	2,017,057	1,180,159	212,108	2,531,177	7,455	–	14,132,644
Inter-segment revenue	–	–	16	–	–	–	1,160,697	251,522	204,801	–	1,617,036
<b>Segment revenue</b>	<b>1,928,881</b>	<b>1,897,327</b>	<b>2,253,030</b>	<b>2,105,466</b>	<b>2,017,057</b>	<b>1,180,159</b>	<b>1,372,805</b>	<b>2,782,699</b>	<b>212,256</b>	<b>–</b>	<b>15,749,680</b>
Including											
<i>Electricity transmission</i>	1,778,202	1,873,540	2,208,677	2,097,702	2,000,587	1,170,096	1,331,546	–	–	–	12,460,350
<i>Connection services</i>	3,601	5,131	2,079	1,516	3,776	2,054	26,900	–	–	–	45,057
<i>Sales of electricity and capacity</i>	–	–	–	–	–	–	–	2,782,620	–	–	2,782,620
<i>Other revenue</i>	140,862	11,781	3,626	2,206	7,791	4,858	6,479	79	212,117	–	389,799
<i>Rental income</i>	6,216	6,875	38,648	4,042	4,903	3,151	7,880	–	139	–	71,854
<b>EBITDA</b>	<b>508,691</b>	<b>461,974</b>	<b>501,416</b>	<b>306,765</b>	<b>483,890</b>	<b>47,317</b>	<b>257,346</b>	<b>102,569</b>	<b>8,624</b>	<b>1,143</b>	<b>2,679,735</b>

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

As at 31 March 2022:

	Electricity Transmission						Energy Retail		Other	Unalloca ted items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskovenergosbyt			
<b>Segment assets</b>	5,997,224	8,278,756	5,624,873	6,360,662	9,738,774	6,149,334	5,765,332	1,806,923	4,071,212	6,214,717	60,007,807
<i>Including property, plant and equipment and construction in progress</i>	4,369,285	7,291,150	4,697,315	4,733,772	8,507,454	5,612,332	4,983,691	292,372	2,813,054	347,552	43,647,977

As at 31 December 2021:

	Electricity Transmission						Energy Retail		Other	Unalloca ted items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskovenergosbyt			
<b>Segment assets</b>	5,744,338	9,637,587	5,252,918	6,321,164	12,944,709	6,249,043	5,540,904	1,680,328	3,279,072	3,414,774	60,064,837
<i>Including property, plant and equipment and construction in progress</i>	4,288,497	8,558,897	4,363,079	4,674,240	11,564,732	5,636,764	5,023,246	270,321	1,899,709	28,173	46,307,658

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

**(b) Reconciliation of reportable segment EBITDA**

Reconciliation of reportable segment EBITDA is presented below:

	<b>Three months ended 31 March 2022</b>	<b>Three months ended 31 March 2021</b>
<b>EBITDA of reportable segments</b>	<b>2,851,533</b>	<b>2,679,735</b>
Discounting of financial instruments	(2,389)	(23,490)
Adjustment for expected credit loss	10,590	32,506
Adjustment for lease	–	76,021
Recognition of pension and other long-term employee benefit obligation	9,495	18,412
Adjustment for assets related to employee benefits	6,034	(5,009)
Remeasurement of financial assets measured at fair value through other comprehensive income (transfer of remeasurement to equity)	2,855	(455)
Adjustment for value of property, plant and equipment	(134,314)	3,289
Revenue for which the recognition criteria for IFRS 15 have not been met	(24,419)	(31,995)
Other adjustments	13,215	53,566
<b>EBITDA</b>	<b>2,732,600</b>	<b>2,802,580</b>
Depreciation and amortization	(1,160,415)	(1,163,056)
Interest expenses on financial liabilities carried at amortised cost	(380,661)	(202,292)
Interest expenses on lease liabilities	(22,227)	(17,524)
Income tax expense	(262,423)	(274,152)
<b>Consolidated profit for the reporting period in the interim condensed consolidated statement of profit or loss and other comprehensive income</b>	<b>906,874</b>	<b>1,145,556</b>

**6 Revenue**

	<b>Three months ended 31 March 2022</b>	<b>Three months ended 31 March 2021</b>
Electricity transmission	11,182,672	11,269,010
Sales of electricity and capacity	2,591,285	2,531,098
Connection services	41,557	45,041
Other revenue	160,947	184,912
<b>Revenue from contracts with customers</b>	<b>13,976,461</b>	<b>14,030,061</b>
Rental income	71,504	70,588
	<b>14,047,965</b>	<b>14,100,649</b>

Other revenue mainly includes revenue from the production and sale of electricity from DES, services for operational maintenance of power grid equipment, etc.

**7 Other income**

	<b>Three months ended 31 March 2022</b>	<b>Three months ended 31 March 2021</b>
Income from identified non-contracted electricity consumption	7,042	15,566
Income in the form of fines and penalties on commercial contracts	160,995	85,205
Income from disposal (sale) of property, plant and equipment	2,781	6,001
Insurance reimbursement, net	7,810	13,328
Accounts payable write-off	803	739
Income from compensation of losses in connection with the disposal/liquidation of electric grid property	5,318	–
Other income	5,301	7,706
	<b>190,050</b>	<b>128,545</b>

**8 Operating expenses**

	<b>Three months ended 31 March 2022</b>	<b>Three months ended 31 March 2021</b>
Personnel costs	3,550,521	3,399,830
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	1,160,415	1,163,056
<i>Material expenses, including:</i>		
Electricity for compensation of losses	1,460,920	1,730,169
Electricity for sale	1,426,823	1,445,185
Purchased electricity and heat power for own needs	124,011	138,678
Other material costs	515,938	496,491
<i>Production work and services, including:</i>		
Electricity transmission services	3,594,686	3,682,966
Repair and maintenance services	100,574	54,931
Other production works and services	44,402	48,201
Taxes and charges other than income tax	90,200	101,980
Rent	8,941	15,955
Insurance	15,851	16,244
<i>Other third-party services, including:</i>		
Communication services	33,926	31,204
Security services	79,174	78,135
Consulting, legal and audit services	8,341	7,967
Software costs and servicing	12,078	12,023
Transportation services	27,794	31,943
Other services	191,832	127,388
Provisions	(3,422)	2,650
Other expenses	160,290	28,075
	<b>12,603,295</b>	<b>12,613,071</b>



**9 Finance income and costs**

	<b>Three months ended 31 March 2022</b>	<b>Three months ended 31 March 2021</b>
<i>Finance income</i>		
Interest income on loans, bank deposits, promissory notes and balances in bank accounts	43,400	11,555
Change in the fair value of financial assets measured at fair value through profit or loss	–	11,139
Interest income on assets related to employee benefits	8,508	12,512
Effect from initial discounting of financial liabilities	1,433	883
Amortization of discount on financial assets	902	1,278
	<b>54,243</b>	<b>37,367</b>
<i>Finance costs</i>		
Interest expenses on financial liabilities measured at amortized cost	380,661	202,292
Interest expenses on lease liabilities	22,227	17,524
Interest expenses on long-term employee benefit obligation	17,607	12,703
Effect from primary discounting of financial assets	27	4
Amortization of discount on financial liabilities	4,697	25,647
Other financial expenses	76,320	–
	<b>501,539</b>	<b>258,170</b>

**10 Income tax**

	<b>Three months ended 31 March 2022</b>	<b>Three months ended 31 March 2021</b>
<i>Current income tax</i>		
Current tax	214,813	300,741
	<b>214,813</b>	<b>300,741</b>
<i>Deferred income tax</i>		
Deferred income tax	47,610	(26,589)
<b>Income tax expense</b>	<b>262,423</b>	<b>274,152</b>

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

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

Profit before tax is reconciled to income tax expenses as follows:

	<b>Three months ended 31 March 2022</b>	<b>%</b>	<b>Three months ended 31 March 2021</b>	<b>%</b>
<b>Profit before tax</b>	<b>1,169,297</b>		<b>1,419,708</b>	
<b>The theoretical amount of income tax expense at the rate of 20%</b>	<b>233,859</b>	<b>20</b>	<b>283,942</b>	<b>20</b>
Tax effect on not taxable or non-deductible for tax purposes items	28,564	2	(9,790)	0
	<b>262,423</b>	<b>22</b>	<b>274,152</b>	<b>20</b>

Income tax recognized in other comprehensive income:

	<b>Three months ended 31 March 2022</b>			<b>Three months ended 31 March 2021</b>		
	<b>Before tax</b>	<b>Income tax</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Income tax</b>	<b>Net of tax</b>
Financial assets measured at fair value through other comprehensive income	(2,855)	571	(2,284)	453	(91)	362
Remeasurements of the defined benefit liability	62,761	(12,552)	50,209	50,474	(10,095)	40,379
	<b>59,906</b>	<b>(11,981)</b>	<b>47,925</b>	<b>50,927</b>	<b>(10,186)</b>	<b>40,741</b>

## 11 Property, plant and equipment

	<b>Land and buildings</b>	<b>Electricity transmission networks</b>	<b>Equipment for electricity transmission</b>	<b>Other PPE</b>	<b>Construc- tion in progress</b>	<b>Total</b>
<i>Cost/Deemed cost</i>						
<b>At 1 January 2021</b>	<b>8,999,396</b>	<b>41,786,048</b>	<b>22,926,226</b>	<b>11,900,891</b>	<b>3,090,363</b>	<b>88,702,924</b>
Reclassification between groups	(316)	–	316	–	–	–
Additions	–	–	–	–	647,352	647,352
Transfer	617	215,513	66,049	46,779	(328,958)	–
Disposals	(13,443)	(559)	(246)	(13,184)	(9,511)	(36,943)
<b>At 31 March 2021</b>	<b>8,986,254</b>	<b>42,001,002</b>	<b>22,992,345</b>	<b>11,934,486</b>	<b>3,399,246</b>	<b>89,313,333</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2021</b>	<b>(4,365,674)</b>	<b>(25,472,825)</b>	<b>(12,089,944)</b>	<b>(7,995,265)</b>	<b>(92,219)</b>	<b>(50,015,927)</b>
Reclassification between groups	222	–	(222)	–	–	–
Entry into fixed assets (transfer of impairment losses)	–	(595)	(86)	(2,527)	3,208	–
Depreciation charge	(87,304)	(451,158)	(290,130)	(233,828)	–	(1,062,420)
Disposals	10,847	440	222	12,586	–	24,095
<b>At 31 March 2021</b>	<b>(4,441,909)</b>	<b>(25,924,138)</b>	<b>(12,380,160)</b>	<b>(8,219,034)</b>	<b>(89,011)</b>	<b>(51,054,252)</b>
<i>Net book value</i>						
<b>At 1 January 2021</b>	<b>4,633,722</b>	<b>16,313,223</b>	<b>10,836,282</b>	<b>3,905,626</b>	<b>2,998,144</b>	<b>38,686,997</b>
<b>At 31 March 2021</b>	<b>4,544,345</b>	<b>16,076,864</b>	<b>10,612,185</b>	<b>3,715,452</b>	<b>3,310,235</b>	<b>38,259,081</b>
<i>Cost/Deemed cost</i>						
<b>At 1 January 2022</b>	<b>7,186,493</b>	<b>45,446,806</b>	<b>25,748,703</b>	<b>12,794,031</b>	<b>3,925,181</b>	<b>95,101,214</b>
Reclassification between groups	176	–	(176)	–	–	–
Additions	–	–	–	–	1,699,535	1,699,535
Transfer	5,558	189,040	1,084,656	188,705	(1,467,959)	–
Disposals	(107)	(111)	(145)	(27,845)	(3,517)	(31,725)
<b>At 31 March 2022</b>	<b>7,192,120</b>	<b>45,635,735</b>	<b>26,833,038</b>	<b>12,954,891</b>	<b>4,153,240</b>	<b>96,769,024</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2022</b>	<b>(3,867,541)</b>	<b>(29,376,478)</b>	<b>(14,390,853)</b>	<b>(8,826,349)</b>	<b>(415,978)</b>	<b>(56,877,199)</b>
Reclassification between groups	(176)	–	176	–	–	–
Entry into fixed assets (transfer of impairment losses)	–	(4386)	(3870)	(6,427)	14,683	–
Depreciation charge	(63,684)	(427,123)	(346,339)	(235,890)	–	(1,073,036)
Disposals	101	100	130	26,401	–	26,732
<b>At 31 March 2022</b>	<b>(3,931,300)</b>	<b>(29,807,887)</b>	<b>(14,740,756)</b>	<b>(9,042,265)</b>	<b>(401,295)</b>	<b>(57,923,503)</b>
<i>Net book value</i>						
<b>At 1 January 2022</b>	<b>3,318,952</b>	<b>16,070,328</b>	<b>11,357,850</b>	<b>3,967,682</b>	<b>3,509,203</b>	<b>38,224,015</b>
<b>At 31 March 2022</b>	<b>3,260,820</b>	<b>15,827,848</b>	<b>12,092,282</b>	<b>3,912,626</b>	<b>3,751,945</b>	<b>38,845,521</b>

As at 31 March 2022, construction in progress includes advance payments for property, plant and equipment of RUB 23,716 thousand (31 December 2021: RUB 23,654 thousand) and materials for the fixed assets construction of RUB 673,736 thousand (31 December 2021: RUB 868,331 thousand).

Capitalized interest for the three month ended 31 March 2022 amounted to RUB 28,201 thousand (for the three month ended 31 March 2021: RUB 8,841 thousand), with capitalization rate used to calculate borrowing costs to be capitalized during the period of 5,52-13,44% (for the three month ended 31 March 2021: 5.04-7.08%).

As at 31 March 2022, the initial cost of fully amortised property, plant and equipment was RUB 17,743,631 thousand (as at 31 December 2021: RUB 17,244,083 thousand).

As at 31 March 2022 and 31 December 2021 there are no property, plant and equipment pledged as collateral for loans and borrowings.

## 12 Intangible assets

	Software	Certificates, licenses and patents	Other intangible assets	Total
<i>Initial cost</i>				
<b>At 1 January 2021</b>	<b>496,248</b>	<b>5,881</b>	<b>162,442</b>	<b>664,571</b>
Reclassification between	13,942	–	(13,942)	–
Additions	–	–	51,695	51,695
Disposals	(9,961)	(1,175)	–	(11,136)
<b>At 31 March 2021</b>	<b>500,229</b>	<b>4,706</b>	<b>200,195</b>	<b>705,130</b>
<i>Accumulated amortization</i>				
<b>At 1 January 2021</b>	<b>(253,060)</b>	<b>(2,583)</b>	<b>(8,709)</b>	<b>(264,352)</b>
Amortization charge	(37,355)	(750)	(1,003)	(39,108)
Disposals	9,961	1,175	–	11,136
<b>At 31 March 2021</b>	<b>(280,454)</b>	<b>(2,158)</b>	<b>(9,712)</b>	<b>(292,324)</b>
<i>Net book value</i>				
<b>At 1 January 2021</b>	<b>243,188</b>	<b>3,298</b>	<b>153,733</b>	<b>400,219</b>
<b>At 31 March 2021</b>	<b>219,775</b>	<b>2,548</b>	<b>190,483</b>	<b>412,806</b>
<i>Initial cost</i>				
<b>At 1 January 2022</b>	<b>525,279</b>	<b>4,897</b>	<b>274,367</b>	<b>804,543</b>
Reclassification between	29,352	8	(29,360)	–
Additions	–	–	35,797	35,797
Disposals	(12,432)	(574)	–	(13,006)
<b>At 31 March 2022</b>	<b>542,199</b>	<b>4,331</b>	<b>280,804</b>	<b>827,334</b>
<i>Accumulated amortization</i>				
<b>At 1 January 2022</b>	<b>(294,129)</b>	<b>(1 601)</b>	<b>(12 720)</b>	<b>(308,450)</b>
Amortization charge	(34,822)	(630)	(1 456)	(36,908)
Disposals	12,432	277	–	12,709
<b>At 31 March 2022</b>	<b>(316,519)</b>	<b>(1 954)</b>	<b>(14 176)</b>	<b>(332,649)</b>
<i>Net book value</i>				
<b>At 1 January 2022</b>	<b>231,150</b>	<b>3,296</b>	<b>261,647</b>	<b>496,093</b>
<b>At 31 March 2022</b>	<b>225,680</b>	<b>2,377</b>	<b>266,628</b>	<b>494,685</b>

### 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 2021</b>	<b>616,368</b>	<b>551,498</b>	<b>15,156</b>	<b>130,958</b>	<b>1,313,980</b>
Additions	7,263	872	111	1,206	9,452
Changes in lease terms	(8,848)	(370)	(216)	345	(9,089)
Disposal or termination of lease	(10,482)	(1,298)	(979)	–	(12,759)
<b>At 31 March 2021</b>	<b>604,301</b>	<b>550,702</b>	<b>14,072</b>	<b>132,509</b>	<b>1,301,584</b>
<i>Accumulated amortization</i>					
<b>At 1 January 2021</b>	<b>(215,222)</b>	<b>(128,919)</b>	<b>(3,465)</b>	<b>(40,881)</b>	<b>(388,487)</b>
Amortization charge	(27,896)	(26,227)	(701)	(6,757)	(61,581)
Changes in lease terms	3,080	167	134	–	3,381
Disposal or termination of lease	2,340	268	305	–	2,913
<b>At 31 March 2021</b>	<b>(237,698)</b>	<b>(154,711)</b>	<b>(3,727)</b>	<b>(47,638)</b>	<b>(443,774)</b>
<i>Net book value</i>					
<b>At 1 January 2021</b>	<b>401,146</b>	<b>422,579</b>	<b>11,691</b>	<b>90,077</b>	<b>925,493</b>
<b>At 31 March 2021</b>	<b>366,603</b>	<b>395,991</b>	<b>10,345</b>	<b>84,871</b>	<b>857,810</b>
<i>Initial cost</i>					
<b>At 1 January 2022</b>	<b>743,788</b>	<b>548,855</b>	<b>14,574</b>	<b>132,537</b>	<b>1,439,754</b>
Additions	73,157	53,388	99,185	–	225,730
Changes in lease terms	(11,296)	(22,268)	(34,974)	5	(68,533)
Disposal or termination of lease	(12,711)	(6,584)	(2,291)	(401)	(21,987)
<b>At 31 March 2022</b>	<b>792,938</b>	<b>573,391</b>	<b>76,494</b>	<b>132,141</b>	<b>1,574,964</b>
<i>Accumulated amortization</i>					
<b>At 1 January 2022</b>	<b>(136,168)</b>	<b>(233,673)</b>	<b>(5,988)</b>	<b>(68,161)</b>	<b>(443,990)</b>
Amortization charge	(31,106)	(28,443)	(12,057)	(6,568)	(78,174)
Disposal or termination of lease	4,329	3,832	1,404	309	9,874
<b>At 31 March 2022</b>	<b>(162,945)</b>	<b>(258,284)</b>	<b>(16,641)</b>	<b>(74,420)</b>	<b>(512,290)</b>
<i>Net book value</i>					
<b>At 1 January 2022</b>	<b>607,620</b>	<b>315,182</b>	<b>8,586</b>	<b>64,376</b>	<b>995,764</b>
<b>At 31 March 2022</b>	<b>629,993</b>	<b>315,107</b>	<b>59,853</b>	<b>57,721</b>	<b>1,062,674</b>

#### 14 Other non-current financial assets

	<b>31 March 2022</b>	<b>31 December 2021</b>
<i>Non-current</i>		
Financial assets measured at fair value through other comprehensive income		
<i>investments in quoted equity instruments</i>	8,416	11,271
<i>investments in unquoted equity instruments</i>	1,057	1,057
Financial assets at fair value through profit or loss	485,991	485,991
	<b>495,464</b>	<b>498,319</b>

As part of investments in quoted equity instruments, shares of Russian companies with a fair value calculated on the basis of published market quotations equal to RUB 8,416 thousand are reflected as at 31 March 2022 (as at 31 December 2021: RUB 11,271 thousand)

Financial assets measured at amortised cost as at 31 March 2022 and 31 December 2021 represent a bank deposit with Bank Tavrichesky (PJSC) with an initial maturity of more than three months.

#### 15 Trade and other receivables

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Non-current trade and other accounts receivable</b>		
Trade receivables	611	659
Other receivables	81,323	81,091
	<b>81,934</b>	<b>81,750</b>

#### **Current trade and other accounts receivable**

Trade receivables	10,109,672	10,152,243
Allowance for expected credit loss on trade receivables	(4,545,029)	(4,672,693)
Other receivables	1,195,361	1,225,691
Allowance for expected credit loss on other receivables	(786,785)	(866,046)
	<b>5,973,219</b>	<b>5,839,195</b>

#### 16 Advances issued and other assets

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Non-current</b>		
Advances given	2,599	2,682
VAT on advances received	90,643	54,459
	<b>93,242</b>	<b>57,141</b>
<b>Current</b>		
Advances given	550,682	471,087
Advances given impairment provision	(17,511)	(17,511)
VAT recoverable	504,957	348,931
VAT on advances from customers VAT on advances given for acquisition of fixed assets	468,650	471,142
Prepaid taxes, other than income tax	9,824	12,891
	<b>1,516,602</b>	<b>1,286,540</b>

## 17 Cash and cash equivalents

	<b>31 March 2022</b>	<b>31 December 2021</b>
Cash at bank and in hand	370,647	665,080
Cash equivalents	1,878,200	201,872
	<b>2,248,847</b>	<b>866,952</b>

As at 31 March 2022 and 31 December 2021, all cash and cash equivalents balances are denominated in roubles.

As at 31 March 2022 and 31 December 2021 cash equivalents include short-term investments in bank deposits. Deposits are placed at interest rates from 6.21% to 19.96% per annum.

## 18 Share capital

	<b>Ordinary shares</b>	
	<b>31 March 2022</b>	<b>31 December 2021</b>
Par value (RUB)	0.1	0.1
On issue at 1 January	95,785,923,138	95,785,923,138
On issue at end of period, fully paid	<b>95,785,923,138</b>	<b>95,785,923,138</b>

### Reserve related to business combination

The Group was formed in 2008 as a result of the combination of a number of businesses under common control. The carrying value of the net assets of the businesses contributed were determined based on as amounts recorded in the IFRS financial statements of the predecessor, rather than the fair values of those net assets. The difference between the value of the share capital issued and the IFRS carrying values of the contributed net assets and non-controlling interests was recorded as a common control combination reserve within equity.

### Dividends

The source of payment of dividends is the net profit of PJSC Rosseti North-West, determined in accordance with the requirements established by the current legislation of the Russian Federation.

As of 31 March 2022 and 31 December 2021 there are no unclaimed dividends that have been restored to the retained earnings of previous years due to the expiration of the limitation period for the payment of dividends.

## 19 Earnings per share

The calculation of earnings per share for the three months ended 31 March 2022 and 31 March 2021, based on earnings attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding. The Company does not have dilutive financial instruments.

	<b>Three months ended 31 March 2022</b>	<b>Three months ended 31 March 2021</b>
Ordinary shares at 1 January	95,785,923,138	95,785,923,138
<b>Weighted average number of shares for the three months ended 31 March</b>	<b>95,785,923,138</b>	<b>95,785,923,138</b>
	<b>Three months ended 31 March 2022</b>	<b>Three months ended 31 March 2021</b>
Weighted average number of ordinary shares outstanding, for the period ended 31 March (shares)	95,785,923,138	95,785,923,138
Earnings for the period attributable to holders of ordinary shares	906,888	1,145,562
<b>Earnings per ordinary share (in RUB) – basic and diluted</b>	<b>0.0095</b>	<b>0.0120</b>

## 20 Loans and borrowings

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b><i>Non-current liabilities</i></b>		
Unsecured loans and borrowings	12,662,573	12,162,573
Lease liabilities	1,214,966	1,099,480
Less: current portion of long-term lease liabilities	(365,719)	(286,447)
Less current portion of long-term loans and borrowings	(500,000)	–
	<b>13,011,820</b>	<b>12,975,606</b>
<b><i>Current liabilities</i></b>		
Unsecured loans and borrowings	3,017,400	2,545,180
Current portion of long-term lease liabilities	365,719	286,447
Current portion of long-term loans and borrowings	500,000	–
	<b>3,883,119</b>	<b>2,831,627</b>
<b><i>Including:</i></b>		
Interests payable on loans and borrowings	61,488	27,048
	<b>61,488</b>	<b>27,048</b>

As at 31 March 2022 and 31 December 2021 all balances of loans and borrowings are denominated in rubles.

The Group raised the following bank loans during the 3 months ended 31 March 2022:

	<b>Year of maturity</b>	<b>Effective interest rate</b>	<b>Carrying value</b>
<b>Unsecured loans and borrowings</b>			
Unsecured bank loans	2022	9,73-20,23%	900,000
Unsecured bank loans	2022	ЦБ+1,49%	630,000
Unsecured bank loans	2022	10,1-23%	268,531
Unsecured bank loans	2023	10,69%	500,000
Unsecured bank loans	2022	9,5-11,25%	1,145,071
Unsecured bank loans	2022	ЦБ+2,14%	74,195
			<b>3,517,797</b>

The Group repaid the following significant bank facilities during the three months ended 31 March 2022:

	<b>Amount</b>
Loans and borrowings	2,580,017
	<b>2,580,017</b>



**21 Trade and other payables**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Non-current accounts payable</b>		
Debt under the factoring agreement	1,090,423	920,353
Other payables	821,280	732,354
<b>Total financial liabilities</b>	<b>1,911,703</b>	<b>1,652,707</b>
<b>Current accounts payable</b>		
Trade payables	4,437,649	3,968,589
Debt under the factoring agreement	260,671	503,145
Other payables and accrued expenses	586,544	1,279,427
Dividends payable	9,568	9,622
<b>Total financial liabilities</b>	<b>5,294,432</b>	<b>5,760,783</b>
Payables to employees	1,624,998	1,535,835
	<b>6,919,430</b>	<b>7,296,618</b>

**22 Taxes, other than income tax**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Value-added tax	1,260,138	864,626
Property tax	78,603	85,310
Social security contributions	266,590	349,926
Other taxes payable	101,961	121,820
	<b>1,707,292</b>	<b>1,421,682</b>

**23 Advances received**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Non-current</b>		
Advances for connection services	558,921	335,218
Other advances received	31,257	33,710
	<b>590,178</b>	<b>368,928</b>
<b>Current</b>		
Advances for connection services	2,403,954	2,375,793
Other advances received	418,167	431,107
	<b>2,822,121</b>	<b>2,806,900</b>

**24 Provisions**

	<b>2022 year</b>	<b>2021 year</b>
<b>As at 1 January</b>	<b>1,792,157</b>	<b>1,938,914</b>
Accrual (increase) for the period	19,879	13,717
Recovery (decrease) for the period	(21,311)	(7,881)
Use of provisions	(46,480)	(79,072)
<b>As at 31 March</b>	<b>1,744,245</b>	<b>1,865,678</b>

The provisions were accrued for pending legal cases brought against the Group for ordinary activities, including at 31 March 2022:

- in the amount of RUB 286,474 thousand according to LLC TNS energo Veliky Novgorod on the disputed debt for the provision of services for the transmission of electric energy purchased in order to compensate for losses for the period from September 2016 to December 2018; April, October-December 2020, May-June 2021, as well as penalties and fines in respect of arrears for compensation losses;
- in the amount of RUB 40,645 thousand according to LLC SSK in relation to the disputed debt for the period 2018-2020;
- in the amount of RUB 96,274 thousand for TGC-2 Energy Sales in respect of disputed debt for the period 2018-2020, a claim for unjustified enrichment for services for the transmission of electricity through networks leased under the lease agreement of the electric grid;
- in the amount of RUB 1,217,030 thousand. The Group has accrued property tax risk for 2016-2020.

## 25 Financial risk and capital management

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

The Group's objectives and policies regarding financial risk and capital management, as well as the procedure for determining fair value, correspond to those disclosed in the consolidated financial statements for the year ended 31 December 2021.

The Group's management takes operational measures to ensure a sufficient amount of cash (liquidity) received from operating activities to finance investment projects of the investment program, servicing short-term and long-term borrowings available at the reporting date. The Group's management implements measures aimed at ensuring the availability of available credit limits, liquidity reserves in the form of bank account balances and short-term financial investments, and the quality of accepted financial collateral (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 collection 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 of the expected credit losses on trade and other receivables is presented below:

	<u>2022 year</u>	<u>2021 year</u>
<b>As at 1 January</b>	<b>(5,538,739)</b>	<b>(6,973,033)</b>
Increase for the period	(66,418)	(48,730)
Recovery for the period	65,597	73,126
Amounts of trade and other receivables written off from the previously accrued reserve	207,746	74,531
<b>As at 31 March</b>	<b>(5,331,814)</b>	<b>(6,874,106)</b>

As at 31 March 2022 the amount of the free limit on the Group's open but unused credit lines amounted to RUB 40,711,514 thousand (as at 31 December 2021: RUB 38,512,003 thousand). The Group has the opportunity to attract additional financing within the relevant limits, including to ensure the fulfillment of its short-term obligations.

*The fair value and carrying amount*

Below is a comparison of the values of the fair and carrying amounts of the Group's financial instruments, with the exception of those financial instruments whose carrying amount corresponds to their fair value:

Financial instruments	Note	31 December 2022		Level of fair value hierarchy		
		Carrying amount	Fair value	1	2	3
<b>Financial assets at fair value through profit or loss:</b>						
Long-term bank deposits	14	485,991	485,991	–	–	485,991
<b>Financial assets at amortized cost:</b>						
Long-term accounts receivable	15	81,934	73,588	–	–	73,588
<b>Financial assets at fair value through other comprehensive income:</b>						
Investments in equity instruments	14	9,473	9,473	8,510	–	963
<b>Financial liabilities measured at amortised cost:</b>						
Current and non-current loans and borrowings	20	(15,679,973)	(16,209,217)	–	–	(16,209,217)
Non-current accounts payable	21	(1,911,703)	(1,851,092)	–	–	(1,851,092)
		<u>(17,014,278)</u>	<u>(17,491,257)</u>	<u>8,510</u>	<u>–</u>	<u>(17,499,767)</u>

Financial instruments	Note	31 December 2021		Level of fair value hierarchy		
		Carrying amount	Fair value	1	2	3
<b>Financial assets at fair value through profit or loss:</b>						
Long-term bank deposits	14	485,991	485,991	–	–	485,991
<b>Financial assets at amortized cost:</b>						
Long-term accounts receivable	15	81,750	73,278	–	–	73,278
<b>Financial assets at fair value through other comprehensive income:</b>						
Investments in equity instruments	14	12,328	12,328	11,240	–	1,088
<b>Financial liabilities measured at amortised cost:</b>						
Current and non-current loans and borrowings	20	(14,707,753)	(14,713,574)	–	–	(14,713,574)
Non-current accounts payable	21	(1,652,707)	(1,622,801)	–	–	(1,622,801)
		<u>(15,780,391)</u>	<u>(15,764,778)</u>	<u>11,240</u>	<u>–</u>	<u>(15,776,018)</u>

The interest rate used to discount expected future cash flows on long-term bank deposits for the purpose of determining the disclosed fair value as at 31 March 2022 was 12.89% (as at 31 December 2021: 12.89%).

The interest rate used to discount expected future cash flows on long-term accounts receivable for determining the disclosed fair value as at 31 March 2022 was 8.07-8.63% (as at 31 December 2021: 7.50-7.55%).

The interest rate used to discount expected future cash flows on long-term accounts payable for determining the disclosed fair value as at 31 March 2022 was 11.98-14.08% (as at 31 December 2021: 8.41-9.32%).

The interest rate used to discount the expected future cash flows for long-term and short-term loans borrowings for the purpose of determining the fair value disclosed as at 31 March 2022 was 10.26% (as at 31 December 2021: 9.17%).

During three months ended 31 March 2022 there were no transfers between the levels of the fair value hierarchy.

The reconciliation of the carrying amounts of financial assets measured at fair value through profit or loss and financial assets measured 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 profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>
<b>As at 1 January 2022</b>	<b>485,991</b>	<b>12,328</b>
Change in fair value recognized in other comprehensive income	x	(2,855)
Change in fair value recognized in profit or loss	–	x
<b>As at 31 March 2022</b>	<b>485,991</b>	<b>9,473</b>

## 26 Capital commitments

As at 31 March 2022 the Group has outstanding commitments under contracts for the purchase and construction of property plant and equipment items for RUB 2,010,487 thousand including VAT (as at 31 December 2021: RUB 2,066,605 thousand including 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 including coverage in case of damage or loss of 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 legislation allows for different interpretations in relation to the Group's operations and activities. Accordingly, the management's interpretation of the tax legislation and its formal documentation can be successfully challenged by the relevant regional or federal authorities. Tax administration in Russia is gradually being strengthened. In particular, the risk of checking the tax aspect of transactions without obvious economic meaning or with counterparties that violate tax legislation increases. 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 checked.

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 verify prices/profitability in controlled transactions and, in case of disagreement with the prices applied by the Group in these transactions, add additional tax liabilities if the Group is unable to justify the market nature of pricing in these transactions by providing transfer pricing documentation that meets the legal requirements.

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) Legal proceedings**

The Group is party to a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in the consolidated financial statements.

**(d) Environmental matters**

The Group has been operating in the electric transmission industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is being reconsidered. Potential liabilities arising as a result of a change in interpretation of existing regulations civil litigation or changes in legislation cannot be estimated. Under existing legislation management believes that there are no probable liabilities which will have a material adverse effect on the Group's financial position results of operations or cash flows.

**28 Related party transactions**

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

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

**(a) Transactions with the parent, its subsidiaries**

	Amount of transaction for the three months ended 31 March		Carrying amount	
	2022	2021	31 March 2022	31 December 2021
<b>Revenue, Other income, Finance income</b>				
<b>The parent company</b>				
Other revenue	308	308	–	–
<b>Entities under common control of the parent company</b>				
Sales of electricity	136	82	58	58
Other revenue	37	232	162,743	152,560
Other operating income	528	4	34,030	41,145
	<b>1,009</b>	<b>626</b>	<b>196,831</b>	<b>193,763</b>

	Amount of transaction for the three months ended 31 March		Carrying amount	
	2022	2021	31 March 2022	31 December 2021
<b>Operating expenses, Other expenses, Finance costs</b>				
<b>The parent company</b>				
Consulting legal and audit services	1,673	1,673	–	17,732
Other production works and services	7,103	7,103	–	–
Interest expenses on financial liabilities measured at amortized cost	–	46,238	–	–
<b>Entities under common control of the parent company</b>				
Electricity for sale	1,604	–	368	471
Electricity transmission services	1,860,464	1,873,597	579,755	587,130
Connection services	–	1,971	–	1,116
Repair and maintenance services	9,690	–	11,019	5,516
Lease	203	139	490	375
Communication services	5,935	9,969	–	7,146
Software and maintenance costs	1,751	1,423	41,156	24,915
Provision for expected credit losses	–	–	184,733	184,733
Other expenses	17,282	2,075	17,008	212,835
	<b>1,905,705</b>	<b>1,944,188</b>	<b>834,529</b>	<b>1,041,968</b>

	Carrying amount	
	31 March 2022	31 December 2021
<b>The parent company</b>		
Advances given	900	–
<b>Entities under common control of the parent company</b>		
Advances given	7,333	37,066
Advances received	(36,974)	(36,999)

As at 31 March 2022 and 31 December 2021 there is no dividends payable to the parent company.

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

Within the framework of 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 institutions associated with the main shareholder of the parent company is carried out at market interest rates. Taxes are accrued and paid in accordance with Russian tax legislation.

Revenue from companies related to the main shareholder of the parent company amounted to:

- 21.79% of the Group's total revenue for the three months ended 31 March 2022 (for the three months ended 31 March 2021 18.59%);

- 23.38% of the Group's electricity transmission revenue for the three months ended 31 March 2022 (for the three months ended 31 March 2021 18.89%).

Electricity transmission expenses 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 49.86% of the total costs of transmission and compensation of losses of the Group for the three months ended 31 March 2022 (for the three months ended 31 March 2021 47.40%).

Interest accrued on loans and borrowings from banks associated with the main shareholder of the parent company of the Group for the three months ended 31 March 2022 amounted to RUB 370,913 thousand. (for the three months ended 31 March 2021 RUB 92,976 thousand).

As of 31 March 2022, loans and borrowings from banks associated with the main shareholder of the parent company amounted to RUB 12,629,980 thousand (as of 31 December 2021 RUB 19,386,833 thousand).

For the three months ended 31 March 2022, the Group attracted loans and borrowings from banks associated with the main shareholder of the parent company in the amount of RUB 1,987,797 thousand, repaid – RUB 1,897,309 thousand.

As of 31 March 2022, the balance of cash and cash equivalents placed in banks associated with the main shareholder of the parent company amounted to RUB 278,495 thousand (as of 31 December 2021 RUB 575,569 thousand).

As of 31 March 2022, lease obligations for companies related to the main shareholder of the parent company amounted to RUB 517,918 thousand (as of 31 December 2021 RUB 529,804 thousand).

**(c) Transactions with key management personnel**

In order to prepare these consolidated financial statements the key management personnel are members of the Board of Directors, General Director and his deputies.

Remuneration of key management personnel consists of wages stipulated by 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 those members of the Board of Directors who are civil servants.

The amounts of key management personnel remuneration disclosed in the table are recognized as an expense related to key management personnel during the reporting period and included in personnel costs.

	<b>Three months 31 March 2022</b>	<b>Year ended 31 March 2021</b>
Short-term remuneration for employees	42,430	43,320
Post employment benefits and other long-term benefits	46	18
	<b>42,476</b>	<b>43,338</b>

As at 31 March 2022 the present value of the defined benefit liabilities recorded in the consolidated statement of financial position includes liabilities to key management personnel in the amount of RUB 737 thousand (31 December 2021: RUB 817 thousand).

**29 Events after the reporting date**

After 31 March 2022 there were no events that could have a significant impact on the financial position of the Group.