

**PJSC “Rosseti North-West”**

**Interim Condensed Consolidated Financial Statements**  
**prepared in accordance with**  
**IAS 34 *Interim Financial Reporting***  
**as at and for three and nine months ended 30 September 2021**  
**(unaudited)**

Interim Condensed Consolidated Financial Statements (unaudited)

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**PJSC Rosseti North-West**  
*Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the three and nine months ended 30 September 2021 (unaudited)  
(in thousand of Russian rubles, unless otherwise stated)*

	Notes	Three months ended 30 September (unaudited)		Nine months ended 30 September (unaudited)	
		2021	2020	2021	2020
Revenue	6	10,875,948	10,849,362	36,289,831	34,653,374
Operating expenses	9	(11,126,759)	(10,826,829)	(34,652,058)	(33,613,362)
Expected credit losses		5,231	(83,211)	(42,610)	(173,607)
Other income	7	123,557	133,196	375,950	407,432
Other expenses	8	(1,415)	1,353	(47,439)	(14,299)
<b>Results from operating activities</b>		<b>(123,438)</b>	<b>73,871</b>	<b>1,923,674</b>	<b>1,259,538</b>
Finance income	10	10,324	21,053	59,850	92,637
Finance costs	10	(277,870)	(268,273)	(772,511)	(844,867)
<b>Total finance costs</b>		<b>(267,546)</b>	<b>(247,220)</b>	<b>(712,661)</b>	<b>(752,230)</b>
<b>Profit/(loss) before tax</b>		<b>(390,984)</b>	<b>(173,349)</b>	<b>1,211,013</b>	<b>507,308</b>
Income tax (expense)/benefit	11	66,023	(31,667)	(286,780)	(207,483)
<b>Profit/(loss) for the period</b>		<b>(324,961)</b>	<b>(205,016)</b>	<b>924,233</b>	<b>299,825</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		(1,883)	(1,933)	(537)	(1,801)
Remeasurement of the defined benefit liability		8,801	16,137	63,804	–
Income tax	11	(1,384)	(2,841)	(12,654)	360
<b>Other comprehensive income/(loss) for the period, net of income tax</b>		<b>5,534</b>	<b>11,363</b>	<b>50,613</b>	<b>(1,441)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(319,427)</b>	<b>(193,653)</b>	<b>974,846</b>	<b>298,384</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		(324,958)	(205,012)	924,246	299,840
Non-controlling interest		(3)	(4)	(13)	(15)
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		(319,424)	(193,649)	974,859	298,399
Non-controlling interest		(3)	(4)	(13)	(15)
<b>Earnings/(loss) per share</b>					
Basic earnings/(loss) per ordinary share (in RUB)	20	(0.0034)	(0.0021)	0.0096	0.0031

These Interim Condensed Consolidated Financial Statements were approved by management on 23 November 2021 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

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

**PJSC Rosseti North-West**  
*Interim Condensed Consolidated Statement of Financial Position*  
*as at 30 September 2021 (unaudited)*  
*(in thousand of Russian rubles, unless otherwise stated)*

	Notes	30 September 2021 (unaudited)	31 December 2020 (unaudited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	39,003,789	38,686,997
Intangible assets	13	381,085	400,219
Right-of-use assets	14	1,078,376	925,493
Trade and other receivables	16	109,794	113,045
Assets related to employee benefits plans		286,645	312,721
Other non-current financial assets	15	488,040	477,437
Deferred tax assets		10,483	7,541
Advances issued and other non-current assets	17	39,167	36,568
<b>Total non-current assets</b>		<b>41,397,379</b>	<b>40,960,021</b>
<b>Current assets</b>			
Inventories		1,371,196	1,036,343
Income tax prepayments		436,908	32,973
Trade and other receivables	16	5,336,795	5,054,769
Cash and cash equivalents	18	666,573	842,490
Advances issued and other current assets	17	1,193,992	766,423
<b>Total current assets</b>		<b>9,005,464</b>	<b>7,732,998</b>
<b>Total assets</b>		<b>50,402,843</b>	<b>48,693,019</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	9,578,592	9,578,592
Reserve related to business combination	19	10,457,284	10,457,284
Other reserves		(7,533)	(58,146)
Accumulated loss		(469,557)	(1,393,803)
<b>Total equity attributable to owners of the Company</b>		<b>19,558,786</b>	<b>18,583,927</b>
Non-controlling interest		204	217
<b>Total equity</b>		<b>19,558,990</b>	<b>18,584,144</b>
<b>Non-current liabilities</b>			
Loans and borrowings	21	9,256,023	8,521,062
Trade and other payables	22	153,928	143,917
Advances received	24	253,990	217,142
Employee benefit liabilities		764,696	860,491
Deferred tax liabilities		668,991	533,428
<b>Total non-current liabilities</b>		<b>11,097,628</b>	<b>10,276,040</b>
<b>Current liabilities</b>			
Loans and borrowings and short-term portion of long-term loans and borrowings	21	7,426,032	8,110,338
Trade and other payables	22	5,923,570	5,137,325
Taxes, other than income tax	23	1,246,243	1,424,395
Advances received	24	3,418,926	3,177,002
Provisions		1,731,454	1,938,914
Current income tax liabilities		-	44,861
<b>Total current liabilities</b>		<b>19,746,225</b>	<b>19,832,835</b>
<b>Total liabilities</b>		<b>30,843,853</b>	<b>30,108,875</b>
<b>Total equity and liabilities</b>		<b>50,402,843</b>	<b>48,693,019</b>

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 nine months ended 30 September 2021 (unaudited)  
(in thousand of Russian rubles, unless otherwise stated)*

	Notes	Nine months ended 30 September	
		2021 (unaudited)	2020 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		924,233	299,825
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	9	3,465,715	3,590,754
Finance costs	10	772,511	844,867
Finance income	10	(59,850)	(92,637)
Loss on disposal of property, plant and equipment		(6,755)	1,496
Expected credit loss		42,610	173,607
Accounts receivable write-off		9,524	7,000
Accounts payable write-off		(17,900)	(2,850)
Accrual of estimated liabilities		38,933	173,299
Other non-cash transactions		286,780	(3,271)
Income tax expense	11	772,511	207,483
<b>Total effect of adjustments</b>		<b>4,459,562</b>	<b>5,199,573</b>
Change in financial assets related to employee benefits plans		38,588	(40,187)
Change in employee benefit liabilities		(67,671)	(21,670)
Change in long-term trade and other receivables		3,251	(3,423)
Change in long-term advances issued and other non-current assets		(2,599)	34,045
Change in long-term trade and other payables		10,011	(867)
Change in long-term advances received		36,848	(152,419)
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>5,402,223</b>	<b>5,015,052</b>
<i>Changes in working capital</i>			
Change in trade and other receivables		(315,372)	(446,719)
Change in advances issued and other assets		(427,569)	(150,847)
Change in inventories		(341,026)	(249,397)
Change in trade and other payables		19,209	(748,288)
Change in advances received		241,924	103,669
Use of provision		(136,329)	(22,056)
<b>Cash flows from operating activities before income tax and interest paid</b>		<b>4,443,060</b>	<b>3,501,414</b>
Income tax paid		(615,452)	(518,633)
Interest paid under lease agreements		(54,153)	(64,804)
Interest paid		(669,676)	(778,709)
<b>Net cash from operating activities</b>		<b>3,103,779</b>	<b>2,139,268</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(3,045,397)	(2,828,253)
Proceeds from the sale of property, plant and equipment and intangible assets		9,826	3,867
Interest received		30,395	26,530
Dividends received		1,217	1,185
<b>Net cash used in investing activities</b>		<b>(3,003,959)</b>	<b>(2,796,671)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	21	13,364,301	28,721,417
Repayment of loans and borrowings	21	(13,478,538)	(27,048,620)
Dividends paid		(165)	(309,056)
Repayment of finance lease liabilities		(161,335)	(136,842)
<b>Net cash (used in) / from financing activities</b>		<b>(275,737)</b>	<b>1,226,899</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(175,917)</b>	<b>569,496</b>
Cash and cash equivalents at the year beginning		842,490	232,088
<b>Cash and cash equivalents at the year end</b>	18	<b>666,573</b>	<b>801,584</b>

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

**PJSC Rosseti North-West**  
*Interim Condensed Consolidated Statement of Changes in Equity*  
*for the nine months ended 30 September 2021 (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	Total	Non-controlling interest	Total equity
<b>Balance at 1 January 2020</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(91,822)</b>	<b>(132,938)</b>	<b>19,811,116</b>	<b>236</b>	<b>19,811,352</b>
Profit/(loss) for the period	–	–	–	299,840	299,840	(15)	299,825
Other comprehensive loss	–	–	(1,801)	–	(1,801)	–	(1,801)
Income tax related to other comprehensive loss	–	–	360	–	360	–	360
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>–</b>	<b>(1,441)</b>	<b>299,840</b>	<b>298,399</b>	<b>(15)</b>	<b>298,384</b>
Dividends to shareholders	–	–	–	(120,363)	(120,363)	–	(120,363)
<b>Balance at 30 September 2020 (unaudited)</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(93,263)</b>	<b>46,539</b>	<b>19,989,152</b>	<b>221</b>	<b>19,989,373</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	–	–	–	924,246	924,246	(13)	924,233
Other comprehensive income	–	–	63,267	–	63,267	–	63,267
Income tax related to other comprehensive income	–	–	(12,654)	–	(12,654)	–	(12,654)
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>–</b>	<b>50,613</b>	<b>924,246</b>	<b>974,859</b>	<b>(13)</b>	<b>974,846</b>
<b>Balance at 30 September 2021 (unaudited)</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(7,533)</b>	<b>(469,557)</b>	<b>19,558,786</b>	<b>204</b>	<b>19,558,990</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 IDGC of 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 registered office (location) of the Company is 3 Constitution Square, lit. “A” room 16N, Saint-Petersburg 196247.

In accordance with the requirements of Chapter 4 of the Civil Code of the Russian Federation, based on the decision of the Annual General Meeting of Shareholders of the Company (Minutes No. 17 dated on 28 May 2021) in the new edition of the Company's Charter, the name of the Public Joint Stock Company «Interregional Distribution Grid Company of the North-West» was changed to the Public Joint Stock Company «Rosseti North-West» (abbreviated name of PJSC «Rosseti North-West»). The new version of the Charter was registered by the Interdistrict Inspectorate of the Federal Tax Service No. 15 in St. Petersburg on 23 August 2021.

The parent company is PJSC “ROSSETI”.

### ***(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 September 2021, 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 2020: 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’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.

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

The Group continues to monitor and evaluate the development of the situation and responds accordingly:

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

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

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

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

These interim condensed consolidated financial statements for the three and nine months ended 30 September 2021 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 2020, 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 2020 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 2021. The impact of the adoption of the new standards and clarifications was not significant in relation to these interim condensed consolidated financial statements.

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

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

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

## **3 Significant accounting policies**

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



#### **4 Measurement of fair 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 September 2021:

	Electricity transmission						Energy retail		Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov energosbyt			Other
Revenue from external customers	1,379,361	1,470,342	1,706,709	1,564,093	1,460,591	1,049,956	194,072	2,064,483	2,935	–	10,892,542
Inter-segment revenue	–	–	–	–	–	–	902,417	167,625	241,854	–	1,311,896
<b>Segment revenue</b>	<b>1,379,361</b>	<b>1,470,342</b>	<b>1,706,709</b>	<b>1,564,093</b>	<b>1,460,591</b>	<b>1,049,956</b>	<b>1,096,489</b>	<b>2,232,108</b>	<b>244,789</b>	<b>–</b>	<b>12,204,438</b>
Including											
<i>Electricity transmission</i>	1,260,741	1,447,916	1,660,158	1,481,541	1,426,324	1,037,886	1,057,369	–	–	–	9,371,935
<i>Connection services</i>	28,146	3,476	3,248	5,940	11,569	4,044	26,189	–	–	–	82,612
<i>Sales of electricity and capacity</i>	–	–	–	–	–	–	–	2,230,809	–	–	2,230,809
<i>Other revenue</i>	84,010	12,360	4,676	72,241	17,484	4,858	4,946	1,299	244,692	–	446,566
<i>Rental income</i>	6,464	6,590	38,627	4,371	5,214	3,168	7,985	–	97	–	72,516
<b>EBITDA</b>	<b>133,789</b>	<b>180,213</b>	<b>205,035</b>	<b>(45,996)</b>	<b>124,584</b>	<b>121,604</b>	<b>75,259</b>	<b>111,993</b>	<b>3,658</b>	<b>2,617</b>	<b>912,756</b>

For the three months ended 30 September 2020:

	Electricity transmission						Energy retail		Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov energosbyt			Other
Revenue from external customers	1,277,719	1,865,669	1,656,537	1,536,652	1,491,103	923,834	239,888	1,883,745	1,985	–	10,877,132
Inter-segment revenue	–	–	–	–	–	–	821,927	156,494	84,733	–	1 063 154
<b>Segment revenue</b>	<b>1,277,719</b>	<b>1,865,669</b>	<b>1,656,537</b>	<b>1,536,652</b>	<b>1,491,103</b>	<b>923,834</b>	<b>1,061,815</b>	<b>2,040,239</b>	<b>86,718</b>	<b>–</b>	<b>11,940,286</b>
Including											
<i>Electricity transmission</i>	1,184,043	1,453,669	1,601,713	1,529,444	1,443,113	894,702	998,129	–	–	–	9,104,813
<i>Connection services</i>	23,726	398,318	14,103	849	34,918	22,010	51,033	–	–	–	544,957
<i>Resale of electricity</i>	–	–	–	–	–	–	–	2,040,071	–	–	2,040,071
<i>Other revenue</i>	66,259	7,635	2,466	4,040	8,102	5,407	6,454	168	78,188	–	178,719
<i>Rental income</i>	3,691	6,047	38,255	2,319	4,970	1,715	6,199	–	8,530	–	71,726
<b>EBITDA</b>	<b>86,605</b>	<b>610,845</b>	<b>160,165</b>	<b>(49,859)</b>	<b>113,080</b>	<b>(34,705)</b>	<b>151,200</b>	<b>112,318</b>	<b>(4,692)</b>	<b>2,341</b>	<b>1,147,298</b>

For the nine months ended 30 September 2021:

	Electricity transmission						Energy retail			Unallocated items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov energosbyt	Other		
Revenue from external customers	4,707,259	4,828,483	5,850,709	5,292,845	5,116,363	3,277,582	583,975	6,684,852	16,651	–	36,358,719
Inter-segment revenue	–	–	16	–	–	–	3,001,490	500,513	735,472	–	4,237,491
<b>Segment revenue</b>	<b>4,707,259</b>	<b>4,828,483</b>	<b>5,850,725</b>	<b>5,292,845</b>	<b>5,116,363</b>	<b>3,277,582</b>	<b>3,585,465</b>	<b>7,185,365</b>	<b>752,123</b>	<b>–</b>	<b>40,596,210</b>
Including											
<i>Electricity transmission</i>	4,354,691	4,762,542	5,712,275	5,195,537	5,037,405	3,241,502	3,481,781	–	–	–	31,785,733
<i>Connection services</i>	36,977	13,101	12,208	7,868	24,517	11,377	63,064	–	–	–	169,112
<i>Sales of electricity and capacity</i>	–	–	–	–	–	–	–	7,183,249	–	–	7,183,249
<i>Other revenue</i>	296,558	32,803	10,234	76,483	39,301	15,228	16,712	2,116	751,752	–	1,241,187
<i>Rental income</i>	19,033	20,037	116,008	12,957	15,140	9,475	23,908	–	371	–	216,929
<b>EBITDA</b>	<b>822,359</b>	<b>747,387</b>	<b>1,137,752</b>	<b>251,340</b>	<b>936,048</b>	<b>385,739</b>	<b>592,649</b>	<b>282,264</b>	<b>7,506</b>	<b>6,409</b>	<b>5,169,453</b>

For the nine months ended 30 September 2020:

	Electricity transmission						Energy retail			Unallocated items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov energosbyt	Other		
Revenue from external customers	4,064,252	5,298,950	5,233,512	5,315,831	5,281,606	3,043,061	650,441	5,850,424	8,180	–	34,746,257
Inter-segment revenue	–	–	–	–	–	–	2,699,902	481,458	274,213	–	3,455,573
<b>Segment revenue</b>	<b>4,064,252</b>	<b>5,298,950</b>	<b>5,233,512</b>	<b>5,315,831</b>	<b>5,281,606</b>	<b>3,043,061</b>	<b>3 350 343</b>	<b>6,331,882</b>	<b>282,393</b>	<b>–</b>	<b>38,201,830</b>
Including											
<i>Electricity transmission</i>	3,754,931	4,810,421	5,089,019	5,286,420	5,176,639	2,992,471	3,220,421	–	–	–	30,330,322
<i>Connection services</i>	40,354	405,362	23,897	3,469	54,611	24,490	95,376	–	–	–	647,559
<i>Sales of electricity and capacity</i>	–	–	–	–	–	–	–	6,330,517	–	–	6,330,517
<i>Other revenue</i>	258,076	68,561	6,147	20,103	36,026	20,642	16,875	1,365	255,763	–	683,558
<i>Rental income</i>	10,891	14,606	114,449	5,839	14,330	5,458	17,671	–	26,630	–	209,874
<b>EBITDA</b>	<b>431,268</b>	<b>1,357,701</b>	<b>759,218</b>	<b>294,916</b>	<b>1,086,261</b>	<b>123,189</b>	<b>564,917</b>	<b>194,369</b>	<b>(12,057)</b>	<b>7,090</b>	<b>4,806,872</b>

As at 30 September 2021:

	Electricity transmission						Energy retail		Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov-energosbyt			Other
<b>Segment assets</b>	<b>5,838,792</b>	<b>9,299,554</b>	<b>4,742,565</b>	<b>5,862,064</b>	<b>12,787,028</b>	<b>6,331,029</b>	<b>5,485,869</b>	<b>1,579,303</b>	<b>1,924,364</b>	<b>3,582,973</b>	<b>57,433,541</b>
<i>Including property, plant and equipment and construction in progress</i>	<i>4,155,530</i>	<i>8,276,190</i>	<i>3,842,966</i>	<i>4,413,234</i>	<i>11,490,995</i>	<i>5,759,029</i>	<i>4,764,933</i>	<i>224,809</i>	<i>1,253,336</i>	<i>30,150</i>	<i>44,211,172</i>

As at 31 December 2020:

	Electricity transmission						Energy retail		Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov-energosbyt			Other
<b>Segment assets</b>	<b>5,616,703</b>	<b>9,798,132</b>	<b>4,582,881</b>	<b>5,784,037</b>	<b>12,947,551</b>	<b>6,628,617</b>	<b>5,378,773</b>	<b>1,211,821</b>	<b>480,763</b>	<b>3,640,452</b>	<b>56,069,730</b>
<i>Including property, plant and equipment and construction in progress</i>	<i>4,307,782</i>	<i>8,709,440</i>	<i>3,717,347</i>	<i>4,413,583</i>	<i>11,869,128</i>	<i>6,029,881</i>	<i>4,870,049</i>	<i>108,837</i>	<i>44,358</i>	<i>16,109</i>	<i>44,086,514</i>

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

Reconciliation of reportable segment EBITDA is presented below:

	<b>Three months ended</b>		<b>Nine months ended 30 September</b>	
	<b>30 September</b>			
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>EBITDA of reportable segments</b>	<b>912 756</b>	<b>1 147 298</b>	<b>5 169 453</b>	<b>4 806 872</b>
Discounting of financial instruments	(1 596)	1 603	(37 508)	5 283
Adjustment for expected credit loss	6 916	80 760	13 977	97 699
Adjustment for lease	72 424	67 730	226 642	216 688
Recognition of pension and other long-term employee benefit obligation	19 480	(8 521)	31 992	(22 432)
Adjustment for assets related to employee benefits	(20 925)	60 998	(26 077)	64 306
Remeasurement of financial assets measured at fair value through other comprehensive income (transfer of remeasurement to equity)	1 884	1 933	537	1 801
Adjustment for value of property, plant and equipment	(473)	(296)	5 146	5 675
Revenue for which the recognition criteria for IFRS 15 have not been met	(16 594)	(27 782)	(68 888)	(92 883)
Other adjustments	55 173	(46 994)	56 191	(186 201)
<b>EBITDA</b>	<b>1 029 045</b>	<b>1 276 729</b>	<b>5 371 465</b>	<b>4 896 808</b>
Depreciation and amortization	(1,155,699)	(1,196,131)	(3,465,715)	(3,590,754)
Interest expenses on financial liabilities at amortized cost	(243,063)	(233,020)	(642,535)	(732,195)
Interest expenses on lease liabilities	(21,267)	(20,927)	(52,202)	(66,551)
Income tax expense	66,023	(31,667)	(286,780)	(207,483)
<b>Profit (loss) for the period per interim condensed consolidated statement of profit or loss and other comprehensive income</b>	<b>(324,961)</b>	<b>(205,016)</b>	<b>924,233</b>	<b>299,825</b>

**6 Revenue**

	<b>Three months ended</b>		<b>Nine months ended 30 September</b>	
	<b>30 September</b>			
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Electricity transmission	8,454,911	8,256,625	28,720,337	27,542,488
Sales of electricity and capacity	2,063,184	1,883,577	6,682,736	5,849,059
Connection services	82,613	544,957	169,096	647,559
Other revenue	203,976	93,764	504,516	408,211
<b>Total revenue from contracts with customers</b>	<b>10,804,684</b>	<b>10,778,923</b>	<b>36,076,685</b>	<b>34,447,317</b>
Rental income	71,264	70,439	213,146	206,057
	<b>10,875,948</b>	<b>10,849,362</b>	<b>36,289,831</b>	<b>34,653,374</b>

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

**7 Other income**

	<b>Three months ended</b>		<b>Nine months ended 30 September</b>	
	<b>30 September</b>			
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Income from identified non-contracted electricity consumption	14,694	3,870	37,055	16,046
Income in the form of fines and penalties on commercial contracts	83,090	104,832	244,214	342,587
Insurance reimbursement, net	9,271	11,154	39,790	22,744
Accounts payable write-off	3,592	2,415	17,900	2,850
Gain on disposal of property, plant and equipment	754	–	6,755	–
Other income	12,156	10,925	30,236	23,205
	<b>123,557</b>	<b>133,196</b>	<b>375,950</b>	<b>407,432</b>

## 8 Other expenses

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Loss on disposal (sale) of property, plant and equipment	–	(1,451)	–	1,496
Write-off of construction in progress	225	–	3,136	–
Other expenses	1,190	98	44,303	12,803
	<b>1,415</b>	<b>(1,353)</b>	<b>47,439</b>	<b>14,299</b>

## 9 Operating expenses

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Personnel costs	3,146,397	2,989,737	9,804,888	9,574,356
Depreciation and amortization	1,155,699	1,196,131	3,465,715	3,590,754
<i>Material expenses, including:</i>				
Electricity for compensation of losses	989,134	896,023	3,481,748	3,034,342
Electricity for sale	1,135,997	1,046,320	3,668,442	3,270,458
Purchased electricity and heat power for own needs	27,303	20,933	213,442	179,293
Other material costs	660,954	752,847	1,708,216	1,914,938
<i>Production work and services, including:</i>				
Electricity transmission services	3,047,153	3,054,982	9,948,014	9,563,745
Repair and maintenance services	209,090	166,112	451,921	376,934
Other production works and services	87,548	69,158	211,995	166,290
Taxes and charges other than income tax	99,277	103,999	301,701	314,142
Short-term rent	12,461	16,482	47,309	37,361
Insurance	16,508	14,448	49,027	43,228
<i>Other third-party services, including:</i>				
Communication services	35,275	31,459	103,544	91,747
Security services	77,265	70,842	233,533	214,582
Consulting, legal and audit services	48,528	73,653	113,125	157,352
Software costs and servicing	12,909	13,599	33,712	39,726
Transportation services	31,750	36,763	98,003	104,354
Other services	143,716	182,779	453,428	483,556
Provisions	(25,734)	(31,523)	(78,180)	171,813
Other expenses	215,529	122,085	342,475	284,391
	<b>11,126,759</b>	<b>10,826,829</b>	<b>34,652,058</b>	<b>33,613,362</b>

## 10 Finance income and costs

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
<b>Finance income</b>				
Interest income on loans, bank deposits, promissory notes and balances in bank accounts	9,118	8,031	30,395	26,530
Change in the fair value of financial assets measured at fair value through profit or loss	–	–	11,140	–
Gain from recovery of impairment of financial assets measured at amortised cost	–	11,448	–	33,502
Dividends receivable	–	–	1,217	1,185
Interest income on assets related to employee benefits	–	–	12,512	24,118
Effect from initial discounting of financial liabilities	–	–	882	2,405
Amortization of discount on financial assets	1,206	1,574	3,704	4,897
	<b>10,324</b>	<b>21,053</b>	<b>59,850</b>	<b>92,637</b>

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
<b>Finance costs</b>				
Interest expenses on financial liabilities measured at amortized cost	243,063	233,020	642,535	732,195
Interest expenses on lease liabilities	21,267	20,927	52,202	66,551
Interest expenses on long-term employee benefit obligation	10,738	14,355	35,680	44,102
Effect from initial discounting of financial assets	7	22	33	114
Amortization of discount of financial liabilities	2,795	(51)	42,061	1,905
	<b>277,870</b>	<b>268,273</b>	<b>772,511</b>	<b>844,867</b>

## 11 Income tax

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
<b>Current income tax</b>				
Current tax	(141,782)	(24,121)	184,819	17,383
Adjustment for previous periods	(16,220)	(8,968)	(18,006)	(8,748)
<b>Total</b>	<b>(158,002)</b>	<b>(33,089)</b>	<b>166,813</b>	<b>8,635</b>
Deferred income tax	91,979	64,756	119,967	198,848
<b>Total income tax expense/(benefit)</b>	<b>(66,023)</b>	<b>31,667</b>	<b>286,780</b>	<b>207,483</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:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
<b>Profit/(loss) before tax</b>	<b>(390,984)</b>	<b>(173,349)</b>	<b>1,211,013</b>	<b>507,308</b>
<b>The theoretical amount of income tax expense (benefit) at the rate of 20%</b>	<b>(78,197)</b>	<b>(34,670)</b>	<b>242,203</b>	<b>101,462</b>
Tax effect of not taxable or non-deductible for tax purposes items	28,394	70,483	62,583	109,947
Adjustment for previous years	(16,220)	(4,146)	(18,006)	(3,926)
	<b>(66,023)</b>	<b>31,667</b>	<b>286,780</b>	<b>207,483</b>

Income tax recognized in other comprehensive income:

	Three months ended 30 September 2021			Nine months ended 30 September 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	(1,883)	376	(1,507)	(537)	107	(430)
Remeasurements of the defined benefit liability	8,801	(1,760)	7,041	63,804	(12,761)	51,043
	<b>6,918</b>	<b>(1,384)</b>	<b>5,534</b>	<b>63,267</b>	<b>(12,654)</b>	<b>50,613</b>

	Three months ended 30 September 2020			Nine months ended 30 September 2020		
	Before tax	Income tax	Net of tax	Before tax	Income tax	Net of tax
Financial assets measured at fair value through other comprehensive income	(1,933)	387	(1,546)	(1,801)	360	(1,441)
Remeasurements of the defined benefit liability	16,137	(3,228)	12,909	–	–	–
	<b>14,204</b>	<b>(2,841)</b>	<b>11,363</b>	<b>(1,801)</b>	<b>360</b>	<b>(1,441)</b>

## 12 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other PPE	Construction in progress	Total
<i>Cost / deemed cost</i>						
At 1 January 2020	8,735,725	39,638,306	21,945,588	11,238,857	3,233,883	84,792,359
Reclassification						
between groups	2,099	1,913	1,332	(5,344)	–	–
Additions	–	–	–	–	2,567,617	2,567,617
Transfer	135,951	1,477,339	388,532	243,069	(2,244,891)	–
Disposals	(2,462)	(3,663)	(3,390)	(41,094)	(44,311)	(94,920)
At 30 September 2020	<b>8,871,313</b>	<b>41,113,895</b>	<b>22,332,062</b>	<b>11,435,488</b>	<b>3,512,298</b>	<b>87,265,056</b>
<i>Accumulated depreciation and impairment</i>						
At 1 January 2020	(3,932,729)	(23,005,072)	(10,614,603)	(7,124,147)	(78,491)	(44,755,042)
Reclassification						
between groups	(596)	667	(307)	236	–	–
Entry into fixed assets (transfer of impairment losses)	(19)	(5,673)	(351)	(629)	6,672	–
Depreciation charge	(271,661)	(1,435,363)	(891,237)	(705,949)	–	(3,304,210)
Disposals	1,120	3,021	2,523	39,170	4,211	50,045
At 30 September 2020	<b>(4,203,885)</b>	<b>(24,442,420)</b>	<b>(11,503,975)</b>	<b>(7,791,319)</b>	<b>(67,608)</b>	<b>(48,009,207)</b>
<i>Net book value</i>						
At 1 January 2020	<b>4,802,996</b>	<b>16,633,234</b>	<b>11,330,985</b>	<b>4,114,710</b>	<b>3,155,392</b>	<b>40,037,317</b>
At 30 September 2020	<b>4,667,428</b>	<b>16,671,475</b>	<b>10,828,087</b>	<b>3,644,169</b>	<b>3,444,690</b>	<b>39,255,849</b>
<i>Cost / deemed cost</i>						
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	(1,842,677)	1,650,248	361,277	(168,848)	–	–
Additions	–	–	–	–	3,552,881	3,552,881
Transfer	4,044	779,063	853,669	361,376	(1,998,152)	–
Disposals	(16,781)	(1,930)	(79,842)	(30,378)	(17,987)	(146,918)
At 30 September 2021	<b>7,143,982</b>	<b>44,213,429</b>	<b>24,061,330</b>	<b>12,063,041</b>	<b>4,627,105</b>	<b>92,108,887</b>
<i>Accumulated depreciation and impairment</i>						
At 1 January 2021	(4,365,674)	(25,472,825)	(12,089,944)	(7,995,265)	(92,219)	(50,015,927)
Reclassification						
between groups	1,112,787	(845,869)	(316,858)	49,940	–	–
Entry into fixed assets (transfer of impairment losses)	–	(1,848)	(459)	(2,534)	4,841	–
Depreciation charge	(235,057)	(1,360,474)	(865,506)	(710,276)	–	(3,171,313)
Disposals	13,012	1,613	38,386	29,127	4	82,142
At 30 September 2021	<b>(3,474,932)</b>	<b>(27,679,403)</b>	<b>(13,234,381)</b>	<b>(8,629,008)</b>	<b>(87,374)</b>	<b>(53,105,098)</b>
<i>Net book value</i>						
At 1 January 2021	<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>
At 30 September 2021	<b>3,669,050</b>	<b>16,534,026</b>	<b>10,826,949</b>	<b>3,434,033</b>	<b>4,539,731</b>	<b>39,003,789</b>



As at 30 September 2021, construction in progress includes advance payments for property, plant and equipment of RUB 84,814 thousand (30 September 2020: RUB 24,033 thousand) and materials for the fixed assets construction of RUB 648,854 thousand (30 September 2020: RUB 894,746 thousand).

Capitalized interest for the nine months ended 30 September 2021 amounted to RUB 41,583 thousand (for the nine months ended 30 September 2020: RUB 40,473 thousand), with capitalization rate used to calculate borrowing costs to be capitalized during the period of 5.04-7.32% (for the nine months ended 30 September 2020: 5.88%-7.92%).

As at 30 September 2021, the initial cost of fully amortised property, plant and equipment was RUB 16,575,291 thousand (as at 31 December 2020: RUB 15,172,427 thousand).

As at 30 September 2021 and 31 December 2020 there are no property, plant and equipment pledged as collateral for loans and borrowings.

### 13 Intangible assets

	Software	Certificates, licenses and patents	Other intangible assets	Total
<b>Initial cost</b>				
<b>At 1 January 2020</b>	<b>402,881</b>	<b>17,369</b>	<b>114,054</b>	<b>534,304</b>
Reclassification between groups	276	228	(504)	–
Additions	98,104	1,853	26,813	<b>126,770</b>
Disposals	(97,626)	(14,223)	(6,385)	<b>(118,234)</b>
<b>At 30 September 2020</b>	<b>403,635</b>	<b>5,227</b>	<b>133,978</b>	<b>542,840</b>
<b>Accumulated amortization</b>				
<b>At 1 January 2020</b>	<b>(246,097)</b>	<b>(14,747)</b>	<b>(6,514)</b>	<b>(267,358)</b>
Reclassification between groups	(146)	–	146	–
Amortization charge	(97,120)	(2,672)	(8,578)	<b>(108,370)</b>
Disposals	95,934	14,205	7,226	<b>117,365</b>
<b>At 30 September 2020</b>	<b>(247,429)</b>	<b>(3,214)</b>	<b>(7,720)</b>	<b>(258,363)</b>
<b>Net book value</b>				
<b>At 1 January 2020</b>	<b>156,784</b>	<b>2,622</b>	<b>107,540</b>	<b>266,946</b>
<b>At 30 September 2020</b>	<b>156,206</b>	<b>2,013</b>	<b>126,258</b>	<b>284,477</b>
<b>Initial cost</b>				
<b>At 1 January 2021</b>	<b>496,248</b>	<b>5,881</b>	<b>162,442</b>	<b>664,571</b>
Reclassification between groups	21,845	849	(22,694)	–
Additions	–	–	99,722	<b>99,722</b>
Disposals	(40,875)	(1,970)	–	<b>(42,845)</b>
<b>At 30 September 2021</b>	<b>477,218</b>	<b>4,760</b>	<b>239,470</b>	<b>721,448</b>
<b>Accumulated amortization</b>				
<b>At 1 January 2021</b>	<b>(253,060)</b>	<b>(2,583)</b>	<b>(8,709)</b>	<b>(264,352)</b>
Amortization charge	(113,871)	(1,981)	(3,004)	<b>(118,856)</b>
Disposals	40,875	1,970	–	<b>42,845</b>
<b>At 30 September 2021</b>	<b>(326,056)</b>	<b>(2,594)</b>	<b>(11,713)</b>	<b>(340,363)</b>
<b>Net book value</b>				
<b>At 1 January 2021</b>	<b>243,188</b>	<b>3,298</b>	<b>153,733</b>	<b>400,219</b>
<b>At 30 September 2021</b>	<b>151,162</b>	<b>2,166</b>	<b>227,757</b>	<b>381,085</b>

## 14 Right-of-use assets

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<b>Initial cost</b>					
<b>At 1 January 2020</b>	<b>620,282</b>	<b>85,491</b>	<b>13,340</b>	<b>33,550</b>	<b>752,663</b>
Additions	68,885	464,442	4,863	97,579	635,769
Modification of lease terms	(43,378)	667	1,035	–	(41,676)
Disposal or termination of lease	(12,109)	(249)	(5,142)	(1,325)	(18,825)
<b>At 30 September 2020</b>	<b>633,680</b>	<b>550,351</b>	<b>14,096</b>	<b>129,804</b>	<b>1,327,931</b>
<b>Accumulated amortization</b>					
<b>At 1 January 2020</b>	<b>(105,668)</b>	<b>(15,775)</b>	<b>(2,235)</b>	<b>(15,280)</b>	<b>(138,958)</b>
Amortization charge	(80,325)	(80,176)	(2,096)	(19,560)	(182,157)
Modification of lease terms	2,291	20	12	187	2,510
Disposal or termination of lease	2,829	236	1,603	417	5,085
<b>At 30 September 2020</b>	<b>(180,873)</b>	<b>(95,695)</b>	<b>(2,716)</b>	<b>(34,236)</b>	<b>(313,520)</b>
<b>Net book value</b>					
<b>At 1 January 2020</b>	<b>514,614</b>	<b>69,716</b>	<b>11,105</b>	<b>18,270</b>	<b>613,705</b>
<b>At 30 September 2020</b>	<b>452,807</b>	<b>454,656</b>	<b>11,380</b>	<b>95,568</b>	<b>1,014,411</b>
<b>Initial cost</b>					
<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	406,064	880	258	1,206	408,408
Modification of lease terms	(33,763)	(292)	(203)	349	(33,909)
Disposal or termination of lease	(231,487)	(1,580)	(979)	–	(234,046)
<b>At 30 September 2021</b>	<b>757,182</b>	<b>550,506</b>	<b>14,232</b>	<b>132,513</b>	<b>1,454,433</b>
<b>Accumulated amortization</b>					
<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	(74,008)	(79,415)	(2,055)	(20,212)	(175,690)
Modification of lease terms	3,187	167	134	–	3,488
Disposal or termination of lease	184,042	284	306	–	184,632
<b>At 30 September 2021</b>	<b>(102,001)</b>	<b>(207,883)</b>	<b>(5,080)</b>	<b>(61,093)</b>	<b>(376,057)</b>
<b>Net book value</b>					
<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 30 September 2021</b>	<b>655,181</b>	<b>342,623</b>	<b>9,152</b>	<b>71,420</b>	<b>1,078,376</b>

## 15 Other non-current financial assets

	30 September 2021	31 December 2020
<b>Non-current</b>		
Financial assets measured at fair value through other comprehensive income		
- investments in quoted equity instruments	12,203	12,739
- investments in unquoted equity instruments	1,074	1,075
Financial assets at fair value through profit or loss	474,763	463,623
	<b>488,040</b>	<b>477,437</b>

As at 30 September 2021, 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 12,107 thousand (as at 31 December 2020: RUB 12,739 thousand).

As at 30 September 2021 and 31 December 2020 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 that the Group placed in 2015 as part of the Bank's rehabilitation project. As at 30 September 2021, the nominal amount of the Group's deposit to Bank Tavrichesky (PJSC) amounted to RUB 2,080,000 thousand (as at 31 December 2020: RUB 2,080,000 thousand).

In accordance with IAS 12, the Group has formed a deferred tax asset from the amount of the provision for impairment of these financial investments. As at 30 September 2021, the value of the deferred tax asset amounted to RUB 321,048 thousand (as at 31 December 2020: RUB 323,275 thousand).

## 16 Trade and other receivables

	<u>30 September 2021</u>	<u>31 December 2020</u>
<b>Non-current trade and other accounts receivable</b>		
Trade receivables	485	1,285
Other receivables	109,309	111,760
	<u>109,794</u>	<u>113,045</u>
<b>Current trade and other accounts receivable</b>		
Trade receivables	10,817,945	10,856,095
Allowance for expected credit loss on trade receivables	(5,889,671)	(6,158,985)
Other receivables	1,220,921	1,171,707
Allowance for expected credit loss on other receivables	(812,400)	(814,048)
	<u>5,336,795</u>	<u>5,054,769</u>

## 17 Advances issued and other assets

	<u>30 September 2021</u>	<u>31 December 2020</u>
<b>Non-current</b>		
Advances given	1,660	2,752
VAT on advances received	37,507	33,816
	<u>39,167</u>	<u>36,568</u>
<b>Current</b>		
Advances given	382,863	211,040
Provision for impairment of advances given	(17,510)	(17,510)
VAT recoverable	258,044	38,819
VAT on advances from customers VAT on advances given for acquisition of fixed assets	555,730	515,915
Prepaid taxes, other than income tax	14,865	18,159
	<u>1,193,992</u>	<u>766,423</u>

## 18 Cash and cash equivalents

	<u>30 September 2021</u>	<u>31 December 2020</u>
Cash at bank and in hand	653,752	842,490
Cash equivalents	12,821	–
	<u>666,573</u>	<u>842,490</u>

As at 30 September 2021 and 31 December 2020, all cash and cash equivalents balances are denominated in roubles.

Cash equivalents as of 30 September 2021 include short-term investments in bank deposits. Deposits are placed at an interest rate of 4.59% per annum. (as of 31 December 2020: none).

## 19 Share capital

	<u>Ordinary shares</u>	
	<u>30 September 2021</u>	<u>31 December 2020</u>
Par value (RUB)	0.1	0.1
On issue at 1 January	95,785,923,138	95,785,923,138
<b>On issue at end of period, fully paid</b>	<u>95,785,923,138</u>	<u>95,785,923,138</u>

## 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

There is no dividends been recovered into retained earnings as at 30 September 2021 after expiration of three years period of limitation due to absence of requisites in the shareholders register (as at 31 December 2020: RUB 1,518 thousand).

## 20 Earnings per share

The calculation of earnings per share for the three and nine months ended 30 September 2021 and 30 September 2020, 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 September		Nine months ended 30 September	
	2021	2020	2021	2020
Ordinary shares at 1 January	95,785,923,138	95,785,923,138	95,785,923,138	95,785,923,138
<b>Weighted average number of shares for the period</b>	<b>95,785,923,138</b>	<b>95,785,923,138</b>	<b>95,785,923,138</b>	<b>95,785,923,138</b>
	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Weighted average number of ordinary shares outstanding, for the period (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	(324,958)	(205,012)	924,246	299,840
<b>Basic earnings/(loss) per ordinary share (in RUB)</b>	<b>(0.0034)</b>	<b>(0.0021)</b>	<b>0.0096</b>	<b>0.0031</b>

## 21 Loans and borrowings

	30 September 2021	31 December 2020
<b>Non-current liabilities</b>		
Unsecured loans and borrowings	8,320,000	11,752,573
Lease liabilities	1,181,682	1,031,123
Less: current portion of long-term lease liabilities	(245,659)	(262,634)
Less current portion of long-term loans and borrowings	–	(4,000,000)
	<b>9,256,023</b>	<b>8,521,062</b>
<b>Current liabilities</b>		
Unsecured loans and borrowings	7,180,373	3,847,704
Current portion of long-term lease liabilities	245,659	262,634
Current portion of long-term loans and borrowings	–	4,000,000
	<b>7,426,032</b>	<b>8,110,338</b>
<b>Including:</b>		
Interests payable on loans and borrowings	39,404	25,072
	<b>39,404</b>	<b>25,072</b>

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

The Group raised the following bank loans during the nine months ended 30 September 2021:

	<u>Year of maturity</u>	<u>Effective interest rate</u>	<u>Carrying value</u>
<b>Unsecured loans and borrowings</b>			
Unsecured bank loans	2021-2022	5.73% – 7.73%	1,300,000
		Key rate of the Central Bank of the Russian Federation+ 1.49% – Key rate of the Central Bank of the Russian Federation+2.47%	
Unsecured bank loans	2021	Key rate of the Central Bank of the Russian Federation+ 0.75%	1,320,000
Unsecured bank loans	2021	5.7%-8.2%	500,000
Unsecured bank loans	2021-2023	5.0%-7.16%	2,570,368
Unsecured bank loans	2021	0.51%	3,110,000
Unsecured bank loans	2021	8.5%	60,407
		Key rate of the Central Bank of the Russian Federation+ 1.2% - Key rate of the Central Bank of the Russian Federation + 1.6%	
Unsecured bank loans	2021-2023		168,526
			<u>4,335,000</u>
			<b>13,364,301</b>

The Group repaid the following significant bank facilities during the nine months ended 30 September 2021:

	<u>Amount</u>
Loans and borrowings	13,478,538
	<b>13,478,538</b>

## 22 Trade and other payables

	<u>30 September 2021</u>	<u>31 December 2020</u>
<b>Non-current accounts payable</b>		
Trade payables	–	5,758
Other payables	153,928	138,159
<b>Total financial liabilities</b>	<b>153,928</b>	<b>143,917</b>
<b>Current accounts payable</b>		
Trade payables	3,607,750	3,258,702
Other payables and accrued expenses	1,115,603	388,094
Dividends payable	9,654	9,819
<b>Total financial liabilities</b>	<b>4,733,007</b>	<b>3,656,615</b>
Payables to employees	1,190,563	1,480,710
	<b>5,923,570</b>	<b>5,137,325</b>

## 23 Taxes, other than income tax

	<u>30 September 2021</u>	<u>31 December 2020</u>
Value-added tax	829,305	941,344
Property tax	89,964	82,308
Social security contributions	241,236	286,499
Other taxes payable	85,738	114,244
	<b>1,246,243</b>	<b>1,424,395</b>

## 24 Advances received

	<u>30 September 2021</u>	<u>31 December 2020</u>
<b>Non-current</b>		
Advances for connection services	107,238	147,837
Other advances received	146,752	69,305
	<b>253,990</b>	<b>217,142</b>
<b>Current</b>		
Advances for connection services	2,797,950	2,556,625
Other advances received	620,976	620,377
	<b>3,418,926</b>	<b>3,177,002</b>

## 25 Provisions

	<u>2021 year</u>	<u>2020 year</u>
<b>As at 1 January</b>	<b>1,938,914</b>	<b>998,058</b>
Accrual (increase) for the period	32,989	244,206
Recovery (decrease) for the period	(104,120)	(72,393)
Use of provisions	(136,329)	(22,056)
<b>As at 30 September</b>	<b>1,731,454</b>	<b>1,147,815</b>

The provisions were accrued for pending legal cases brought against the Group for ordinary activities, including at 30 September 2021:

- In the amount of RUB 240,847 thousand for LLC “TNS Energo Veliky Novgorod” on the disputed debt for the provision of services for the transmission of electric energy purchased to compensate for losses for the period from September 2016 to December 2018, December 2019, as well as on penalties and fines in respect of debt for compensation of losses;
- In the amount of RUB 287,000 thousand for PJSC Gazprom, the Group has accrued a provision for the payment of a penalty due to late performance of obligations under the technological connection agreement;
- In the amount of RUB 64,543 thousand for LLC “SSK” in relation to the disputed debt for the period 2018-2020;
- In the amount of RUB 1,021,556 thousand the Group has accrued property tax risk for 2016-2020.

## 26 Financial risk and capital management

In the normal course of business, the Group is exposed to a variety of financial risks, including, but not limited to, market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s financial risk and capital management objectives and policies, as well as the fair value determination process, are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

The management takes operational measures to ensure sufficient 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 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>2021 year</u>	<u>2020 year</u>
<b>As at 1 January</b>	<b>(6,973,033)</b>	<b>(8,391,419)</b>
Increase for the period	(458,632)	(310,200)
Recovery for the period	416,022	2,097,009
Amounts of trade and other receivables written off against previously accrued expected credit losses	313,572	136,593
<b>As at 30 September</b>	<b>(6,702,071)</b>	<b>(6,468,017)</b>

As at 30 September 2021 the amount of the free limit on the Group’s open but unused credit lines amounted to RUB 37,649,032 thousand (as at 31 December 2020: RUB 26,764,795 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

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 September 2021		Level of fair value hierarchy		
Financial instruments	Note	Carrying amount	Fair value	1	2	3
<b>Financial assets at fair value through profit or loss</b>						
Long-term bank deposits	15	474,763	474,763	–	–	474,763
<b>Financial assets at amortized cost</b>						
Long-term accounts receivable	16	109,794	103,884	–	–	103,884
<b>Financial assets at fair value through other comprehensive income</b>						
Investments in equity instruments	15	13,277	13,277	12,107	–	1,170
<b>Financial liabilities measured at amortized cost</b>						
Current and non-current loans and borrowings	21	(15,500,373)	(15,235,735)	–	–	(15,235,735)
Non-current accounts payable	22	(153,928)	(136,467)	–	–	(136,467)
		<u>(15,056,467)</u>	<u>(14,780,278)</u>	<u>12,107</u>	<u>–</u>	<u>(14,780,278)</u>
		31 December 2020		Level of fair value hierarchy		
Financial instruments	Note	Carrying amount	Fair value	1	2	3
<b>Financial assets at fair value through profit or loss</b>						
Long-term bank deposits	15	463,623	463,623	–	–	463,623
<b>Financial assets at amortized cost</b>						
Long-term accounts receivable	16	113,045	106,468	–	–	106,468
<b>Financial assets at fair value through other comprehensive income</b>						
Investments in equity instruments	15	13,814	13,814	12,739	–	1,075
<b>Financial liabilities measured at amortised cost</b>						
Current and non-current loans and borrowings	21	(15,600,277)	(15,284,303)	–	–	(15,284,303)
Non-current accounts payable	22	(143,917)	(157,566)	–	–	(157,566)
		<u>(15,153,712)</u>	<u>(14,857,964)</u>	<u>12,739</u>	<u>–</u>	<u>(14,870,703)</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 30 September 2021 was 12.44% (as at 31 December 2020: 12.44%).

The interest rate used to discount expected future cash flows on long-term accounts receivable for determining the disclosed fair value as at 30 September 2021 was 5.70-6.53% (as at 31 December 2020: 4.15-4.73%).

The interest rate used to discount expected future cash flows on long-term accounts payable for determining the disclosed fair value as at 30 September 2021 was 8.02-8.86% (as at 31 December 2020: 6.48-7.12%).

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 September 2021 was 8.34% (as at 31 December 2020: 6.79%).

During nine months ended 30 September 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:

	<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 2021</b>	<b>463,623</b>	<b>13,814</b>
Change in fair value recognized in other comprehensive income	–	(537)
Change in fair value recognized in profit or loss	11,140	–
<b>As at 30 September 2021</b>	<b>474,763</b>	<b>13,277</b>

## 27 Capital commitments

As at 30 September 2021 the Group has outstanding commitments under contracts for the purchase and construction of property plant and equipment items for RUB 2,896,754 thousand including VAT (as at 31 December 2020: RUB 3,645,511 thousand including VAT).

## 28 Contingencies

### (a) Insurance

The Group has unified requirements in respect of the volume of insurance coverage reliability of insurance companies and about procedures of insurance protection organization. The Group maintains insurance of assets civil liability and other insurable risks. The main business assets of the Group have insurance coverage 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.

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

**(b) Transactions with the parent and its subsidiaries**

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

	<b>Amount of transaction</b>				<b>Carrying amount</b>	
	<b>Three months ended</b>		<b>Nine months ended</b>		<b>30 September</b>	<b>31 December</b>
	<b>30 September</b>	<b>2020</b>	<b>30 September</b>	<b>2020</b>		
<b>Revenue, other income,</b>						
<b>Finance income</b>						
<b>The parent company</b>						
Other revenue	308	308	923	923	–	–
<b>Entities under common control of the parent company</b>						
Connection services	–	–	82	–	–	–
Sales of electricity	63	–	236	–	58	–
Other revenue	231	38	719	54,503	151,311	152,014
Other operating income	1,653	195	1,657	584	48,409	33,738
Dividends receivable	–	–	41	–	–	–
	<b>2,255</b>	<b>542</b>	<b>3,658</b>	<b>56,011</b>	<b>199,778</b>	<b>185,752</b>

	Amount of transaction				Carrying amount	
	Three months ended 30 September		Nine months ended 30 September		30 September	31 December
	2021	2020	2021	2020	2021	2020
<b>Operating expenses, Finance costs</b>						
<b>The parent company</b>						
Consulting legal and audit services	27,187	33,599	76,004	93,359	19,182	23,226
Other production works and services	7,103	7,103	21,310	21,310	–	–
Interest expenses on financial liabilities measured at amortized cost	57,973	–	152,203	–	20,720	15,018
<b>Entities under common control of the parent company</b>						
Electricity for sale	1,265	–	4,332	–	355	–
Electricity transmission services	1,747,525	1,734,350	5,438,113	5,261,579	555,612	567,970
Connection services	665	–	3,302	1,792	–	92
Repair and maintenance services	–	1,699	2,471	2,014	–	2,038
Lease	45	97	490	469	370	335
Communication services	6,286	12,476	21,851	17,094	3,578	7,893
Software and maintenance costs	1,902	3,286	4,483	4,941	9,782	2,320
Expected credit losses	1,653	–	1,653	–	184,733	183,080
Provisions	–	(63,288)	–	(63,288)	–	–
Other expenses	22,230	6,825	24,977	8,273	20,862	102,139
	<b>1,872,181</b>	<b>1,736,147</b>	<b>5,749,536</b>	<b>5,347,543</b>	<b>815,194</b>	<b>904,111</b>

	Carrying amount	
	30 September 2021	31 December 2020
<b>The parent company</b>		
Loans and borrowings	(3,800,000)	(3,800,000)
<b>Entities under common control of the parent company</b>		
Advances given	60,670	5,258
Advances received	(2,158)	(2,248)

As at 30 September 2021 and 31 December 2020 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:

- 15.11% and 17.10% of the Group's total revenue for the three and nine months ended 30 September 2021 (for the three and nine months ended 30 September 2020: 22.50% and 21.64%);
- 15.43% and 17.54% of the Group's electricity transmission revenue for the three and nine months ended 30 September 2021 (for the three and nine months ended 30 September 2020: 19.36% and 17.94%).

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 66.02% and 62.73% of the total costs for transmission and compensation of losses for the three and nine months ended 30 September 2021 (for the three and nine months ended 30 September 2020: 62.75% and 64.24%).

As at 30 September 2021, loans and borrowings from banks related to the main shareholder of the parent company amounted to RUB 7,229,652 thousand (31 December 2020: RUB 6,575,205 thousand).

For the nine months ended 30 September 2021, the Group attracted loans and borrowings from banks associated with the main shareholder of the parent company in the amount of RUB 10,683,894 thousand, repaid – RUB 10,048,131 thousand.

Interest accrued on loans and borrowings from banks related to the main shareholder of the parent company for the three and nine months ended 30 September 2021 amounted to 62.17% and 57.43% of the total amount of accrued interest (for the three and nine months ended 30 September 2020: 61.24% and 70.07%).

As at 30 September 2021, the balance of cash and cash equivalents placed with banks associated with the main shareholder of the parent company amounted to RUB 664,978 thousand. (31 December 2020: RUB 839,689 thousand).

As at 30 September 2021, lease obligations for companies related to the main shareholder of the parent company amounted to RUB 566,055 thousand (31 December 2020: RUB 696,662 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.

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Short-term remuneration for employees	42,132	40,087	119,196	84,069
Post employment benefits and other long-term benefits	18	1 679	55	5,000
	<b>42,150</b>	<b>41,766</b>	<b>119,251</b>	<b>89,069</b>

As at 30 September 2021, 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 878 thousand (31 December 2020: RUB 905 thousand).

**30 Events after the reporting date**

No events occurred after 30 September 2021 that could have a material impact on the Group's financial position.