

Interim Financial Information
(unaudited)
Public Joint-Stock Company
“Rosseti Moscow Region”
and its subsidiaries
for the three and nine months period ended 30 September 2023
November 2023

**Interim Financial Information
of Public Joint Stock Company "Rosseti Moscow Region"
and its subsidiaries**

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PJSC Rosseti Moscow Region

Interim condensed consolidated statement of
profit or loss and other comprehensive income (unaudited)
for the three and nine months ended 30 September 2023
(in thousands of Russian roubles unless otherwise stated)

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2023	2022	2023	2022
		(unaudited)		(unaudited)	
Revenue	6	52 827 877	46 484 819	163 712 735	142 733 310
Operating expenses	7	(43 682 668)	(41 701 615)	(138 755 283)	(121 408 220)
(Accrual)/reversal of allowance for expected credit losses on accounts receivable	25	(196 605)	186 024	(650 494)	315 878
Net accrual of impairment of property, plant and equipment and right-of-use assets		-	(8 413 491)	-	(8 413 491)
Other income	8	1 536 968	2 239 139	6 702 972	4 952 666
Other expenses	9	(112 477)	(113 729)	(518 017)	(268 958)
Operating profit		10 373 095	(1 318 853)	30 491 913	17 911 185
Finance income	10	129 477	216 926	612 433	1 151 246
Finance costs	10	(227 987)	(745 967)	(1 253 897)	(2 838 372)
Total finance costs		(98 510)	(529 041)	(641 464)	(1 687 126)
Profit/(loss) before income tax		10 274 585	(1 847 894)	29 850 449	16 224 059
Income tax expense	11	(1 887 116)	(16 780)	(6 245 542)	(3 420 708)
Extra income tax expense	11	(520 474)	-	(520 474)	-
Profit/(loss) for the period		7 866 995	(1 864 674)	23 084 433	12 803 351
Profit/(loss) for the period attributable to: Shareholders of PJSC Rosseti Moscow Region		7 866 995	(1 864 674)	23 084 433	12 803 351
Other comprehensive income/(loss) Items that will not be reclassified to profit and loss in subsequent periods					
Remeasurement of defined benefit plans		134 319	421 530	264 535	121 146
Income tax on remeasurement of defined benefit plans		(24 358)	(76 528)	(47 973)	(21 992)
Other comprehensive income, net of income tax		109 961	345 002	216 562	99 154
Total comprehensive income/(loss) for the period		7 976 956	(1 519 672)	23 300 995	12 902 505
Total comprehensive income/(loss) attributable to: Shareholders of PJSC Rosseti Moscow Region		7 976 956	(1 519 672)	23 300 995	12 902 505
Earnings per share					
Basic and diluted earnings per ordinary share (in Russian roubles)	19	0.1615	(0.0383)	0.4739	0.2629

These interim condensed consolidated financial statements were approved by management on 29 November 2023 and were signed on its behalf by:


General Director
P.A. Sinyutin


First Deputy General Director
for Finance and Economic Activity
V.Y. Myasnikov



The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Interim condensed consolidated statement of financial position (unaudited)

as at 30 September 2023

(in thousands of Russian roubles, unless otherwise stated)

	Note	30 September 2023 (unaudited)	31 December 2022 (audited)
Assets			
Non-current assets			
Property, plant and equipment	12	350 692 017	328 040 963
Right-of-use assets	14	3 467 661	3 588 021
Intangible assets	13	6 225 414	5 981 780
Trade and other receivables	15	77 490	133 391
Assets related to employee defined benefits plans		216 761	210 098
Deferred income tax assets		93 118	57 952
Advances given and other non-current assets	16	5 025 872	3 322 125
Total non-current assets		365 798 333	341 334 330
Current assets			
Inventories		4 123 371	4 306 928
Income tax receivable		3 954	69 009
Trade and other receivables	15	13 198 214	17 224 977
Advances given and other current assets	16	9 907 721	10 103 292
Cash and cash equivalents	17	5 568 694	15 464 193
Total current assets		32 801 954	47 168 399
Total assets		398 600 287	388 502 729
Equity and liabilities			
Equity			
Share capital	18	24 353 546	24 353 546
Retained earnings		188 713 510	165 989 630
Total equity		213 067 056	190 343 176
Non-current liabilities			
Loans and borrowings	20	21 603 733	28 497 458
Employee benefits		2 651 241	2 934 182
Deferred income tax liabilities		12 960 097	11 756 885
Non-current advances received	23	28 183 145	19 890 086
Non-current trade and other payables	21	12 648 820	9 272 363
Total non-current liabilities		78 047 036	72 350 974
Current liabilities			
Loans and borrowings	20	31 204 967	39 236 941
Income tax payable		869 608	1 138 678
Extra Income tax payable		520 474	-
Other taxes payable	22	4 483 735	4 674 332
Advances received	23	43 376 858	43 967 188
Trade and other payables	21	23 131 106	33 119 623
Provisions	24	3 899 447	3 671 817
Total current liabilities		107 486 195	125 808 579
Total liabilities		185 533 231	198 159 553
Total equity and liabilities		398 600 287	388 502 729

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Interim condensed consolidated statement of changes in equity (unaudited)
for the nine months ended 30 September 2023

(in thousands of Russian roubles, unless otherwise stated)

	Share capital	Retained earnings	Total equity
Balance at 1 January 2022	24 353 546	161 236 577	185 590 123
Profit for the period	–	12 803 351	12 803 351
Other comprehensive income	–	99 154	99 154
Total comprehensive income for the period	–	12 902 505	12 902 505
Dividends to shareholders (Note 18(c))	–	(4 627 174)	(4 627 174)
Balance at 30 September 2022 (unaudited)	24 353 546	169 511 908	193 865 454
Balance at 1 January 2023	24 353 546	165 989 630	190 343 176
Profit for the period	–	23 084 433	23 084 433
Other comprehensive income	–	216 562	216 562
Total comprehensive income for the period	–	23 300 995	23 300 995
Dividends to shareholders (Note 18(c))	–	(589 356)	(589 356)
Write-off of unclaimed dividends	–	12 241	12 241
Balance at 30 September 2023 (unaudited)	24 353 546	188 713 510	213 067 056

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Interim condensed consolidated statement of cash flows (unaudited)

for the nine months ended 30 September 2023

(in thousands of Russian roubles, unless otherwise stated)

	Note	For the nine months ended 30 September	
		2023	2022
		(unaudited)	
Cash flows from operating activities			
Profit for the period		23 084 433	12 803 351
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment, amortization of right-of-use assets and intangible assets	7	17 581 460	17 871 109
Net accrual of impairment of property, plant and equipment and right-of-use-assets		-	8 413 491
Finance costs	10	1 253 897	2 838 372
Property received as a compensation of losses	9	(2 615 749)	(2 296 500)
Allowance /(recovery) for expected credit losses of accounts receivable		650 494	(315 878)
Recovery of allowance for impairment of advances given	7	(149 194)	(73 212)
Allowance for provisions	7, 24	3 332 770	1 207 959
Loss on disposal of property, plant and equipment	8	518 017	238 951
Finance income	10	(612 433)	(1 151 246)
Write down of inventory	7	23 791	15 177
Loss from inventory write off		8 450	2 724
Write off of accounts payable		(295 238)	(304 789)
Income tax expense	11	6 245 542	3 420 708
Extra income tax expense	11	520 474	-
Other non-cash items		(203 167)	(39 752)
Total impact of adjustments		49 343 547	42 630 465
Changes in assets related to employees benefit liabilities		2 706	(30 661)
Changes in employees benefit liabilities		(221 448)	(182 271)
Changes in long-term trade and other receivables		55 901	117 549
Changes in long-term advances given and other non-current assets		(1 703 747)	(1 313 532)
Changes in long-term trade and other payables		3 376 457	1 975 551
Changes in long-term advances received		8 293 059	7 812 268
Cash flows from operating activities before changes in operating assets and liabilities		59 146 475	51 009 369
<i>Changes in operating assets and liabilities</i>			
Changes in trade and other receivables		2 926 929	593 358
Changes in advances given and other assets		344 765	(1 356 548)
Changes in inventories		226 296	(806 595)
Changes in trade and other payables		(2 626 744)	(2 033 355)
Changes in advances received		(591 288)	4 243 728
Changes in provisions		(3 105 140)	(1 609 120)
Changes in taxes payable, other than income tax		(190 597)	4 053 420
Cash flows from operating activities before payment of income tax and interest		56 130 696	54 094 257
Interest paid		(2 912 112)	(3 792 211)
Interest paid under lease agreements		(221 945)	(229 607)
Income taxes paid		(5 329 484)	(4 160 327)
Net cash flows from operating activities		47 667 155	45 912 112

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Interim condensed consolidated statement of cash flows (unaudited) (continued)

	Note	For the nine months ended 30 September	
		2023	2022
		(unaudited)	
Cash flows from investing activities			
Acquisition of property plant and equipment and intangible assets		(38 570 444)	(28 802 555)
Placement of bank deposits		(1 000 000)	–
Withdrawal of bank deposits		1 000 000	–
Interest received		603 064	1 045 715
Proceeds from sale of property, plant and equipment		13 398	4 828
Net cash flows used in investing activities		(37 953 982)	(27 752 012)
Cash flows from financing activities			
Receipt of loans and borrowings	20	49 694 084	1 376 187
Repayment of loans and borrowings	20	(64 416 379)	(11 150 994)
Dividends paid to Shareholders of PJSC Rosseti Moscow Region	18(B)	(4 724 588)	(4 627 174)
Payment of principal portion of lease liabilities		(161 789)	(242 120)
Net cash flows used in financing activities		(19 608 672)	(14 644 101)
Net (decrease)/increase in cash and cash equivalents		(9 895 499)	3 515 999
Cash and cash equivalents at the beginning of the period		15 464 193	10 654 224
Cash and cash equivalents at the end of the period	17	5 568 694	14 170 223

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited)

for the three and nine months ended 30 September 2023

(in thousands of Russian roubles, unless otherwise stated)

1. Background

a) Group and its operations

Public Joint-Stock Company "Rosseti Moscow Region" (the "Company") was established on 1 April 2005 by transfer of assets and activities related to the electricity transmission of OJSC Mosenergo, a subsidiary of RAO UES of Russia, within the framework of Russian electricity sector restructuring (Minutes No. 1 of 29 September 2004 of the annual general meeting of shareholders of OJSC Mosenergo). The Company's shares are traded on Moscow Exchange.

On 24 July 2020, Public Joint Stock Company "Moscow United Electric Grid Company" was renamed into Public Joint Stock Company "Rosseti Moscow Region", after the state registration entry of changes made to the constituent documents of a legal entity related to changes in information about the legal entity, contained in the Unified State Register of Legal Entities under the state number 2207706755584.

The Company's registered office and the actual address is Russia 115114, Moscow, 2 Paveletskiy proezd, 3, building 2.

The Company and its subsidiaries are collectively referred to as the Group.

The Group's main activity is the provision of fee-based services of electricity transmission in Moscow and the Moscow region. The main activities of the Group also include the provision of technological connection services to electric networks.

b) Relations with the state. The parent company.

The Government of the Russian Federation, represented by the Federal Agency for the Administration of State Property, is the ultimate controlling party of the Company (further – the "main shareholder of the parent company"). The policy of the Government of the Russian Federation in the economic, social and other areas may have a significant impact on the Group's activities.

The state influences the Group's activities through representation on the Board of Directors of the parent company, regulation of tariffs in the electric power industry, approval and control over the implementation of the investment program. The Group's counterparties (consumers of services, suppliers and contractors, etc.) include a significant number of companies related to the main shareholder of the parent company.

The parent entity of the Group is PJSC "ROSSETI" (further – "the parent company").

The Extraordinary General Meeting of Public Joint Stock Company "ROSSETI", which was held on 16 September 2022, decided to reorganise PJSC "ROSSETI" in the form of joining the Public Joint Stock Company Public Joint Stock Company "Federal Grid Company – ROSSETI" in the manner and on the terms provided for in the accession agreement.

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

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

1. Background (continued)

b) Relations with the state. The parent company. (continued)

The information on the termination of the activities of Public Joint Stock Company "ROSSETI" through reorganisation in the form of joining the Public Joint Stock Company "Federal Grid Company – ROSSETI", which is the universal legal successor of Public Joint Stock Company "ROSSETI", was entered into the Unified State Register of Legal Entities on 9 January 2023. As a result of the reorganisation, the share of the Russian Federation in the authorised capital of the parent company of the Group, Public Joint Stock Company "Federal Grid Company – ROSSETI", is 75.000048%.

At 30 September 2023, the share of the Russian Federation in the authorized capital of the parent company the Public Joint Stock Company "Federal Grid Company – ROSSETI" (PJSC "ROSSETI") was 75%.

At 31 December 2022, the share of Russian Federation in the authorized capital of the parent company the Public Joint Stock Company "ROSSETI" was 88.04%, including 88.89% in voting ordinary shares, 7.01% in preferred shares.

At 30 September 2023, the parent company PJSC "ROSSETI" owned 50.9% of the Company's voting shares (at 31 December 2022: 50.9%).

c) Operating environment of the Group

The Group operates in the Russian Federation and is therefore exposed to risks related to the state of the economy and financial markets of the Russian Federation.

The economy of the Russian Federation exhibits some characteristic features inherent in emerging markets. The country's economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory systems continue to evolve and are subject to frequent changes, as well as the possibility of different interpretations.

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

The Group takes all necessary measures to ensure the sustainability of its activities. The presented consolidated financial statements reflect management's view of the impact of the business environment in the Russian Federation on the Group's operations and financial position. The actual impact of future business conditions may differ from current estimates.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

2. Basis of preparation of financial statements

a) Statement of compliance

The interim condensed consolidated financial statements for the three and nine months ended 30 September 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to understand changes in the Group's financial position and operations since the date of the last annual consolidated financial statements. The interim condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with International financial reporting standards ("IFRS").

b) Use of estimates and professional judgments

The significant judgements regarding accounting policy of the Group and key sources of uncertainty in estimations applied by the management in the preparation of the current interim condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements as of and for the year ended 31 December 2022.

c) New standards, clarifications and amendments to existing standards

The Group has applied all new standards and amendments, which became effective as of 1 January 2023. The impact of the adoption of the new standards and interpretations was not significant for the current interim condensed consolidated financial statements.

New standards, amendments and clarifications that have been issued, but have not yet entered into force at the date of issue of the Group's consolidated financial statements are listed below. The Group intends to adopt the applicable standards and clarifications after their entry into force.

- ▶ IFRS 17 *Insurance Contracts*;
- ▶ Amendments to IFRS (IAS) 1 and Practical Recommendations No. 2 on the application of IFRS "Disclosure of Information on Accounting Policies";
- ▶ Amendments to IAS 8 Determination of *Accounting Estimates*
- ▶ Amendments to IAS 12 *Income Taxes – Deferred Tax on Assets and Liabilities Arising from a Single Transaction*;

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

- ▶ Amendments to IFRS (IAS) 1 *Presentation of Financial Statements – Classification of liabilities as current or non-current*. The amendment becomes effective from 1 January 2024 (taking into account the draft of additional amendments issued in November 2021).
- ▶ Amendments to IFRS 10 and IAS 28 regarding the sale or deposit of assets between an investor and his associate or joint venture were adopted by the IASB in September 2014: in December 2015, application was postponed until the end of the study on the equity method of accounting.

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

2. Basis of preparation of financial statements (continued)

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

- ▶ Lease Obligations on Sale and Leaseback – Amendments to IFRS 16 (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- ▶ Long-term Obligations with Covenants – Amendments to IAS 1 (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024).
- ▶ Accounts Payable Factoring operations – Amendments to IAS 7 and IFRS 7 (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).

d) Functional and presentation currency

The national currency of the Russian Federation is the Russian rouble (“RUB”), which is the Group’s functional currency and reporting currency of the interim condensed consolidated financial statements. All values are presented in RUB and have been rounded to the nearest thousand.

e) Reclassification of comparative data

Certain comparative figures in the interim condensed consolidated financial statement of cash flows and certain notes to the interim condensed consolidated financial statements for the prior period were reclassified to comply with presentation of the consolidated financial statements for 2022. All reclassifications are immaterial.

3. Significant accounting policies

The main elements of accounting policies and calculation methods used by the Group are consistent with those described in the consolidated financial statements for the year ended 31 December 2022.

4. Determination of fair values

Certain provisions of the Group’s accounting policies and disclosures require measurement of the fair value for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability; or, in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as practicable. Fair values are categorized into different levels within the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- ▶ Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ▶ Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

- ▶ Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4. Determination of fair values (continued)

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 recognizes 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 point of time when transfers between certain levels are recognised when an event or change in circumstances occurs.

5. Operating segments

The Group defines operating segments based on the nature of their activities and geographical location. The main activity of the Group is the provision of services for the transmission and distribution of electricity, technological connection to electric networks. The results of the operating segments are regularly reviewed by the management of the Group.

Management has determined the following reportable segments:

- ▶ Electricity transmission in Moscow;
- ▶ Electricity transmission in the Moscow region;
- ▶ Connection services to electric networks in Moscow;
- ▶ Connection services to electric networks in the Moscow region.

Other activities mainly represent rental income, installation services, repair and technical maintenance of electrical equipment, which have been included in the segment "Other". None of these activities meets the quantitative thresholds for determining reportable segments for the three and nine months ended 30 September 2023 or for the three and nine months ended 30 September 2022.

The Board of Directors of PJSC Rosseti Moscow Region, being the supreme body making decisions on the Group's operating activities, regularly analyses information related to reporting segments in order to make decisions on the allocation of resources to segments and evaluate the results of their activities.

Segment results are evaluated on the basis of revenue and operating profit of the segments as reported in the statutory financial statements prepared in accordance with Russian accounting standards (RAS).

The segment information also includes indicator of loans and borrowings as this indicator is analyzed by the management of the Group responsible for operational decision-making.

Reconciliation of reportable segment indicators to the similar indicators in these interim condensed consolidated financial statements includes reclassifications and amendments that are necessary for the presentation of financial statements in accordance with IFRS.

Information about reportable segments is provided below.

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

5. Operating segments (continued)

The segment revenue and profit before income tax for the three months ended 30 September 2023 are as follows (unaudited):

	Electricity transmission	Connection services	Other	Total
External revenues	44 804 309	6 268 664	1 754 904	52 827 877
Moscow	20 542 514	5 011 395	1 381 009	26 934 918
Moscow region	24 261 795	1 257 269	373 895	25 892 959
Inter-segment revenue	-	110	896 843	896 953
Moscow	-	110	728 961	729 071
Moscow region	-	-	167 882	167 882
Operating expenses	(42 483 052)	(362 996)	(1 809 692)	(44 655 740)
Moscow	(18 680 369)	(194 373)	(1 464 545)	(20 339 287)
Moscow region	(23 802 683)	(168 623)	(345 147)	(24 316 453)
Depreciation and amortisation	(7 096 203)	-	(208 372)	(7 304 575)
Moscow	(3 760 673)	-	(74 847)	(3 835 520)
Moscow region	(3 335 530)	-	(133 525)	(3 469 055)
Reportable segment finance costs	(169 952)	(17 593)	(23 162)	(210 707)
Moscow	(29 845)	(17 593)	(22 250)	(69 688)
Moscow region	(140 107)	-	(912)	(141 019)
Reportable segment finance income	-	-	123 156	123 156
Moscow	-	-	83 000	83 000
Moscow region	-	-	40 156	40 156
Reportable segment operating profit	2 321 257	5 905 778	842 055	9 069 090
Moscow	1 862 145	4 817 132	645 425	7 324 702
Moscow region	459 112	1 088 646	196 630	1 744 388

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

5. Operating segments (continued)

The segment revenue and profit before income tax for the three months ended 30 September 2022 are as follows (unaudited):

	Electricity transmission	Connection services	Other	Total
External revenues	41 712 356	3 414 749	1 357 714	46 484 819
Moscow	19 517 750	2 652 828	1 126 067	23 296 645
Moscow region	22 194 606	761 921	231 647	23 188 174
Inter-segment revenue	-	-	890 820	890 820
Moscow	-	-	735 379	735 379
Moscow region	-	-	155 441	155 441
Operating expenses	(39 135 542)	(327 683)	(1 686 512)	(41 149 737)
Moscow	(18 065 280)	(113 892)	(1 385 614)	(19 564 786)
Moscow region	(21 070 262)	(213 791)	(300 898)	(21 584 951)
Depreciation and amortisation	(7 503 429)	-	(26 574)	(7 530 003)
Moscow	(4 033 693)	-	(26 574)	(4 060 267)
Moscow region	(3 469 736)	-	-	(3 469 736)
Reportable segment finance costs	(697 528)	-	(23 240)	(720 768)
Moscow	(236 576)	-	(22 003)	(258 579)
Moscow region	(460 952)	-	(1 237)	(462 189)
Reportable segment finance income	-	-	250 622	250 622
Moscow	-	-	246 828	246 828
Moscow region	-	-	3 794	3 794
Reportable segment operating profit	2 576 814	3 087 066	562 022	6 225 902
Moscow	1 452 470	2 538 936	475 832	4 467 238
Moscow region	1 124 344	548 130	86 190	1 758 664

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

5. Operating segments (continued)

The segment revenue and profit before income tax for the nine months ended 30 September 2023 are as follows (unaudited):

	Electricity transmission	Connection services	Other	Total
External revenues	146 002 614	13 827 067	3 883 054	163 712 735
Moscow	65 365 716	10 694 033	3 134 072	79 193 821
Moscow region	80 636 898	3 133 034	748 982	84 518 914
Inter-segment revenue	-	110	2 141 862	2 141 972
Moscow	-	110	1 706 836	1 706 946
Moscow region	-	-	435 026	435 026
Operating expenses	(132 468 557)	(1 107 273)	(4 779 983)	(138 355 813)
Moscow	(57 487 080)	(564 859)	(3 803 974)	(61 855 913)
Moscow region	(74 981 477)	(542 414)	(976 009)	(76 499 900)
Depreciation and amortisation	(20 936 705)	-	(519 198)	(21 455 903)
Moscow	(11 040 384)	-	(118 908)	(11 159 292)
Moscow region	(9 896 321)	-	(400 290)	(10 296 611)
Reportable segment finance costs	(871 989)	(189 889)	(69 535)	(1 131 413)
Moscow	(48 257)	(189 889)	(66 704)	(304 850)
Moscow region	(823 732)	-	(2 831)	(826 563)
Reportable segment finance income	-	-	641 698	641 698
Moscow	-	-	525 599	525 599
Moscow region	-	-	116 099	116 099
Reportable segment operating profit	13 534 057	12 719 904	1 244 933	27 498 894
Moscow	7 878 636	10 129 284	1 036 934	19 044 854
Moscow region	5 655 421	2 590 620	207 999	8 454 040

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

5. Operating segments (continued)

The segment revenue and profit before income tax for the nine months ended 30 September 2022 are as follows (unaudited):

	Electricity transmission	Connection services	Other	Total
External revenues	129 367 858	9 027 049	4 338 403	142 733 310
Moscow	59 201 330	7 271 582	3 706 017	70 178 929
Moscow region	70 166 528	1 755 467	632 386	72 554 381
Inter-segment revenue	-	-	1 990 605	1 990 605
Moscow	-	-	1 546 115	1 546 115
Moscow region	-	-	444 490	444 490
Operating expenses	(119 811 634)	(970 103)	(5 011 396)	(125 793 133)
Moscow	(53 458 195)	(321 950)	(4 128 206)	(57 908 351)
Moscow region	(66 353 439)	(648 153)	(883 190)	(67 884 782)
Depreciation and amortisation	(22 252 040)	-	(85 579)	(22 337 619)
Moscow	(11 952 549)	-	(85 579)	(12 038 128)
Moscow region	(10 299 491)	-	-	(10 299 491)
Reportable segment finance costs	(2 578 543)	-	(69 707)	(2 648 250)
Moscow	(1 021 943)	-	(67 036)	(1 088 979)
Moscow region	(1 556 600)	-	(2 671)	(1 559 271)
Reportable segment finance income	-	-	1 113 225	1 113 225
Moscow	-	-	996 182	996 182
Moscow region	-	-	117 043	117 043
Reportable segment operating profit	9 556 224	8 056 946	1 317 612	18 930 782
Moscow	5 743 135	6 949 632	1 123 926	13 816 693
Moscow region	3 813 089	1 107 314	193 686	5 114 089

Segment assets are as follows:

	Moscow	Moscow region	Total
30 September 2023 (unaudited)			
Total assets	261 589 720	177 831 688	439 421 408
Property, plant and equipment	220 533 431	155 313 834	375 847 265
Trade and other receivables	10 714 055	8 054 491	18 768 546
Unallocated	30 342 234	14 463 363	44 805 597
31 December 2022 (audited)			
Total assets	250 422 749	170 477 847	420 900 596
Property, plant and equipment	203 118 923	147 517 530	350 636 453
Trade and other receivables	10 964 164	10 482 607	21 446 771
Unallocated	36 339 662	12 477 710	48 817 372

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

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Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

5. Operating segments (continued)

Segment liabilities are as follows:

	Moscow	Moscow region	Total
30 September 2023 (unaudited)			
Total liabilities	106 488 242	101 223 790	207 712 032
Loans and borrowings	2 090 640	46 450 605	48 541 245
Unallocated	104 397 602	54 773 185	159 170 787
31 December 2022 (audited)			
Total liabilities	118 042 570	96 315 577	214 358 147
Loans and borrowings	16 656 224	46 577 120	63 233 344
Unallocated	101 386 346	49 738 457	151 124 803

Reconciliation of reportable segments profit before income tax is presented below:

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Reportable segments profit	8 227 035	5 663 880	26 253 961	17 613 170
Other profit or loss	842 055	562 022	1 244 933	1 317 612
Unallocated	1 192 207	(4 842 483)	(722 151)	(4 856 847)
Total profit before income tax per RAS	10 261 297	1 383 419	26 776 743	14 073 935
Borrowing costs capitalized	75 145	69 605	185 022	115 695
Rent expense	24 448	(22 440)	43 087	(107 955)
Loss on disposal of property, plant and equipment	5 526	63 117	271 428	67 077
Depreciation and amortisation	1 203 303	1 364 771	3 550 751	4 382 651
Provisions for litigations	(1 017 927)	(2 522 296)	-	-
Allowance for expected credit losses	(62 587)	27 001	(88 449)	35 657
Discounting of loan	(2 151)	57 352	(12 883)	(19 871)
Loss of impairment of property, plant and equipment	(10 976)	(2 099 511)	(51 916)	(2 099 511)
Employee benefits plan liabilities	(3 471)	8 992	25 069	42 666
Income from fixed assets and right-of-use assets received free-of-charge	(148 006)	(105 052)	(714 072)	(280 030)
Other items	(50 016)	(72 852)	(134 331)	13 745
Consolidated profit before income tax per IFRS	10 274 585	(1 847 894)	29 850 449	16 224 059

The segment disclosure was prepared in consistency with the segment disclosure as at 31 December 2022. However, for the purpose of preparation of the interim condensed consolidated financial statements the Group does not present a reconciliation of segment assets and segment liabilities to the amounts reported in the interim condensed consolidated financial statements as required by IFRS 8 *Operating Segments*.

Segment operating results reported to the Group's chief operating decision maker are determined based on the income and expenses determined in accordance with Russian Accounting Standards (RAS).

Segment operating results represent the profit earned by each segment without segregation of finance income and costs, other income and expenses, which are included in "Unallocated" component.

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

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Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

6. Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Revenue from electricity transmission	44 804 309	41 712 355	146 002 614	129 367 858
Revenue from connection services	6 268 664	3 414 750	13 827 067	9 027 049
Other revenue	1 636 264	1 265 802	3 561 985	4 079 378
Revenue from contracts with customers	52 709 237	46 392 907	163 391 666	142 474 285
Rental income	118 640	91 912	321 069	259 025
	52 827 877	46 484 819	163 712 735	142 733 310

Other revenue includes revenue from services for the construction of energy facilities, installation and maintenance of electrical equipment.

7. Operating expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Personnel costs	(6 815 752)	(5 565 046)	(20 572 397)	(17 477 882)
Property, plant and equipment depreciation charge	(5 626 198)	(5 853 665)	(16 594 102)	(17 003 389)
Intangible assets depreciation charge	(266 480)	(208 811)	(707 360)	(605 098)
Right-of-use assets depreciation charge	(90 228)	(78 584)	(279 998)	(262 622)
Material expenses, including:				
Electricity for compensation of losses	(4 042 763)	(4 420 711)	(16 540 548)	(14 526 555)
Purchased electricity and heat power for own needs	(49 851)	(44 746)	(285 626)	(271 736)
Other material costs	(1 812 389)	(810 105)	(3 881 337)	(2 786 340)
Production work and services, including:				
Electricity transmission services	(19 868 678)	(18 561 330)	(63 725 475)	(57 556 113)
Repair, maintenance and installation services	(1 516 073)	(771 678)	(3 547 467)	(2 206 088)
Other works and production services	(1 094 716)	(654 017)	(1 807 890)	(2 052 581)
Other third-party services, including:				
Consulting, legal and audit services	(7 550)	512 912	(108 761)	(88 780)
Software costs and servicing	(401 344)	(830 960)	(961 036)	(834 430)
Security services	(294 055)	(188 121)	(783 676)	(588 512)
Transportation	(182 605)	(133 252)	(471 918)	(373 239)
Telecommunication services	(234 820)	(198 269)	(610 578)	(510 806)
Other services	(522 615)	(932 359)	(1 567 317)	(1 464 041)
Recovery of allowance for impairment of advances given	13 896	24 997	149 194	73 212
Taxes other than income tax	(251 141)	(240 237)	(748 456)	(752 859)
Short term lease	(19 460)	2 509	(57 627)	(17 525)
Insurance	(110 623)	(112 365)	(331 859)	(335 709)
Write down of inventory	(7 724)	(3 014)	(23 791)	(15 177)
Provisions (Note 24)	(29 731)	(2 635 016)	(3 332 770)	(1 207 959)
Other expenses	(451 768)	253	(1 964 488)	(543 991)
	(43 682 668)	(41 701 615)	(138 755 283)	(121 408 220)

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

8. Other income

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Income from electricity consumption without contracts	1 034 927	1 589 622	5 114 058	3 233 548
Income from compensation of losses on disposal of power grid facilities	112 027	231 972	551 115	708 442
Income on insurance reimbursement	3 426	16 433	208 053	27 858
Income in the form of fines and penalties on commercial contracts	177 184	60 397	341 162	328 202
Write off of accounts payable	183 783	170 006	295 238	304 789
Gain on disposal of fixed assets	(746)	19 222	-	30 007
Other income	26 367	151 487	193 346	319 820
	1 536 968	2 239 139	6 702 972	4 952 666

Income from compensation of losses on disposal of power grid facilities includes income in the form property received under agreements on compensation of losses for the three and nine months ended 30 September 2023 in the amount of RUB 916 540 thousand and RUB 2 615 748 thousand, respectively (for the three and nine months ended 30 September 2022: RUB 1 042 035 thousand and RUB 2 296 500 thousand, respectively). Income from compensation of losses on disposal of power grid facilities includes income in cash for the three and nine months ended 30 September 2023 in the amount of RUB 118 387 thousand and RUB 2 498 310 thousand, respectively (for the three and nine months ended 30 September 2022: RUB 547 587 thousand and RUB 937 048 thousand, respectively).

9. Other expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Loss on disposal (sale) of fixed assets	(112 477)	(113 729)	(518 017)	(268 958)
	(112 477)	(113 729)	(518 017)	(268 958)

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Selected explanatory notes to the interim condensed consolidated
financial statements (unaudited)
(continued)

10. Finance income and finance costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Finance income				
Interest income	129 477	216 926	603 064	1 145 967
Interest on assets related to employee benefits obligations	-	-	9 369	5 279
	129 477	216 926	612 433	1 151 246
Finance costs				
Interest expense on loans and borrowings	(80 260)	(611 720)	(816 028)	(2 413 350)
Interest on employee benefits obligation	(63 048)	(54 696)	(203 042)	(175 544)
Interest under lease agreements	(82 528)	(75 597)	(221 945)	(229 607)
Unwinding of discount of financial liabilities at amortised cost	(2 151)	(3 954)	(12 882)	(17 993)
Other financial costs	-	-	-	(1 878)
	(227 987)	(745 967)	(1 253 897)	(2 838 372)

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

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Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

11. Income tax expense

The main components of income tax expense for the three and nine months ended 30 September 2023 and 2022 are presented in the table below:

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Current income tax expense	(1 686 875)	(1 222 416)	(5 125 469)	(4 133 545)
Deferred income tax benefit/(expense)	(200 241)	1 205 636	(1 120 073)	712 837
	(1 887 116)	(16 780)	(6 245 542)	(3 420 708)

The income tax rate in the Russian Federation is 20%.

In accordance with the Moscow Regional Law *On Preferential Tax Treatment in the Moscow Region* No. 151/2004-OZ dated 24 November 2004, the Group exercised its right to tax benefit granted to investors that made capital investments in the newly constructed property, plant and equipment that was put into operation, in the form of a decreased income tax rate by 4.5 percentage points. Thus, in calculating its deferred tax assets and liabilities as at 30 September 2023, the Group applied a lower rate of 18.14% (30 September 2022: 18.15%).

Reconciliation of income tax expense calculated at the effective tax rate and actual income tax expense is presented below:

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Profit before income tax	10 274 585	(1 847 895)	29 850 449	16 224 059
Income tax calculated at the current income tax rate 18.14% (2022: 18.15%)	(1 863 144)	335 630	(5 413 296)	(2 945 384)
Adjustments for prior years	(272 555)	-	(272 558)	-
Effect of the change in the tax rate	401	664	11 036	8 490
Change in unrecognized deferred tax assets	376 096	(512)	(106 760)	(19 945)
Effect of items that do not reduce taxable profit/(Non-deductible expenses)	(127 914)	(352 562)	(463 964)	(463 869)
Income tax expense	(1 887 116)	(16 780)	(6 245 542)	(3 420 708)

* In the calculation, the income tax rate before rounding was used, which was 18.135%.

The amount of income tax recognized in other comprehensive income for the three and nine months ended 30 September 2023 amounted to RUB 24 358 thousand and RUB 47 973 thousand, respectively.

On 4 August 2023, the President of the Russian Federation signed Federal Law № 414-FZ «On the Extra Profit Tax» (published on 4 August 2023, further - the «Law»). In accordance with the Law, the Group is a taxpayer for extra profit tax. The amount of the Group's liability and expense for extra profit tax, calculated at the rate of 5%, as at 30 September 2023 amounted to RUB 520 474 thousand.

*The accompanying selected explanatory notes are an integral part of this
interim condensed consolidated financial statements.*

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Selected explanatory notes to the interim condensed consolidated financial statements (unaudited)
(continued)

12. Property, plant and equipment

	Land and buildings	Transmission networks	Transformers and transformer substations	Other	Construction in progress	Total
Cost						
At 1 January 2023	58 519 691	296 975 906	122 619 486	121 685 608	54 852 084	654 652 775
Reclassification	-	1 192	243	(1 435)	-	-
Additions	361 273	2 446 124	1 748 739	675 368	34 595 813	39 827 317
Disposals	(20 801)	(1 145 820)	(75 845)	(153 433)	(1 299)	(1 397 198)
Transfers from right-of-use assets	-	-	5 582	-	-	5 582
Transfers	61 379	10 994 184	5 325 113	4 302 339	(20 683 015)	-
At 30 September 2023 (unaudited)	58 921 542	309 271 586	129 627 912	126 503 853	68 763 583	693 088 476
Depreciation						
At 1 January 2023	(19 242 215)	(119 778 214)	(62 923 117)	(84 102 961)	-	(286 046 507)
Reclassification	-	(11)	(6 617)	6 628	-	-
Depreciation charge	(1 369 583)	(8 297 208)	(4 038 625)	(4 814 196)	-	(18 519 612)
Disposals	13 761	458 853	45 687	147 189	-	665 490
Transfers from right-of-use assets	-	-	(2 429)	-	-	(2 429)
At 30 September 2023 (unaudited)	(20 598 037)	(127 616 580)	(66 925 101)	(88 763 340)	-	(303 903 058)
Impairment losses						
At 1 January 2023	(5 273 055)	(24 453 423)	(6 170 313)	(3 049 077)	(1 619 437)	(40 565 305)
Reclassification	-	-	(325)	325	-	-
Transfers	-	(4 330)	(1 274)	(149)	5 753	-
Depreciation charge of impairment	190 139	925 236	425 918	375 196	-	1 916 489
Disposals	134	151 085	3 420	1 014	-	155 653
Transfers from right-of-use assets	-	-	(238)	-	-	(238)
At 30 September 2023 (unaudited)	(5 082 782)	(23 381 432)	(5 742 812)	(2 672 691)	(1 613 684)	(38 493 401)
Depreciation charge (including depreciation of impairment)	(1 179 444)	(7 371 972)	(3 612 707)	(4 439 000)	-	(16 603 123)
Net book value						
At 1 January 2023	34 004 421	152 744 269	53 526 056	34 533 570	53 232 647	328 040 963
At 30 September 2023 (unaudited)	33 240 723	158 273 574	56 959 999	35 067 822	67 149 899	350 692 017

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

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Selected explanatory notes to the interim condensed consolidated financial statements (unaudited)
(continued)

12. Property, plant and equipment (continued)

	Land and buildings	Transmission networks	Transformers and transformer substations	Other	Construction in progress	Total
Cost						
At 1 January 2022	57 481 985	278 452 194	113 796 014	112 932 595	50 822 739	613 485 527
Reclassification	(25)	(12 407)	44 772	(32 340)	-	-
Additions	72 113	2 033 155	163 325	508 914	21 706 522	24 484 029
Disposals	(4 781)	(558 133)	(54 471)	(92 121)	-	(709 506)
Transfers from right-of-use assets	41	42 361	67 029	51	-	109 482
Transfers	215 245	10 448 022	4 099 790	2 797 186	(17 560 243)	-
At 30 September 2022 (unaudited)	57 764 578	290 405 192	118 116 459	116 114 285	54 969 018	637 369 532
Depreciation						
At 1 January 2022	(17 459 989)	(109 323 094)	(57 476 750)	(78 388 410)	-	(262 648 243)
Reclassification	25	1 289	(22 690)	21 376	-	-
Depreciation charge	(1 368 583)	(8 037 609)	(4 033 253)	(4 420 840)	-	(17 860 285)
Disposals	4 013	225 940	48 586	87 471	-	366 010
Transfers from right-of-use assets	(41)	(19 578)	(30 294)	(23)	-	(49 936)
At 30 September 2022 (unaudited)	(18 824 575)	(117 153 052)	(61 514 401)	(82 700 426)	-	(280 192 454)
Impairment losses						
At 1 January 2022	(2 580 662)	(11 484 226)	(2 420 279)	(1 019 915)	(1 649 095)	(19 154 177)
Reclassification	-	-	(2 127)	2 127	-	-
Transfers	-	(8 724)	(2 251)	(205)	11 180	-
Depreciation charge of impairment	89 271	438 609	199 294	129 722	-	856 896
Disposals	(1 139 848)	(4 984 559)	(1 433 104)	(855 979)	-	(8 413 490)
Transfers from right-of-use assets	-	(1 722)	(2 777)	(2)	-	(4 501)
At 30 September 2022 (unaudited)	(3 631 211)	(16 006 913)	(3 661 030)	(1 744 099)	(1 637 915)	(26 681 168)
Depreciation charge (including depreciation of impairment)	(1 279 312)	(7 599 000)	(3 833 959)	(4 291 118)	-	(17 003 389)
Net book value						
At 1 January 2022	37 441 334	157 644 874	53 898 985	33 524 270	49 173 644	331 683 107
At 30 September 2022 (unaudited)	35 308 792	157 245 227	52 941 028	31 669 760	53 331 103	330 495 910

Borrowing costs capitalized

The amount of borrowing costs capitalized during the nine months ended 30 September 2023 was RUB 1 993 998 thousand at the capitalization rate of 9.00% (the nine months ended 30 September 2022: RUB 1 370 737 thousand at the capitalization rate of 6.36%). This amount was included into the cost of property, plant and equipment.

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

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Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

12. Property, plant and equipment (continued)

Depreciation charge capitalized

For the nine months ended 30 September 2023 depreciation charges in the amount of RUB 70 849 thousand were capitalized in the cost of capital construction projects (including depreciation charges of property, plant and equipment assets – RUB 9 021 thousand, intangible assets – RUB 57 031 thousand, right of use assets – RUB 4 797 thousand).

For the nine months ended 30 September 2022 depreciation charges in the amount of RUB 21 943 thousand were capitalized in the cost of capital construction projects (including depreciation charges of property, plant and equipment assets – RUB 0 thousand, intangible assets – RUB 18 349 thousand, right of use assets – RUB 3 594 thousand).

Initial cost of fully depreciated fixed assets

As at 30 September 2023, the initial cost of fully depreciated fixed assets amounted to RUB 37 419 231 thousand (31 December 2022: RUB 37 971 038 thousand).

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Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

13. Intangible assets

	Software	Patents and licenses	Scientific research and development	Other	Total
Cost					
At 1 January 2023	6 928 428	681 979	393 459	784 660	8 788 526
Reclassification	(216)	-	-	216	-
Additions	513 518	473 289	32 198	-	1 019 005
Disposals	(113 411)	(122 189)	-	(67)	(235 667)
At 30 September 2023 (unaudited)	7 328 319	1 033 079	425 657	784 809	9 571 864
Amortisation					
At 1 January 2023	(1 929 894)	(235 242)	(281 826)	(359 784)	(2 806 746)
Additions	(480 316)	(231 735)	(3 408)	(48 932)	(764 391)
Disposals	100 334	124 341	-	12	224 687
At 30 September 2023 (unaudited)	(2 309 876)	(342 636)	(285 234)	(408 704)	(3 346 450)
Net book value					
At 1 January 2023	4 998 534	446 737	111 633	424 876	5 981 780
At 30 September 2023 (unaudited)	5 018 443	690 443	140 423	376 105	6 225 414
Cost					
At 1 January 2022	6 088 306	478 416	374 092	716 490	7 657 304
Reclassification	-	-	(55 799)	55 799	-
Additions	685 429	174 327	31 290	-	891 046
Disposals	(195 986)	(35 603)	-	-	(231 589)
At 30 September 2022 (unaudited)	6 577 749	617 140	349 583	772 289	8 316 761
Amortisation					
At 1 January 2022	(1 492 494)	(80 310)	(279 650)	(280 071)	(2 132 525)
Reclassification	-	-	8 104	(8 104)	-
Additions	(412 285)	(146 160)	(9 144)	(55 858)	(623 447)
Disposals	116 764	35 603	-	-	152 367
At 30 September 2022 (unaudited)	(1 788 015)	(190 867)	(280 690)	(344 033)	(2 603 605)
Net book value					
At 1 January 2022	4 595 812	398 106	94 442	436 419	5 524 779
At 30 September 2022 (unaudited)	4 789 734	426 273	68 893	428 256	5 713 156

Borrowing costs capitalized

The amount of borrowing costs capitalized during the nine months ended 30 September 2023 was RUB 8 148 thousand at the capitalization rate of 9.00% (the nine months ended 30 September 2022: RUB 3 911 thousand at the capitalization rate of 6.36%). This amount was included into the cost of intangible assets.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited)
(continued)

14. Right-of-use assets

	Land and buildings	Transmission networks	Transformers and transformer substations	Other	Total
Cost					
At 1 January 2023	4 339 518	257 673	249 236	136 149	4 982 576
Reclassification	-	-	874	(874)	-
Additions	218 511	22 327	6 551	34 441	281 830
Changing the terms of the agreement	(106 433)	(4)	284	378	(105 775)
Disposals	(312 475)	-	-	(8 435)	(320 910)
Transfers	-	-	(5 582)	-	(5 582)
At 30 September 2023 (unaudited)	4 139 121	279 996	251 363	161 659	4 832 139
Depreciation					
At 1 January 2023	(1 086 162)	(115 142)	(114 296)	(78 198)	(1 393 798)
Reclassification	-	-	(231)	231	-
Depreciation charge	(239 925)	(10 321)	(10 964)	(23 611)	(284 821)
Disposals	303 769	-	-	8 436	312 205
Transfers	-	-	2 429	-	2 429
At 30 September 2023 (unaudited)	(1 022 318)	(125 463)	(123 062)	(93 142)	(1 363 985)
Impairment losses					
At 1 January 2023	-	(399)	(358)	-	(757)
Depreciation charge of impairment	-	14	12	-	26
Transfers	-	-	238	-	238
At 30 September 2023 (unaudited)	-	(385)	(108)	-	(493)
Depreciation charge (including depreciation of impairment)	(239 925)	(10 307)	(10 952)	(23 611)	(284 795)
Net book value					
At 1 January 2023	3 253 356	142 132	134 582	57 951	3 588 021
At 30 September 2023 (unaudited)	3 116 803	154 148	128 193	78 68 517	3 467 661

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

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Selected explanatory notes to the interim condensed consolidated
financial statements (unaudited)
(continued)

14. Right-of-use assets (continued)

	Land and buildings	Transmission networks	Transformers and transformer substations	Other	Total
Cost					
At 1 January 2022	4 023 450	368 716	335 100	28 636	4 755 902
Reclassification	(20 039)	22 210	(85 706)	83 535	-
Additions	197 313	5 590	1 307	19 699	223 909
Changing the terms of the agreement	80 288	13	-	-	80 301
Disposals	(43 432)	(255)	(15)	-	(43 702)
Transfers	(41)	(109 441)	-	-	(109 482)
Reclassification	(20 039)	22 210	(85 706)	83 535	-
At 30 September 2022 (unaudited)	4 237 539	286 833	250 686	131 870	4 906 928
Depreciation					
At 1 January 2022	(800 755)	(159 127)	(143 530)	(17 796)	(1 121 208)
Reclassification	8 485	(9 742)	41 536	(40 279)	-
Depreciation charge	(238 939)	(9 799)	(10 433)	(7 194)	(266 365)
Disposals	40 146	96	5	-	40 247
Transfers	41	49 895	-	-	49 936
Reclassification	8 485	(9 742)	41 536	(40 279)	-
At 30 September 2022 (unaudited)	(991 022)	(128 677)	(112 422)	(65 269)	(1 297 390)
Impairment losses					
At 1 January 2022	-	(6 290)	(398)	-	(6 688)
Depreciation charge of impairment	-	127	22	-	149
Disposals	-	159	10	-	169
Transfers	-	4 501	-	-	4 501
At 30 September 2022 (unaudited)	-	(1 503)	(366)	-	(1 869)
Depreciation charge (including depreciation of impairment)	(238 939)	(9 672)	(10 411)	(7 194)	(266 216)
Net book value					
At 1 January 2022	3 222 695	203 299	191 172	10 840	3 628 006
At 30 September 2022 (unaudited)	3 246 517	156 653	137 898	66 601	3 607 669

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

15. Trade and other receivables

	30 September 2023	31 December 2022
	(unaudited)	(audited)
Non-current trade and other receivable		
Other receivables	329 834	385 735
Allowance for expected credit losses on other receivables	(252 344)	(252 344)
	77 490	133 391
Current trade and other receivable		
Trade receivables	15 112 328	18 780 299
Allowance for expected credit losses on trade receivables	(3 755 175)	(3 408 193)
Other receivables	6 068 911	5 946 975
Allowance for expected credit losses on other receivables	(4 227 850)	(4 094 104)
	13 198 214	17 224 977

As at 30 September 2023 and 31 December 2022, the obligations of counterparties to the Group in the amount of 114 217 thousand rubles (after deducting the provision for expected credit losses in the amount of 252 344 thousand rubles) are secured by a pledge of real estate, which is issued as part of a settlement agreement on repayment of debt for non-contractual electricity consumption.

16. Advances given and other assets

	30 September 2023	31 December 2022
	(unaudited)	(audited)
Advances given and other non-current assets		
Advances given	7 646 888	6 624 228
Allowance for impairment of advances given	(7 530 936)	(6 624 228)
VAT on advances received	4 909 920	3 322 125
	5 025 872	3 322 125
Advances given and other current assets		
Advances given	564 470	2 425 632
Allowance for impairment of advances given	(13 968)	(28 755)
VAT recoverable	465 727	441 882
VAT on advances received and VAT on advances given for purchase of property, plant and equipment	7 575 488	7 257 416
Prepaid taxes, other than income tax and VAT	1 316 004	7 117
	9 907 721	10 103 292

Information on balances with related parties is disclosed in Note 28.

17. Cash and cash equivalents

	30 September 2023	31 December 2022
	(unaudited)	(audited)
Cash in bank and cash equivalents	5 363 938	15 238 704
Cash for intended use under government contract	204 756	225 489
	5 568 694	15 464 193

As at 30 September 2023 and 31 December 2022, all cash and cash equivalents are denominated in RUB.

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

17. Cash and cash equivalents (continued)

As at 30 September 2023 and 31 December 2022 cash equivalents primarily consist of short-term bank deposits. As at 30 September 2023 deposits are placed at annual rates from 13.11% to 13.24% (as at 31 December 2022: from 8.08% to 8.60% annual rates).

18. Equity

a) Share capital

Share capital	Ordinary shares	
	30 September 2023	31 December 2022
Number of ordinary shares at 0.50 RUB each, pcs.	48 707 091 574	48 707 091 574

All shares have been issued and fully paid for. The holders of ordinary shares are entitled to receive declared dividends and are entitled to one vote per share at the Company's annual and general meetings of shareholders.

b) Treasury shares

As at 30 September 2023 and 31 December 2022, the Group did not hold any own (treasury) shares.

c) Dividends

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

On 16 September 2023, the General Meeting of Shareholders decided to pay dividends for 2022 in the amount of RUB 589 356 thousand (RUB 0.0121 per share).

In January 2023 the Company paid interim dividends for 9 months 2022 in the amount of RUB 4 135 232 thousand (RUB 0.0849 per share), which were declared in December 2022.

19. Earnings per share

The calculation of earnings per share for the nine months ended 30 September 2023 and 30 September 2022 is based on profit for the period attributable to owners of ordinary shares and the weighted average number of ordinary shares outstanding. The Company has no dilutive financial instruments.

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Number of outstanding shares (pcs.)	48 707 091 574	48 707 091 574	48 707 091 574	48 707 091 574
Profit for the period attributable to the shareholders of PJSC Rosseti Moscow Region ('000 RUB)	7 866 995	(1 864 674)	23 084 433	12 803 351
Basic and diluted earnings per share (RUB)	0.1615	(0.0383)	0.4739	0.2629

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

20. Loans and borrowings

	30 September 2023	31 December 2022
	(unaudited)	(audited)
Non-current		
Unsecured bank loans	42 928 256	42 918 073
Unsecured bonds	5 687 175	20 459 411
Lease liabilities	3 655 367	3 708 031
Less: current portion of unsecured bank loans	(25 048 256)	(22 918 073)
Less: current portion of unsecured bonds	(5 215 402)	(15 387 006)
Less: current portion of lease liabilities	(403 407)	(282 978)
	21 603 733	28 497 458
Current		
Unsecured bank loans	537 902	648 884
Current portion of unsecured bank loans	25 048 256	22 918 073
Current portion of unsecured bonds	5 215 402	15 387 006
Current portion of lease liabilities	403 407	282 978
	31 204 967	39 236 941
Including:		
Interests payable on loans and borrowings	48 256	38 073
Interests payable on bonds	144 970	318 100
	193 226	356 173

As at 30 September 2023 and 31 December 2022, all balances of loans and borrowings are denominated in RUB.

During the nine months ended 30 September 2023, the Group raised funds from the following bank loan agreements:

	Interest rate	Maturity	Amount
Unsecured bank loans	KR CB RF +1.3%	2023	25 000 000
Unsecured bank loans	KR CB RF +1.44%	2023	15 000 000
Unsecured bank loans	KR CB RF +1.44%	2026	2 880 000
Unsecured bank loans	5.85%	2023	5 000 000
Unsecured bank loans	KR CB RF +0.95%	2023	500 000
Unsecured bank loans	12.00%	2023	387 278
Unsecured bank loans	KR CB RF +2.0%	2024	307 517
Unsecured bank loans	KR CB RF +1.2%	2023	271 000
Unsecured bank loans	KR CB RF +1.5%	2023	193 768
Unsecured bank loans	KR CB RF +3%	2024	140 613
Unsecured bank loans	10.50%	2023	13 908
			49 694 084

* KR CB RF – the key rate of the Central Bank of the Russian Federation

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

20. Loans and borrowings (continued)

During the nine months ended 30 September 2023, the Group repaid the following loans and bonds:

	Interest rate	Maturity	Amount
Unsecured bank loans	6.00%	2023	(17 880 000)
Unsecured bank loans	KC+1.44%	2023	(15 000 000)
Unsecured bank loans	KC+1.3%	2023	(10 000 000)
Unsecured bank bond	6.15%	2025*	(9 528 228)
Unsecured bank bond	5.55%	2023	(5 000 000)
Unsecured bank loans	5.85%	2023	(5 000 000)
Unsecured bank loans	KC+0.95%	2023	(500 000)
Unsecured bank loans	12.00%	2023	(311 851)
Unsecured bank loans	KC+1.2%	2023	(271 000)
Unsecured bank loans	12.50%	2023	(219 430)
Unsecured bank loans	KC+1.5%	2023	(219 401)
Unsecured bank loans	10.50%	2023	(212 396)
Unsecured bank loans	KC+3%	2023	(172 294)
Unsecured bank bond	0.00%	2023	(83 084)
Unsecured bank loans	11.50%	2023	(17 826)
Unsecured bank loans	11.00%	2023	(869)
			(64 416 379)

* In February 2023, as part of the acceptance of the offer, a partial repurchase of bonds with a maturity in 2025 was carried out at the request of bondholders.

21. Trade and other payables

	30 September 2023 (unaudited)	31 December 2022 (audited)
Non-current trade and other payable		
Trade accounts payable	4 044	3 804
Other payables	12 644 776	9 268 559
	12 648 820	9 272 363
Current trade and other payable		
Trade accounts payable	18 582 841	23 768 799
Other accounts payable and accrued expenses	3 496 347	7 231 903
Accounts payable to staff	965 000	26 351
Dividends payable	86 918	2 092 570
	23 131 106	33 119 623

As at 30 September 2023 long-term other payables include cash received under loss compensation agreements (deferred income) in the amount of RUB 12 606 632 thousand (31 December 2022: RUB 9 130 059 thousand). The corresponding income is recognized when the Group fulfills its obligations under the agreements (Note 8). Cash received under loss compensation agreements is recognized in cash flows from operating activities.

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated
financial statements (unaudited)
(continued)

22. Other taxes payable

	30 September 2023	31 December 2022
	(unaudited)	(audited)
VAT	2 693 861	2 613 439
Property tax	16 169	17 509
Employee taxes to government non-budgetary funds	1 535 633	1 862 713
Other taxes	238 072	180 671
	4 483 735	4 674 332

23. Advances received

	30 September 2023	31 December 2022
	(unaudited)	(audited)
Non-current		
Advances received for technological connection services to power grids	28 143 825	19 821 321
Other advances received	39 320	68 765
	28 183 145	19 890 086
Current		
Advances received for technological connection services to power grids	41 238 444	41 682 974
Other advances received	2 138 414	2 284 214
	43 376 858	43 967 188

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

24. Provisions

	2023	2022
Balance at 1 January	3 671 817	12 016 937
Provisions accrued during the period	3 936 316	4 018 319
Provisions reversed during the period	(603 546)	(2 810 360)
Provisions used during the period	(3 105 140)	(1 609 120)
Balance at 30 September (unaudited)	3 899 447	11 615 776

Certain specificity of the electric power market causes disagreements between electric grid companies, energy retail companies and other companies regarding volumes and cost of the transmitted electricity.

Taking into account all the circumstances and the current conditions for settlement of disagreements regarding the volumes of electricity transmitted with regard to the provision of electricity transmission services and the costs of electricity purchased to compensate for losses, as at 30 September 2023 the Group recognized a provision to cover possible outflow of economic resources in case of resolution of disagreements not in favor of the Group in the amount of RUB 2 320 777 thousand (30 September 2022: RUB 4 548 398 thousand) and a provision to cover losses that the Group may incur as a result of unfavorable outcome of litigations in the amount of RUB 1 205 254 thousand (30 September 2022: RUB 642 709 thousand).

In June 2023, a decision was received based on the results of an on-site tax audit for the period 2016-2018, according to which a property tax arrears was established in connection with challenging the qualification of individual objects as movable or immovable property. At the moment, the Group is appealing the Decision of the tax authority to the Federal Tax Service of Russia in a pre-trial procedure. As at 30 September 2023, the Group recognized a tax assessment liability for property tax in the amount of RUB 331 411 thousand.

As at 30 September 2022, the estimated liability for property tax based on the results of an on-site tax audit for the period 2013-2015 amounted to 6 424 669 thousand rubles.

Provision for legal cases is recognized to cover expenses under legal proceedings regarding electricity transmission services where the Group is a defendant. It is expected that the provision for legal cases recognized as at 30 September 2023 will be used within 12 months after the reporting date. It is anticipated that the outcomes of the currently outstanding legal cases will not result in significant losses for the Group, in excess of the amounts already recognized.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

25. Financial risk 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 capital and financial risk management objectives and policies, as well as fair value valuation techniques, are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022.

Management of the Group takes operational measures to ensure sufficient cash amounts (liquidity) received from operating activities to finance priority projects of investment programs and to service current and non-current loans and borrowings. The Group's management undertakes activities aimed to optimize the structure of debt capital, to ensure the availability of credit limits and liquidity reserves in the form of bank account balances and short-term deposits, as well as monitors quality of accepted financial collateral (bank guarantees).

The carrying amount of accounts receivable, net of 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 allowance recognized.

The changes in the allowance for expected credit losses in respect of trade and other receivables during the reporting period were as follows:

	2023	2022
Balance at 1 January	(7 754 641)	(8 679 749)
Allowance accrued during the period	(940 066)	(211 843)
Allowance reversed during the period	289 572	527 721
Allowance used during the period	169 766	110 158
Balance at 30 September (unaudited)	(8 235 369)	(8 253 713)

Substantial portion of advances received from customers under agreements for technological connection to electricity grids and agreements for compensation of losses have the major impact on the Group's liquidity ratio. Such advances are long-term sources of funding as they relate to implementation of the Group's long-term investment program. These liabilities do not require current assets coverage since they are intended for non-current assets construction and are settled when technological connection obligation is performed by the Group.

At 30 September 2023, the Group's current liabilities exceeded its current assets by RUB 74 684 241 thousand (31 December 2022: RUB 78 640 180 thousand). The net amount of current liabilities as at 30 September 2023 is represented mainly by accounts payable, contract liabilities (advances received) and short-term loans and borrowings.

The Group monitors and manages its liquidity risk by opening credit lines and raising funds from credits facility and loan agreements (refer to Note 20).

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

25. Financial risk management (continued)

At 30 September 2023, the Group had unused credit facility limits in the amount which is sufficient to finance its working capital deficit. The amount of undrawn credit facilities is RUB 148 022 098 thousand (31 December 2022: RUB 166 311 116 thousand), including RUB 147 937 056 thousand (31 December 2022: RUB 145 615 236 thousand) that can be drawn beyond one year. Besides, the management believes that the measures undertaken on cost savings in combination with gradual growth of tariffs for transmission services and technological connection to electricity grid services will have positive effect to the financial results of the Group in the future.

The management believes that due to abovementioned circumstances, the Group has sufficient liquidity sources to continue as a going concern in the near future.

Fair values and carrying amounts

The management estimates that at the reporting date the fair value of financial assets and liabilities corresponds to their carrying amount. There were no transfers between levels 2 and 3 of the fair value hierarchy during the nine months ended 30 September 2023.

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments presented in the financial statements, other than those with carrying amounts that reasonably approximate fair value:

	30 September 2023 (unaudited)		Level of fair value hierarchy		
	Carrying amount	Fair value	1	2	3
Bonds	475 192	443 583	443 583	-	-
Total	475 192	443 583	443 583	-	-
	31 December 2022 (audited)		Level of fair value hierarchy		
	Carrying amount	Fair value	1	2	3
Bonds	15 281 300	15 246 300	15 246 300	-	-
Total	15 281 300	15 246 300	15 246 300	-	-

26. Capital commitments

As at 30 September 2023, the contracted future capital commitments related to capital construction of power grid facilities amount to RUB 93 017 635 thousand (31 December 2022: RUB 68 009 653 thousand), including VAT.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

27. Contingencies

a) Insurance

There are uniform requirements in the Group for extent of insurance coverage, reliability of coverage and insurance protection management procedures. The Group insures its assets, civil liability and other insured risks. The Group's main production assets have insurance coverage, including damage or loss of property, plant and equipment. Nevertheless, there are risks that damage to third parties, as well as loss or destruction of certain assets that are not covered or not fully covered by insurance could have an adverse effect on the Group's operations and financial position.

b) Litigations

The Group acts as a party to a number of legal proceedings arising in the normal course of business. Management believes that these legal proceedings will not have a material adverse effect on the Group's operating results.

The Group believes that the Group's practice in the servicing its clients and discharging its obligations generally complies with the requirements of the Russian electricity legislation. Disagreements in assessment of mutual obligations of electricity market participants arising during several reporting periods are resolved through the courts. Disagreements relates to volumes of electricity supplied due to different approaches used in calculation, applied tariffs (prices) and accounting (delivery) points. The court can agree with the position of the Group's customers.

Differences in the calculation of quantities and tariffs applied to electricity transmission services affect the calculation of amount of electricity purchased by the Group from distribution companies to compensate for electricity losses in grid networks. The amounts of receivables for electricity transmission services disputed by consumers, in case of negative court practice for the related disputes, are included in allowance for expected credit losses, and the amounts of disputed debt for purchased electricity for compensation of electricity losses in such cases are included in provisions (Note 24). At the same time, disputes over the obligations to pay for electricity to compensate for losses in grid networks are often not considered in courts, but are settled by the parties after the dispute over the electricity transmission services is resolved.

c) Taxation contingencies in the Russian Federation

Russian tax legislation is subject to varying interpretations regarding the operations and activities of the Group. Accordingly, management's interpretation of tax legislation and its formal documentation can be successfully challenged by the relevant regional or federal authorities. Tax administration in Russia is gradually increasing. In particular, the risk of checking the tax aspect of transactions without obvious economic substance or with counterparties that violate tax laws is increasing. Tax audits may cover three calendar years preceding the year the tax audit decision was made. Under certain conditions, earlier periods may also be subject to verification.

In accordance with the transfer pricing legislation, the Russian tax authorities have the right to impose additional tax liabilities and penalties, if the price/profitability in controlled transactions differs from the market level. The list of transactions controlled for transfer pricing purposes mainly includes transactions between interrelated parties.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

27. Contingencies (continued)

c) Taxation contingencies in the Russian Federation (continued)

Starting from 1 January 2019, transfer pricing (“TP”) control was abolished for a significant part of domestic transactions. However, the exemption from price control may not apply to all transactions made in the domestic market. At the same time, in the case of additional tax charges, the mechanism of counter-adjustment of tax liabilities can be used, if certain legal requirements are met. Intra-group transactions that are beyond of TP control since 2019 may be, nevertheless, checked by the territorial tax authorities for obtaining an unjustified tax benefit, and TP methods may be used to determine the amount of additional charges.

The federal executive authority authorized for control and supervision of taxes and fees may check prices/profitability in controlled transactions and, if of disagreement with the prices applied by the Group in these transactions, charge 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 legal requirements.

As the practice of applying tax rules on property taxes continues to develop, tax authorities and courts may challenge the criteria for classifying property as movable or immovable property applied by the Group. The management of the Group does not exclude the risk of outflow of resources, when conducting a tax audit on property tax for the periods after 2018, but the impact of such a development of events cannot be estimated reliably. Management believes that the relevant provisions of the legislation have been correctly interpreted, and the Group’s position in terms of tax compliance can be justified and protected.

d) Environmental matters

The Group has been operating in Russian power industry sector for many years. Legislation on environmental protection in the Russian Federation continues to develop, and the responsibilities of the authorized government authorities for monitoring of its compliance are constantly being reviewed. Potential liabilities that might arise due to changes in existing regulations, civil litigation or legislation cannot be assessed. Management believes that under the current control system and current legislation, there are no probable liabilities that could have a material adverse effect on the Group’s financial position, results of operations or cash flows.

28. Related party transactions

Parties are generally considered to be related if they are under common control or one of the parties has the ability to control the other party or can significantly influence or exercise joint control over the other party’s financial and business decisions. When considering the relationship with each of the possible related parties, the economic content of such relationship is taken into account, and not just their legal form.

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

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Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

28. Related party transactions (continued)

a) Transactions with parent company, its subsidiaries and associates

Transactions with the parent company, its subsidiaries and associates include transactions with PJSC ROSSETI, its subsidiaries and associates:

	Transaction value				Outstanding balance	
	for the three months ended		for the nine months ended		as at	
	30 September		30 September		30 September	31 December
	2023	2022	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)	
Revenue, other income						
Parent company						
Technological connection	-	-	55 325	-	-	-
Other revenue	4 390	398	13 040	2 020	4 787	-
Fellow subsidiaries						
Rental income	140	145	419	477	-	6
Technological connection	-	-	33	103	-	-
Other revenue	21 991	41 633	55 541	168 283	615 845	634 862
Other income	108	11 883	43 117	37 726	149 526	106 819
Total revenue and income	26 629	54 059	167 475	208 609	770 158	741 687
Allowance for expected credit losses of accounts receivable	-	(12 925)	(42 171)	(36 013)	(731 722)	(689 551)
Operating expenses, other expenses						
Parent company						
Consulting, legal services	(19 883)	(15 661)	(59 647)	(46 982)	-	(6)
Power transmission services	(5 681 450)	-	(18 347 548)	-	(1 128 316)	-
Technological connection	(403)	-	(1 104)	-	-	-
Provisions	-	(270 238)	-	(270 238)	-	-
Other expenses	(616)	-	(1 270)	-	(814)	-
Fellow subsidiaries						
Power transmission services	-	(5 563 635)	-	(16 801 663)	-	(2 386 194)
Short term rent	(195)	(44)	(195)	(132)	-	(630)
Technological connection	-	(336)	-	(11 264)	-	-
Other expenses	(88 948)	(62 432)	(275 084)	(235 063)	(138 562)	(111 161)
Total operating expenses	(5 791 495)	(5 912 346)	(18 684 848)	(17 365 342)	(1 267 692)	(2 497 991)
Parent company						
Advances given	-	-	-	-	34 777	-
Allowance for impairment of advances given	-	-	-	-	(3 233)	-
Advances received	-	-	-	-	(1 923)	-
Fellow subsidiaries						
Advances given	-	-	-	-	-	28 543
Advances received	-	-	-	-	(395 160)	(709 960)
Dividends to the parent company	(300 010)	-	(300 010)	(2 355 448)	-	(2 105 027)

The accompanying selected explanatory notes are an integral part of this interim condensed consolidated financial statements.

PJSC Rosseti Moscow Region

Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

28. Related party transactions (continued)

b) Transactions with entities 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 measured at regulated tariffs, or at market prices. Attraction and placement of funds in financial organizations related to the main shareholder of the parent company is carried out at market interest rates. Taxes are charged and paid in accordance with the Russian tax legislation.

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

- 87% and 89% of the Group's total revenues for the three and nine months ended 30 September 2023 (for the three and nine months ended 30 September 2022: 89% and 89%);
- 92% and 93% of the Group's electricity transmission revenue for the three and nine months ended 30 September 2023 (for the three and nine months ended 30 September 2022: 93% and 93%).

Electricity transmission costs and expenses for the purchase of electricity to compensate for technological losses, for companies related to the main shareholder of the parent company, amounted to 89% and 90% of the total transmission costs and compensation for losses for the three and nine months ended 30 September 2023 (for the three and nine months ended 30 September 2022: 90% and 91%).

As of 30 September 2023, loans and borrowings from banks related to the main shareholder of the parent company amounted to RUB 42 880 000 thousand (31 December 2022: RUB 42 880 000 thousand).

For the nine months ended 30 September 2023, the Group attracted loans and borrowings from banks related to the main shareholder of the parent company in the amount of RUB 48 151 000 thousand, and repaid RUB 48 151 000 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 2023 amounted to 50% and 56% of the total amount of accrued interest (for the three and nine months ended 30 September 2022: 50% and 44%).

As at 30 September 2023, the balance of cash and cash equivalents placed with banks related to the main shareholder of the parent company amounted to RUB 3 444 619 thousand (as at 31 December 2022: RUB 12 635 257 thousand).

As at 30 September 2023, lease liability before the companies related to the main shareholder of the parent company amounted to RUB 3 100 862 thousand (31 December 2022: RUB 3 252 826 thousand).

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Selected explanatory notes to the interim condensed consolidated financial statements (unaudited) (continued)

28. Related party transactions (continued)

c) Transactions with key management personnel

Key management personnel include members of the Board of Directors, the management of the Executive Board, the Revision Committee, and representatives of the Company's top management.

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

The table below represents the amounts of remuneration to key management personnel for the current period recorded as employee remuneration expenses.

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(unaudited)		(unaudited)	
Short-term employee benefits, including social security contributions	87 473	142 529	379 976	552 997
Termination benefits	-	-	11 047	6 656
Changes in end-of-service obligations and other long-term benefits (including pension programs)	9	(669)	555	831
	87 482	141 860	391 578	560 484

The present value of defined benefit obligations recorded in the interim condensed consolidated statement of financial position includes liabilities for key management personnel in the amount of RUB 11 502 thousand (31 December 2022: RUB 10 947 thousand).

29. Events subsequent to the reporting date

In October 2023, the Central Bank of the Russian Federation raised the key rate to 15.00% per annum. The key rate affects the interest rate on the Group's loans. The Group regards this event as a non-adjusting event after the reporting date, the quantitative effect of which will be reflected in the consolidated financial statements for 2023.