

Report on Review of Interim Financial Information
PJSC Inter RAO and its subsidiaries
for the three- and nine-month period
ended 30 September 2021

November 2021

Report on Review of Interim Financial Information of PJSC Inter RAO and its subsidiaries

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Report on Review of Interim Financial Information

To the shareholders and Board of Directors of
PJSC Inter RAO

Introduction

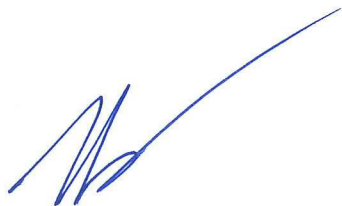
We have reviewed the accompanying interim condensed consolidated financial statements of PJSC Inter RAO and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 September 2021, interim consolidated statement of comprehensive income for the three-month and nine-month period then ended, interim consolidated statement of cash flows and interim consolidated statement of changes in equity for the nine-month period then ended, and selected explanatory notes (interim financial information). Management of PJSC Inter RAO is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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



I.A. Buyan
Partner
Ernst & Young LLC

25 November 2021

Details of the entity

Name: PJSC Inter RAO
Record made in the State Register of Legal Entities on 1 November 2002, State Registration Number 1022302933630.
Address: Russia 119435, Moscow, Bolshaya Pirogovskaya street, 27, building 2.

Details of the auditor

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

Interim consolidated statement of financial position*(in millions of RUR)*

	Note	30 September 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	6	360,521	358,218
Intangible assets		64,437	17,687
Investments in associates and joint ventures	7	14,791	17,206
Deferred tax assets		5,363	5,518
Securities	8	8,268	8,331
Other non-current assets	9	19,312	7,054
Total non-current assets		472,692	414,014
Current assets			
Inventories		32,660	20,242
Accounts receivable and prepayments	10	117,489	98,314
Income tax prepaid		2,181	1,131
Cash and cash equivalents	11	127,899	181,116
Other current assets	12	192,652	150,426
Total current assets		472,881	451,229
Total assets		945,573	865,243
Equity and liabilities			
Equity			
Share capital	13	293,340	293,340
Treasury shares	13	(86,708)	(86,708)
Share premium		69,312	69,312
Hedge reserve		(1,478)	(359)
Actuarial reserve		5	(459)
Fair value reserve		(4,898)	(4,836)
Foreign currency translation reserve		4,820	5,103
Retained earnings		402,105	338,548
Total equity attributable to shareholders of the Company		676,498	613,941
Non-controlling interest		2,341	2,156
Total equity		678,839	616,097
Non-current liabilities			
Loans and borrowings	14	895	263
Long-term lease liabilities	6	81,832	78,839
Deferred tax liabilities		11,161	11,444
Other non-current liabilities	16	16,797	18,084
Total non-current liabilities		110,685	108,630
Current liabilities			
Loans and borrowings		15,282	2,788
Short-term portion of long-term lease liabilities	6	13,622	12,778
Accounts payable and accrued liabilities	15	112,925	112,315
Other taxes payable		11,911	11,121
Income tax payable		2,309	1,514
Total current liabilities		156,049	140,516
Total liabilities		266,734	249,146
Total equity and liabilities		945,573	865,243

Chief Executive Officer

Kovalchuk B.Yu.

Member of the Management Board, Chief Financial Officer

Miroshnichenko E.N.

25 November 2021

The interim consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the interim financial information set out in Notes 1-26.

Interim consolidated statement of comprehensive income*(in millions of RUR)*

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
Revenue	17	285,082	236,391	851,270	713,048
Other operating income	18	1,769	1,265	5,085	7,225
Operating expenses	19	(256,362)	(221,762)	(762,011)	(662,170)
Operating income		30,489	15,894	94,344	58,103
Finance income	20	4,423	5,214	11,726	18,639
Finance expenses	20	(2,780)	(2,447)	(9,337)	(5,759)
Share of (loss)/profit of associates and joint ventures, net	7	(71)	592	1,311	2,243
Income before income tax		32,061	19,253	98,044	73,226
Income tax expense	21	(6,581)	(3,926)	(19,279)	(15,870)
Income for the period		25,480	15,327	78,765	57,356
Other comprehensive income/(loss)					
<i>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss when specific conditions are met</i>					
Gain/(loss) on securities, net of tax	8, 12	136	8	(114)	(115)
Net (loss)/gain on hedge instruments, net of tax		(1,607)	161	(1,620)	(388)
Exchange gain/(loss) on translation to presentation currency		60	2,378	(327)	4,549
<i>Other comprehensive (loss)/income not to be reclassified subsequently to profit or loss</i>					
(Loss)/gain on securities, net of tax	8	(364)	185	52	908
Actuarial (loss)/income, net of tax		(12)	(6)	483	40
Other comprehensive (loss)/income, net of tax		(1,787)	2,726	(1,526)	4,994
Total comprehensive income for the period		23,693	18,053	77,239	62,350
Income attributable to:					
Shareholders of the Company		24,924	15,111	77,566	56,944
Non-controlling interest		556	216	1,199	412
		25,480	15,327	78,765	57,356
Total comprehensive income attributable to:					
Shareholders of the Company		23,501	17,515	76,566	61,486
Non-controlling interest		192	538	673	864
		23,693	18,053	77,239	62,350
		RUR	RUR	RUR	RUR
Basic income per ordinary share for income attributable to the shareholders of the Company		0.339	0.205	1.055	0.774
Diluted income per ordinary share for income attributable to the shareholders of the Company		0.339	0.205	1.055	0.774

Chief Executive Officer

Kovalchuk B.Yu.

Member of the Management Board, Chief Financial Officer

Miroshnichenko E.N.

25 November 2021

The interim consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the interim financial information set out in Notes 1-26.

Interim consolidated statement of cash flows*(in millions of RUR)*

	<i>Note</i>	<i>For the nine months ended 30 September</i>	
		<i>2021</i>	<i>2020</i>
Operating activities			
Income before income tax		98,044	73,226
<i>Adjustments to reconcile income before tax to net cash flows from operating activities</i>			
Depreciation and amortisation	19	22,233	21,203
Provision for impairment of accounts receivable, net	19	2,578	3,670
Unwind of discount of accounts receivable, net	20	(71)	(81)
Unwind of discount of accounts payable, net	20	876	36
Other provisions – (release)/charge	19	(1,379)	420
Impairment of securities	19	–	2
Share of profit of associates and joint ventures, net	7	(1,311)	(2,243)
Loss/(income) from electricity derivatives, net	18, 19	3,572	(1,547)
Foreign exchange loss/(gain), net	20	601	(7,962)
Interest income	20	(10,838)	(9,995)
Other finance income	20	(229)	(159)
Interest expenses	20	7,424	5,548
Other finance expenses	20	304	153
Dividend income	20	(456)	(420)
Other non-cash operations/items		(458)	(1,093)
Operating cash flows before working capital adjustments and income tax paid		120,890	80,758
Increase in inventories		(7,600)	(1,966)
(Increase)/decrease in accounts receivable and prepayments		(11,760)	3,863
Decrease/(increase) in value added tax recoverable		194	(262)
(Increase)/decrease in other current assets		(4,146)	1,531
Decrease in accounts payable and accrued liabilities		(9,405)	(19,447)
(Decrease)/increase in taxes other than income tax prepaid/payable, net		(2,213)	339
		85,960	64,816
Income tax paid		(18,815)	(18,660)
Net cash flows from operating activities		67,145	46,156

The interim consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the interim financial information set out in Notes 1-26.

Interim consolidated statement of cash flows (continued)*(in millions of RUR)*

	Note	<i>For the nine months ended 30 September</i>	
		2021	2020
Investing activities			
Proceeds from disposal of property, plant and equipment		538	56
Purchase of property, plant and equipment and intangible assets		(18,531)	(18,936)
Purchase of controlling interest, net of cash acquired	5	(43,666)	888
Purchase of equity securities		–	(53)
Settlement of associate		(25)	–
Proceeds from repayment of loans issued		1	–
Bank deposits placed		(202,012)	(192,360)
Bank deposits returned and proceeds from promissory notes repayment		152,358	143,801
Interest proceeds for bank deposits placed		10,448	8,561
Sale/(purchase) of bonds		59	(49)
Dividends received		4,216	254
Cash flows from other investing activities		62	10
Net cash flows used for investing activities		(96,552)	(57,828)
Financing activities			
Proceeds from loans and borrowings		6,779	4,532
Repayment of loans and borrowings		(5,809)	(4,962)
Repayment of leases		(9,633)	(6,882)
Interest paid		(467)	(191)
Dividends paid	13	(14,435)	(15,704)
Purchase of non-controlling interest in subsidiaries	5	–	(2)
Net cash flows used for financing activities		(23,565)	(23,209)
Effect of exchange rate fluctuations on cash and cash equivalents		(245)	8,847
Net decrease in cash and cash equivalents		(53,217)	(26,034)
Cash and cash equivalents at the beginning of the period		181,116	95,924
Cash and cash equivalents at the end of the period	11	127,899	69,890

Chief Executive Officer





Kovalchuk B.Yu.

Member of the Management Board, Chief Financial Officer


Miroshnichenko E.N.

25 November 2021

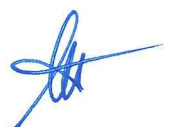
Interim consolidated statement of changes in equity*(in millions of RUR)*

		Attributable to shareholders of the Company										
	Note	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Fair value reserve	Hedge reserve	Actuarial reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 December 2019		293,340	(86,708)	69,312	2,278	(5,903)	394	(605)	278,731	550,839	1,940	552,779
Total comprehensive income/ (loss) for the nine months ended 30 September 2020		-	-	-	4,083	793	(375)	41	56,944	61,486	864	62,350
Dividends to shareholders	13	-	-	-	-	-	-	-	(15,215)	(15,215)	(551)	(15,766)
Acquisition of non-controlling interest in subsidiary	5	-	-	-	-	-	-	-	(1)	(1)	(1)	(2)
Balance at 30 September 2020		293,340	(86,708)	69,312	6,361	(5,110)	19	(564)	320,459	597,109	2,252	599,361
Balance at 31 December 2020		293,340	(86,708)	69,312	5,103	(4,836)	(359)	(459)	338,548	613,941	2,156	616,097
Total comprehensive (loss)/ income for the nine months ended 30 September 2021		-	-	-	(283)	(62)	(1,119)	464	77,566	76,566	673	77,239
Dividends to shareholders	13	-	-	-	-	-	-	-	(14,009)	(14,009)	(488)	(14,497)
Balance at 30 September 2021		293,340	(86,708)	69,312	4,820	(4,898)	(1,478)	5	402,105	676,498	2,341	678,839

Chief Executive Officer


 Kovalchuk B.Yu.

Member of the Management Board, Chief Financial Officer


 Miroshnichenko E.N.

25 November 2021

The interim consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the interim financial information set out in Notes 1-26.

(in millions of RUR)

1. The Group and its operations

General information on the Group

Public Joint Stock Company "Inter RAO UES" (the "Parent Company" or the "Company" or PJSC "Inter RAO") is incorporated and domiciled in the Russian Federation and whose shares are publicly traded.

The Russian Federation is the ultimate controlling party of PJSC Inter RAO. The main state shareholders of the Parent Company as at 30 September 2021 are Group ROSNEFTEGAZ (27.63%) and PJSC FGC UES (8.57%).

The Company has controlling interests in a number of subsidiaries operating in different regions of the Russian Federation and abroad (the Company and its subsidiaries collectively are designated as the "Group").

The Group is engaged in the following business activities:

- ▶ Electricity production, supply and distribution;
- ▶ Export and import of electricity;
- ▶ Sales of electricity purchased abroad and on the domestic market;
- ▶ Engineering services;
- ▶ Energy effectiveness research and development.

The Group's business environment

The governments of the countries where the Group's entities operate directly affect the Group's operations through regulation with respect to energy generation, purchases and sales. Governmental economic, social and other policies in these countries could have a material effect on the operations of the Group.

The Russian Federation, Georgia, Moldavia (including Transdniestria Republic), Turkey, Lithuania, Latvia and Estonia have been experiencing significant (albeit different) political and economic changes that have affected, and may continue to affect, the activities of the Group's entities operating in this environment. Consequently, operations in these jurisdictions involve risks that typically do not exist in other mature markets. These risks include matters arising from the policies of the government, economic conditions, the imposition of or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The accompanying interim financial information reflects management's assessment of the impact of the business environment on the operating results and the financial position of the Group in the countries where the Group's entities operate. Management is unable to predict all developments which could have an impact on the utilities sector and the wider economy in these countries and consequently, what effect, if any, they could have on the financial position of the Group. Therefore, future business environment may differ from management's assessment.

2. Basis of preparation

(a) Statement of compliance

This interim financial information has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

(b) Functional and presentation currency

The national currencies of the countries where the Group's entities operate are usually the individual company's functional currencies, because they generally reflect the economic substance of the underlying transactions and circumstances of those companies.

The Group applies judgment in determination of the functional currencies of certain Group's entities. The functional currency determination influences foreign exchange gain/losses recognised in profit and loss and translation differences recognised in other comprehensive income.

The interim financial information is presented in millions of the Russian roubles ("RUR"). The main part of the Group is represented by entities operating in the Russian Federation having RUR as their functional currency. All values are rounded to the nearest million, except when otherwise indicated.

(in millions of RUR)

2. Basis of preparation (continued)

(c) Seasonality

Demand for electricity is to some extent influenced by the season of the year. Revenue is usually higher in the period from October to March than in other months of the year. This seasonality does not impact revenue or cost recognition policies of the Group.

3. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim financial information for the nine months ended 30 September 2021 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

The following IFRSs and amendments to existing IFRSs that have been published and effective as of 1 January 2021 and did not have any impact on the Group's consolidated financial information:

- ▶ Amendments to IFRS 7, IFRS 9 and IAS 39 *Interest Rate Benchmark Reform*.

The following IFRSs and amendments to existing IFRSs that have been published but not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim financial information are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

- ▶ IFRS 17 *Insurance Contracts*. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.
- ▶ Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.
- ▶ Amendments to IFRS 3 *Business Combinations – Reference to the Conceptual Framework*. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.
- ▶ Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.
- ▶ Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract*. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
- ▶ Amendment to IFRS 9 *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted and apply to the financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
- ▶ Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 – *Disclosure of Accounting Policies*. The amendments are effective for annual periods beginning on or after 1 January 2023.
- ▶ Amendments to IAS 8 *Accounting Policies – Definition of Accounting Estimates*. The amendments are effective for annual periods beginning on or after 1 January 2023.

The Group has not adopted earlier any other standard, interpretation and amendment that has been issued but is not yet effective.

The Group is considering the implication of the new standards and the impact on the Group's consolidated financial statements and plans to adopt new and amended standards when they become effective.

4. Segment information

Operating segments are components of an enterprise about which separate financial information is available and is evaluated regularly by the Chief Operating Decision Maker ('CODM') in deciding how to allocate resources and in assessing performance. The Management Board of the Parent Company has been determined as the CODM.

The operating segment has been defined as a legal entity or a particular business activity of a legal entity. The Management Board analyses the effectiveness of the operating segments based on IFRS financial reporting.

*(in millions of RUR)***4. Segment information (continued)**

The Management Board considers the Group activities from both geographical (by countries of the Group entities' jurisdiction) and business perspective (generation, trading, supply, distribution, engineering and other) meaning that each operating segment represents a certain type of business activities or legal entities in a certain country.

The following reporting segments have been identified based on the requirements of IFRS 8 *Operating Segments* (taking into consideration aggregation criteria as well as quantitative thresholds on revenue and EBITDA):

- ▶ **Supply in the Russian Federation** (represented by JSC Mosenergosbyt, LLC MosOblEIRTS, JSC Saint Petersburg Power Supply Company (Group of entities), PJSC Tambov Energy Retailing Company, PJSC Saratovenergo, JSC Altayenergosbyt, LLC INTER RAO Orlovskii Energosbyt, JSC Industrial Energetics, LLC RN-Energo, JSC Tomskenergosbyt, LLC Omsk Energy Retailing Company, JSC EIRTS LO, LLC ESC Bashkortostan, LLC Inter RAO – EIRTS, LLC Energosbyt Volga, LLC RT – Energy Trading (equity accounted investee), LLC North Supply Company, LLC ESCB – Development, LLC EIRTS RB, LLC EIRTS TO, LLC United Processing Centre, LLC Altay – Development (from December 2020), JSC EIRTS – PES (from December 2020), JSC SCL.
- ▶ **Electric Power Generation in the Russian Federation** (represented by Group Inter RAO – Electric Power Plants, including JSC Nizhnevartovskaya GRES (equity accounted investee).
- ▶ **Thermal Power Generation in the Russian Federation** represented by:
 - ▶ **TGC-11** (represented by JSC TGC-11, JSC Tomsk generation, JSC TomskRTS and JSC OmskRTS);
 - ▶ **Bashkir Generation** (represented by Group Bashkir Generation Company).
- ▶ **Trading in the Russian Federation and Europe** (represented by the trading activities of the Parent Company, RAO Nordic Oy, AB INTER RAO Lietuva and its subsidiaries, JSC Eastern Energy Company, LLC Inter RAO Georgia (equity accounted investee).
- ▶ **Foreign assets** represented by the following reporting sub-segments:
 - ▶ **Georgia** (represented by JSC Telasi, JSC Khamhesi I and JSC Khamhesi II);
 - ▶ **Moldavia** (represented by CJSC Moldavskaya GRES).
- ▶ **Engineering in the Russian Federation** (represented by LLC INTER RAO Engineering, LLC Quartz Group, LLC Power Efficiency Centre INTER RAO UES (equity accounted investee), LLC INTER RAO – Export, Energy beyond borders Non-for-profit Fund, LLC Gestion de Proyectos, Rus Gas Turbines Holdings B.V. (equity accounted investee from April 2019 till September 2020, subsidiary from September 2020), LLC INTER RAO Export – Projects Management, LLC EC Energy (from May 2021), LLC Energy construction (from May 2021), LLC Engineering Technologies (from May 2021), LLC EV-Group (from May 2021), LLC E-Trade (from May 2021), LLC MashTechStroy (from May 2021), LLC NPK Khimstroyenergo (from May 2021), LLC Powergrid (from May 2021), LLC Proektenergoengineering Company (from May 2021), LLC Sib MIR (from May 2021), LLC StroyEnergoCom (from May 2021), LLC Interstroj (from July 2021).
- ▶ **Corporate centre** includes elimination of transactions among the reporting segments and management expenses, interest income and interest expense of the Parent Company and other subsidiaries, including Trakya Elektrik Uretim Ve Ticaret A.S., as well as loans and borrowings, obtained by the Parent Company and other subsidiaries, which cannot be allocated to a specific reporting segment on a reasonable basis.

The CODM evaluates performance of the operating segments based on EBITDA, which is calculated as profit/(loss) for the period before finance income and finance expenses; income tax expense; depreciation and amortisation of property, plant and equipment, intangible assets; impairment charge/(release) of property, plant and equipment; impairment of goodwill and other intangible assets; impairment of securities, investments in associates and joint ventures and assets classified as held-for-sale; provisions for doubtful debts and for inventory obsolescence; other provisions; share in profit/(loss) of associates and effects from acquisition and disposal of Group's entities; income/(loss) from purchase and sale of securities and assets classified as held-for-sale; and charity expenses, income/(loss) from disposal of non-financial assets and some other included in Other item within the reconciliation between EBITDA of the reporting segments and net income/(loss) for the reporting period. The Group's definition of EBITDA may differ from that of other companies. Information about depreciation and amortisation of property, plant and equipment and intangible assets, interest income and interest expenses is disclosed in segment information as it is regularly reviewed by the CODM.

Revenue of each segment is mainly represented by sales of electricity and capacity and heat-power allocated to the reporting segments.

The CODM analyses leverage of the Group's subsidiaries, joint ventures (equity accounted investees) on a regular basis; loans and borrowings are allocated to the reporting segments excluding inter-segment balances.

Joint ventures (equity accounted investees) are reviewed by the CODM in terms of the Group's share in their profit/(loss) and loan and borrowings.

(in millions of RUR)

4. Segment information (continued)

Below is the performance of the operating segments for the three months ended 30 September 2021:

	Supply	Electric Power Generation in the Russian Federation	Thermal Power Generation in the Russian Federation		Trading	Foreign assets		Engineering		
	The Russian Federation	Inter RAO – Electricity Generation Group	TGC-11	Bashkir Generation	The Russian Federation and Europe	Georgia	Moldavia	The Russian Federation	Corporate centre	Total
Total revenue	184,175	49,235	4,805	13,093	35,351	4,127	4,019	8,469	(18,192)	285,082
Revenue from external customers	183,865	36,170	3,467	9,745	35,001	4,127	4,019	7,307	1,381	285,082
Inter-segment revenue	310	13,065	1,338	3,348	350	–	–	1,162	(19,573)	–
Operating expenses, including:										
Purchased electricity and capacity	(107,424)	(2,616)	(526)	(1,062)	(21,884)	(776)	–	–	18,337	(115,951)
Transmission fees	(62,481)	–	–	(1)	(2,614)	(458)	(35)	–	–	(65,589)
Fuel expenses	–	(18,875)	(2,037)	(7,587)	–	–	(2,415)	–	677	(30,237)
Share in (loss)/profit of joint ventures	–	(128)	–	–	73	–	–	–	–	(55)
EBITDA	7,389	18,805	(584)	619	8,181	2,213	1,150	2,013	(1,293)	38,493
Depreciation and amortisation	(712)	(4,280)	(469)	(1,075)	(35)	(144)	(105)	(496)	(295)	(7,611)
Interest income	639	1,879	121	267	6	26	–	130	1,237	4,305
Interest expense	(19)	–	(29)	–	(3)	(59)	–	(467)	200	(377)
Interest expense on lease liabilities	(91)	(2,098)	(26)	(67)	(1)	(2)	–	(65)	(16)	(2,366)

(in millions of RUR)

4. Segment information (continued)

Below is the performance of the operating segments for the nine months ended 30 September 2021:

	Supply	Electric Power Generation in the Russian Federation	Thermal Power Generation in the Russian Federation		Trading	Foreign assets		Engineering		
	The Russian Federation	Inter RAO – Electricity Generation Group	TGC-11	Bashkir Generation	The Russian Federation and Europe	Georgia	Moldavia	The Russian Federation	Corporate centre	Total
Total revenue	567,772	150,366	25,035	46,469	86,941	11,084	10,423	11,847	(58,667)	851,270
Revenue from external customers	566,428	110,412	20,059	35,810	85,910	11,084	10,423	9,329	1,815	851,270
Inter-segment revenue	1,344	39,954	4,976	10,659	1,031	–	–	2,518	(60,482)	–
Operating expenses, including:										
Purchased electricity and capacity	(335,904)	(6,066)	(2,014)	(3,424)	(55,556)	(4,366)	–	–	57,729	(349,601)
Transmission fees	(193,075)	–	–	(3)	(7,093)	(1,307)	(91)	–	–	(201,569)
Fuel expenses	–	(54,625)	(9,726)	(23,869)	–	–	(6,122)	–	2,159	(92,183)
Share in profit of joint ventures	–	1,257	–	–	92	–	–	–	–	1,349
EBITDA	19,302	63,326	5,290	8,803	19,494	3,554	2,952	1,201	(4,509)	119,413
Depreciation and amortisation	(2,069)	(13,063)	(1,435)	(3,179)	(113)	(403)	(317)	(718)	(936)	(22,233)
Interest income	1,554	5,225	279	626	12	40	–	212	2,890	10,838
Interest expense	(59)	–	(64)	(4)	(20)	(165)	–	(783)	582	(513)
Interest expense on lease liabilities	(263)	(6,260)	(70)	(202)	(3)	(4)	–	(73)	(36)	(6,911)

(in millions of RUR)

4. Segment information (continued)

Below is the performance of the operating segments for the three months ended 30 September 2020:

	Supply	Electric Power Generation in the Russian Federation	Thermal Power Generation in the Russian Federation	Trading	Foreign assets		Engineering			
	The Russian Federation	Inter RAO – Electricity Generation Group	TGC-11	Bashkir Generation	The Russian Federation and Europe	Georgia	Moldavia	The Russian Federation	Corporate centre	Total
Total revenue	166,075	43,895	4,194	11,965	14,713	2,545	3,754	6,991	(17,741)	236,391
Revenue from external customers	165,818	31,848	3,088	9,085	14,435	2,545	3,754	5,688	130	236,391
Inter-segment revenue	257	12,047	1,106	2,880	278	–	–	1,303	(17,871)	–
Operating expenses, including:										
Purchased electricity and capacity	(95,553)	(1,607)	(393)	(1,075)	(11,183)	(1,238)	–	–	16,497	(94,552)
Transmission fees	(58,790)	–	–	(1)	(1,397)	(334)	(26)	–	–	(60,548)
Fuel expenses	–	(17,196)	(1,602)	(6,234)	–	–	(2,257)	–	758	(26,531)
Share in profit/(loss) of joint ventures	–	621	–	–	13	–	–	(35)	–	599
EBITDA	5,530	16,993	(528)	566	1,772	476	1,026	678	(1,384)	25,129
Depreciation and amortisation	(715)	(4,404)	(449)	(1,055)	(53)	(149)	(100)	(35)	(341)	(7,301)
Interest income	345	1,579	49	154	7	6	–	31	938	3,109
Interest expense	(67)	–	(16)	–	(1)	(61)	–	(18)	82	(81)
Interest expense on lease liabilities	(117)	(2,113)	(19)	(69)	(1)	(1)	–	(2)	(3)	(2,325)

(in millions of RUR)

4. Segment information (continued)

Below is the performance of the operating segments for the nine months ended 30 September 2020:

	Supply	Electric Power Generation in the Russian Federation	Thermal Power Generation in the Russian Federation		Trading	Foreign assets		Engineering		
	The Russian Federation	Inter RAO – Electricity Generation Group	TGC-11	Bashkir Generation	The Russian Federation and Europe	Georgia	Moldavia	The Russian Federation	Corporate centre	Total
Total revenue	509,414	125,969	21,457	41,903	36,591	7,597	9,245	11,658	(50,786)	713,048
Revenue from external customers	508,190	92,342	18,059	32,601	35,724	7,597	9,245	8,768	522	713,048
Inter-segment revenue	1,224	33,627	3,398	9,302	867	–	–	2,890	(51,308)	–
Operating expenses, including:										
Purchased electricity and capacity	(297,900)	(4,945)	(1,622)	(3,213)	(29,128)	(4,963)	–	–	48,224	(293,547)
Transmission fees	(175,477)	–	–	(3)	(3,235)	(974)	(65)	–	–	(179,754)
Fuel expenses	–	(45,135)	(7,836)	(20,736)	–	–	(5,383)	–	2,175	(76,915)
Share in profit/(loss) of joint ventures	–	2,321	–	–	46	–	–	(100)	–	2,267
EBITDA	17,800	55,039	4,193	9,342	4,817	168	2,605	(3,016)	(4,392)	86,556
Depreciation and amortisation	(2,116)	(12,480)	(1,346)	(3,131)	(150)	(440)	(292)	(102)	(1,146)	(21,203)
Interest income	1,300	5,163	181	503	13	21	–	107	2,707	9,995
Interest expense	(177)	–	(45)	(5)	(6)	(177)	–	(61)	231	(240)
Interest expense on lease liabilities	(309)	(4,702)	(51)	(211)	(2)	(4)	–	(4)	(25)	(5,308)

(in millions of RUR)

4. Segment information (continued)

As at 30 September 2021:

	Supply	Electric Power Generation in the Russian Federation	Thermal Power Generation in the Russian Federation		Trading	Foreign assets		Engineering		
	The Russian Federation	Inter RAO – Electricity Generation Group	TGC-11	Bashkir Generation	The Russian Federation and Europe	Georgia	Moldavia	The Russian Federation	Corporate centre	Total
Loans and borrowings, including:	(6)	–	(1,581)	–	–	(1,321)	(1)	(13,268)	(10)	(16,187)
Share in loans and borrowings of joint ventures	–	–	–	–	–	–	–	–	(10)	(10)
Lease liabilities, including:	(4,059)	(84,521)	(812)	(4,097)	(110)	(75)	–	(1,484)	(809)	(95,967)
Share in lease liabilities of joint ventures	–	(513)	–	–	–	–	–	–	–	(513)

As at 31 December 2020:

	Supply	Electric Power Generation in the Russian Federation	Thermal Power Generation in the Russian Federation		Trading	Foreign assets		Engineering		
	The Russian Federation	Inter RAO – Electricity Generation Group	TGC-11	Bashkir Generation	The Russian Federation and Europe	Georgia	Moldavia	The Russian Federation	Corporate centre	Total
Loans and borrowings	(19)	(21)	(1,586)	–	–	(1,424)	–	(1)	–	(3,051)
Lease liabilities, including:	(3,851)	(83,514)	(613)	(3,172)	(126)	(45)	–	(132)	(389)	(91,842)
Share in lease liabilities of joint ventures	–	(225)	–	–	–	–	–	–	–	(225)

(in millions of RUR)

4. Segment information (continued)

The reconciliation between EBITDA of the reporting segments and net profit for the reporting period in the interim consolidated statement of comprehensive income is presented below:

	<i>For the three months ended</i> <i>30 September</i>		<i>For the nine months ended</i> <i>30 September</i>	
	2021	2020	2021	2020
EBITDA of the reportable segments	38,493	25,129	119,413	86,556
Depreciation and amortisation (Note 19)	(7,611)	(7,301)	(22,233)	(21,203)
Interest income (Note 20)	4,305	3,109	10,838	9,995
Interest expense (Note 20)	(377)	(81)	(513)	(240)
Interest expense on lease liabilities (Note 20)	(2,366)	(2,325)	(6,911)	(5,308)
Foreign currency exchange (loss)/gain, net (Note 20)	(22)	1,843	(601)	7,962
Other finance income/(expense) (Note 20)	103	221	(424)	471
Provisions charge, including (Note 19):	(189)	(1,240)	(1,389)	(4,429)
<i>impairment of accounts receivable, net</i>	<i>(355)</i>	<i>(747)</i>	<i>(2,578)</i>	<i>(3,670)</i>
<i>release/(charge) of other provisions</i>	<i>284</i>	<i>(431)</i>	<i>1,379</i>	<i>(420)</i>
<i>VAT provision</i>	<i>(118)</i>	<i>(62)</i>	<i>(190)</i>	<i>(337)</i>
<i>impairment of securities</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(2)</i>
Other item	(259)	(95)	(98)	(554)
Share of loss of associates (Note 7)	(16)	(7)	(38)	(24)
Income tax expense (Note 21)	(6,581)	(3,926)	(19,279)	(15,870)
Profit for the reporting period in the interim consolidated statement of comprehensive income	25,480	15,327	78,765	57,356

The reconciliation between loans and borrowings of the reportable segments and loans and borrowings for the reporting period in the interim consolidated statement of financial position is presented below:

	<i>As at 30 September</i> 2021	<i>As at 31 December</i> 2020
Loans and borrowings of the reportable segments	(16,187)	(3,051)
Less: Share in loans and borrowings of joint ventures	10	—
Loans and borrowings in the interim consolidated statement of financial position	(16,177)	(3,051)
Lease liabilities of the reportable segments	(95,967)	(91,842)
Less: Share in lease liabilities of joint ventures	513	225
Lease liabilities in the interim consolidated statement of financial position	(95,454)	(91,617)

(in millions of RUR)

4. Segment information (continued)**Information about geographical areas**

The Management Board also considers revenue of the Group's entities generated in their countries of jurisdiction and abroad as well as non-current assets (property, plant and equipment, investments in associates and jointly controlled entities and intangible assets, including goodwill) based on location of assets.

	<i>For the three months ended 30 September 2021</i>			<i>For the three months ended 30 September 2020</i>		
	<i>Revenue in the Group entity's jurisdiction¹</i>	<i>Revenue in countries other than Group entity's jurisdiction</i>	<i>Total revenue based on location of customers</i>	<i>Revenue in the Group entity's jurisdiction</i>	<i>Revenue in countries other than Group entity's jurisdiction</i>	<i>Total revenue based on location of customers</i>
Russian Federation	243,656	—	243,656	216,334	—	216,334
Finland	14,526	71	14,597	1,783	48	1,831
Latvia	4,002	—	4,002	43	—	43
Moldavia (incl. Transdnistria Republic)	4,019	—	4,019	3,754	—	3,754
Poland	3,406	—	3,406	1,961	—	1,961
China	—	4,257	4,257	—	3,493	3,493
Lithuania	1,450	—	1,450	3,303	—	3,303
Other	4,413	5,282	9,695	2,773	2,899	5,672
Total	275,472	9,610	285,082	229,951	6,440	236,391

	<i>For the nine months ended 30 September 2021</i>			<i>For the nine months ended 30 September 2020</i>		
	<i>Revenue in the Group entity's jurisdiction²</i>	<i>Revenue in countries other than Group entity's jurisdiction</i>	<i>Total revenue based on location of customers</i>	<i>Revenue in the Group entity's jurisdiction</i>	<i>Revenue in countries other than Group entity's jurisdiction</i>	<i>Total revenue based on location of customers</i>
Russian Federation	749,034	—	749,034	663,900	—	663,900
Finland	31,204	133	31,337	3,915	93	4,008
Latvia	12,667	—	12,667	123	—	123
Moldavia (incl. Transdnistria Republic)	10,423	—	10,423	9,245	—	9,245
Poland	9,036	—	9,036	5,348	—	5,348
China	—	8,628	8,628	—	7,605	7,605
Lithuania	5,309	—	5,309	7,746	—	7,746
Other	11,826	13,010	24,836	8,173	6,900	15,073
Total	829,499	21,771	851,270	698,450	14,598	713,048

¹ Revenues are attributable to countries on the basis of the customer's location.

² Revenues are attributable to countries on the basis of the customer's location.

(in millions of RUR)

4. Segment information (continued)**Information about geographical areas (continued)**

	Total non-current assets based on location of assets¹	
	As at 30 September 2021	As at 31 December 2020
Russian Federation	423,382	377,277
Georgia	9,934	9,094
Moldavia (incl. Transnistria Republic)	5,471	5,385
Lithuania	939	1,074
Other	23	281
Total	439,749	393,111

5. Acquisitions and disposals**Acquisition of non-controlling interest in PJSC Tambov Energy Retailing Company**

In March-May 2020 the Group bought 0.166% of ordinary shares and 3.657% of preferred shares of PJSC Tambov Energy Retailing Company from non-controlling shareholders (0.602% of the total voting shares of the company) under the voluntary public offer for RUR 2 million. As a result, the Group has increased its participation in PJSC Tambov Energy Retailing Company to 85.64%.

Acquisition of controlling interest in Rus Gas Turbines Holdings B.V.

In September 2020, the Group acquired control of Rus Gas Turbines Holdings B.V. having increased its share in the company's share capital from 50% to 50.999%. As part of the deal, an option agreement was concluded to buy and sell the remaining share of Rus Gas Turbines Holdings B.V. with a performance period from 4 to 6 years and with an additional option of prolongation up to 1 year. The cost of implementing an option agreement varies and depends on the achievement of Rus Gas Turbines Holdings B.V. the level of localization of the produced turbines. The fair value of the option as at the date of acquisition was RUR 3,263 million, it was recognised as a non-current liability as a part of the acquisition consideration transferred (Note 16). At the same time, Rus Gas Turbines Holdings B.V. has entered into a licensing agreement with General Electric, according to which the company received exclusive rights to manufacture and service turbines for 25 years, which was recognised at the date of acquisition as an identifiable asset with a fair value of RUR 9,879 million.

Fair value of the Group's 50% share in Rus Gas Turbines Holdings B.V. as at date of acquisition amounted to RUR 1,543 million and was a part of consideration given.

The fair values of assets and liabilities arising from the acquisition were as follows (RUR million):

Non-current assets	11,808
Current assets (including cash in amount of RUR 888 million)	1,407
Non-current liabilities	(8,180)
Current liabilities	(229)
Non-controlling interest	—

Acquisition of controlling interest in Sigma Group

In May 2021 the Group acquired 100% stake in the share capital of IT company LLC Sigma (including two subsidiaries) from the third parties for the cash consideration of RUR 9,700 million. Sigma Group provides comprehensive services for digitalization to Russian energy and utilities sector, including development, implementation and support of analytical, billing, and payment systems, mobile solutions, products and services for automation of power grid and power supply companies.

Fair value of identifiable assets and liabilities was determined by an independent appraiser.

¹ Total non-current assets based on location of assets excludes deferred tax assets, securities and other non-current assets.

*(in millions of RUR)***5. Acquisitions and disposals (continued)****Acquisition of controlling interest in Sigma Group (continued)**

The fair values of assets and liabilities arising from the acquisition are as follows (RUR million):

	<i>Fair values</i>
Property, plant and equipment	179
Intangible assets	166
Accounts receivable	1,859
Inventory	69
Cash and cash equivalents	535
Other current assets	1
Loans and borrowings	(87)
Deferred tax liabilities	(40)
Accounts payable and accrued charges	(1,290)
Taxes payable	(385)
Fair value of acquired interest in net assets	1,007
Goodwill, arising from the acquisition	8,693
Total consideration	9,700

The acquired companies in the information technology sector will ensure a high level of digital transformation for the existing and new assets of the Group. The synergistic effect will be achieved by optimizing key business processes in terms of managing production assets and energy sales, introducing new digital products and services, and developing new competencies in the IT field. Goodwill arising on the acquisition and attributable to the above factors amounted to RUR 8,693 million. The goodwill is allocated to the Corporate centre segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

Had the acquisition occurred as at 1 January 2021, the estimated contribution to the Group revenue would have been RUR 5,298 million, and the estimated contribution to the net result for the nine months ended 30 September 2021 would have been a net profit of RUR 1,038 million.

Acquisition of controlling interest in the group of construction and engineering companies

In May 2021 the Group acquired 100% stakes in the share capital of 11 construction and engineering companies (Powergrid LLC, StroyEnergoCom LLC, Khimstroyenergo LLC, Sib Mir LLC, MashTechStroy LLC, KPEI LLC, E-Trade LLC, EV-group LLC, Energy Construction LLC, EC Energy LLC, Engineering Technology LLC) from the third parties for the cash consideration of RUR 37,197 million. The acquired companies perform functions of a general contractor, designer and supplier of equipment in the energy, power grid sector, water supply and heat transmission facilities, as well as a designer and installer of automated meter reading and control systems (AMRCS).

Fair value of identifiable assets and liabilities was determined by an independent appraiser.

The fair values of assets and liabilities arising from the acquisition are as follows (RUR million):

	<i>Fair values</i>
Property, plant and equipment	2,215
Intangible assets	1,622
Deferred tax assets	237
Accounts receivable	37,353
Inventory	5,659
Cash and cash equivalents	2,696
Other current assets	50
Loans and borrowings	(13,355)
Accounts payable and accrued charges	(33,236)
Taxes payable	(2,118)
Fair value of acquired interest in net assets	1,123
Goodwill, arising from the acquisition	36,074
Total consideration	37,197

(in millions of RUR)

5. Acquisitions and disposals (continued)**Acquisition of controlling interest in the group of construction and engineering companies (continued)**

The acquisition of these assets will allow the Group to improve control over reliability, quality, deadlines, equipment purchases and costs in the implementation of projects for the construction of energy facilities and in the implementation of the program for the installation of intelligent metering systems. The acquired companies will create large players in the industry with a reliable reputation, enter new markets, and expand the range of products and services. The companies form synergies with the existing assets of the Group by saving on contract work and equipment purchases, as well as form new competencies in the power industry and related industries by providing services to external customers. The goodwill arising on the acquisition and attributable to the above factors amounted to RUR 36,074 million. The goodwill is allocated to the Engineering segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

Had the acquisition occurred as at 1 January 2021, the estimated contribution to the Group revenue would have been RUR 26,854 million, and the estimated contribution to the net result for the nine months ended 30 September 2021 would have been a net income of RUR 648 million.

6. Property, plant and equipment

	<i>Land and buildings</i>	<i>Infra- structure assets</i>	<i>Plant and equipment</i>	<i>Other</i>	<i>Const- ruction in progress</i>	<i>Total</i>
Cost						
Balance at 31 December 2020	134,819	109,296	395,373	16,703	21,346	677,537
Reclassification	37,066	45	(36,280)	(831)	—	—
Additions	3,835	622	2,196	1,222	16,352	24,227
Disposals	(574)	(769)	(1,239)	(2,437)	(249)	(5,268)
Transfers	133	733	4,533	570	(5,969)	—
Transfer from other accounts	—	—	—	—	12	12
Acquisition of controlling interest	1,226	9	168	749	242	2,394
Translation difference	(120)	319	(263)	3	15	(46)
Balance at 30 September 2021	176,385	110,255	364,488	15,979	31,749	698,856
<i>Including right-of-use assets</i>	<i>50,583</i>	<i>2,119</i>	<i>49,266</i>	<i>482</i>	<i>—</i>	<i>102,450</i>
Depreciation and impairment						
Balance at 31 December 2020	(56,641)	(58,816)	(194,469)	(7,733)	(1,660)	(319,319)
Reclassification	(4,373)	27	3,813	533	—	—
Depreciation charge	(5,032)	(2,693)	(12,041)	(880)	—	(20,646)
Additions	(150)	—	(282)	—	—	(432)
Disposals	467	142	480	771	—	1,860
Transfers	(7)	(6)	(229)	(1)	243	—
Transfer from other accounts	—	—	(10)	—	—	(10)
Translation difference	112	(103)	199	1	3	212
Balance at 30 September 2021	(65,624)	(61,449)	(202,539)	(7,309)	(1,414)	(338,335)
<i>Including right-of-use assets</i>	<i>(9,411)</i>	<i>(769)</i>	<i>(7,692)</i>	<i>(127)</i>	<i>—</i>	<i>(17,999)</i>
Net book value						
Balance at 31 December 2020	78,178	50,480	200,904	8,970	19,686	358,218
Balance at 30 September 2021	110,761	48,806	161,949	8,670	30,335	360,521

Construction in progress is represented by property, plant and equipment that has not yet been ready for operation and advances to suppliers of property, plant and equipment. Such advances amounted to RUR 6,657 million as at 30 September 2021 (31 December 2020: RUR 6,101 million).

Details of the balances and the movements of right-of-use assets, as well as the corresponding lease liabilities, are set below:

	<i>As at 30 September 2021</i>	<i>As at 31 December 2020</i>
Net book value of right-of-use assets	84,451	82,870
Long-term lease liabilities	81,832	78,839
Short-term portion of long-term lease liabilities	13,622	12,778
Total lease liabilities	95,454	91,617

(in millions of RUR)

6. Property, plant and equipment (continued)

	<i>For the nine months ended 30 September</i>	
	2021	2020
Additions of right-of-use assets	943	27,684
Acquisition of controlling interest	1,289	28
Revaluation of right-of-use assets	4,570	1,932
Depreciation of right-of-use assets	(5,217)	(3,938)

As at 30 September 2021 net book value of right-of-use assets are mainly comprised by right-of-use assets of Kaliningrad Generation LLC in the amount of RUR 74,346 million (as at 31 December 2020: RUR 75,342 million).

7. Investments in associates and joint ventures

	<i>Joint ventures</i>			
	<i>JSC Nizhne- vartovskaya GRES</i>	<i>Other joint ventures</i>	<i>Associates</i>	<i>Total</i>
Carrying value at 31 December 2020	16,596	28	582	17,206
Recognised actuarial gain and past service cost	13	—	—	13
Additions	—	—	25	25
Disposals	—	(5)	—	(5)
Share of profit/(loss) after tax	1,257	92	(38)	1,311
Dividends received	(3,749)	(11)	—	(3,760)
Reclass	—	(1)	—	(1)
Translation difference	—	2	—	2
Carrying value at 30 September 2021	14,117	105	569	14,791

In January 2021 the Group together with Government entities and VTB Holding established an associate entity, NEVSKY ECOLOGICAL OPERATOR JSC. The Group's share in the entity is 25%.

8. Securities

	<i>As at 30 September 2021</i>	<i>As at 31 December 2020</i>
Equity instruments	6,203	6,141
FVOCI	5,430	5,370
FVPL	773	771
Debt instruments	2,065	2,190
FVOCI	2,065	2,190
Total	8,268	8,331

For the nine months ended 30 September 2021 no impairment loss on securities recognised through profit and loss was recognised in the interim consolidated statement of comprehensive income (for the nine months ended 30 September 2020: loss in the amount of RUR 2 million).

For the nine months ended 30 September 2021 the amount of RUR 52 million, net of tax RUR 12 million was recognised as a gain from revaluation of equity securities through other comprehensive income in the interim consolidated statement of comprehensive income (for the nine months ended 30 September 2020: gain from revaluation in the amount of RUR 908 million, net of tax RUR 227 million).

Debt instruments at fair value through OCI represent quoted bonds of Peresvet Bank. During the reporting period the change of bonds fair value in the amount of RUR 76 million, net of tax RUR 16 million was recognised as a loss through other comprehensive income in the interim consolidated statement of comprehensive income (for the nine months ended 30 September 2020: loss in the amount of RUR 128 million, net of tax RUR 31 million).

For the nine months ended 30 September 2021 the Group has sold debt instruments at fair value through other comprehensive income (FVOCI) in the amount of RUR 33 million and equity instruments at fair value through other comprehensive income (FVOCI) in the amount of RUR 2 million.

(in millions of RUR)

9. Other non-current assets

		As at 30 September 2021	As at 31 December 2020
Financial non-current assets		11,161	2,021
Non-current trade receivables		825	1,132
	<i>Less impairment provision</i>	<i>(139)</i>	<i>(225)</i>
Non-current trade receivables – net		686	907
Other non-current receivables		1,640	1,558
	<i>Less impairment provision</i>	<i>(454)</i>	<i>(468)</i>
Other non-current receivables – net		1,186	1,090
Long-term derivative financial instruments		32	11
Long-term outstanding interest on bank deposits		212	–
Long-term bank deposits		9,045	13
Non-financial non-current assets		8,151	5,033
Non-current advances to suppliers and prepayments		3,365	69
	<i>Less impairment provision</i>	<i>(8)</i>	<i>(6)</i>
Non-current advances to suppliers and prepayments – net		3,357	63
VAT recoverable		311	565
Other taxes recoverable		133	135
Other		4,350	4,270
		19,312	7,054

As of 30 September 2021 other non-current assets included the fair value of deferred payment for the obtained exclusive rights recognised within the acquisition of the controlling interest in Rus Gas Turbines Holdings B.V. in the amount of RUR 3,678 million (as at 31 December 2020: RUR 3,678 million) (Note 5, 16).

10. Accounts receivable and prepayments

		As at 30 September 2021	As at 31 December 2020
Financial assets		101,104	89,035
Trade receivables		102,661	97,688
	<i>Less impairment provision</i>	<i>(23,765)</i>	<i>(22,516)</i>
Trade receivables – net		78,896	75,172
Other receivables		13,268	12,532
	<i>Less impairment provision</i>	<i>(4,337)</i>	<i>(4,208)</i>
Other receivables – net		8,931	8,324
Short-term loans issued (including interest)		840	754
	<i>Less impairment provision</i>	<i>(250)</i>	<i>(250)</i>
Short-term loans issued (including interest) – net		590	504
Short-term outstanding interest on bank deposits		1,887	2,149
Short-term receivables on construction contracts		10,800	2,886
Non-financial assets		16,385	9,279
Advances to suppliers and prepayments		11,707	6,291
	<i>Less impairment provision</i>	<i>(1,155)</i>	<i>(1,188)</i>
Advances to suppliers and prepayments – net		10,552	5,103
Short-term VAT recoverable		2,567	1,591
Taxes prepaid		3,266	2,585
		117,489	98,314

The Group does not hold any collateral as a security.

(in millions of RUR)

11. Cash and cash equivalents

	<i>As at 30 September 2021</i>	<i>As at 31 December 2020</i>
Cash at bank and in hand, national currency	16,672	22,464
Cash at bank and in hand, foreign currency	11,337	10,022
Bank deposits with maturity of three months or less	99,890	148,630
Total	127,899	181,116

12. Other current assets

	<i>As at 30 September 2021</i>	<i>As at 31 December 2020</i>
Bank deposits with maturity of 3-12 months	187,992	147,409
Restricted cash	2,918	1,327
Debt instruments	1,159	1,260
Short-term derivative financial instruments	171	158
Other	412	272
Total	192,652	150,426

As at 30 September 2021 other current assets included bonds issued by financial institutions with total carrying value of RUR 1,159 million (as at 31 December 2020: RUR 1,260 million). During the reporting period the change of bonds fair value in the amount of RUR 38 million, net of tax RUR 8 million was recognised as a loss through other comprehensive income in the consolidated statement of comprehensive income (for the nine months ended 30 September 2020: gain RUR 13 million, net of tax RUR 4 million).

13. Equity**Share capital**

	<i>As at 30 September 2021</i>	<i>As at 31 December 2020</i>
Number of ordinary shares issued and fully paid (in units)	104,400,000,000	104,400,000,000
Par value (in RUR)	2.809767	2.809767
Share capital (in million RUR)	293,340	293,340

Movements in outstanding and treasury shares

	<i>Issued shares</i>		<i>Treasury shares</i>		<i>Total</i>	
	<i>Thousand units</i>	<i>Million RUR</i>	<i>Thousand units</i>	<i>Million RUR</i>	<i>Thousand units</i>	<i>Million RUR</i>
31 December 2020	104,400,000	293,340	(30,859,370)	(86,708)	73,540,630	206,632
30 September 2021	104,400,000	293,340	(30,859,370)	(86,708)	73,540,630	206,632

	<i>Issued shares</i>		<i>Treasury shares</i>		<i>Total</i>	
	<i>Thousand units</i>	<i>Million RUR</i>	<i>Thousand units</i>	<i>Million RUR</i>	<i>Thousand units</i>	<i>Million RUR</i>
31 December 2019	104,400,000	293,340	(30,859,370)	(86,708)	73,540,630	206,632
30 September 2020	104,400,000	293,340	(30,859,370)	(86,708)	73,540,630	206,632

(in millions of RUR)

13. Equity (continued)**Dividends**

On 25 May 2021 the Parent Company declared dividends for the year 2020 of RUR 0,180711206896552 per share in the amount of RUR 18,866 million (including dividends to treasury shares in the amount of RUR 4,857 million and to related and third parties in the amount of RUR 14,009 million). Dividends paid including tax payable by the company's shareholders are shown in the financing activities of the consolidated statement of cash flows in the amount of RUR 14,435 million.

On 19 May 2020 the Parent Company declared dividends for the year 2019 of RUR 0.196192528735633 per share in the amount of RUR 20,483 million (including dividends to treasury shares in the amount of RUR 5,268 million and to related and third parties in the amount of RUR 15,215 million). Dividends paid including tax payable by the company's shareholders are shown in the financing activities of the consolidated statement of cash flows in the amount of RUR 15,704 million.

14. Loans and borrowings

This note provides information about the Group's loans and borrowings. Certain loan agreements include financial and non-financial covenants.

	Currency	As at 30 September 2021	As at 31 December 2020
Loans and borrowings			
	RUR	5,730	125
	GEL	1,012	1,058
	JPY	309	366
Total long-term loans and borrowings		7,051	1,549
Less: current portion of long-term loans and borrowings		(6,156)	(1,286)
Total long-term loans and borrowings		895	263

As at 30 September 2021 fair value of loans and borrowings amounts to RUR 7,076 million (as at 31 December 2020: RUR 1,636 million) and estimated by discounting of contractual future cash flows at the prevailing current market interest rates available to the Group for similar financial instruments.

Changes in interest rates impact loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). The Parent Company has a formal policy of determining how much of the Company's exposure should be to fixed or variable rates. At the time of raising new loans or borrowings management applies the policy to determine whether a fixed or variable rate would be more favorable to the Company over the expected period until maturity. As for other entities of the Group, following the corporate regulative documents, the decisions on raising new loans and borrowings at the subsidiaries level are subject for approval by the Parent Company. Management applies the same policy in making decisions in respect of the conditions of raising loans and borrowings on the subsidiary level.

15. Accounts payable and accrued liabilities

	As at 30 September 2021	As at 31 December 2020
Financial liabilities		
Trade payables	56,739	57,169
Short-term derivative financial instruments	2,082	379
Dividends payable	1,513	151
Obligation to repurchase own equity instruments	763	763
Other payables and accrued expenses	7,760	8,781
Total	68,857	67,243
Non-financial liabilities		
Advances received	29,268	30,342
Staff payables	9,612	10,924
Provisions, short-term	5,188	3,806
Total	44,068	45,072
	112,925	112,315

(in millions of RUR)

15. Accounts payable and accrued liabilities (continued)

As at 30 September 2021 advances received included RUR 10,457 million of payments for electricity sales from customers of JSC Mosenergosbyt, JSC Saint Petersburg Power Supply Company, LLC RN Energo and Group Bashkir Generation Company (as at 31 December 2020: RUR 23,184 million).

16. Other non-current liabilities

	<i>As at 30 September 2021</i>	<i>As at 31 December 2020</i>
Financial liabilities		
Long-term derivative financial instruments	414	–
Other long-term liabilities	6,982	6,014
Total financial liabilities	7,396	6,014
Non-financial liabilities		
Pensions liabilities	3,877	4,436
Restoration provision	4,081	4,592
Government grants	4	9
Other long-term liabilities	1,439	3,033
Total non-financial liabilities	9,401	12,070
Total	16,797	18,084

As at 30 September 2021 other long-term liabilities included the fair value of the call and put option agreement in the amount of RUR 4,133 million recognised within the acquisition of the controlling interest in Rus Gas Turbines Holdings B.V. (as at 31 December 2020: RUR 3,263 million) (Note 5). As a result, the Group recognised unwind of discount of accounts payable in the amount of RUR 870 million in the consolidated statement of comprehensive income (Note 20).

17. Revenue

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Electricity and capacity	267,409	222,756	793,036	664,804
Thermal energy sales	5,167	4,844	34,085	29,953
Other revenue	12,506	8,791	24,149	18,291
	285,082	236,391	851,270	713,048

18. Other operating income

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Penalties and fines received	1,239	936	3,238	4,201
Electricity derivatives	–	(71)	–	1,550
Other	530	400	1,847	1,474
	1,769	1,265	5,085	7,225

*(in millions of RUR)***19. Operating expenses**

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Purchased electricity and capacity	115,951	94,552	349,601	293,547
Electricity transmission fees	65,589	60,548	201,569	179,754
Fuel expenses	30,237	26,531	92,183	76,915
Employee benefit expenses and payroll taxes	15,518	13,993	44,359	41,665
Depreciation and amortisation	7,611	7,301	22,233	21,203
Repairs and maintenance	3,215	3,309	9,338	6,331
Agency fees	1,696	1,563	4,739	4,205
Other materials for production purposes	2,554	1,019	4,190	2,513
Loss from electricity derivatives	2,360	—	3,572	3
Transportation expenses	902	827	2,613	2,311
Provision for impairment of accounts receivable, net	355	747	2,578	3,670
Water supply expenses	1,004	1,009	2,411	2,140
Taxes other than income tax	710	659	2,146	1,704
Thermal power transmission expenses	74	58	1,164	879
Charge/(release) of VAT provision	118	62	190	337
Short-term lease	71	152	179	223
Lease of low-value assets	20	6	27	14
Impairment of securities	—	—	—	2
(Release)/charge of other provisions	(284)	431	(1,379)	420
Other	8,661	8,995	20,298	24,334
	256,362	221,762	762,011	662,170

20. Finance income and expenses

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Finance income				
Interest income	4,305	3,109	10,838	9,995
Dividend income	(45)	195	456	420
Unwind of discount of accounts receivable	37	25	125	101
Discounting of accounts payable	11	1	78	2
Foreign currency exchange gain, net	—	1,843	—	7,962
Other finance income	115	41	229	159
	4,423	5,214	11,726	18,639
	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Finance expenses				
Interest expense on lease liabilities	2,366	2,325	6,911	5,308
Interest expense	377	81	513	240
Unwind of discount of accounts payable	243	12	954	38
Discounting of accounts receivable	19	—	54	20
Foreign currency exchange loss, net	22	—	601	—
Other finance expenses	(247)	29	304	153
	2,780	2,447	9,337	5,759

*(in millions of RUR)***21. Income tax expense**

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Current tax expense	6,901	4,328	18,794	14,735
Deferred tax (benefit)/expense	(320)	(406)	444	1,206
Amended tax declaration	(31)	4	10	(71)
Provision for income tax	31	–	31	–
Income tax expense	6,581	3,926	19,279	15,870

22. Fair value of financial instruments

Fair value is determined either by reference to market or by discounting relevant cash flows using market interest rates for similar instruments. As a result of this exercise management believes that fair value of its financial assets and liabilities approximates their carrying amounts except for loans and borrowings. Fair value of loans and borrowings is disclosed in Note 14.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by observable current market transactions and assets and liabilities for which pricing is obtained via pricing services. In case prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable. Non-market observable inputs mean that fair values are determined in whole or partly using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions with the same instrument nor they are based on available market data. Main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, whereby allow situations in which there is little, if any, market activity for the financial instrument at the measurement date. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing of the financial instrument (including risk assumptions). These inputs are developed based on the best information available, which might include the Group's own data.

Determination of fair value and fair values hierarchy

The Group uses the following hierarchy to determine and disclose fair value of financial instruments:

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

(in millions of RUR)

22. Fair value of financial instruments (continued)**Determination of fair value and fair values hierarchy (continued)**

The following table shows an analysis of financial instruments by level of the fair value hierarchy:

At 30 September 2021	Note	Total fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial assets					
Derivative financial instruments					
Electricity derivatives	9, 12	203	203	—	—
Securities					
Equity instruments at FVOCI	8	5,430	5,430	—	—
Equity instruments at FVPL	8	773	—	—	773
Debt instruments at FVOCI	8, 12	3,224	3,224	—	—
Debt instruments at amortised cost					
Long-term bank deposits	9	9,045	—	—	9,045
Total financial assets		18,675	8,857	—	9,818
Financial liabilities					
Derivative financial instruments					
Electricity derivatives	15, 16	2,496	2,496	—	—
Financial liabilities designated at fair value through profit or loss					
Call and put option agreement	16	4,133	—	4,133	—
Obligation to repurchase own equity instruments	15	763	—	763	—
Financial liabilities at amortised cost					
Loans and borrowings	14	7,076	—	7,076	—
Total financial liabilities		14,468	2,496	11,972	—
At 31 December 2020					
	Note	Total fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial assets					
Derivative financial instruments					
Electricity derivatives	9, 12	169	169	—	—
Securities					
Equity instruments at FVOCI	8	5,370	5,370	—	—
Equity instruments at FVPL	8	771	—	—	771
Debt instruments at FVOCI	8, 12	3,450	3,450	—	—
Debt instruments at amortised cost					
Long-term bank deposits	9	13	—	—	13
Total financial assets		9,773	8,989	—	784
Financial liabilities					
Derivative financial instruments					
Electricity derivatives	15	379	379	—	—
Financial liabilities designated at fair value through profit or loss					
Call and put option agreement	16	3,263	—	3,263	—
Obligation to repurchase own equity instruments	15	763	—	763	—
Financial liabilities at amortised cost					
Loans and borrowings	14	1,636	—	1,636	—
Total financial liabilities		6,041	379	5,662	—

*(in millions of RUR)***23. Commitments****Investment and capital commitments**

In accordance with the memorandum signed between the Group and the Government of Georgia in March 2013, the Group has to invest in realisation of projects aimed to improve the electricity network which belongs to the Group's entity JSC Telasi. As at 30 September 2021 realisation of investment commitments was in line with schedule for the year 2021.

As at 30 September 2021 capital commitments of subsidiaries of the Company are as follows:

<i>Subsidiary</i>	<i>RUR, million</i>
JSC Inter RAO – Electric Power Plants	5,925
LLC Bashkir Generation Company	2,857
Other	2,368
Total	11,150

Capital commitments of JSC Inter RAO – Electric Power Plants as at 30 September 2021 are mainly for modernisation of blocks of Kostromskaya GRES, Gusinozerskaya GRES and Irikinskaya GRES, modernisation of powersupply equipment of Cherepetskaya GRES, supply of equipment for Permskaya GRES and Ivanoskiye CPP, development of information system for modernisation and maintenance of power equipment.

Capital commitments of LLC Bashkir Generation Company are mainly for the construction completion of Karmanovskaya GRES and reconstruction of heating networks.

Guarantees

As at 30 September 2021 the Group has the following guarantees:

- ▶ In December 2017 and May 2016 the Group entered into the new guarantee agreements with State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" for the purpose of financial support of the agreement between the Group and Empresa Importadora de Objetivos Electroenergeticos for capacity increase of TPP "East Havana" and TPP "Maximo Gomes" (Cuba). As at 30 September 2021 the guarantees amounted to EUR 4.4 million, or RUR 375 million at the Central Bank of the Russian Federation exchange rate as of 30 September 2021 (as at 31 December 2020: EUR 4.6 million, or RUR 418 million at the Central Bank of the Russian Federation exchange rate as of 31 December 2020). The guarantees will expire in January 2024.
- ▶ In December 2010 the Group together with General Electric and State Corporation Russian Technologies established an associate entity, Rus Gas Turbines Holdings B.V. The entity was established to participate in production and sales of high-performance industrial gas turbines in the Russian Federation. The Group's share in the entity was 25%. Since April 2019 the Group's share in the company is 50%. In September 2020 the Group has acquired an additional 0.999% of the share capital of the company and thus obtained control over the company (Note 5). The Group has certain financial obligations to finance the entity.

In September 2020 the Group entered into the standby letter of credit with Unicredit Bank in favour of GE ENERGY HOLDINGS VOSTOK B.V. (Beneficiary) with the of EUR 20.8 million in order to fulfill the Group's investment obligations related to the entity.

As at 30 September 2021 the standby letter of credit outstanding amount was EUR 20.8 million, or RUR 1,763 million at the Central Bank of the Russian Federation exchange rate as of 30 September 2021 (as at 31 December 2020: EUR 20.8 million, or RUR 1,884 million at the Central Bank of the Russian Federation exchange rate as of 31 December 2020). The standby letter of credit will expire in September 2025.

- ▶ In November 2020 – August 2021 the Group issued the letter of guarantees with Gazprom Bank for the purpose of financial support of the agreement between the Group and LLC 8th Wind Farm FRV for construction, installation and commissioning works. As at 30 September 2021 the guarantee amounted to RUR 127 million (as at 31 December 2020: RUR 219 million). The last of the issued guarantees will expire in December 2021.
- ▶ In November 2020 the Group issued the letter of guarantee with Gazprom Bank for the purpose of financial support of the agreement between the Group and LLC 3rd Wind Farm FRV for construction, installation and commissioning works. As at 30 September 2021 the guarantee amounted to RUR 77 million (as at 31 December 2020: RUR 77 million). The guarantee will expire in June 2023.
- ▶ In August 2021 the Group issued the letter of guarantee with Deutsche Bank AG for the purpose of financial support of the agreement between the Group and Deutsche Bank AG to ensure the fulfillment by the Group of its obligations towards Nasdaq exchange under its clearing rules. As at 30 September 2021 the guarantee amounted to EUR 3 million, or RUR 255 million at the Central Bank of the Russian Federation exchange rate as of 30 September 2021. The guarantee will expire in August 2022.

*(in millions of RUR)***23. Commitments (continued)****Guarantees (continued)**

- ▶ In April 2021 the Group issued the letter of guarantee with Deutsche Bank AG for the purpose of financial support of the agreement between the Group and Deutsche Bank AG to ensure the fulfillment by the Group of its obligations towards Nord Pool exchange. As at 30 September 2021 the guarantee amounted to EUR 2 million, or RUR 170 million at the Central Bank of the Russian Federation exchange rate as of 30 September 2021. The guarantee will expire in April 2022.
- ▶ In August 2021, the Group issued the letter of guarantees in favour of PJSC RusHydro for the purpose of financial support of the agreement on the supply of equipment for PJSC RusHydro. As at 30 September 2021 the amount of guarantees nominated in EUR amounted to EUR 38.8 million, or RUR 3,296 million at the Central Bank of the Russian Federation exchange rate as of 30 September 2021. As at 30 September 2021 the amount of guarantees nominated in RUR amounted to RUR 1,436 million. The last issued guarantees will expire in September 2024.
- ▶ The companies acquired in May 2021 also have a number of issued guarantees for the proper performance of their contractual obligations, advance payments guarantees and tender participation guarantees for a total amount of RUR 21,389million with deadlines in October 2021 – January 2025.

The above guarantees do not require their fair value to be reflected in the financial statements at the recognition date. The Group has no additional liabilities in respect of the above guarantees.

24. Contingencies**(a) Operating environment**

The operations and earnings of Group's entities continue, from time to time and in varying degrees, to be affected by political, legislative, fiscal and regulatory developments, including those related to environmental protection, in Russia, Georgia, Moldavia (including Transdniestria Republic) and Lithuania.

A significant drop in energy resources prices, as well as a devaluation of the Russian rouble and series of unilateral restrictive political and economic measures imposed on the Russian Federation by several countries, occurred over the past few years, to have a negative impact on the economy of the Russian Federation, primary jurisdiction of the Group, in 2021. The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth in the Russian Federation, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Coronavirus pandemic

In the year 2020, the global economy was negatively affected by the coronavirus pandemic (COVID-19). The tightening of isolation measures aimed at combating the spread of COVID-19 in various countries caused a significant decrease in consumer spending and business activity. Social distance and isolation measures led to the cessation of companies in the field of retail, transport, travel and tourism, catering, entertainment and many other areas. The impact of the pandemic on the development of the economy at the level of individual countries and the world economy as a whole has no historical analogues with other periods when governments adopted packages of measures to save the economy. An additional risk lies in the possible protracted nature of the pandemic, in which the spread of the virus will continue before effective countermeasures are found.

The Russian economy is affected by the worsening situation with the spread of the pandemic. The Russian government has taken a number of unprecedented measures to support the economy, to provide liquidity and support the activities of Russian companies and the public, including Decree of the Government of the Russian Federation of 2 April 2020 № 424. According to the decree, until 1 January 2021, a moratorium on the payment of penalties for overdue debts under supply contracts with resource-supplying organizations was introduced. The introduction of the moratorium led to a decrease in the Group's financial performance in 2020. The uncertainty regarding the future business environment for the Group and its counterparties remains in the current year.

Such macroeconomic factors as the growth of unemployment in Russia, the reduction in liquidity and profitability of companies, as well as the growth of bankruptcy cases in a number of industries has affected the ability of some of the Group's consumers to repay debts for electricity consumed.

These events, the effects of which are difficult to predict at present, may have a negative impact on the future operations and financial position of the Group.

The management of the Group believes that the interim condensed financial statements presented reflect all the best estimates with respect to possible consequences of all factors mentioned above as of 30 September 2021.

*(in millions of RUR)***24. Contingencies (continued)****(b) Insurance**

The unified corporate standards are established in the Group for insurance coverage, for insurance companies reliability requirements and insurance coverage procedures developed by Parent Company.

The unified corporate standards are established in the Group for insurance coverage, for insurance companies reliability requirements and insurance coverage procedures developed by Parent Company.

There are two types of insurance undertaken by the Group: obligatory (as required by the law or by agreement between parties) and voluntary.

Obligatory insurance includes public liability insurance of owners of dangerous facilities and public liability insurance of car owners. The Group is obligated to insure different types of property, plant and equipment under loan agreements provisions.

Voluntary insurance includes property insurance against certain risks and equipment breakdown insurance, vehicles insurance, insurance against construction and assembly risks, voluntary public liability insurance of owners of dangerous facilities against social and environmental harm risks. The Group also undertakes insurance of directors' and officials' of certain Group's entities responsibilities to cover financial losses of third parties.

The Group's assets are insured for its replacement value which is set by valuation reports for insurance purposes considering technical risks. Obligatory condition of the property insurance of foreign subsidiaries is the availability of reliable reinsurance protection, which is done by transferring part of the risk to the foreign reinsurers with high reliability ratings.

In order to optimise insurance protection management performs regular appraisal of efficiency of Group's insurance terms and rationale for new insurance products acquired.

(c) Litigation***Legal proceedings***

In the normal course of business the Group is a party to legal actions and consequently had received a number of legal claims from customers and subcontractors with the likelihood of negative outcome for the Group as not probable, but only possible, and, consequently, no provision has been made in these financial statements:

	<i>As at 30 September 2021</i>	<i>As at 31 December 2020</i>
Legal claims, including:	2,779	2,054
Share in legal claims of joint ventures	–	11

Other than those litigations which have been accrued in the provisions (Note 15) and disclosed above, management of the Group is unaware of any actual, pending or threatened claims as at the date of approval of this interim financial information, which would have a material impact on the Group.

(d) Tax contingencies

The taxation systems in the Russian Federation and in other countries in which the Group operates are relatively new and characterised by frequent changes in legislation, official pronouncements and court decisions which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges.

A tax year remains open for review by the tax authorities during three to five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in the Russian Federation and in the other countries in which the Group operates. Management believes that it has adequately provided for tax liabilities based on its interpretations of applicable relevant tax legislation, official pronouncements and court decisions.

However, the interpretations of the relevant authorities could differ and the effect on this interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

*(in millions of RUR)***24. Contingencies (continued)****(d) Tax contingencies (continued)**

The Group includes a number of operating and investment companies located in a number of different tax jurisdictions across Europe and the CIS. Those entities are subject to a complex variety of tax regimes and the nature of current and past trading and investment activities exposes them to areas of tax legislation involving considerable judgement and, consequently, uncertainty. The Group estimates that possible claims in respect of certain open tax positions of Group's entities as at 30 September 2021 would be successfully challenged in the amount of RUR 54 million (as at 31 December 2020: RUR 91 million).

The Parent Company and subsidiaries in the countries where they operate have various transactions with related parties. The pricing policy could give rise to transfer pricing risks. In management's opinion, the Group is in substantial compliance with the tax laws of the countries where Group's entities operate. However, relevant authorities could take different positions with regard to interpretive issues or court practice could develop adversely with respect to the positions taken by the Group and the effect could be significant.

(e) Environmental matters

Group's entities operate in the electric power industry in the Russian Federation, Georgia and Moldavia. The enforcement of environmental regulations in these countries is evolving and position of government authorities is continually being reconsidered. Group's entities periodically evaluate their obligations under environmental regulations.

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage, except restoration provision.

Restoration provision liabilities relate to reclamation of land plots, used for ash dumps by generating entities, which use coal for production purposes (Note 16).

(f) Ownership of land

The current legislation in Georgia is unclear in relation to ownership issues with regard to land over which the Company's equipment for the transmission of electricity is located (JSC Telasi). On further clarification of the law, it is possible that the Company may be required to acquire ownership over certain land plots or to pay rentals to other parties for their use. At the date of approval of these financial statements, management considers that it is not possible to quantify any additional expense, if any, which JSC Telasi might incur and consequently, no provision has been made against such potential liabilities in these financial statements.

25. Related party transactions**(a) Parent Company and control relationships**

The Russian Federation is the ultimate controlling party of PJSC Inter RAO. Details of operations with entities controlled by the Russian Federation are provided in Note 25 (d).

(b) Transactions with key management personnel

The members of the Management Board own 0.17492% of ordinary shares of PJSC Inter RAO as at 30 September 2021 (31 December 2020: 0.20793%).

Compensation paid to key management and members of the Board of Directors for their service in that capacity is made up of contractual salary and performance bonuses. Key management and members of the Board of Directors received the following remuneration during the period, which is included in employee benefit expenses and payroll taxes (Note 19):

	<i>Nine months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
Salaries and bonuses	1,168	1,342

*(in millions of RUR)***25. Related party transactions (continued)****(c) Transactions with associates and joint ventures**

Sales to and purchases from joint ventures and associates are made at terms equivalent to those that prevail in arm's length transactions.

The Group's transactions with associates and joint ventures are disclosed below.

	<i>Nine months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
Revenue		
Joint ventures	1,800	1,190
Associates	10	–
Other operating income		
Joint ventures	10	–
Interest income		
Associates	3	–
	1,823	1,190
Purchased power		
Joint ventures	192	286
Purchased capacity		
Joint ventures	2,434	2,152
Other expenses		
Joint ventures	19	2
Associates	7	–
	2,652	2,440
	<i>As at 30 September 2021</i>	<i>As at 31 December 2020</i>
Accounts receivable		
Joint ventures	557	185
Loans issued		
Associates	3	–
Accounts payable		
Joint ventures	307	188

*(in millions of RUR)***25. Related party transactions (continued)****(d) Transactions with entities controlled by the Russian Federation**

Sales to and purchases from entities controlled by the Russian Federation are made at terms equivalent to those that prevail in arm's length transactions.

Information on transactions with entities controlled by the Russian Federation is presented below:

	Nine months ended 30 September	
	2021	2020
Revenue		
Electricity and capacity	238,314	195,017
Other revenues	7,391	6,798
Other operating income	787	965
	246,492	202,780
Operating expenses		
Purchased power and capacity	108,572	102,055
Transmission fees	183,616	165,492
Fuel expenses (gas)	70,236	58,572
Fuel expenses (coal)	91	453
Other purchases	37	26
Other expenses	13,409	9,285
	375,961	335,883
Finance income/(expenses)		
Interest income	6,101	2,415
Dividend income	449	403
Interest expenses	(116)	(118)
Interest expense on lease liabilities	(6,498)	(4,918)
	(64)	(2,218)
Financial transactions		
Loans and borrowings received	750	1,011
Loans and borrowings repaid	(1,091)	(431)
Repayment of leases	(8,739)	(5,726)
	(9,080)	(5,146)
	As at 30 September 2021	As at 31 December 2020
Securities	7,206	7,350
Long-term accounts receivable		
Other account receivables	711	381
Less impairment provision	(441)	(247)
Other receivables – net	270	134
Short-term accounts receivable		
Trade accounts receivable, gross	25,601	27,778
Less impairment provision	(5,449)	(5,074)
Trade receivables – net	20,152	22,704
Advances issued	2,083	1,456
Advances issued for capital construction	479	417
Accounts receivable on construction contracts	8,340	–
Other receivables	5,743	2,045
	36,797	26,622
Other current assets	518	489

*(in millions of RUR)***25. Related party transactions (continued)****(d) Transactions with entities controlled by the Russian Federation (continued)**

	<i>As at 30 September 2021</i>	<i>As at 31 December 2020</i>
Accounts payable		
Trade accounts payable	28,171	30,933
Payables for capital construction	139	71
Long-term accounts payable	359	419
Other accounts payable	200	260
Advances received	5,364	8,471
	34,233	40,154
Other long-term liabilities	21	28
Loans and borrowings		
Short-term loans and borrowings	1,430	1,971
Long-term loans and borrowings	233	—
Interest on loans and borrowings	1	1
	1,664	1,972
Lease liabilities		
Short-term portion of long-term lease liabilities	11,922	11,897
Long-term lease liabilities	76,531	74,740
	88,453	86,637
Cash and cash equivalents	11,244	8,281
Other current assets (bank deposits incl. outstanding interest)	88,954	179,626

In July 2011 subsidiary of PJSC Inter RAO entered into an agreement with a state-controlled company for sale of electric power under the “take-or-pay” arrangement through 30 June 2026. The sales to and purchases from enterprises controlled by the Russian Federation are made at terms equivalent to those that prevail in arm’s length transactions.

(e) Transactions with other related parties

Sales to and purchases from other related parties are made at terms equivalent to those that prevail in arm’s length transactions. Amounts of transactions with other related parties (except for those controlled by the Russian Federation, equity investees and joint ventures), for each of the reporting periods are provided below:

	<i>Nine months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
Revenue		
Electricity and capacity	31	31
Operating expenses		
Other expenses	62	15
Financial income and expenses		
Interest income	1,875	1,844
Interest expense	(285)	—

*(in millions of RUR)***25. Related party transactions (continued)****(e) Transactions with other related parties (continued)**

	As at 30 September 2021	As at 31 December 2020
Short-term accounts receivable		
Trade and other accounts receivable	53	1
Short-term accounts payable		
Trade and other accounts payable	2	3
Loans and borrowings payable		
Long-term loans received	340	—
Short-term loans received	12,301	—
	12,641	—
Cash and cash equivalents		
Cash in bank	4,495	12,112
Short-term bank deposits	54,469	45,960
	58,964	58,072

26. Events after the reporting period

There were no significant events after the reporting period.