

**PJSC “IDGC of North-West”**

**Interim Condensed Consolidated Financial Statements  
prepared in accordance with IAS 34 “Interim financial reporting”  
as at and for three months ended 31 March 2021  
(unaudited)**


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**PJSC IDGC of North-West**  
*Interim Condensed Consolidated Statement of Profit or Loss and other comprehensive income  
for the three months ended 31 March 2021 (unaudited)  
(in thousand of Russian rubles, unless otherwise stated)*

	Notes	Three months ended 31 March 2021	Three months ended 31 March 2020
Revenue	6	14,100,649	13,074,871
Operating expenses	9	(12,613,071)	(11,675,936)
Expected credit losses		24,396	47,272
Other income	7	128,545	158,650
Other expenses	8	(8)	(2,536)
<b>Results from operating activities</b>		<b>1,640,511</b>	<b>1,602,321</b>
Finance income	10	37,367	46,927
Finance costs	10	(258,170)	(312,683)
<b>Net finance costs</b>		<b>(220,803)</b>	<b>(265,756)</b>
<b>Profit before tax</b>		<b>1,419,708</b>	<b>1,336,565</b>
Income tax expense	11	(274,152)	(286,690)
<b>Profit for the period</b>		<b>1,145,556</b>	<b>1,049,875</b>
<b>Other comprehensive income</b>			
<i>Items that will never be reclassified subsequently to profit or loss</i>			
Change in the fair value equity investments measured at fair value through other comprehensive income		453	(3,127)
Remeasurements of the defined benefit liability		50,474	24,859
Income tax	11	(10,186)	(4,347)
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>40,741</b>	<b>17,385</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>40,741</b>	<b>17,385</b>
<b>Total comprehensive income for the period</b>		<b>1,186,297</b>	<b>1,067,260</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		1,145,562	1,049,881
Non-controlling interest		(6)	(6)
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		1,186,303	1,067,266
Non-controlling interest		(6)	(6)
<b>Earnings per share</b>			
Basic and diluted earnings per ordinary share (in RUB)	20	0.0120	0.0110

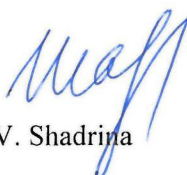
These Interim Condensed Consolidated Financial Statements were approved by management on 24 May 2021 and were signed on its behalf by:

Director General



A.Y. Pidnik

Deputy General Director for  
Economy and Finance



L.V. Shadrina

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



I.G. Zhdanova

**PJSC IDGC of North-West**  
*Interim Condensed Consolidated Statement of Financial Position as at 31 March 2021 (unaudited)*  
*(in thousand of Russian rubles, unless otherwise stated)*

	<b>Notes</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	38,259,081	38,686,997
Intangible assets	13	412,806	400,219
Right-of-use assets	14	857,810	925,493
Trade and other receivables	16	111,271	113,045
Assets related to employee benefits plans		307,711	312,721
Other non-current financial assets	15	489,029	477,437
Deferred tax assets		8,256	7,541
Advances issued and other non-current assets	17	30,449	36,568
<b>Total non-current assets</b>		<b>40,476,413</b>	<b>40,960,021</b>
<b>Current assets</b>			
Inventories		1,161,708	1,036,343
Income tax prepayments		5,125	32,973
Trade and other receivables	16	5,511,681	5,054,769
Cash and cash equivalents	18	844,897	842,490
Advances issued and other current assets	17	904,427	766,423
<b>Total current assets</b>		<b>8,427,838</b>	<b>7,732,998</b>
<b>Total assets</b>		<b>48,904,251</b>	<b>48,693,019</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	9,578,592	9,578,592
Reserve related to business combination	19	10,457,284	10,457,284
Other reserves		(17,405)	(58,146)
Accumulated loss		(248,241)	(1,393,803)
<b>Total equity attributable to owners of the Company</b>		<b>19,770,230</b>	<b>18,583,927</b>
Non-controlling interest		211	217
<b>Total equity</b>		<b>19,770,441</b>	<b>18,584,144</b>
<b>Non-current liabilities</b>			
Loans and borrowings	21	8,447,191	8,521,062
Trade and other payables	22	166,055	143,917
Advances received	24	195,872	217,142
Employee benefit liabilities		791,604	860,491
Deferred tax liabilities		517,741	533,428
<b>Total non-current liabilities</b>		<b>10,118,463</b>	<b>10,276,040</b>
<b>Current liabilities</b>			
Loans and borrowings and short-term portion of long-term loans and borrowings	21	6,894,309	8,110,338
Trade and other payables	22	5,032,652	5,137,325
Taxes, other than income tax	23	1,663,498	1,424,395
Advances received	24	3,268,410	3,177,002
Provisions		1,865,678	1,938,914
Current income tax liabilities		290,800	44,861
<b>Total current liabilities</b>		<b>19,015,347</b>	<b>19,832,835</b>
<b>Total liabilities</b>		<b>29,133,810</b>	<b>30,108,875</b>
<b>Total equity and liabilities</b>		<b>48,904,251</b>	<b>48,693,019</b>

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

**PJSC IDGC of North-West**  
*Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2021 (unaudited)*  
*(in thousand of Russian rubles, unless otherwise stated)*

	Notes	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		<b>1,145,556</b>	<b>1,049,875</b>
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	9	1,163,056	1,192,257
Finance costs	10	258,170	312,683
Finance income	10	(37,367)	(46,927)
Loss/(gain) on disposal of property, plant and equipment		(6,001)	1,910
Expected credit loss		(24,396)	(47,272)
Bad debt write-off		50	359
Accounts payable write-off		(739)	(306)
Change in provisions		4,485	(1,167)
Other non-cash transactions		(1,242)	(986)
Income tax expense	11	274,152	286,690
<b>Total effect of adjustments</b>		<b>1,630,168</b>	<b>1,697,241</b>
Change in financial assets related to employee benefits plans		17,522	14,006
Change in employee benefit liabilities		(31,116)	(19,527)
Change in long-term trade and other receivables		1,774	(2,007)
Change in long-term advances issued and other non-current assets		6,119	(42,240)
Change in long-term trade and other payables		22,138	8,066
Change in long-term advances received		(21,270)	305,564
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>2,770,891</b>	<b>3,010,978</b>
<i>Changes in working capital</i>			
Change in trade and other receivables		(422,818)	(493,179)
Change in advances issued and other assets		(138,004)	(41,418)
Change in inventories		(127,199)	(175,646)
Change in trade and other payables		372,669	251,194
Change in advances received		91,408	(255,193)
Use of provision		(79,074)	(15,707)
<b>Cash flows from operating activities before income tax and interest paid</b>		<b>2,467,873</b>	<b>2,281,029</b>
Income tax paid		(26,955)	(345,139)
Interest paid under lease agreements		(16,222)	(17,784)
Interest paid		(211,876)	(270,330)
<b>Net cash from operating activities</b>		<b>2,212,820</b>	<b>1,647,776</b>

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**PJSC IDGC of North-West**  
*Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2021 (unaudited)*  
*(in thousand of Russian rubles, unless otherwise stated)*

	Notes	<u>Three months ended 31 March 2021</u>	<u>Three months ended 31 March 2020</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(953,150)	(1,139,871)
Proceeds from the sale of property, plant and equipment and intangible assets		9,513	364
Interest received		11,555	7,789
Dividends received		–	20
<b>Net cash used in investing activities</b>		<u><b>(932,082)</b></u>	<u><b>(1,131,698)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	21	3,069,997	11,367,836
Repayment of loans and borrowings	21	(4,292,573)	(11,278,589)
Dividends paid		(5)	(189,925)
Repayment of finance lease liabilities		(55,750)	(26,371)
<b>Net cash used in financing activities</b>		<u><b>(1,278,331)</b></u>	<u><b>(127,049)</b></u>
<b>Net increase in cash and cash equivalents</b>		<b>2,407</b>	<b>389,029</b>
<b>Cash and cash equivalents at the year beginning</b>		<u>842,490</u>	<u>232,088</u>
<b>Cash and cash equivalents at the year end</b>	18	<u><b>844,897</b></u>	<u><b>621,117</b></u>

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

**PJSC IDGC of North-West**  
*Interim Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2021 (unaudited)*  
*(in thousand of Russian rubles, unless otherwise stated)*

	<b>Equity attributable to owners of the Company</b>						
	<b>Share capital</b>	<b>Reserve related to business combination</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
<b>Balance at 1 January 2020</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(91,822)</b>	<b>(132,938)</b>	<b>19,811,116</b>	<b>236</b>	<b>19,811,352</b>
Profit/(loss) for the period	–	–	–	1,049,881	1,049,881	(6)	1,049,875
Other comprehensive income	–	–	21,732	–	21,732	–	21,732
Income tax related to other comprehensive income	–	–	(4,347)	–	(4,347)	–	(4,347)
<b>Total comprehensive income/(loss) for the period</b>	–	–	<b>17,385</b>	<b>1,049,881</b>	<b>1,067,266</b>	<b>(6)</b>	<b>1,067,260</b>
<b>Balance at 31 March 2020</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(74,437)</b>	<b>916,943</b>	<b>20,878,382</b>	<b>230</b>	<b>20,878,612</b>
<b>Balance at 1 January 2021</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(58,146)</b>	<b>(1,393,803)</b>	<b>18,583,927</b>	<b>217</b>	<b>18,584,144</b>
Profit/(loss) for the period	–	–	–	1,145,562	1,145,562	(6)	1,145,556
Other comprehensive income	–	–	50,927	–	50,927	–	50,927
Income tax related to other comprehensive income	–	–	(10,186)	–	(10,186)	–	(10,186)
<b>Total comprehensive income/(loss) for the period</b>	–	–	<b>40,741</b>	<b>1,145,562</b>	<b>1,186,303</b>	<b>(6)</b>	<b>1,186,297</b>
<b>Balance at 31 March 2021</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(17,405)</b>	<b>(248,241)</b>	<b>19,770,230</b>	<b>211</b>	<b>19,770,441</b>

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

## **1 Background**

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

The primary activities of PJSC IDGC of North-West and its subsidiaries (hereinafter jointly referred to as the “Group”) are provision of services for transmission and distribution of electricity for power grids, as well as the provision of services for technological connection of consumers to the network and sale of electricity to end customers in the territory of North-West Region of Russia.

The parent company is PJSC “ROSSETI”.

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

### **(b) Relations with state**

The Russian Government, through the Federal Agency for the Management of State Property, is the ultimate controlling party of the Company. The policy of the Russian Government in the economic, social and other spheres may have a significant impact on the Group's activities.

As at 31 March 2021, the Russian Government owned 88.04% in the share capital of the parent company PJSC “ROSSETI” including 88.89% of the voting ordinary shares and 7.01% of the preference shares (as at 31 December 2020: 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares).

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

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

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

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

In 2020, the coronavirus pandemic (COVID-19) negatively affected on the global economy. The impact of the pandemic on the economies of individual countries and on the global economy as a whole has no historical analogues with other periods when governments adopted packages of measures to protect the economy. Social distancing and isolation measures aimed at containment of COVID-19 in various countries have caused a significant decline in consumer spending and business activity of companies in retail, transport, travel and tourism, food service, entertainment and many other areas.

In 2021, the situation is gradually leveling off, and the vaccination of the population is carried out. However, the economic recovery is closely linked to the continuing restrictive measures, the level of economic activity remains low, and the recovery is uneven.

The Group does not expect the coronavirus pandemic (COVID-19) to have a material adverse impact on its financial position, results of operations and economic prospects. The Group continues to monitor and evaluate the development of the situation and respond accordingly:

- work in contact with the authorities at the federal and regional levels to contain the spread of the coronavirus and take all necessary measures to ensure the safety, protection of the life and health of its employees and contractors;
- implement measures to ensure reliable energy supply, implement investment projects;



- track forward-looking and actual information on the impact of the pandemic on the Russian economy, on the activities of the Group and the main counterparties of the Group;
- adapt the Group's activities to new market opportunities, take measures to neutralize the possible negative impact of the pandemic, and ensure the financial stability of the Group.

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

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

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

These interim condensed consolidated financial statements for the three months ended 31 March 2021 has been prepared in accordance with IAS 34 "Interim Financial Reporting". These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

The key judgments made by management in the preparation of these interim condensed consolidated financial statements regarding the Group's accounting policies and significant sources of estimation uncertainty are consistent with those made in the preparation of the consolidated financial statements for the year ended 31 December 2020 and as at that date.

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

A number of new standards and clarifications have been published that are mandatory for annual periods beginning on or after 1 January 2022, and which the Group has not applied ahead of schedule. The Group intends to adopt the applicable standards and interpretations after their effective date, and no material impact is expected on the Group's consolidated financial statements.

- IFRS 17 «Insurance Contracts»;
- Amendments to IAS 1 «Classification of Liabilities as Short-term or Long-term»;
- Amendments to IAS 37 «Onerous Contracts – Contract Performance Costs»;
- Amendments to IAS 16 «Fixed assets: proceeds before intended use»;
- Amendments to IFRS 3 «References to the conceptual framework»;
- Amendment to IFRS 9 «Financial instruments» -the Commission during the "test 10%" in the case of derecognition of financial liabilities;
- Amendment to IFRS 1 «First-time adoption of International financial reporting standards» - is a subsidiary of first applying International financial reporting standards;
- Amendment to IAS 41 «Agriculture» - Taxation in the measurement of Fair value;
- Amendments to IAS 1 «Presentation of Financial Statements»;
- Amendments to IAS 8 «Accounting Policies, Changes in Accounting Estimates and Errors».

## **3 Significant accounting policies**

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

## **4 Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group discloses transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

## **5 Information about segments**

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

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

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

To reflect the results of each reporting segment, EBITDA is used: profit or loss before interest expense, taxation, depreciation, and net accrual / (recovery) of an impairment loss on property, plant and equipment and right-of-use assets (taking into account current accounting and reporting standards in the Russian Federation). Management believes that the EBITDA calculated this way is the most indicative for evaluating the performance of the Group's operating segments.

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

- Electricity Transmission Segments – Arkhangelsk branch, Vologda branch, Karelian branch, Murmansk branch, Komi Republic branch, Novgorod branch, Pskov branch;
- Energy Retail Segment – Pskovenergosbyt;
- Other Segments – other Group companies.

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

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

**(a) Information about reportable segments**

For the three months ended 31 March 2021:

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

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

For the three months ended 31 March 2020:

	Electricity Transmission						Energy Retail	Other	Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch				Pskov energosbyt
Revenue from external customers	1,567,135	1,911,721	1,956,243	2,089,043	2,111,911	1,145,208	208,410	2,121,703	4,801	–	13,116,175
Inter-segment revenue	–	–	–	–	–	–	1,017,310	231,750	97,875	–	1,346,935
<b>Segment revenue</b>	<b>1,567,135</b>	<b>1,911,721</b>	<b>1,956,243</b>	<b>2,089,043</b>	<b>2,111,911</b>	<b>1,145,208</b>	<b>1,225,720</b>	<b>2,353,453</b>	<b>102,676</b>	<b>–</b>	<b>14,463,110</b>
Including											
<i>Electricity transmission</i>	1,433,909	1,862,857	1,910,950	2,083,217	2,084,906	1,131,637	1,196,319	–	–	–	11,703,795
<i>Connection services</i>	11,858	1,714	5,316	971	8,545	1,259	19,004	–	–	–	48,667
<i>Sales of electricity and capacity</i>	–	–	–	–	–	–	–	2,352,972	–	–	2,352,972
<i>Other revenue</i>	117,762	44,913	–	3,219	13,766	10,440	4,716	481	94,094	–	289,391
<i>Rental income</i>	3,606	2,237	39,977	1,636	4,694	1,872	5,681	–	8,582	–	68,285
<b>EBITDA</b>	<b>309,006</b>	<b>564,906</b>	<b>488,326</b>	<b>286,995</b>	<b>624,110</b>	<b>122,342</b>	<b>224,198</b>	<b>72,214</b>	<b>864</b>	<b>2,407</b>	<b>2,695,368</b>

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

As at 31 March 2021:

	Electricity Transmission						Energy Retail			Other	Unallocated items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murman sk branch	Komi Republic branch	Novgorod branch	Pskov branch	Vologda branch	Pskov-energo sbyt			
<b>Segment assets</b>	<b>5,663,907</b>	<b>9,512,742</b>	<b>4,761,720</b>	<b>5,766,145</b>	<b>13,020,801</b>	<b>6,497,870</b>	<b>5,556,239</b>	<b>9,175</b>	<b>1,524,106</b>	<b>447,361</b>	<b>3,671,733</b>	<b>56,431,799</b>
<i>Including property, plant and equipment and construction in progress</i>	4,239,340	8,490,098	3,695,760	4,452,935	11,744,860	5,968,033	4,800,628	–	173,430	43,243	35,417	<b>43,643,744</b>

As at 31 December 2020:

	Electricity Transmission						Energy Retail			Other	Unallocated items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murman sk branch	Komi Republic branch	Novgorod branch	Pskov branch	Vologda branch	Pskov-energo sbyt			
<b>Segment assets</b>	<b>5,616,703</b>	<b>9,790,312</b>	<b>4,582,881</b>	<b>5,784,037</b>	<b>12,947,551</b>	<b>6,628,617</b>	<b>5,378,773</b>	<b>7,820</b>	<b>1,211,821</b>	<b>480,763</b>	<b>3,640,452</b>	<b>56,069,730</b>
<i>Including property, plant and equipment and construction in progress</i>	4,307,782	8,709,440	3,717,347	4,413,583	11,869,128	6,029,881	4,870,049	–	108,837	44,358	16,109	<b>44,086,514</b>

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

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

Reconciliation of reportable segment EBITDA is presented below:

	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
<b>EBITDA of reportable segments</b>	<b>2,679,735</b>	<b>2,695,368</b>
Discounting of financial instruments	(23,490)	2,654
Adjustment for expected credit loss	32,506	45,379
Adjustment for lease	76,021	72,683
Recognition of pension and other long-term employee benefit obligation	18,412	4,389
Adjustment for assets related to employee benefits	(5,009)	10,112
Remeasurement of financial assets measured at fair value through other comprehensive income (transfer of remeasurement to equity)	(455)	3,127
Adjustment for value of property, plant and equipment	3,289	5,041
Revenue for which the recognition criteria for IFRS 15 have not been met	(31,995)	(41,303)
Other adjustments	53,566	27,441
<b>EBITDA</b>	<b>2,802,580</b>	<b>2,824,891</b>
Depreciation and amortization	(1,163,056)	(1,192,257)
Interest expenses on financial liabilities carried at amortised cost	(202,292)	(251,864)
Interest expenses on lease liabilities	(17,524)	(44,205)
Income tax expense	(274,152)	(286,690)
<b>Profit for the period per interim condensed consolidated statement of profit or loss and other comprehensive income</b>	<b>1,145,556</b>	<b>1,049,875</b>

**6 Revenue**

	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
Electricity transmission	11,269,010	10,647,022
Sales of electricity and capacity	2,531,098	2,121,222
Connection services	45,041	48,667
Other revenue	184,912	190,940
	<b>14,030,061</b>	<b>13,007,851</b>
Rental income	70,588	67,020
	<b>14,100,649</b>	<b>13,074,871</b>

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

**7 Other income**

	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
Income from identified non-contracted electricity consumption	15,566	7,566
Income in the form of fines and penalties on commercial contracts	85,205	133,845
Income from disposal (sale) of property, plant and equipment	6,001	–
Insurance reimbursement, net	13,328	8,370
Accounts payable write-off	739	306
Gain from property, plant and equipment and inventories received free of charge	–	986
Other income	7,706	7,577
	<b>128,545</b>	<b>158,650</b>

**8 Other expenses**

	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
Loss on disposal (sale) of property, plant and equipment	–	1,910
Other expenses	8	626
	<b>8</b>	<b>2,536</b>

**9 Operating expenses**

	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
Personnel costs	3,399,830	3,303,624
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	1,163,056	1,192,257
<i>Material expenses, including:</i>		
Electricity for compensation of losses	1,730,169	1,345,092
Electricity for sale	1,445,185	1,204,632
Purchased electricity and heat power for own needs	138,678	108,049
Other material costs	496,491	485,423
<i>Production work and services, including:</i>		
Electricity transmission services	3,682,966	3,386,184
Repair and maintenance services	54,931	49,882
Other production works and services	48,201	38,678
Taxes and charges other than income tax	101,980	105,164
Rent	15,955	8,825
Insurance	16,244	14,407
<i>Other third-party services, including:</i>		
Communication services	31,204	29,711
Security services	78,135	71,919
Consulting, legal and audit services	7,967	31,578
Software costs and servicing	12,023	12,423
Transportation services	31,943	26,412
Other services	127,388	122,595
Provisions	2,650	(685)
Other expenses	28,075	139,766
	<b>12,613,071</b>	<b>11,675,936</b>



**10 Finance income and costs**

	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
<b><i>Finance income</i></b>		
Interest income on loans, bank deposits, promissory notes and balances in bank accounts	11,555	7,789
Change in the fair value of financial assets measured at fair value through profit or loss	11,139	–
Gain from recovery impairment of financial assets measured amortised cost	–	10,890
Interest income on assets related to employee benefits	12,512	24,118
Effect from initial discounting of financial liabilities	883	2,405
Amortization of discount on financial assets	1,278	1,725
	<b>37,367</b>	<b>46,927</b>
<b><i>Finance costs</i></b>		
Interest expenses on financial liabilities measured at amortized cost	202,292	251,864
Interest expenses on lease liabilities	17,524	44,205
Interest expenses on long-term employee benefit obligation	12,703	15,138
Effect from primary discounting of financial assets	4	70
Amortization of discount on financial liabilities	25,647	1,406
	<b>258,170</b>	<b>312,683</b>

## 11 Income tax

	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
<i>Current income tax</i>		
Current tax	300 741	186,794
Adjustment for previous periods	–	66
	<b>300 741</b>	<b>186,860</b>
<i>Deferred income tax</i>		
Deferred income tax	(26 589)	99,830
<b>Income tax expense</b>	<b>274 152</b>	<b>286,690</b>

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

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

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

	<b>Three months ended 31 March 2021</b>	<b>%</b>	<b>Three months ended 31 March 2020</b>	<b>%</b>
<b>Profit before tax</b>	<b>1,419,708</b>		<b>1,336,564</b>	
<b>The theoretical amount of income tax expense at the rate of 20%</b>	<b>283,942</b>	<b>20</b>	<b>267,313</b>	<b>20</b>
Tax effect on not taxable or non-deductible for tax purposes items	(9,790)	0	19,311	1
Adjustments for previous period	–	–	66	0
	<b>274,152</b>	<b>20</b>	<b>286,690</b>	<b>21</b>

Income tax recognized in other comprehensive income:

	<b>Three months ended 31 March 2021</b>			<b>Three months ended 31 March 2020</b>		
	<b>Before tax</b>	<b>Income tax</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Income tax</b>	<b>Net of tax</b>
Financial assets measured at fair value through other comprehensive income	453	(91)	362	(3,127)	625	(2,502)
Remeasurements of the defined benefit liability	50,474	(10,095)	40,379	24,859	(4,972)	19,887
	<b>50,927</b>	<b>(10,186)</b>	<b>40,741</b>	<b>21,732</b>	<b>(4,347)</b>	<b>17,385</b>

## 12 Property, plant and equipment

	<b>Land and buildings</b>	<b>Electricity transmission networks</b>	<b>Equipment for electricity transmission</b>	<b>Other PPE</b>	<b>Construc- tion in progress</b>	<b>Total</b>
<i>Cost/Deemed cost</i>						
<b>At 1 January 2020</b>	<b>8,735,725</b>	<b>39,638,306</b>	<b>21,945,588</b>	<b>11,238,857</b>	<b>3,233,883</b>	<b>84,792,359</b>
Reclassification between groups	(1,058)	(352)	524	886	–	–
Additions	–	–	–	–	791,975	791,975
Transfer	2,114	283,808	62,590	93,908	(442,420)	–
Disposals	(1,333)	(980)	(1,171)	(10,423)	(16,589)	(30,496)
<b>At 31 March 2020</b>	<b>8,735,448</b>	<b>39,920,782</b>	<b>22,007,531</b>	<b>11,323,228</b>	<b>3,566,849</b>	<b>85,553,838</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2020</b>	<b>(3,932,729)</b>	<b>(23,005,072)</b>	<b>(10,614,603)</b>	<b>(7,124,147)</b>	<b>(78,491)</b>	<b>(44,755,042)</b>
Reclassification between groups	368	353	(377)	(344)	–	–
Entry into fixed assets (transfer of impairment losses)	(5)	(1,931)	(80)	(3)	2,019	–
Depreciation charge	(89,721)	(476,639)	(293,557)	(232,795)	–	(1,092,712)
Disposals	558	954	674	9,475	4	11,665
<b>At 31 March 2020</b>	<b>(4,021,529)</b>	<b>(23,482,335)</b>	<b>(10,907,943)</b>	<b>(7,347,814)</b>	<b>(76,468)</b>	<b>(45,836,089)</b>
<i>Net book value</i>						
<b>At 1 January 2020</b>	<b>4,802,996</b>	<b>16,633,234</b>	<b>11,330,985</b>	<b>4,114,710</b>	<b>3,155,392</b>	<b>40,037,317</b>
<b>At 31 March 2020</b>	<b>4,713,919</b>	<b>16,438,447</b>	<b>11,099,588</b>	<b>3,975,414</b>	<b>3,490,381</b>	<b>39,717,749</b>
<i>Cost/Deemed cost</i>						
<b>At 1 January 2021</b>	<b>8,999,396</b>	<b>41,786,048</b>	<b>22,926,226</b>	<b>11,900,891</b>	<b>3,090,363</b>	<b>88,702,924</b>
Reclassification between groups	(316)	–	316	–	–	–
Additions	–	–	–	–	647,352	647,352
Transfer	617	215,513	66,049	46,779	(328,958)	–
Disposals	(13,443)	(559)	(246)	(13,184)	(9,511)	(36,943)
<b>At 31 March 2021</b>	<b>8,986,254</b>	<b>42,001,002</b>	<b>22,992,345</b>	<b>11,934,486</b>	<b>3,399,246</b>	<b>89,313,333</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2021</b>	<b>(4,365,674)</b>	<b>(25,472,825)</b>	<b>(12,089,944)</b>	<b>(7,995,265)</b>	<b>(92,219)</b>	<b>(50,015,927)</b>
Reclassification between groups	222	–	(222)	–	–	–
Entry into fixed assets (transfer of impairment losses)	–	(595)	(86)	(2,527)	3,208	–
Depreciation charge	(87,304)	(451,158)	(290,130)	(233,828)	–	(1,062,420)
Disposals	10,847	440	222	12,586	–	24,095
<b>At 31 March 2021</b>	<b>(4,441,909)</b>	<b>(25,924,138)</b>	<b>(12,380,160)</b>	<b>(8,219,034)</b>	<b>(89,011)</b>	<b>(51,054,252)</b>
<i>Net book value</i>						
<b>At 1 January 2021</b>	<b>4,633,722</b>	<b>16,313,223</b>	<b>10,836,282</b>	<b>3,905,626</b>	<b>2,998,144</b>	<b>38,686,997</b>
<b>At 31 March 2021</b>	<b>4,544,345</b>	<b>16,076,864</b>	<b>10,612,185</b>	<b>3,715,452</b>	<b>3,310,235</b>	<b>38,259,081</b>

As at 31 March 2021, construction in progress includes advance payments for property, plant and equipment of RUB 48,154 thousand (31 December 2020: RUB 24,357 thousand) and materials for the fixed assets construction of RUB 803,151 thousand (31 December 2020: RUB 1,011,440 thousand).

Capitalized interest for the three month ended 31 March 2021 amounted to RUB 8,841 thousand (for the three month ended 31 March 2020: RUB 13,222 thousand), with capitalization rate used to calculate borrowing costs to be capitalized during the period of 5.04-7.08% (for the three month ended 31 March 2020: 6.96-8.04%).

As at 31 March 2021, the initial cost of fully amortised property, plant and equipment was RUB 15,614,326 thousand (as at 31 December 2020: RUB 15,155,470 thousand).

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

### 13 Intangible assets

	Software	Certificates, licenses and patents	Other intangible assets	Total
<i>Initial cost</i>				
<b>At 1 January 2020</b>	<b>402,881</b>	<b>17,369</b>	<b>114,054</b>	<b>534,304</b>
Reclassification between	198	228	(426)	–
Additions	59,099	1,119	3,652	63,870
Disposals	(48,628)	(13,103)	–	(61,731)
<b>At 31 March 2020</b>	<b>413,550</b>	<b>5,613</b>	<b>117,280</b>	<b>536,443</b>
<i>Accumulated amortization</i>				
<b>At 1 January 2020</b>	<b>(246,097)</b>	<b>(14,747)</b>	<b>(6,514)</b>	<b>(267,358)</b>
Amortization charge	(38,140)	(1,312)	(1,045)	(40,497)
Disposals	48,617	13,090	–	61,707
<b>At 31 March 2020</b>	<b>(235,620)</b>	<b>(2,969)</b>	<b>(7,559)</b>	<b>(246,148)</b>
<i>Net book value</i>				
<b>At 1 January 2020</b>	<b>156,784</b>	<b>2,622</b>	<b>107,540</b>	<b>266,946</b>
<b>At 31 March 2020</b>	<b>177,930</b>	<b>2,644</b>	<b>109,721</b>	<b>290,295</b>
<i>Initial cost</i>				
<b>At 1 January 2021</b>	<b>496,248</b>	<b>5,881</b>	<b>162,442</b>	<b>664,571</b>
Reclassification between	13,942	–	(13,942)	–
Additions	–	–	51,695	51,695
Disposals	(9,961)	(1,175)	–	(11,136)
<b>At 31 March 2021</b>	<b>500,229</b>	<b>4,706</b>	<b>200,195</b>	<b>705,130</b>
<i>Accumulated amortization</i>				
<b>At 1 January 2021</b>	<b>(253,060)</b>	<b>(2,583)</b>	<b>(8,709)</b>	<b>(264,352)</b>
Amortization charge	(37,355)	(750)	(1,003)	(39,108)
Disposals	9,961	1,175	–	11,136
<b>At 31 March 2021</b>	<b>(280,454)</b>	<b>(2,158)</b>	<b>(9,712)</b>	<b>(292,324)</b>
<i>Net book value</i>				
<b>At 1 January 2021</b>	<b>243,188</b>	<b>3,298</b>	<b>153,733</b>	<b>400,219</b>
<b>At 31 March 2021</b>	<b>219,775</b>	<b>2,548</b>	<b>190,483</b>	<b>412,806</b>

#### 14 Right-of-use assets

	<b>Land and buildings</b>	<b>Electricity transmis- sion networks</b>	<b>Equipment for electricity transmission</b>	<b>Other</b>	<b>Total</b>
<i>Initial cost</i>					
<b>At 1 January 2020</b>	<b>620,282</b>	<b>85,491</b>	<b>13,340</b>	<b>33,550</b>	<b>752,663</b>
Additions	50,986	441,138	1,094	93,694	<b>586,912</b>
Changes in lease terms	(40,222)	(88)	100	–	(40,210)
Disposal or termination of lease	(545)	–	–	(720)	(1,265)
<b>At 31 March 2020</b>	<b>630,501</b>	<b>526,541</b>	<b>14,534</b>	<b>126,524</b>	<b>1,298,100</b>
<i>Accumulated amortization</i>					
<b>At 1 January 2020</b>	<b>(105,668)</b>	<b>(15,775)</b>	<b>(2,235)</b>	<b>(15,280)</b>	<b>(138,958)</b>
Amortization charge	(27,373)	(25,749)	(717)	(6,404)	(60,243)
Disposal or termination of lease	364	–	–	305	669
<b>At 31 March 2020</b>	<b>(132,677)</b>	<b>(41,524)</b>	<b>(2,952)</b>	<b>(21,379)</b>	<b>(198,532)</b>
<i>Net book value</i>					
<b>At 1 January 2020</b>	<b>514,614</b>	<b>69,716</b>	<b>11,105</b>	<b>18,270</b>	<b>613,705</b>
<b>At 31 March 2020</b>	<b>497,824</b>	<b>485,017</b>	<b>11,582</b>	<b>105,145</b>	<b>1,099,568</b>
<i>Initial cost</i>					
<b>At 1 January 2021</b>	<b>616,368</b>	<b>551,498</b>	<b>15,156</b>	<b>130,958</b>	<b>1,313,980</b>
Additions	7,263	872	111	1,206	9,452
Changes in lease terms	(8,848)	(370)	(216)	345	(9,089)
Disposal or termination of lease	(10,482)	(1,298)	(979)	–	(12,759)
<b>At 31 March 2021</b>	<b>604,301</b>	<b>550,702</b>	<b>14,072</b>	<b>132,509</b>	<b>1,301,584</b>
<i>Accumulated amortization</i>					
<b>At 1 January 2021</b>	<b>(215,222)</b>	<b>(128,919)</b>	<b>(3,465)</b>	<b>(40,881)</b>	<b>(388,487)</b>
Amortization charge	(27,896)	(26,227)	(701)	(6,757)	(61,581)
Changes in lease terms	3,080	167	134	–	3,381
Disposal or termination of lease	2,340	268	305	–	2,913
<b>At 31 March 2021</b>	<b>(237,698)</b>	<b>(154,711)</b>	<b>(3,727)</b>	<b>(47,638)</b>	<b>(443,774)</b>
<i>Net book value</i>					
<b>At 1 January 2021</b>	<b>401,146</b>	<b>422,579</b>	<b>11,691</b>	<b>90,077</b>	<b>925,493</b>
<b>At 31 March 2021</b>	<b>366,603</b>	<b>395,991</b>	<b>10,345</b>	<b>84,871</b>	<b>857,810</b>

**15 Other non-current financial assets**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<i>Non-current</i>		
Financial assets measured at fair value through other comprehensive income		
<i>investments in quoted equity instruments</i>	13,192	12,739
<i>investments in unquoted equity instruments</i>	1,075	1,075
Financial assets at fair value through profit or loss	474,762	463,623
	<b>489,029</b>	<b>477,437</b>

**16 Trade and other receivables**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Non-current trade and other accounts receivable</b>		
Trade receivables	1,170	1,285
Other receivables	110,101	111,760
	<b>111,271</b>	<b>113,045</b>
 <b>Current trade and other accounts receivable</b>		
Trade receivables	11,049,511	10,856,095
Allowance for expected credit loss on trade receivables	(6,035,390)	(6,158,985)
Other receivables	1,336,276	1,171,707
Allowance for expected credit loss on other receivables	(838,716)	(814,048)
	<b>5,511,681</b>	<b>5,054,769</b>

**17 Advances issued and other assets**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Non-current</b>		
Advances given	2,271	2,752
VAT on advances received	28,178	33,816
	<b>30,449</b>	<b>36,568</b>
 <b>Current</b>		
Advances given	367,772	211,040
Advances given impairment provision	(17,510)	(17,510)
VAT recoverable	17,419	38,819
VAT on advances from customers VAT on advances given for acquisition of fixed assets	524,053	515,915
Prepaid taxes, other than income tax	12,693	18,159
	<b>904,427</b>	<b>766,423</b>

## 18 Cash and cash equivalents

	<b>31 March 2021</b>	<b>31 December 2020</b>
Cash at bank and in hand	844,897	842,490
	<b>844,897</b>	<b>842,490</b>

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

As at 31 March 2021 and 31 December 2020 there is no cash equivalents.

## 19 Share capital

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

### Reserve related to business combination

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

### Dividends

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

## 20 Earnings per share

The calculation of earnings per share for the three months ended 31 March 2021 and 31 March 2020, based on earnings attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding. The Company does not have dilutive financial instruments.

	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
Ordinary shares at 1 January	95,785,923,138	95,785,923,138
<b>Weighted average number of shares for the three months ended 31 March</b>	<b>95,785,923,138</b>	<b>95,785,923,138</b>
	<b>Three months ended 31 March 2021</b>	<b>Three months ended 31 March 2020</b>
Weighted average number of ordinary shares outstanding, for the period ended 31 March (shares)	95,785,923,138	95,785,923,138
Earnings for the period attributable to holders of ordinary shares	1,145,562	1,049,881
<b>Earnings per ordinary share (in RUB) – basic and diluted</b>	<b>0.0120</b>	<b>0.0110</b>

## 21 Loans and borrowings

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b><i>Non-current liabilities</i></b>		
Unsecured loans and borrowings	9,950,000	11,752,573
Lease liabilities	964,592	1,031,123
Less: current portion of long-term lease liabilities	(267,401)	(262,634)
Less current portion of long-term loans and borrowings	(2,200,000)	(4,000,000)
	<b>8,447,191</b>	<b>8,521,062</b>
<b><i>Current liabilities</i></b>		
Unsecured loans and borrowings	4,426,908	3,847,704
Current portion of long-term lease liabilities	267,401	262,634
Current portion of long-term loans and borrowings	2,200,000	4,000,000
	<b>6,894,309</b>	<b>8,110,338</b>
<b><i>Including:</i></b>		
Interests payable on loans and borrowings	24,279	25,072
	<b>24,279</b>	<b>25,072</b>

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

The Group raised the following bank loans during the 3 months ended 31 March 2021:

	<b>Year of maturity</b>	<b>Effective interest rate</b>	<b>Carrying value</b>
<b>Unsecured loans and borrowings</b>			
Unsecured bank loans	2021	Key rate of the Central Bank of the Russian Federation+1.64% - Key rate of the Central Bank of the Russian Federation-2.47%	505,000
Unsecured bank loans	2021	Key rate of the Central Bank of the Russian Federation +0.75%	500,000
Unsecured bank loans	2021-2023	5.7% - 5.75%	1,329,997
Unsecured bank loans	2021	5% - 5.2%	400,000
Unsecured bank loans	2021	Key rate of the Central Bank of the Russian Federation +1.6%	335,000
			<b>3,069,997</b>

The Group repaid the following significant bank facilities during the three months ended 31 March 2021:

	<b>Amount</b>
Loans and borrowings	4,292,573
	<b>4,292,573</b>



## 22 Trade and other payables

	<u>31 March 2021</u>	<u>31 December 2020</u>
<b>Non-current accounts payable</b>		
Trade payables	6,578	5,758
Other payables	159,477	138,159
<b>Total financial liabilities</b>	<b>166,055</b>	<b>143,917</b>
<b>Current accounts payable</b>		
Trade payables	2,937,721	3,258,702
Other payables and accrued expenses	530,218	388,094
Dividends payable	9,814	9,819
<b>Total financial liabilities</b>	<b>3,477,753</b>	<b>3,656,615</b>
Payables to employees	1,554,899	1,480,710
	<b>5,032,652</b>	<b>5,137,325</b>

## 23 Taxes, other than income tax

	<u>31 March 2021</u>	<u>31 December 2020</u>
Value-added tax	1,145,249	941,344
Property tax	174,588	82,308
Social security contributions	249,157	286,499
Other taxes payable	94,504	114,244
	<b>1,663,498</b>	<b>1,424,395</b>

## 24 Advances received

	<u>31 March 2021</u>	<u>31 December 2020</u>
<b>Non-current</b>		
Advances for connection services	159,227	147,837
Other advances received	36,645	69,305
	<b>195,872</b>	<b>217,142</b>
<b>Current</b>		
Advances for connection services	2,683,926	2,556,625
Other advances received	584,484	620,377
	<b>3,268,410</b>	<b>3,177,002</b>

## 25 Provisions

	<u>2021 year</u>	<u>2020 year</u>
<b>As at 1 January</b>	<b>1,938,914</b>	<b>998,058</b>
Accrual (increase) for the period	13,717	–
Recovery (decrease) for the period	(7,881)	(685)
Use of provisions	(79,072)	(15,705)
<b>As at 31 March</b>	<b>1,865,678</b>	<b>981,668</b>

The provisions were accrued for pending legal cases brought against the Group for ordinary activities, including at 31 March 2021:

- In the amount of RUB 287,477 thousand for LLC “TNS Energo Veliky Novgorod” on the disputed debt for the provision of services for the transmission of electric energy purchased to compensate for losses for the period from September 2016 to December 2017, April 2020, as well as on penalties and fines in respect of debt for compensation of losses;
- In the amount of RUB 287,000 thousand for PJSC Gazprom, the Group has accrued a provision for the payment of a penalty due to late performance of obligations under the technological connection agreement;
- In the amount of RUB 97,568 thousand for LLC “SSK” in relation to the disputed debt for the period 2018-2020;
- In the amount of RUB 1,021,556 thousand the Group has accrued property tax risk for 2016-2020.

## 26 Financial risk and capital management

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

The management takes operational measures to ensure sufficient cash (liquidity) received from operating activities to finance investment projects of investment programs, servicing short-term and long-term borrowings available at the reporting date. The Group's management implements measures aimed at available credit limits, liquidity reserves in the form of bank account balances and short-term financial investments, and the quality of accepted financial collateral (bank guarantees).

The carrying amount of accounts receivable, less the allowance for expected credit losses, represents the maximum amount exposed to credit risk. Although the collection of receivables may be affected by economic and other factors, the Group believes that there is no significant risk of losses exceeding the provision created.

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

	<b>2021 year</b>	<b>2020 year</b>
<b>As at 1 January</b>	<b>(6,973,033)</b>	<b>(8,391,419)</b>
Increase for the period	(48,730)	(40,782)
Recovery for the period	73,126	103,091
Amounts of trade and other receivables written off against previously accrued expected credit losses	74,531	88,054
<b>As at 31 March</b>	<b>(6,874,106)</b>	<b>(8,241,056)</b>

As at 31 March 2021 the amount of the free limit on the Group's open but unused credit lines amounted to RUB 30,467,778 thousand (as at 31 December 2020: RUB 26,764,795 thousand). The Group has the opportunity to attract additional financing within the relevant limits, including to ensure the fulfillment of its short-term obligations.

*The fair value and carrying amount*

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

Financial instruments	Note	31 March 2021		Level of fair value hierarchy		
		Carrying amount	Fair value	1	2	3
<b>Financial assets at fair value through profit or loss:</b>						
Long-term bank deposits	15	474,762	474,762	–	–	474,762
<b>Financial assets at amortized cost:</b>						
Long-term accounts receivable	16	111,271	103,660	–	–	103,660
<b>Financial assets at fair value through other comprehensive income:</b>						
Investments in equity instruments	15	14,267	14,267	13,192	–	1,075
<b>Financial liabilities measured at amortised cost:</b>						
Current and non-current loans and borrowings	21	(14,376,908)	(14,215,124)	–	–	(14,215,124)
Non-current accounts payable	22	(166,055)	(195,121)	–	–	(195,121)
		<u>(13,942,663)</u>	<u>(13,817,556)</u>	<u>13,192</u>	<u>–</u>	<u>(13,830,748)</u>

Financial instruments	Note	31 December 2020		Level of fair value hierarchy		
		Carrying amount	Fair value	1	2	3
<b>Financial assets at fair value through profit or loss:</b>						
Long-term bank deposits	15	463,623	463,623	–	–	463,623
<b>Financial assets at amortized cost:</b>						
Long-term accounts receivable	16	113,045	106,468	–	–	106,468
<b>Financial assets at fair value through other comprehensive income:</b>						
Investments in equity instruments	15	13,814	13,814	12,739	–	1,075
<b>Financial liabilities measured at amortised cost:</b>						
Current and non-current loans and borrowings	21	(15,600,277)	(15,284,303)	–	–	(15,284,303)
Non-current accounts payable	22	(143,917)	(157,566)	–	–	(157,566)
		<u>(15,153,712)</u>	<u>(14,857,964)</u>	<u>12,739</u>	<u>–</u>	<u>(14,870,703)</u>

The interest rate used to discount expected future cash flows on long-term bank deposits for the purpose of determining the disclosed fair value as at 31 March 2021 was 12.44% (as at 31 December 2020: 12.44%).

The interest rate used to discount expected future cash flows on long-term accounts receivable for determining the disclosed fair value as at 31 March 2021 was 5.07-5.15% (as at 31 December 2020: 4.15-4.73%).

The interest rate used to discount expected future cash flows on long-term accounts payable for determining the disclosed fair value as at 31 March 2021 was 6.58-7.38% (as at 31 December 2020: 6.48-7.12%).

The interest rate used to discount the expected future cash flows for long-term and short-term loans borrowings for the purpose of determining the fair value disclosed as at 31 March 2021 was 6.45% (as at 31 December 2020: 6.79%).

During three months ended 31 March 2020 there were no transfers between the levels of the fair value hierarchy.

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

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>
<b>As at 1 January 2021</b>	463,623	13,814
Change in fair value recognized in other comprehensive income	x	453
Change in fair value recognized in profit or loss	11,139	x
<b>As at 31 March 2021</b>	<b>474,762</b>	<b>14,267</b>

## 27 Capital commitments

As at 31 March 2021 the Group has outstanding commitments under contracts for the purchase and construction of property plant and equipment items for RUB 3,246,756 thousand including VAT (as at 31 December 2020: RUB 3,645,511 thousand including VAT).

## 28 Contingencies

### (a) Insurance

The Group has unified requirements in respect of the volume of insurance coverage reliability of insurance companies and about procedures of insurance protection organization. The Group maintains insurance of assets civil liability and other insurable risks. The main business assets of the Group have insurance coverage including coverage in case of damage or loss of assets/ However there are risks of negative impact on the operations and the financial position of the Group in the case of damage caused to third parties and also as a result of damage or loss of assets insurance protection of which is non-existent or not fully implemented.

**(b) Taxation contingencies**

Russian tax legislation allows for different interpretations in relation to the Group's operations and activities. Accordingly, the management's interpretation of the tax legislation and its formal documentation can be successfully challenged by the relevant regional or federal authorities. Tax administration in Russia is gradually being strengthened. In particular, the risk of checking the tax aspect of transactions without obvious economic meaning or with counterparties that violate tax legislation increases. Tax audits may cover the three calendar years preceding the year of the decision on the tax audit. Under certain conditions, earlier periods may also be checked.

The Russian tax authorities have the right to add additional tax liabilities and penalties based on the rules established by the legislation on transfer pricing (hereinafter – TP), if the price/profitability in controlled transactions differs from the market level. The list of controlled transactions mainly includes transactions concluded between related parties.

Starting from 1 January 2019, control over transfer pricing for a significant part of domestic transactions has been lifted. However, the exemption from price controls may not apply to all transactions made in the domestic market. At the same time, in the case of additional charges, the mechanism of counter-adjustment of tax liabilities can be used if certain legal requirements are met. Intra-group transactions that have been out of the control of the TP since 2019 can nevertheless be checked by the territorial tax authorities for obtaining unjustified tax benefits, and the TP methods can be used to determine the amount of additional charges. The federal executive body authorized to control and supervise taxes and fees may verify prices/profitability in controlled transactions and, in case of disagreement with the prices applied by the Group in these transactions, add additional tax liabilities if the Group is unable to justify the market nature of pricing in these transactions by providing transfer pricing documentation that meets the legal requirements.

In the opinion of management, the relevant provisions of the legislation have been interpreted correctly, and the Group's position in terms of compliance with tax legislation can be justified and protected.

**(c) Legal proceedings**

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

**(d) Environmental matters**

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

**29 Related party transactions**

**(a) Control relationships**

Related parties are shareholders affiliates and entities under control of the Group members of the Board of Directors and key management personnel of the Company. The Company's parent as at 31 March 2021 and 31 December 2020 was PJSC ROSSETI. The ultimate controlling party is the state represented by the Federal Property Management Agency which held the majority of the voting rights of PJSC ROSSETI.

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

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

	Amount of transaction for the three months ended 31 March		Carrying amount	
	2021	2020	31 March 2021	31 December 2020
<b>Revenue, Other income, Finance income</b>				
<b>The parent company</b>				
Other revenue	308	308	–	–
<b>Entities under common control of the parent company</b>				
Sales of electricity	82	–	–	–
Other revenue	232	54,405	160,832	152,014
Other operating income	4	195	32,396	33,738
	<b>626</b>	<b>54,908</b>	<b>193,228</b>	<b>185,752</b>

	Amount of transaction for the three months ended 31 March		Carrying amount	
	2021	2020	31 March 2021	31 December 2020
<b>Operating expenses, Other expenses, Finance costs</b>				
<b>The parent company</b>				
Consulting legal and audit services	1,673	27,572	–	23,226
Other production works and services	7,103	7,103	–	–
Interest expenses on financial liabilities measured at amortized cost	46,238	–	14,776	15,018
<b>Entities under common control of the parent company</b>				
Electricity transmission services	1,873,597	1,806,668	588,584	567,970
Connection services	1,971	1,792	490	92
Repair and maintenance services	–	–	–	2,038
Lease	139	229	475	335
Communication services	9,969	4,082	6,305	7,893
Software and maintenance costs	1,423	–	3,538	2,320
Expected credit losses	–	–	183,080	183,080
Other expenses	2,075	1,343	83,178	102,139
	<b>1,944,188</b>	<b>1,848,789</b>	<b>880,426</b>	<b>904,111</b>

	Carrying amount	
	31 March 2021	31 December 2020
<b>The parent company</b>		
Loans and borrowings	(3,800,000)	(3,800,000)
<b>Entities under common control of the parent company</b>		
Advances given	5,118	5,258
Advances received	(2,208)	(2,248)

As at 31 March 2021 and 31 December 2020 there is no dividends payable to the parent company.

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

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

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

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

	<b>Three months 31 March 2021</b>	<b>Year ended 31 March 2020</b>
Short-term remuneration for employees	43,320	23,549
Post employment benefits and other long-term benefits	18	1,654
	<b>43,338</b>	<b>25,203</b>

As at 31 March 2021, the present value of the defined benefit liabilities recorded in the consolidated statement of financial position includes liabilities to key management personnel in the amount of RUB 855 thousand (31 December 2020: RUB 905 thousand).

**30 Events after the reporting date**

No events occurred after 31 March 2021 that could have a material impact on the Group's financial position.