

Report on Review of Interim Financial Information
Public Joint Stock Company "Rosseti North-West"
and its subsidiaries
for the three and six-month period ended 30 June 2022

August 2022

**Report on Review of Interim Financial Information
of Public Joint Stock Company "Rosseti North-West"
and its subsidiaries**

| Contents | Page |
|---|-------------|
| Report on Review of Interim Financial Information | 3 |
| Appendices | |
| Interim condensed consolidated statement of profit or loss and other comprehensive income | 5 |
| Interim condensed consolidated statement of financial position | 6 |
| Interim condensed consolidated statement of cash flows | 7 |
| Interim condensed consolidated statement of changes in equity | 8 |
| Notes to the interim condensed consolidated financial statements | |
| 1 Background | 9 |
| 2 Basis of preparation of consolidated financial statements | 10 |
| 3 Significant accounting policies | 10 |
| 4 Measurement of fair values | 11 |
| 5 Information about segments | 11 |
| 6 Revenue | 16 |
| 7 Other income | 17 |
| 8 Operating expenses | 17 |
| 9 Finance income and costs | 18 |
| 10 Income tax | 18 |
| 11 Property, plant and equipment | 20 |
| 12 Intangible assets | 21 |
| 13 Right-of-use assets | 22 |
| 14 Other non-current financial assets | 22 |
| 15 Trade and other receivables | 23 |
| 16 Advances issued and other assets | 23 |
| 17 Cash and cash equivalents | 24 |
| 18 Share capital | 24 |
| 19 Earnings per share | 24 |
| 20 Loans and borrowings | 25 |
| 21 Trade and other payables | 26 |
| 22 Taxes, other than income tax | 26 |
| 23 Advances received | 26 |
| 24 Provisions | 26 |
| 25 Financial risk and capital management | 27 |
| 26 Capital commitments | 30 |
| 27 Contingencies | 30 |
| 28 Related party transactions | 31 |

Report on Review of Interim Financial Information

To the shareholders and Board of Directors of
Public Joint Stock Company
"Rosseti North-West"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company "Rosseti North-West" (the "Company") and its subsidiaries, which comprise the interim condensed consolidated statement of financial position as at 30 June 2022, the interim condensed consolidated statement of profit or loss and other comprehensive income for the three and six-month period then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management of Public Joint Stock Company "Rosseti North-West" is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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



НОВЫЕ ВЫЗОВЫ
НОВЫЕ РЕШЕНИЯ

Conclusion

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

A.B. Kalmykova
Partner
TSATR – Audit Services Limited Liability Company

24 August 2022

Details of the auditor

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

Details of the entity

Name: Public Joint Stock Company "Rosseti North-West"
Record made in the State Register of Legal Entities on 23 December 2004, State Registration Number 1047855175785.
Address: Russia 196247, St. Petersburg, Constitution square, 3, lit. A, room 16N.

PJSC Rosseti North-West
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the three and six months ended 30 June 2022 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)

| | Notes | Three months ended 30 June (unaudited) | | Six months ended 30 June (unaudited) | |
|---|-------|--|------------------|--|------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Revenue | 6 | 11,740,690 | 11,313,234 | 25,788,655 | 25,413,883 |
| Operating expenses | 8 | (11,303,541) | (10,912,228) | (23,959,835) | (23,525,299) |
| Expected credit losses | | 1,151 | (72,237) | 330 | (47,841) |
| Other income | 7 | 267,783 | 123,848 | 495,335 | 246,392 |
| Other expenses | | (4,408) | (46,016) | (6,217) | (40,023) |
| Results from operating activities | | 701,675 | 406,601 | 2,318,268 | 2,047,112 |
| Finance income | 9 | 73,508 | 12,159 | 127,751 | 49,526 |
| Finance costs | 9 | (786,971) | (236,471) | (1,288,510) | (494,641) |
| Total finance costs | | (713,463) | (224,312) | (1,160,759) | (445,115) |
| Profit/(loss) before tax | | (11,788) | 182,289 | 1,157,509 | 1,601,997 |
| Income tax expense | 10 | (26,273) | (78,651) | (288,696) | (352,803) |
| Profit/(loss) for the period | | (38,061) | 103,638 | 868,813 | 1,249,194 |
| Other comprehensive income | | | | | |
| <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 | | 1,718 | 893 | (1,137) | 1,346 |
| Remeasurement of the defined benefit liability | | (117,998) | 4,529 | (55,237) | 55,003 |
| Income tax | 10 | 23,255 | (1,084) | 11,274 | (11,270) |
| Other comprehensive income/(loss) for the period, net of income tax | | (93,025) | 4,338 | (45,100) | 45,079 |
| Total comprehensive income/(loss) for the period | | (131,086) | 107,976 | 823,713 | 1,294,273 |
| Profit/(loss) attributable to: | | | | | |
| Owners of the Company | | (38,345) | 103,642 | 868,543 | 1,249,204 |
| Non-controlling interest | | 284 | (4) | 270 | (10) |
| Total comprehensive income/(loss) attributable to: | | | | | |
| Owners of the Company | | (131,370) | 107,980 | 823,443 | 1,294,283 |
| Non-controlling interest | | 284 | (4) | 270 | (10) |
| Earnings/(loss) per share | | | | | |
| Basic earnings/(loss) per ordinary share (in RUB) | 19 | (0.0004) | 0.0011 | 0.0091 | 0.0130 |

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

General Director



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

PJSC Rosseti North-West
Interim Condensed Consolidated Statement of Financial Position
as at 30 June 2022 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)

| | Notes | 30 June 2022 (unaudited) | 31 December 2021 (audited) |
|---|--------------|-------------------------------------|---------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 40,922,130 | 38,224,015 |
| Intangible assets | 12 | 482,895 | 496,093 |
| Right-of-use assets | 13 | 989,041 | 995,764 |
| Trade and other receivables | 15 | 81,967 | 81,750 |
| Assets related to employee benefits plans | | 280,363 | 278,977 |
| Other non-current financial assets | 14 | 362,804 | 498,319 |
| Deferred tax assets | | 1,523 | 2,688 |
| Advances issued and other non-current assets | 16 | 145,735 | 57,141 |
| Total non-current assets | | 43,266,458 | 40,634,747 |
| Current assets | | | |
| Inventories | | 1,721,654 | 1,136,354 |
| Income tax prepayments | | 315,860 | 98,282 |
| Trade and other receivables | 15 | 5,061,936 | 5,839,195 |
| Cash and cash equivalents | 17 | 2,329,793 | 866,952 |
| Advances issued and other current assets | 16 | 1,496,305 | 1,286,540 |
| Total current assets | | 10,925,548 | 9,227,323 |
| Total assets | | 54,192,006 | 49,862,070 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 18 | 9,578,592 | 9,578,592 |
| Reserve related to business combination | 18 | 10,457,284 | 10,457,284 |
| Other reserves | | (97,222) | (52,122) |
| Accumulated loss | | (1,408,049) | (2,276,592) |
| Total equity attributable to owners of the Company | | 18,530,605 | 17,707,162 |
| Non-controlling interest | | 475 | 205 |
| Total equity | | 18,531,080 | 17,707,367 |
| Non-current liabilities | | | |
| Loans and borrowings | 20 | 6,502,218 | 12,975,606 |
| Trade and other payables | 21 | 1,648,303 | 1,652,707 |
| Advances received | 23 | 925,905 | 368,928 |
| Employee benefit liabilities | | 949,505 | 851,324 |
| Deferred tax liabilities | | 296,873 | 144,308 |
| Total non-current liabilities | | 10,322,804 | 15,992,873 |
| Current liabilities | | | |
| Loans and borrowings and short-term portion of long-term loans and borrowings | 20 | 10,776,469 | 2,831,627 |
| Trade and other payables | 21 | 8,218,837 | 7,296,618 |
| Taxes, other than income tax | 22 | 1,928,235 | 1,421,682 |
| Advances received | 23 | 2,928,194 | 2,806,900 |
| Provisions | | 1,478,517 | 1,792,157 |
| Current income tax liabilities | | 7,870 | 12,846 |
| Total current liabilities | | 25,338,122 | 16,161,830 |
| Total liabilities | | 35,660,926 | 32,154,703 |
| Total equity and liabilities | | 54,192,006 | 49,862,070 |

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

PJSC Rosseti North-West
Interim Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2022 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)

| | Notes | Six months ended 30 June 2022 (unaudited) | Six months ended 30 June 2021 (unaudited) |
|--|-------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the period | | 868,813 | 1,249,194 |
| <i>Adjustments for:</i> | | | |
| Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets | 8 | 2,404,500 | 2,310,016 |
| Finance costs | 9 | 1,288,510 | 494,641 |
| Finance income | 9 | (127,751) | (49,526) |
| Loss on disposal of property, plant and equipment | | (21,833) | 4,273 |
| Expected credit loss | | (330) | 47,841 |
| Accounts receivable write-off | | 1,298 | 1,282 |
| Accounts payable write-off | | (27,365) | (14,308) |
| Change in provisions | | (260,026) | (47,900) |
| Other non-cash transactions | | (13,966) | 29,981 |
| Income tax expense | 10 | 288,696 | 352,803 |
| Total effect of adjustments | | 3,531,733 | 3,129,103 |
| Change in financial assets related to employee benefits plans | | 7,122 | 17,665 |
| Change in employee benefit liabilities | | 8,459 | (37,455) |
| Change in long-term trade and other receivables | | (217) | 3,105 |
| Change in long-term advances issued and other non-current assets | | (88,594) | 6,037 |
| Change in long-term trade and other payables | | (18,320) | 11,318 |
| Change in long-term advances received | | 556,977 | (26,727) |
| Cash flows from operating activities before changes in working capital and provisions | | 4,865,973 | 4,352,240 |
| <i>Changes in working capital</i> | | | |
| Change in trade and other receivables | | 795,242 | 374,481 |
| Change in advances issued and other assets | | (343,463) | (138,618) |
| Change in inventories | | (573,455) | (372,959) |
| Change in trade and other payables | | (429,103) | (474,883) |
| Change in advances received | | 121,294 | 131,964 |
| Use of provision | | (58,750) | (99,295) |
| Cash flows from operating activities before income tax and interest paid | | 4,377,738 | 3,772,930 |
| Income tax paid | | (346,225) | (615,471) |
| Interest paid under lease agreements | | (39,802) | (30,300) |
| Interest paid | | (1,092,500) | (417,796) |
| Net cash from operating activities | | 2,899,211 | 2,709,363 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment and intangible assets | | (2,660,171) | (1,683,563) |
| Proceeds from the sale of property, plant and equipment and intangible assets | | 29,725 | 9,826 |
| Interest received | | 114,849 | 21,277 |
| Dividends received | | 168 | – |
| Net cash used in investing activities | | (2,515,429) | (1,652,460) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from loans and borrowings | 20 | 10,478,695 | 9,437,202 |
| Repayment of loans and borrowings | 20 | (9,280,036) | (10,687,573) |
| Dividends paid | | (98) | (73) |
| Repayment of finance lease liabilities | | (119,502) | (113,667) |
| Net cash (used in) / from financing activities | | 1,079,059 | (1,364,111) |
| Net (decrease)/increase in cash and cash equivalents | | 1,462,841 | (307,208) |
| Cash and cash equivalents at the year beginning | | 866,952 | 842,490 |
| Cash and cash equivalents at the year end | 17 | 2,329,793 | 535,282 |

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

*Interim Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2022 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)*

| | Equity attributable to owners of the Company | | | | | | |
|--|--|---|----------------|--|------------|--------------------------|--------------|
| | Share capital | Reserve related to business combination | Other reserves | Retained earnings / (accumulated loss) | Total | Non-controlling interest | Total equity |
| Balance at 1 January 2021 | 9,578,592 | 10,457,284 | (58,146) | (1,393,803) | 18,583,927 | 217 | 18,584,144 |
| Profit/(loss) for the period | – | – | – | 1,249,204 | 1,249,204 | (10) | 1,249,194 |
| Other comprehensive income | – | – | 56,349 | – | 56,349 | – | 56,349 |
| Income tax related to other comprehensive income | – | – | (11,270) | – | (11,270) | – | (11,270) |
| Total comprehensive income/(loss) for the period | – | – | 45,079 | 1,249,204 | 1,294,283 | (10) | 1,294,273 |
| Balance at 30 June 2021 (unaudited) | 9,578,592 | 10,457,284 | (13,067) | (144,599) | 19,878,210 | 207 | 19,878,417 |
| Balance at 1 January 2022 | 9,578,592 | 10,457,284 | (52,122) | (2,276,592) | 17,707,162 | 205 | 17,707,367 |
| Profit for the period | – | – | – | 868,543 | 868,543 | 270 | 868,813 |
| Other comprehensive loss | – | – | (56,374) | – | (56,374) | – | (56,374) |
| Income tax related to other comprehensive loss | – | – | 11,274 | – | 11,274 | – | 11,274 |
| Total comprehensive income/(loss) for the period | – | – | (45,100) | 868,543 | 823,443 | 270 | 823,713 |
| Balance at 30 June 2022 (unaudited) | 9,578,592 | 10,457,284 | (97,222) | (1,408,049) | 18,530,605 | 475 | 18,531,080 |

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 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 (hereinafter – the “main shareholder of the parent 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 30 June 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. The Group’s counterparties (consumers of services, suppliers and contractors, etc.) include a significant number of companies associated with the main shareholder of the parent company.

(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.

Economic reforms and the development of legal, tax and administrative infrastructure that would meet the requirements of a market economy are continuing in Russia.

In 2020, the World Health Organization declared the COVID-19 epidemic a global pandemic. The Russian authorities have taken a number of measures aimed at curbing the spread and mitigating the consequences of the epidemic. Some measures were canceled or relaxed in 2022. The consequences of the epidemic have significantly limited economic activity in Russia and have already had and may still have a negative impact on the Russian and global economy for an indefinite period of time.

In February 2022, geopolitical tensions escalated. 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, individuals and certain sectors of the economy, as well as restrictions on certain types of operations. In March 2022, temporary restrictive economic measures were introduced in the Russian Federation. The stability of the Russian economy in the future will largely depend on the effectiveness of the measures taken by the government in the field of economics, financial and monetary policy in order to offset the effects of the above factors.

Management continues to monitor and evaluate the impact of these events on the Group’s operations. 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 and six months ended 30 June 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. 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 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 2021 and as at that date.

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

The Group has applied all the 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:

- 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 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).

Once effective, these amendments are not expected to have a material impact on the Group’s consolidated financial statements.

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 Group considers the date of occurrence of the event or change in circumstances that caused the transfer to be the moment when transfers to certain levels are recognized and for transfers from certain levels.

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 30 June 2022:

| | Electricity transmission | | | | | Energy retail | | Unallocated items | Total |
|-----------------------------------|--------------------------|------------------|------------------|------------------|----------------------|------------------|------------------|-------------------|-------------------|
| | Arkhangelsk branch | Vologda branch | Karelian branch | Murmansk branch | Komi Republic branch | Novgorod branch | Pskov branch | | |
| Revenue from external customers | 1,531,409 | 1,501,866 | 2,020,772 | 1,735,684 | 1,625,516 | 1,068,665 | 162,233 | 4,120 | 11,769,951 |
| Inter-segment revenue | – | – | – | – | – | – | 980,107 | 729,863 | 1,833,856 |
| Segment revenue | 1,531,409 | 1,501,866 | 2,020,772 | 1,735,684 | 1,625,516 | 1,068,665 | 1,142,340 | 733,983 | 13,603,807 |
| Including | | | | | | | | | |
| Electricity transmission | 1,429,433 | 1,477,738 | 1,954,919 | 1,697,558 | 1,600,469 | 1,049,722 | 1,115,820 | – | 10,325,659 |
| Connection services | 8,703 | 8,992 | 15,117 | 685 | 7,421 | 9,538 | 10,727 | – | 61,183 |
| Sales of electricity and capacity | – | – | – | – | – | – | – | – | 2,240,905 |
| Other revenue | 86,150 | 8,827 | 12,006 | 32,436 | 12,080 | 6,646 | 7,081 | 733,841 | 901,734 |
| Rental income | 7,123 | 6,309 | 38,730 | 5,005 | 5,546 | 2,759 | 8,712 | 142 | 74,326 |
| EBITDA | 300,016 | 113,443 | 353,890 | 42,360 | 148,711 | 83,796 | 195,714 | 356,695 | 1,718,026 |

For the three months ended 30 June 2021:

| | Electricity transmission | | | | | Energy retail | | Unallocated items | Total |
|---------------------------------|--------------------------|------------------|------------------|------------------|----------------------|------------------|------------------|-------------------|-------------------|
| | Arkhangelsk branch | Vologda branch | Karelian branch | Murmansk branch | Komi Republic branch | Novgorod branch | Pskov branch | | |
| Revenue from external customers | 1,399,017 | 1,460,814 | 1,890,986 | 1,623,286 | 1,638,715 | 1,047,467 | 177,795 | 6,261 | 11,333,533 |
| Inter-segment revenue | – | – | – | – | – | – | 938,376 | 288,817 | 1,308,559 |
| Segment revenue | 1,399,017 | 1,460,814 | 1,890,986 | 1,623,286 | 1,638,715 | 1,047,467 | 1,116,171 | 295,078 | 12,642,092 |
| Including | | | | | | | | | |
| Electricity transmission | 1,315,748 | 1,441,086 | 1,843,440 | 1,616,294 | 1,610,494 | 1,033,520 | 1,092,866 | – | 9,953,448 |
| Connection services | 5,230 | 4,494 | 6,881 | 412 | 9,172 | 5,279 | 9,975 | – | 41,443 |
| Resale of electricity | – | – | – | – | – | – | – | – | 2,169,820 |
| Other revenue | 71,686 | 8,662 | 1,932 | 2,036 | 14,026 | 5,512 | 5,287 | 294,943 | 404,822 |
| Rental income | 6,353 | 6,572 | 38,733 | 4,544 | 5,023 | 3,156 | 8,043 | 135 | 72,559 |
| EBITDA | 179,879 | 105,200 | 431,301 | (9,429) | 327,574 | 216,818 | 260,044 | (4,776) | 1,576,962 |

PJSC Rosseti North-West

Notes to the Interim Condensed Consolidated Financial Statements
for the three and six months ended 30 June 2022 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)

For the six months ended 30 June 2022:

| | Electricity transmission | | | | | | Energy retail | | | | |
|-----------------------------------|--------------------------|----------------|-----------------|-----------------|----------------------|-----------------|---------------|-------------------|-----------|-------------------|------------|
| | Arkhangelsk branch | Vologda branch | Karelian branch | Murmansk branch | Komi Republic branch | Novgorod branch | Pskov branch | Pskov-energobshch | Other | Unallocated items | Total |
| Revenue from external customers | 3,424,405 | 3,292,044 | 4,347,354 | 3,819,639 | 3,575,275 | 2,336,669 | 335,573 | 4,711,083 | 5,611 | — | 25,847,653 |
| Inter-segment revenue | — | — | — | — | — | — | 2,176,877 | 387,580 | 1,069,484 | — | 3,633,941 |
| Segment revenue | 3,424,405 | 3,292,044 | 4,347,354 | 3,819,639 | 3,575,275 | 2,336,669 | 2,512,450 | 5,098,663 | 1,075,095 | — | 29,481,594 |
| Including | | | | | | | | | | | |
| Electricity transmission | 3,180,760 | 3,242,285 | 4,231,340 | 3,774,256 | 3,530,873 | 2,305,382 | 2,462,735 | — | — | — | 22,727,631 |
| Connection services | 17,141 | 16,307 | 18,827 | 1,514 | 12,912 | 12,384 | 23,655 | — | — | — | 102,740 |
| Sales of electricity and capacity | — | — | — | — | — | — | — | 5,095,884 | — | — | 5,095,884 |
| Other revenue | 213,165 | 20,268 | 19,809 | 34,822 | 21,041 | 12,993 | 9,795 | 2,779 | 1,074,813 | — | 1,409,485 |
| Rental income | 13,339 | 13,184 | 77,378 | 9,047 | 10,449 | 5,910 | 16,265 | — | 282 | — | 145,854 |
| EBITDA | 771,672 | 486,288 | 921,104 | 296,379 | 687,617 | 192,338 | 444,992 | 209,884 | 505,208 | 54,077 | 4,569,559 |

For the six months ended 30 June 2021:

| | Electricity transmission | | | | | Energy retail | | | | | |
|-----------------------------------|--------------------------|----------------|-----------------|-----------------|----------------------|-----------------|--------------|-------------------|---------|-------------------|------------|
| | Arkhangelsk branch | Vologda branch | Karelian branch | Murmansk branch | Komi Republic branch | Novgorod branch | Pskov branch | Pskov-energobshch | Other | Unallocated items | Total |
| Revenue from external customers | 3,327,898 | 3,358,141 | 4,144,000 | 3,728,752 | 3,655,772 | 2,227,626 | 389,903 | 4,620,369 | 13,716 | — | 25,466,177 |
| Inter-segment revenue | — | — | 16 | — | — | — | 2,099,073 | 332,888 | 493,618 | — | 2,925,595 |
| Segment revenue | 3,327,898 | 3,358,141 | 4,144,016 | 3,728,752 | 3,655,772 | 2,227,626 | 2,488,976 | 4,953,257 | 507,334 | — | 28,391,772 |
| Including | | | | | | | | | | | |
| Electricity transmission | 3,093,950 | 3,314,626 | 4,052,117 | 3,713,996 | 3,611,081 | 2,203,616 | 2,424,412 | — | — | — | 22,413,798 |
| Connection services | 8,831 | 9,625 | 8,960 | 1,928 | 12,948 | 7,333 | 36,875 | — | — | — | 86,500 |
| Sales of electricity and capacity | — | — | — | — | — | — | — | 4,952,440 | — | — | 4,952,440 |
| Other revenue | 212,548 | 20,443 | 5,558 | 4,242 | 21,817 | 10,370 | 11,766 | 817 | 507,060 | — | 794,621 |
| Rental income | 12,569 | 13,447 | 77,381 | 8,586 | 9,926 | 6,307 | 15,923 | — | 274 | — | 144,413 |
| EBITDA | 688,570 | 567,174 | 932,717 | 297,336 | 811,464 | 264,135 | 517,390 | 170,271 | 3,848 | 3,792 | 4,256,697 |

30 June 2022:

| | Electricity transmission | | | | | Energy retail | | | | |
|----------------|--------------------------|----------------|-----------------|-----------------|----------------------|-----------------|--------------|-----------|-------------------|------------|
| | Arkhangelsk branch | Vologda branch | Karelian branch | Murmansk branch | Komi Republic branch | Novgorod branch | Pskov branch | Other | Unallocated items | Total |
| Segment assets | 5,990,908 | 8,133,078 | 5,525,143 | 6,274,344 | 9,679,454 | 6,082,180 | 5,892,861 | 1,633,233 | 6,461,088 | 61,844,992 |

Including property, plant and equipment and construction in progress

4,288,264 7,169,900 4,698,492 4,799,098 8,546,130 5,536,117 5,110,851 290,305 4,600,164 334,447 45,373,768

31 December 2021:

| | Electricity transmission | | | | | Energy retail | | | Total | | |
|----------------|--------------------------|----------------|-----------------|-----------------|----------------------|-----------------|--------------|-----------|-----------|-----------|------------|
| | Arkhangelsk branch | Vologda branch | Karelian branch | Murmansk branch | Komi Republic branch | Novgorod branch | Pskov branch | Other | | | |
| Segment assets | 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 |

Including property, plant and equipment and construction in progress

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

(b) Reconciliation of reportable segment EBITDA

Reconciliation of reportable segment EBITDA is presented below:

| | Three months ended 30 June | | Six months ended 30 June | |
|---|----------------------------|------------------|--------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| EBITDA of reportable segments | 1,718,026 | 1,576,962 | 4,569,559 | 4,256,697 |
| Discounting of financial instruments | (7,858) | (12,422) | (10,247) | (35,912) |
| Adjustment for expected credit loss | 159,541 | (25,445) | 170,131 | 7,061 |
| Adjustment for lease | – | 78,197 | – | 154,218 |
| Recognition of pension and other long-term employee benefit obligation | (52,439) | (5,900) | (42,944) | 12,512 |
| Adjustment for assets related to employee benefits | (4,648) | (143) | 1,386 | (5,152) |
| Remeasurement of financial assets measured at fair value through other comprehensive income (transfer of remeasurement to equity) | (1,718) | (892) | 1,137 | (1,347) |
| Adjustment for value of property, plant and equipment | 130,397 | 2,330 | (3,917) | 5,619 |
| Revenue for which the recognition criteria for IFRS 15 have not been met | (19,971) | (20,299) | (44,390) | (52,294) |
| Other adjustments | 13,253 | (52,548) | 26,468 | 1,018 |
| EBITDA | 1,934,583 | 1,539,840 | 4,667,183 | 4,342,420 |
| Depreciation and amortization | (1,244,085) | (1,146,960) | (2,404,500) | (2,310,016) |
| Interest expenses on financial liabilities at amortized cost | (685,026) | (197,180) | (1,065,687) | (399,472) |
| Interest expenses on lease liabilities | (17,260) | (13,411) | (39,487) | (30,935) |
| Income tax expense | (26,273) | (78,651) | (288,696) | (352,803) |
| Profit (loss) for the period per interim condensed consolidated statement of profit or loss and other comprehensive income | (38,061) | 103,638 | 868,813 | 1,249,194 |

6 Revenue

| | Three months ended 30 June | | Six months ended 30 June | |
|--|----------------------------|-------------------|--------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Electricity transmission | 9,327,558 | 8,996,416 | 20,510,230 | 20,265,426 |
| Sales of electricity and capacity | 2,117,019 | 2,088,454 | 4,708,304 | 4,619,552 |
| Connection services | 61,183 | 41,442 | 102,740 | 86,483 |
| Other revenue | 163,086 | 115,628 | 324,033 | 300,540 |
| Total revenue from contracts with customers | 11,668,846 | 11,241,940 | 25,645,307 | 25,272,001 |
| Rental income | 71,844 | 71,294 | 143,348 | 141,882 |
| | 11,740,690 | 11,313,234 | 25,788,655 | 25,413,883 |

Other revenues are mainly comprised of revenue from services for maintenance of electricity network equipment.

7 Other income

| | Three months ended 30 June | | Six months ended 30 June | |
|---|-----------------------------------|----------------|---------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Income from identified non-contracted electricity consumption | 6,305 | 6,795 | 13,347 | 22,361 |
| Income in the form of fines and penalties on commercial contracts | 101,334 | 75,919 | 262,329 | 161,124 |
| Income from disposal (sale) of fixed assets | 19,052 | — | 21,833 | — |
| Insurance reimbursement, net | 9,053 | 17,191 | 16,863 | 30,519 |
| Accounts payable write-off | 26,562 | 13,569 | 27,365 | 14,308 |
| Gain from property, plant and equipment and inventories received free of charge | 83,870 | — | 89,188 | — |
| Other income | 21,607 | 10,374 | 64,410 | 18,080 |
| | 267,783 | 123,848 | 495,335 | 246,392 |

8 Operating expenses

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-----------------------------------|-------------------|---------------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Personnel costs | 3,398,931 | 3,258,661 | 6,949,452 | 6,658,491 |
| Depreciation and amortization | 1,244,085 | 1,146,960 | 2,404,500 | 2,310,016 |
| <i>Material expenses, including:</i> | | | | |
| Electricity for compensation of losses | 815,246 | 762,445 | 2,276,166 | 2,492,614 |
| Electricity for sale | 1,083,184 | 1,087,260 | 2,510,007 | 2,532,445 |
| Purchased electricity and heat power for own needs | 63,810 | 47,461 | 187,821 | 186,139 |
| Other material costs | 626,623 | 550,771 | 1,142,561 | 1,047,262 |
| <i>Production work and services, including:</i> | | | | |
| Electricity transmission services | 3,369,228 | 3,217,895 | 6,963,914 | 6,900,861 |
| Repair and maintenance services | 150,280 | 187,900 | 250,854 | 242,831 |
| Other production works and services | 95,744 | 76,246 | 140,146 | 124,447 |
| Taxes and charges other than income tax | 84,560 | 100,444 | 174,760 | 202,424 |
| Short-term rent | 3,419 | 18,893 | 12,360 | 34,848 |
| Insurance | 16,329 | 16,275 | 32,180 | 32,519 |
| <i>Other third-party services, including:</i> | | | | |
| Communication services | 48,019 | 37,065 | 81,945 | 68,269 |
| Security services | 78,088 | 78,133 | 157,262 | 156,268 |
| Consulting, legal and audit services | 55,139 | 56,630 | 63,480 | 64,597 |
| Software costs and servicing | 17,625 | 8,780 | 29,703 | 20,803 |
| Transportation services | 32,854 | 34,310 | 60,648 | 66,253 |
| Other services | 187,880 | 182,324 | 379,712 | 309,712 |
| Provisions | (256,604) | (55,096) | (260,026) | (52,446) |
| Other expenses | 189,101 | 98,871 | 402,390 | 126,946 |
| | 11,303,541 | 10,912,228 | 23,959,835 | 23,525,299 |

9 Finance income and costs

| | Three months ended 30 June | | Six months ended 30 June | |
|--|-----------------------------------|----------------|---------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Finance income | | | | |
| Interest income on loans, bank deposits, promissory notes and balances in bank accounts | 71,449 | 9,722 | 114,849 | 21,277 |
| Change in the fair value of financial assets measured at fair value through profit or loss | – | – | – | 11,140 |
| Dividends receivable | 168 | 1,217 | 168 | 1,217 |
| Interest income on assets related to employee benefits | – | – | 8,508 | 12,512 |
| Effect from initial discounting of financial liabilities | 982 | – | 2,414 | 882 |
| Amortization of discount on financial assets | 909 | 1,220 | 1,812 | 2,498 |
| | 73,508 | 12,159 | 127,751 | 49,526 |
| | | | | |
| | Three months ended 30 June | | Six months ended 30 June | |
| | 2022 | 2021 | 2022 | 2021 |
| Finance costs | | | | |
| Interest expenses on financial liabilities measured at amortized cost | 608,706 | 197,180 | 1,065,687 | 399,472 |
| Interest expenses on lease liabilities | 17,260 | 13,411 | 39,487 | 30,935 |
| Impairment loss on financial assets measured at fair value | 134,379 | – | 134,379 | – |
| Interest expenses on long-term employee benefit obligation | 16,877 | 12,239 | 34,484 | 24,942 |
| Effect from initial discounting of financial assets | 12 | 22 | 39 | 26 |
| Amortization of discount of financial liabilities | 9,737 | 13,619 | 14,434 | 39,266 |
| | 786,971 | 236,471 | 1,288,510 | 494,641 |

10 Income tax

| | Three months ended 30 June | | Six months ended 30 June | |
|---------------------------------|-----------------------------------|---------------|---------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Current income tax | | | | |
| Current tax | (61,167) | 25,860 | 153,646 | 326,601 |
| Adjustment for previous periods | (29,955) | (1,786) | (29,955) | (1,786) |
| Total | (91,122) | 24,074 | 123,691 | 324,815 |
| Deferred income tax | 117,395 | 54,577 | 165,005 | 27,988 |
| Total income tax expense | 26,273 | 78,651 | 288,696 | 352,803 |

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:

| | Three months ended 30 June | | Six months ended 30 June | |
|--|----------------------------|----------------|--------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Profit/(loss) before tax | (11,788) | 182,289 | 1,157,509 | 1,601,997 |
| The theoretical amount of income tax expense (benefit) at the rate of 20% | (2,358) | 36,458 | 231,502 | 320,399 |
| Tax effect of not taxable or non-deductible for tax purposes items | 28,631 | 43,979 | 57,194 | 34,190 |
| Adjustment for previous years | – | (1,786) | – | (1,786) |
| | 26,273 | 78,651 | 288,696 | 352,803 |

Income tax recognized in other comprehensive income:

| | Three months ended 30 June 2022 | | | Six months ended 30 June 2022 | | |
|--|---------------------------------|---------------|-----------------|-------------------------------|---------------|-----------------|
| | Before tax | Income tax | Net of tax | Before tax | Income tax | Net of tax |
| Financial assets measured at fair value through other comprehensive income | 1,718 | (344) | 1,374 | (1,137) | 227 | (910) |
| Remeasurements of the defined benefit liability | (117,998) | 23,599 | (94,399) | (55,237) | 11,047 | (44,190) |
| | (116,280) | 23,255 | (93,025) | (56,374) | 11,274 | (45,100) |

| | Three months ended 30 June 2021 | | | Six months ended 30 June 2021 | | |
|--|---------------------------------|----------------|--------------|-------------------------------|-----------------|---------------|
| | Before tax | Income tax | Net of tax | Before tax | Income tax | Net of tax |
| Financial assets measured at fair value through other comprehensive income | 893 | (178) | 715 | 1,346 | (269) | 1,077 |
| Remeasurements of the defined benefit liability | 4,529 | (906) | 3,623 | 55,003 | (11,001) | 44,002 |
| | 5,422 | (1,084) | 4,338 | 56,349 | (11,270) | 45,079 |

11 Property, plant and equipment

| | Land and buildings | Electricity transmission networks | Equipment for electricity transmission | Other PPE | Construction in progress | Total |
|---|-----------------------|---|--|-------------|-----------------------------|--------------|
| Cost / deemed cost | | | | | | |
| At 1 January 2021 | 8,999,396 | 41,786,048 | 22,926,226 | 11,900,891 | 3,090,363 | 88,702,924 |
| Reclassification between groups | (1,833,208) | 1,650,248 | 339,869 | (156,909) | — | — |
| Additions | — | — | — | — | 1,425,663 | 1,425,663 |
| Transfer | 2,599 | 550,065 | 142,918 | 176,928 | (872,510) | — |
| Disposals | (16,336) | (1,287) | (79,069) | (19,300) | (12,686) | (128,678) |
| At 30 June 2021 | 7,152,451 | 43,985,074 | 23,329,944 | 11,901,610 | 3,630,830 | 89,999,909 |
| Accumulated depreciation and impairment | | | | | | |
| At 1 January 2021 | (4,365,674) | (25,472,825) | (12,089,944) | (7,995,265) | (92,219) | (50,015,927) |
| Reclassification between groups | 1,103,315 | (845,869) | (303,637) | 46,191 | — | — |
| Entry into fixed assets (transfer of impairment losses) | — | (1,669) | (409) | (2,527) | 4,605 | — |
| Depreciation charge | (163,938) | (903,466) | (579,271) | (467,468) | — | (2,114,143) |
| Disposals | 12,574 | 1,083 | 37,632 | 18,280 | 140 | 69,709 |
| At 30 June 2021 | (3,413,723) | (27,222,746) | (12,935,629) | (8,400,789) | (87,474) | (52,060,361) |
| Net book value | | | | | | |
| At 1 January 2021 | 4,633,722 | 16,313,223 | 10,836,282 | 3,905,626 | 2,998,144 | 38,686,997 |
| At 30 June 2021 | 3,738,728 | 16,762,328 | 10,394,315 | 3,500,821 | 3,543,356 | 37,939,548 |
| Cost / deemed cost | | | | | | |
| At 1 January 2022 | 7,186,493 | 45,446,806 | 25,748,703 | 12,794,031 | 3,925,181 | 95,101,214 |
| Reclassification between groups | 176 | — | (176) | — | — | — |
| Additions | — | — | — | — | 4,937,156 | 4,937,156 |
| Transfer | 10,527 | 568,098 | 3,144,195 | 377,021 | (4,099,841) | — |
| Disposals | (28,696) | (1,271) | (821) | (56,484) | (15,816) | (103,088) |
| At 30 June 2022 | 7,168,500 | 46,013,633 | 28,891,901 | 13,114,568 | 4,746,680 | 99,935,282 |
| Accumulated depreciation and impairment | | | | | | |
| At 1 January 2022 | (3,867,541) | (29,376,478) | (14,390,853) | (8,826,349) | (415,978) | (56,877,199) |
| Reclassification between groups | (176) | — | 176 | — | — | — |
| Entry into fixed assets (transfer of impairment losses) | — | (27,963) | (5,077) | (9,482) | 42,522 | — |
| Depreciation charge | (126,225) | (854,464) | (755,715) | (477,613) | — | (2,214,017) |
| Disposals | 23,064 | 1,109 | 712 | 53,141 | 38 | 78,064 |
| At 30 June 2022 | (3,970,878) | (30,257,796) | (15,150,757) | (9,260,303) | (373,418) | (59,013,152) |
| Net book value | | | | | | |
| At 1 January 2022 | 3,318,952 | 16,070,328 | 11,357,850 | 3,967,682 | 3,509,203 | 38,224,015 |
| At 30 June 2022 | 3,197,622 | 15,755,837 | 13,741,144 | 3,854,265 | 4,373,262 | 40,922,130 |

As at 30 June 2022, construction in progress includes advance payments for property, plant and equipment of RUB 365,358 thousand (31 December 2021: RUB 23,654 thousand) and materials for the fixed assets construction of RUB 678,491 thousand (30 December 2021: RUB 868,331 thousand).

Capitalized interest for the six months ended 30 June 2022 amounted to RUB 75,623 thousand (for the six months ended 30 June 2021: RUB 21,985 thousand), with capitalization rate used to calculate borrowing costs to be capitalized during the period of 6.48-15.24% (for the six months ended 30 June 2021: 5.04-6.36%).

As at 30 June 2022, the initial cost of fully amortised property, plant and equipment was RUB 18,176,181 thousand (as at 31 December 2021: RUB 17,244,083 thousand).

As at 30 June 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> | | | | |
| At 1 January 2021 | 496,248 | 5,881 | 162,442 | 664,571 |
| Reclassification between groups | 19,819 | 172 | (19,991) | — |
| Additions | — | — | 86,044 | 86,044 |
| Disposals | (21,175) | (1,368) | — | (22,543) |
| At 30 June 2021 | 494,892 | 4,685 | 228,495 | 728,072 |
| <i>Accumulated amortization</i> | | | | |
| At 1 January 2021 | (253,060) | (2,583) | (8,709) | (264,352) |
| Amortization charge | (76,773) | (1,379) | (2,003) | (80,155) |
| Disposals | 21,174 | 1,369 | — | 22,543 |
| At 30 June 2021 | (308,659) | (2,593) | (10,712) | (321,964) |
| <i>Net book value</i> | | | | |
| At 1 January 2021 | 243,188 | 3,298 | 153,733 | 400,219 |
| At 30 June 2021 | 186,233 | 2,092 | 217,783 | 406,108 |
| <i>Initial cost</i> | | | | |
| At 1 January 2022 | 525,279 | 4,897 | 274,367 | 804,543 |
| Reclassification between groups | 118,320 | 478 | (118,798) | — |
| Additions | — | — | 60,671 | 60,671 |
| Disposals | (27,945) | (945) | — | (28,890) |
| At 30 June 2022 | 615,654 | 4,430 | 216,240 | 836,324 |
| <i>Accumulated amortization</i> | | | | |
| At 1 January 2022 | (294,129) | (1,601) | (12,720) | (308,450) |
| Amortization charge | (69,372) | (1,288) | (2,913) | (73,573) |
| Disposals | 27,946 | 648 | — | 28,594 |
| At 30 June 2022 | (335,555) | (2,241) | (15,633) | (353,429) |
| <i>Net book value</i> | | | | |
| At 1 January 2022 | 231,150 | 3,296 | 261,647 | 496,093 |
| At 30 June 2022 | 280,099 | 2,189 | 200,607 | 482,895 |

13 Right-of-use assets

| | Land and buildings | Electricity transmission networks | Equipment for electricity transmission | Other | Total |
|-------------------------------------|-----------------------|---|--|----------|-----------|
| Initial cost | | | | | |
| At 1 January 2021 | 616,368 | 551,498 | 15,156 | 130,958 | 1,313,980 |
| Additions | 405,331 | 879 | 184 | 1,206 | 407,600 |
| Modification of lease terms | (33,324) | (292) | (203) | 349 | (33,470) |
| Disposal or termination of lease | (228,577) | (1,580) | (979) | – | (231,136) |
| At 30 June 2021 | 759,798 | 550,505 | 14,158 | 132,513 | 1,456,974 |
| Accumulated amortization | | | | | |
| At 1 January 2021 | (215,222) | (128,919) | (3,465) | (40,881) | (388,487) |
| Amortization charge | (48,183) | (52,803) | (1,373) | (13,457) | (115,816) |
| Modification of lease terms | 3,149 | 167 | 134 | – | 3,450 |
| Disposal or termination of lease | 182,451 | 284 | 305 | – | 183,040 |
| At 30 June 2021 | (77,805) | (181,271) | (4,399) | (54,338) | (317,813) |
| Net book value | | | | | |
| At 1 January 2021 | 401,146 | 422,579 | 11,691 | 90,077 | 925,493 |
| At 30 June 2021 | 681,993 | 369,234 | 9,759 | 78,175 | 1,139,161 |
| Initial cost | | | | | |
| At 1 January 2022 | 743,788 | 548,855 | 14,574 | 132,537 | 1,439,754 |
| Additions | 64,634 | 31,630 | 68,592 | – | 164,856 |
| Modification of lease terms | (7,688) | (18) | (7,365) | (8) | (15,079) |
| Disposal or termination of lease | (13,852) | (6,927) | (2,861) | (401) | (24,041) |
| At 30 June 2022 | 786,882 | 573,540 | 72,940 | 132,128 | 1,565,490 |
| Accumulated amortization | | | | | |
| At 1 January 2022 | (136,168) | (233,673) | (5,988) | (68,161) | (443,990) |
| Amortization charge | (57,216) | (57,495) | (14,374) | (13,158) | (142,243) |
| Disposal or termination of lease | 4,107 | 4,054 | 1,314 | 309 | 9,784 |
| At 30 June 2022 | (189,277) | (287,114) | (19,048) | (81,010) | (576,449) |
| Net book value | | | | | |
| At 1 January 2022 | 607,620 | 315,182 | 8,586 | 64,376 | 995,764 |
| At 30 June 2022 | 597,605 | 286,426 | 53,892 | 51,118 | 989,041 |

14 Other non-current financial assets

| | 30 June 2022 | 31 December 2021 |
|--|----------------|------------------|
| Non-current | | |
| Financial assets measured at fair value through other comprehensive income | | |
| - investments in quoted equity instruments | 10,135 | 11,271 |
| - investments in unquoted equity instruments | 1,057 | 1,057 |
| Financial assets at fair value through profit or loss | 351,612 | 485,991 |
| | 362,804 | 498,319 |

As at 30 June 2022, investments in quoted equity instruments include shares of Russian companies measured at fair value calculated on the basis of published market quotations amounted to RUB 10,135 thousand (as at 31 December 2021: RUB 11,271 thousand).

As at 30 June 2022 and 31 December 2021 financial assets measured at fair value through profit or loss represent a subordinated deposit to Bank Tavrichesky (PJSC) for a period of 20 years with quarterly payment of interest accrued at a rate of 0.51% per annum of the deposit amount. Nominal amount of the Group's deposit to Bank Tavrichesky (PJSC) is RUB 2,080,000 thousand.

The fair value of this financial instrument as of 30 June 2022 is determined by discounting cash flows at a rate of 16.6%, reflecting the presence of industry, market, financial and other risks, including the risk of the probability of non-repayment of financial investments, as of the reporting date (as of 31 December 2021 – 12.89%).

Currently, the Bank Tavrichesky (PJSC) carries out its activities as usual, providing a full range of services to its customers, including timely settlements and payments.

15 Trade and other receivables

| | <u>30 June 2022</u> | <u>31 December 2021</u> |
|---|-------------------------|-------------------------|
| Non-current trade and other accounts receivable | | |
| Trade receivables | 506 | 659 |
| Other receivables | 81,461 | 81,091 |
| | <u>81,967</u> | <u>81,750</u> |
| Current trade and other accounts receivable | | |
| Trade receivables | 9,098,388 | 10,152,243 |
| Allowance for expected credit loss on trade receivables | (4,496,734) | (4,672,693) |
| Other receivables | 1,228,022 | 1,225,691 |
| Allowance for expected credit loss on other receivables | (767,740) | (866,046) |
| | <u>5,061,936</u> | <u>5,839,195</u> |

16 Advances issued and other assets

| | <u>30 June 2022</u> | <u>31 December 2021</u> |
|--|-------------------------|-------------------------|
| Non-current | | |
| Advances given | 1,823 | 2,682 |
| VAT on advances received | 143,912 | 54,459 |
| | <u>145,735</u> | <u>57,141</u> |
| Current | | |
| Advances given | 140,734 | 471,087 |
| Advances given impairment provision | (17,511) | (17,511) |
| VAT recoverable | 809,908 | 348,931 |
| VAT on advances from customers VAT on advances given for acquisition of fixed assets | 555,446 | 471,142 |
| Prepaid taxes, other than income tax | 7,728 | 12,891 |
| | <u>1,496,305</u> | <u>1,286,540</u> |

17 Cash and cash equivalents

| | <u>30 June 2022</u> | <u>31 December 2021</u> |
|--------------------------|-------------------------|-------------------------|
| Cash at bank and in hand | 2,224,793 | 665,080 |
| Cash equivalents | 105,000 | 201,872 |
| | <u>2,329,793</u> | <u>866,952</u> |

As at 30 June 2022 and 31 December 2021, all cash and cash equivalents balances are denominated in roubles.

Cash equivalents as of 30 June 2022 and 31 December 2021 include short-term investments in bank deposits. Deposits are placed at interest rates from 6.21% to 17.77% per annum.

18 Share capital

| | Ordinary shares | |
|--|------------------------|-------------------------|
| | 30 June 2022 | 31 December 2021 |
| 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 | 95,785,923,138 | 95,785,923,138 |

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.

19 Earnings per share

The calculation of earnings per share for the three and six months ended 30 June 2022 and 30 June 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.

| | Three months ended 30 June | | Six months ended 30 June | |
|---|-----------------------------------|-----------------------|---------------------------------|-----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Ordinary shares at 1 January | 95,785,923,138 | 95,785,923,138 | 95,785,923,138 | 95,785,923,138 |
| Weighted average number of shares for the period ended 30 June | 95,785,923,138 | 95,785,923,138 | 95,785,923,138 | 95,785,923,138 |

| | Three months ended 30 June | | Six months ended 30 June | |
|---|-----------------------------------|----------------|---------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Weighted average number of ordinary shares outstanding, for the period ended 30 June (shares) | 95,785,923,138 | 95,785,923,138 | 95,785,923,138 | 95,785,923,138 |
| Earnings/(loss) for the period attributable to holders of ordinary shares | (38,345) | 103,642 | 868,543 | 1,249,204 |
| Basic earnings/(loss) per ordinary share (in RUB) | (0.0004) | 0.0011 | 0.0091 | 0.0130 |

20 Loans and borrowings

| | 30 June 2022 | 31 December 2021 |
|--|---------------------|-------------------------|
| Non-current liabilities | | |
| Unsecured loans and borrowings | 16,062,573 | 12,162,573 |
| Lease liabilities | 1,136,268 | 1,099,480 |
| Less: current portion of long-term lease liabilities | (364,050) | (286,447) |
| Less current portion of long-term loans and borrowings | (10,332,573) | — |
| | 6,502,218 | 12,975,606 |

PJSC Rosseti North-West

*Notes to the Interim Condensed Consolidated Financial Statements
for the three and six months ended 30 June 2022 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)*

| | 30 June 2022 | 31 December 2021 |
|---|---------------------|-------------------------|
| Current liabilities | | |
| Unsecured loans and borrowings | 79,846 | 2,545,180 |
| Current portion of long-term lease liabilities | 364,050 | 286,447 |
| Current portion of long-term loans and borrowings | 10,332,573 | — |
| | 10,776,469 | 2,831,627 |
| Including: | | |
| Interests payable on loans and borrowings | 46,218 | 27,048 |

As at 30 June 2022 and 31 December 2021 all balances of loans and borrowings are denominated in rubles.

The Group raised the following bank loans during the six months ended 30 June 2022:

| | Year of maturity | Effective interest rate | Carrying value |
|---------------------------------------|-------------------------|---|-----------------------|
| Unsecured loans and borrowings | | | |
| Unsecured bank loans | 2022-2024 | 9.73-20.23% | 4,700,000 |
| Unsecured bank loans | 2022-2024 | Key rate of the Central Bank of the Russian Federation + 1.28% – Key rate of the Central Bank of the Russian Federation + 1.5% | 2,661,000 |
| Unsecured bank loans | 2022 | 10.1-23% | 268,531 |
| Unsecured bank loans | 2023 | Key rate of the Central Bank of the Russian Federation + 1.75% | 3,350 |
| Unsecured bank loans | 2023-2024 | 10.69-11.3% | 1,000,000 |
| Unsecured bank loans | 2022 | 9.5-19% | 1,325,666 |
| Unsecured bank loans | 2022-2023 | Key rate of the Central Bank of the Russian Federation + 1.28% – Key rate of the Central Bank of the Russian Federation + 2.14% | 444,605 |
| Unsecured bank loans | 2022 | 0.51% | 63,250 |
| | | | 10,466,402 |

The Group repaid the following significant bank facilities during the six months ended 30 June 2022:

| | Amount |
|----------------------|---------------|
| Loans and borrowings | 9,050,906 |

21 Trade and other payables

| | 30 June 2022 | 31 December 2021 |
|-------------------------------------|---------------------|-------------------------|
| Non-current accounts payable | | |
| Debt under the factoring agreement | 902,034 | 920,353 |
| Other payables | 746,269 | 732,354 |
| Total financial liabilities | 1,648,303 | 1,652,707 |
| Current accounts payable | | |
| Trade payables | 6,017,987 | 3,968,589 |
| Debt under the factoring agreement | 355,239 | 503,145 |
| Other payables and accrued expenses | 385,580 | 1,279,427 |
| Dividends payable | 9,524 | 9,622 |
| Total financial liabilities | 6,768,330 | 5,760,783 |
| Payables to employees | 1,450,507 | 1,535,835 |
| | 8,218,837 | 7,296,618 |

22 Taxes, other than income tax

| | 30 June 2022 | 31 December 2021 |
|-------------------------------|---------------------|-------------------------|
| Value-added tax | 950,986 | 864,626 |
| Property tax | 77,910 | 85,310 |
| Social security contributions | 805,972 | 349,926 |
| Other taxes payable | 93,367 | 121,820 |
| | 1,928,235 | 1,421,682 |

23 Advances received

| | 30 June 2022 | 31 December 2021 |
|----------------------------------|---------------------|-------------------------|
| Non-current | | |
| Advances for connection services | 897,453 | 335,218 |
| Other advances received | 28,452 | 33,710 |
| | 925,905 | 368,928 |
| Current | | |
| Advances for connection services | 2,419,707 | 2,375,793 |
| Other advances received | 508,487 | 431,107 |
| | 2,928,194 | 2,806,900 |

24 Provisions

| | 2022 | 2021 |
|------------------------------------|------------------|------------------|
| As at 1 January | 1,792,157 | 1,938,914 |
| Accrual (increase) for the period | 39,755 | 28,781 |
| Recovery (decrease) for the period | (294,644) | (74,919) |
| Use of provisions | (58,751) | (99,295) |
| As at 30 June | 1,478,517 | 1,793,481 |

The provisions were accrued for pending legal cases brought against the Group for ordinary activities, including at 30 June 2022:

- In the amount of RUB 285,126 thousand according to LLC TNS energo Veliky Novgorod in respect of disagreements on unaccounted consumption of electric energy that arose during the period 2020-2021;
- In the amount of RUB 75,637 thousand according to TGK-2 Energosbyt 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 by power grid lease agreement;
- In the amount of RUB 39,239 thousand for LLC SSK in respect of disputed debt for the period 2019 to 2021;
- In the amount of RUB 998,283 thousand The Group has accrued an estimated property tax liability for 2019 to 2021.

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 management of the Group takes operational measures to ensure a sufficient amount of cash (liquidity) received from operating activities to finance investment projects of investment programs, 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).

As of 30 June 2022 the amount of the Group's free credit and borrowing limit amounted to RUB 44,097,048 thousand, including RUB 40,297,048 thousand on the Group's open but unused credit lines (as of 31 December 2021: RUB 38,512,003 thousand). The Group has the opportunity to attract additional financing in within the relevant limits, including to ensure the fulfillment of their short-term obligations and in case of a risk of a working capital deficit, which as of 30 June 2022 amounted to RUB 14,412,574 thousand (as of 31 December 2021 – RUB 6,934,507 thousand).

The shift towards short-term lending is due to the current market conditions, in which the cost (rate) of short-term lending is significantly lower than long-term. At the same time, the predominance of short-term loans in the debt structure is not the reason for the deterioration of the Group's liquidity, but is a consequence of the optimization (reduction) of interest expenses. Since the Group has sufficient free limits for long-term lending purposes, if the market conditions for long-term borrowing improve, the Group will use free limits to refinance short-term debt on loans.

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 accounts receivable may be affected by economic and other factors, the Group believes that there is no significant risk of losses exceeding the created reserve.

The movement of the expected credit losses on trade and other receivables is presented below:

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|--------------------|
| As at 1 January | (5,538,739) | (6,973,033) |
| Increase for the period | (135,714) | (408,138) |
| Recovery for the period | 136,044 | 360,297 |
| Amounts of trade and other receivables written off against previously accrued expected credit losses | 273,935 | 215,460 |
| As at 30 June | (5,264,474) | (6,805,414) |

The fair value and carrying amount

The fair values and carrying amounts of financial assets and liabilities are as follows (with the exception of those financial instruments whose carrying amounts correspond to their fair values):

| 30 June 2022 | | | | | | |
|--|------|---------------------|---------------------|-------------------------------|----------|---------------------|
| Financial instruments | Note | Carrying amount | Fair value | Level of fair value hierarchy | | |
| | | | | 1 | 2 | 3 |
| Financial assets at fair value through profit or loss | | | | | | |
| Long-term bank deposits | 14 | 351,612 | 351,612 | – | – | 351,612 |
| Financial assets at amortized cost | | | | | | |
| Long-term accounts receivable | 15 | 81,967 | 75,339 | – | – | 75,339 |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Investments in equity instruments | 14 | 11,192 | 11,192 | 10,284 | – | 908 |
| Financial liabilities measured at amortized cost | | | | | | |
| Current and non-current loans and borrowings | 20 | (16,142,419) | (15,772,418) | – | – | (15,772,418) |
| Non-current accounts payable | 21 | (1,648,303) | (1,601,403) | – | – | (1,601,403) |
| | | (17,345,951) | (16,935,678) | 10,284 | – | (16,945,962) |
| 31 December 2021 | | | | | | |
| Financial instruments | Note | Carrying amount | Fair value | Level of fair value hierarchy | | |
| | | | | 1 | 2 | 3 |
| Financial assets at fair value through profit or loss | | | | | | |
| Long-term bank deposits | 14 | 485,991 | 485,991 | – | – | 485,991 |
| Financial assets at amortized cost | | | | | | |
| Long-term accounts receivable | 15 | 81,750 | 73,278 | – | – | 73,278 |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Investments in equity instruments | 14 | 12,328 | 12,328 | 11,240 | – | 1,088 |
| Financial liabilities measured at amortised cost | | | | | | |
| 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) |
| | | (15,780,391) | (15,764,778) | 11,240 | – | (15,776,018) |

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 30 June 2022 was 16.6% (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 30 June 2022 was 7.82-8.56% (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 30 June 2022 was 9.55-9.94% (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 and borrowings for the purpose of determining the fair value disclosed as at 30 June 2022 was 11.18% (as at 31 December 2021: 9.17%).

During six months ended 30 June 2021 there were no transfers between the levels of the fair value hierarchy.

The reconciliation of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income as at entry and end of period is presented below:

| | Financial assets at fair value through profit or loss | Financial assets at fair value through other comprehensive income |
|---|--|--|
| As at 1 January 2022 | 485,991 | 12,328 |
| Change in fair value recognized in other comprehensive income | x | (1,137) |
| Change in fair value recognized in profit or loss | (134,379) | x |
| As at 30 June 2022 | 351,612 | 11,192 |

26 Capital commitments

As at 30 June 2022 the Group has outstanding commitments under contracts for the purchase and construction of property plant and equipment items for RUB 1,780,079 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

(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 main related parties of the Group for the six months ended 30 June 2022 and 30 June 2021, as well as at 30 June 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.

(b) Transactions with the parent and its subsidiaries

Transactions with the Parent, its subsidiaries include transactions with PJSC ROSSETI, its subsidiaries:

| | Amount of transaction | | | | Carrying amount | |
|--|-----------------------|------------|------------------|--------------|-----------------|----------------|
| | Three months ended | | Six months ended | | | |
| | 30 June | | 30 June | | 30 June | 31 December |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| <i>Revenue, other income, Finance income</i> | | | | | | |
| The parent company | | | | | | |
| Other revenue | 307 | 307 | 615 | 615 | 58 | – |
| Entities under common control of the parent company | | | | | | |
| Connection services | – | – | – | 82 | – | – |
| Sales of electricity | 69 | 91 | 205 | 173 | – | 58 |
| Other revenue | 451 | 256 | 488 | 488 | 144,761 | 152,560 |
| Other operating income | (135) | – | 393 | 4 | 69,930 | 41,145 |
| Dividends receivable | – | – | – | 41 | – | – |
| | 692 | 654 | 1,701 | 1,403 | 214,749 | 193,763 |

| | Amount of transaction | | | | Carrying amount | |
|---|-----------------------|------------------|------------------|------------------|-----------------|---------------------|
| | Three months ended | | Six months ended | | | |
| | 30 June | | 30 June | | 30 June 2022 | 31 December 2021 |
| | 2022 | 2021 | 2022 | 2021 | | |
| <i>Operating expenses, Finance costs</i> | | | | | | |
| The parent company | | | | | | |
| Consulting legal and audit services | 46,783 | 47,144 | 48,456 | 48,817 | 16,384 | 17,732 |
| Other production works and services | 7,104 | 7,103 | 14,207 | 14,207 | – | – |
| Interest expenses on financial liabilities measured at amortized cost | – | 47,991 | – | 94,229 | – | – |
| Entities under common control of the parent company | | | | | | |
| Electricity for sale | 1,148 | – | 2,752 | 3,067 | 296 | 471 |
| Electricity transmission services | 1,816,777 | 1,816,991 | 3,677,241 | 3,690,588 | 538,275 | 587,130 |
| Connection services | – | 665 | – | 2,636 | 8,281 | 1,116 |
| Repair and maintenance services | 1,744 | 2,471 | 11,434 | 2,471 | 79 | 5,516 |
| Lease | 98 | 306 | 301 | 445 | 400 | 375 |
| Communication services | 8,603 | 5,596 | 14,538 | 15,565 | – | 7,146 |
| Software and maintenance costs | 1,216 | 1,158 | 2,967 | 2,581 | 2,879 | 24,915 |
| Expected credit losses | – | – | – | – | 184,733 | 184,733 |
| IT services | 8,056 | – | 18,135 | – | 11,218 | – |
| Other expenses | 6,507 | 676 | 13,710 | 2,748 | 4,799 | 212,835 |
| | 1,898,036 | 1,903,101 | 3,803,741 | 3,877,354 | 767,344 | 1,041,968 |

| | Carrying amount | |
|--|-----------------|------------------|
| | 30 June 2022 | 31 December 2021 |
| Entities under common control of the parent company | | |
| Advances given | 8,711 | 37,066 |
| Advances received | (36,971) | (36,999) |

As at 30 June 2022 and 31 December 2021 there is no dividends payable to the parent company.

(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 amounted to:

- 22.42% and 22.90% of the Group's total revenue for the three and six months ended 30 June 2022 (for the three and six months ended 30 June 2021: 16.98% and 17.95%);
- 27.11% and 25.08% of the Group's electricity transmission revenue for the three and six months ended 30 June 2022 (for the three and six months ended 30 June 2021: 17.40% and 18.42%).

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 56.49% and 52.86% of the total costs for transmission and compensation of losses for the three and six months ended 30 June 2022 (for the three and six months ended 30 June 2021: 66.11% and 61.32%).

As at 30 June 2022, loans and borrowings from banks related to the main shareholder of the parent company amounted to RUB 12,832,952 thousand (31 December 2021: RUB 19,386,833 thousand).

For the six months ended 30 June 2022, the Group attracted loans and borrowings from banks associated with the main shareholder of the parent company in the amount of RUB 3,042,152 thousand, repaid – RUB 2,687,197 thousand.

Interest accrued on loans and borrowings from banks related to the main shareholder of the parent company for the three and six months ended 30 June 2022 amounted to 78.12% and 81.00% of the total amount of accrued interest (for the three and six months ended 30 June 2021: 55.05% and 54.40%).

As at 30 June 2022, the balance of cash and cash equivalents placed with banks associated with the main shareholder of the parent company amounted to RUB 647,880 thousand (31 December 2021: RUB 575,569 thousand).

As at 30 June 2022, lease obligations for companies related to the main shareholder of the parent company amounted to RUB 483,854 thousand (31 December 2021: RUB 529,804 thousand).

(d) 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.

The Group has no transactions with key management personnel and close family members except their remuneration in the form of salary and bonuses.

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.

| | Three months ended 30 June | | Six months ended 30 June | |
|---|-----------------------------------|---------------|---------------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Short-term remuneration for employees | 35,081 | 33,744 | 77,511 | 77,064 |
| Post employment benefits and other long-term benefits | 47 | 19 | 93 | 37 |
| | 35,128 | 33,763 | 77,604 | 77,101 |

As at 30 June 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 982 thousand (31 December 2021: RUB 817 thousand).