

**PJSC «IDGC of Centre»**

**Interim Condensed Consolidated Financial Statements as at and for the  
three and nine months ended 30 September 2020  
(unaudited)**

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**PJSC "IDCG of Centre"**  
**Interim Condensed Consolidated Statement of profit or loss and other comprehensive income**  
**for three and nine months ended 30 September 2020**  
*In thousands of Russian rubles, unless otherwise stated*

	Notes	For the three months ended 30 September (unaudited)		For the nine months ended 30 September (unaudited)	
		2020	2019	2020	2019
Revenue	7	23,291,698	22,119,784	69,732,060	68,690,061
Operating expenses	9	(21,195,130)	(20,186,144)	(64,461,639)	(63,647,540)
Accrual of allowance for expected credit losses		(79,600)	(732,219)	(77,325)	(563,509)
Other income	8	456,497	340,959	1,023,112	901,403
Other expenses	8	(6,027)	(3,086)	(16,456)	(6,159)
<b>Result from operating activities</b>		<b>2,467,438</b>	<b>1,539,294</b>	<b>6,199,752</b>	<b>5,374,256</b>
Finance income	10	884,617	34,764	1,016,363	117,558
Finance costs	10	(755,789)	(904,025)	(2,463,697)	(2,745,830)
<b>Total financial income/(cost)</b>		<b>128,828</b>	<b>(869,261)</b>	<b>(1,447,334)</b>	<b>(2,628,272)</b>
<b>Profit before income tax</b>		<b>2,596,266</b>	<b>670,033</b>	<b>4,752,418</b>	<b>2,745,984</b>
Income tax expense	11	(580,482)	(178,188)	(928,605)	(771,424)
<b>Profit for the period</b>		<b>2,015,784</b>	<b>491,845</b>	<b>3,823,813</b>	<b>1,974,560</b>
<b>Other comprehensive income/(cost)</b>					
<i>Items that will never be reclassified subsequently to profit or loss</i>					
Changes in the fair value of equity investments accounted for at fair value through other comprehensive income		336	1,926	536	5,632
Remeasurements of the defined benefit liability		102,615	(124,175)	(15,332)	(420,362)
Income tax related to items that will never be reclassified subsequently to profit or loss	11	(11,018)	10,826	(107)	37,993
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>91,933</b>	<b>(111,423)</b>	<b>(14,903)</b>	<b>(376,737)</b>
<b>Other comprehensive income/(cost) for the period, net of income tax</b>		<b>91,933</b>	<b>(111,423)</b>	<b>(14,903)</b>	<b>(376,737)</b>
<b>Total comprehensive income for the period</b>		<b>2,107,717</b>	<b>380,422</b>	<b>3,808,910</b>	<b>1,597,823</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		1,982,043	475,033	3,714,698	1,923,632
Non-controlling interests		33,741	16,812	109,115	50,928
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		2,073,976	363,610	3,699,795	1,546,895
Non-controlling interest		33,741	16,812	109,115	50,928
<b>Earnings per share</b>					
Basic and diluted earnings per ordinary share (in RUB)	20	0.047	0.011	0.088	0.046

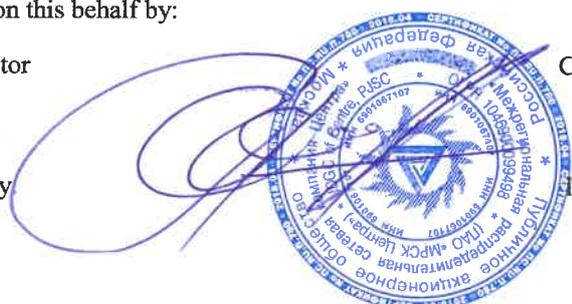
These Interim Condensed Consolidated Financial Statements were approved by management on 20 November 2020 and were signed on this behalf by:

General Director

Chief Accountant

I.V. Makovsky

L.A. Sklyarova



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

**PJSC "IDGC of Centre"**  
**Interim Condensed Consolidated Statements of Financial Position**  
**as at 30 September 2020**

*In thousand of Russian rubles, unless otherwise stated*

	Notes	30 September 2020 (unaudited)	31 December 2019 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	97,535,074	94,313,194
Intangible assets	13	2,286,157	2,476,115
Right-of-use assets	14	2,790,396	2,808,335
Trade and other receivables	16	89,413	128,138
Assets related to employee benefits plans		532,570	514,585
Other non-current financial assets	15	207,793	207,257
Advances given and other non-current assets	17	2,512	2,801
<b>Total non-current assets</b>		<b>103,443,915</b>	<b>100,450,425</b>
<b>Current assets</b>			
Inventories		3,121,279	2,682,124
Income tax prepayments		346,491	19,807
Trade and other receivables	16	14,252,632	12,971,865
Cash and cash equivalents	18	3,544,745	1,517,108
Advances given and other current assets	17	980,717	755,090
<b>Total current assets</b>		<b>22,245,864</b>	<b>17,945,994</b>
<b>Total assets</b>		<b>125,689,779</b>	<b>118,396,419</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	4,221,794	4,221,794
Reserves		(1,078,651)	(1,063,748)
Retained earnings		45,662,008	41,944,315
<b>Total equity attributable to equity holders of the Company</b>		<b>48,805,151</b>	<b>45,102,361</b>
Non-controlling interest		1,087,910	984,795
<b>Total equity</b>		<b>49,893,061</b>	<b>46,087,156</b>
<b>Non-current liabilities</b>			
Long-term borrowed funds	21	33,286,791	39,323,975
Long-term trade and other payables	22	67,794	98,121
Long-term advances from customers	24	1,071,592	731,546
Employee benefits		3,109,474	2,996,844
Deferred tax liabilities		4,567,633	4,537,916
<b>Total non-current liabilities</b>		<b>42,103,284</b>	<b>47,688,402</b>
<b>Current liabilities</b>			
Short-term borrowed funds and current part of long-term borrowed funds	21	14,884,517	7,168,941
Trade and other payables	22	11,588,090	10,086,163
Tax debts other than income tax	23	2,618,369	2,757,508
Advances from customers	24	2,396,338	2,136,468
Provisions	25	2,204,010	2,251,523
Current income tax liabilities		2,110	220,258
<b>Total current liabilities</b>		<b>33,693,434</b>	<b>24,620,861</b>
<b>Total liabilities</b>		<b>75,796,718</b>	<b>72,309,263</b>
<b>Total equity and liabilities</b>		<b>125,689,779</b>	<b>118,396,419</b>

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

**PJSC "IDGC of Centre"**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**for the nine months ended 30 September 2020**  
*In thousand of Russian rubles, unless otherwise stated*  
**For the nine months ended 30**  
**September (unaudited)**

	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		4,752,418	2,745,984
<i>Adjustments for:</i>			
Depreciation and amortization of fixed assets, right-of-use assets and intangible assets	9,12, 13,14	8,618,346	8,087,781
Finance costs	10	2,463,697	2,745,830
Finance income	10	(1,016,363)	(117,558)
Loss on disposal of property, plant and equipment		11,631	(1,031)
Accrual of allowance for expected credit losses		77,325	563,509
Bad debt write-off		28,754	27,675
Accrual of provisions	9	11,687	237,852
Acquisition of subsidiaries	5	(220,740)	-
Other non-cash transactions		77,590	43,276
<b>Total impact of adjustments</b>		<b>10,051,927</b>	<b>11,587,334</b>
Change in assets related to employee benefits plans		(17,985)	18,086
Change in employee benefit liabilities		(37,088)	(101,590)
Change in long-term trade and other receivables		47,672	472,483
Change in long-term advances given and other non-current assets		1,336	(9,131)
Change in long-term trade and other payables		(36,071)	(20,160)
Change in long-term advances received		340,046	(88,325)
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>15,102,255</b>	<b>14,604,681</b>
<i>Changes in working capital and provisions:</i>			
Change in trade and other receivables		(854,112)	(2,423,744)
Change in advances given and other assets		(506,934)	(79,326)
Change in inventories		(388,080)	14,691
Change in trade and other payables		965,886	(2,459,680)
Change in advances received		179,348	539,540
Change in provisions		(130,779)	(147,503)
<b>Cash flows from operating activities before income taxes and interest paid</b>		<b>14,367,584</b>	<b>10,048,659</b>
Income tax paid		(1,476,848)	(841,703)
Interest on the lease liability paid		(235,563)	(154,215)
Interest paid		(1,918,874)	(2,485,869)
<b>Net cash flows received from operating activities</b>		<b>10,736,299</b>	<b>6,566,872</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(9,809,310)	(6,816,008)
Proceeds from the sale of property, plant and equipment and intangible assets		9,465	7,084
Acquisition of subsidiaries, net of cash received	5	(280,394)	-
Interest received		107,141	71,949
Dividends received		14,374	14,436
<b>Net cash flows used in investing activities</b>		<b>(9,958,724)</b>	<b>(6,722,539)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowed funds	21	52,569,822	15,095,125
Repayment of borrowed funds	21	(50,409,701)	(14,180,125)
Dividends paid to equity holders of the Company	20	(836,337)	(865,001)
Repayment of lease liabilities		(73,722)	(151,936)
<b>Net cash flows (used)/received in financing activities</b>		<b>1,250,062</b>	<b>(101,937)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,027,637</b>	<b>(257,604)</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>1,517,108</b>	<b>787,053</b>
<b>Cash and cash equivalents at the end of period</b>	18	<b>3,544,745</b>	<b>529,449</b>

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

**PJSC "IDGC of Centre"**  
**Interim Condensed Consolidated Statements of Changes in Equity**  
**for the nine months ended 30 September 2020**  
*In thousand of Russian rubles, unless otherwise stated*

	Attributable to equity holders of the Company				Total	Non-controlling interest	Total equity
	Notes	Share capital	Reserves	Retained earnings			
<b>Balance at 1 January 2020</b>		4,221,794	(1,063,748)	41,944,315	45,102,361	984,795	46,087,156
Profit for the period		-	-	3,714,698	3,714,698	109,115	3,823,813
Other comprehensive expenses		-	(14,796)	-	(14,796)	-	(14,796)
Related income tax		-	(107)	-	(107)	-	(107)
<b>Total comprehensive income/(expenses) for the period</b>		-	(14,903)	3,714,698	3,699,795	109,115	3,808,910
Transactions with owners	19	-	-	-	-	(6,000)	(6,000)
Other	19	-	-	2,995	2,995	-	2,955
<b>Total contributions and payments</b>		-	-	2,995	2,995	(6,000)	(3,005)
<b>Balance at 30 September 2020 (unaudited)</b>		4,221,794	(1,078,651)	45,662,008	48,805,151	1,087,910	49,893,061
	Attributable to equity holders of the Company				Total	Non-controlling interest	Total equity
Notes	Share capital	Reserves	Retained earnings				
<b>Balance at 1 January 2019</b>	4,221,794	(199,285)	40,580,643	44,603,152	259,822	44,862,974	
Profit for the period	-	-	1,923,632	1,923,632	50,928	1,974,560	
Other comprehensive expenses	-	(414,730)	-	(414,730)	-	(414,730)	
Related income tax	-	37,993	-	37,993	-	37,993	
<b>Total comprehensive income/(expenses) for the period</b>	-	(376,737)	1,923,632	1,546,895	50,928	1,597,823	
Transactions with owners							
Dividends	19	-	(876,162)	(876,162)	-	(876,162)	
Other	19	-	5,208	5,208	-	5,208	
<b>Total contributions and payments</b>	-	-	(870,954)	(870,954)	-	(870,954)	
<b>Balance at 30 September 2019 (unaudited)</b>	4,221,794	(576,022)	41,633,321	45,279,093	310,750	45,589,843	

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

## **1 Background**

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

The primary activities of Public Joint-Stock Company "Interregional Distribution Grid Company of Centre" (hereinafter referred to as the PJSC "IDCG of Centre" or the "Company") and its subsidiaries (hereinafter together 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, as well as the sale of electricity to the end consumer in a number of regions of the Russian Federation.

The parent company is PJSC "Rosseti".

PJSC "IDGC of Centre" and its subsidiaries comprise Russian public and joint stock companies as defined in the Civil Code of the Russian Federation. The Company was set up on 17 December 2004 based on Resolution no. 154p of 9 December 2004 and pursuant to the Board of Directors' decision (board of directors' meeting minutes no. 178 of 1 October 2004) and Management Board decision (Management Board meeting minute no. 1102 of 15 November 2004) of Open Joint-Stock Company RAO "United Energy Systems of Russia" (hereinafter - "RAO UES"). From 07 July 2015, OJSC "IDGC of Centre" is renamed as PJSC "IDGC of Centre" based on the Decision of the Annual General Meeting of Shareholders of OJSC "IDGC of Centre" dated 25 June 2015 (minutes No. 01/15 of 26 June 2015), in order to bring it in line with the legal requirements.

The Company's registered office is Malaya Ordynka St., 15, Moscow, 119017, Russia.

The Company's de facto address is Malaya Ordynka St., 15, Moscow, 119017, Russia.

In September 2017, the Company took over the functions of the sole Executive body of Public joint stock company "Interregional distribution grid company of Center and Volga region" (hereafter PJSC "IDGC of Center and Volga region") pursuant to the Board of Directors' decision (Board of directors' meeting Minutes no. 22/17 of 07 September 2017). In accordance with the agreement, PJSC "IDGC of Centre" is the management company for PJSC "IDGC of Center and Volga region". The Company exercises the rights and carries out the duties of the sole Executive body of PJSC "IDGC of Center and Volga region" to the extent and with those limitations which are determined by the legislation of the Russian Federation, the Articles of Association, the internal documents, the decisions of the General meeting of shareholders and/or the Board of Directors of PJSC "IDGC of Center and Volga region".

The Group consists of PJSC "IDGC of Centre" and its subsidiaries, presented in Note 5.

### **(b) Russian business environment**

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

The economy of the Russian Federation exhibits 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, as well as the possibility of different interpretations. Ongoing political tensions, as well as international sanctions against some Russian companies and citizens, continue to have a negative impact on the Russian economy.

The coronavirus pandemic (COVID-19) in 2020 caused financial and economic tensions on world markets, reduced consumer spending and business activity. Since March 2020, there has been significant volatility in the stock, currency and commodity markets.

Many countries, including the Russian Federation, have introduced quarantine measures. Social distancing and isolation measures have led to the termination of companies' activities in retail, transport, travel and tourism, catering 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 rescue

## **1 Background (continued)**

packages. Forecasts of changes in macroeconomic parameters in the short and long term, the extent of the impact of the pandemic on companies in various industries, including estimates of the duration of the crisis period and the pace of recovery, differ significantly.

The group assesses the impact of the above events on the Group's operations as limited, taking into account:

- system-forming nature and position in the industry in which the Group operates, ensuring uninterrupted transmission of electricity to consumers and connecting power;
- government regulation of tariffs for core operating activities, which allows forecasting within the limits of approved tariffs for the Group's services;
- no changes in the current period in the ways and volumes of using the Group's production assets;
- no currency risk (the Group's income and expenses, as well as monetary assets and liabilities, are denominated in Russian rubles);
- no direct negative impact on the group's core operating activities of legislative (regulatory) changes aimed at limiting the distribution of COVID-19.

At the same time, uncertainty about the future operating conditions of the Group and its counterparties remains, and additional risk may lie in the prolonged nature of the pandemic, the timing and nature of the impact of which is not currently possible to predict with a sufficient degree of reliability.

The group continues to monitor and evaluate the situation and respond accordingly, as follows:

- work in contact with authorities at the Federal and regional levels to contain the spread of 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 power supply, implement priority investment projects and ensure the Group's financial stability;
- track forecast and actual information on the impact of the pandemic on the economy of the Russian Federation and on the activities of the Group's main counterparties;
- incorporate such forward-looking and factual information, taking into account the assessment of its reliability and representativeness, into the assessment of the possible impact of changing micro - and macro-economic conditions on the financial position and results of operations of the Group.

### **(c) Relation with state**

The Russian Government, through the Federal Agency for the Management of State Property, is the ultimate controlling party of the Company.

As at 30 September 2020, the share of the Russian Federation in the authorized capital of the parent company of PJSC "Rosseti" was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares. As at 31 December 2019, the share of the Russian Federation in the authorized capital of the parent company of PJSC "Rosseti" was 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares.

PJSC "Rosseti", in its turn, owns 50.23% of the Company's shares. The Russian Government directly affects the Group's operations through tariffs regulations. In accordance with the Russian legislation, the Group's tariffs are regulated by executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs. The number of consumers of the Group's services includes a large number of enterprises under state control.

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

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

These Interim condensed consolidated financial statements for the three and nine months ended 30 September 2020 have been prepared in accordance with IAS 34 interim financial reporting. Selected notes are included to explain events and transactions that are material to an understanding of changes in the Group's financial position and operations since the date of the last annual consolidated financial statements. These Interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International financial reporting standards ("IFRS").

### **(b) Basis of measurement**

Subject to the disclosure in the note "Russian business environment", the key judgments applied by management in the preparation of these Interim condensed consolidated financial statements with respect to the group's accounting policies and significant sources of estimation uncertainty are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2019 and as at that date.

### **(c) Change in presentation**

Some amounts in the comparative information for the previous period have been reclassified to ensure comparability with the presentation of data in the current reporting period. All reclassifications made are insignificant.

## **3 Significant accounting policies**

The main accounting policies and methods used by the Group are consistent with those described in the audited consolidated financial statements for the year ended 31 December 2019, with the exception of the following summary of standards and interpretations that are mandatory for annual periods beginning on 1 January 2020 and are applicable to the Group's operations.

### *Amendments to IFRS 3 "Determination of business"*

These amendments change the definition of business in order to simplify its application in practice. In addition, an optional "asset concentration test" is introduced, which does not require further analysis to determine whether a business exists. When applying the asset concentration test, if virtually all of the fair value of the assets acquired is concentrated in a single asset (or a group of similar assets), such assets will not be considered a business.

### **3 Significant accounting policies (continued)**

#### *Conceptual framework for financial reporting.*

The revised financial reporting framework contains a new Chapter on measurement, recommendations for reporting financial results, improved definitions and recommendations (in particular, the definition of liabilities), and explanations on specific issues such as the role of management, prudence, and measurement uncertainty in the preparation of financial statements.

#### *Amendments to IAS 1 and IAS 8 "Determination of materiality".*

These amendments clarify the definition of materiality and the application of this concept by including recommendations on the definition that were previously presented in other IFRS standards, and ensure consistency in the definition of materiality in all IFRS standards. Information is considered material if it is reasonably expected that omission, misstatement, or difficulty in understanding it could affect the decisions made by key users of General purpose financial statements based on such financial statements that provide financial information about a particular reporting entity.

The application of these standards and interpretations did not have a significant impact on these Interim condensed consolidated financial statements of the Group.

### **4 Measurement of fair value**

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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

## 5 Significant subsidiaries

	Country of incorporation	30 September 2020	31 December 2019
		Ownership/voiting, %	Ownership/voiting, %
JSC “Sanatorium “Energetik”	Russian Federation	100	100
JSC “Yaroslavl Electrical Grid Company”	Russian Federation	51	51
JSC «Voronezh city electric grids»	Russian Federation	100	100
JSC «Tula city electric grids»	Russian Federation	69.9992	69.9992
LLC «Bryanskelectro»	Russian Federation	100	-

At the Subsidiary’s annual shareholders meeting JCS “Yaroslavl Electrical Grid Company” held on 26 June 2020 the decision was made not to pay dividends on ordinary shares for the year 2019.

At the Subsidiary’s annual shareholders meeting JCS “Sanatorium “Energetik” held on 29 May 2020 the decision was made not to pay dividends on ordinary shares for the year 2019.

At the Subsidiary’s annual shareholders meeting JSC “Voronezh city electric grids” held on 25 September 2020 the decision was made to distribute the Subsidiary’s profit for the year 2019 to dividends in the amount of RUB 78,000 thousand and to pay dividends for the year 2019 in the amount of RUB 24.77470896 per ordinary share in cash.

At the Subsidiary’s annual shareholders meeting JSC “Tula city electric grids” held on 25 September 2020 the decision was made to distribute the Subsidiary’s profit for the year 2019 to dividends in the amount of RUB 20,000 thousand and to pay dividends for the year 2019 in the amount of RUB 41.05477939 per ordinary share in cash. The amount of dividends payable to shareholders with non-controlling interests was RUB 6,000.16 thousand.

### Business combination

As part of the implementation of the Development Strategy for the electric grid complex of the Russian Federation, approved by order of the Government of the Russian Federation dated April 3, 2013 No. 511-r, in order to reduce the number of existing TSS, the Group acquired:

- On 07 August 2020, 100% of the share in the authorized capital of LLC “Bryanskelectro” for cash as a result of the conclusion of the purchase and sale agreement.

The group recorded the acquisition of LLC “Bryanskelectro” using the purchase method in accordance with the requirements of IFRS 3 “Business combination”.

The results, assets and liabilities of LLC “Bryanskelectro” are consolidated by the Group since 07 August 2020. The fair value of assets and liabilities of LLC “Bryanskelectro” was determined by an independent appraiser in the amount of RUB 340,000 thousand.

The acquisition of shares in the authorized capital of LLC “Bryanskelectro” was made by the Company’s subsidiaries – JSC “Sanatorium Energetik” and JSC “Yaroslavl electrical grid company”, while JSC “Sanatorium Energetik” acquired 99.999% of the 100% shares LLC “Bryanskelectro”, and JSC “Yaroslavl electrical grid company” acquired 0.001% shares in the 100% LLC “Bryanskelectro”.

In order to purchase shares of LLC “Bryanskelectro”, sanatorium JSC “Sanatorium Energetik” received a loan from the Company for a period up to 5 years at 7.6% per annum in the amount of RUB 340,000 thousand.

## 5 Significant subsidiaries (continued)

The main activities of LLC "Bryanskelectro" is the electricity transmission and technological connection to power grids.

The assessment of the identifiable net assets of LLC "Bryanskelectro" was not completed as of the date of signing the Interim condensed consolidated financial statements of the group. In this way, the fair value of the identifiable net assets can be subsequently adjusted with an appropriate adjustment to the acquisition income.

The table below shows the notional initial cost of the identifiable net assets of LLC "Bryanskelectro" received at the acquisition date:

	Deemed value, thousand rubles
<b>Non-current assets</b>	
Intangible assets	52
Property, plant and equipment	719,171
Deferred tax asset	6,511
Other non-current assets	4,565
<b>Total non-current assets</b>	<b>730,299</b>
<b>Current assets</b>	
Inventories	51,530
Trade and other receivables	303,420
Cash and cash equivalents	59,605
Other current assets	1,388
<b>Total current assets</b>	<b>415,943</b>
<b>Total assets</b>	<b>1,146,242</b>
<b>Non-current liabilities</b>	
Deferred tax liabilities	25,977
<b>Total non-current liabilities</b>	<b>25,977</b>
<b>Current liabilities</b>	
Trade and other payables	545,982
Provisions	13,543
<b>Total current liabilities</b>	<b>559,525</b>
<b>Total liabilities</b>	<b>585,502</b>
<b>Total identifiable net assets at deemed value</b>	<b>560,740</b>
<b>Consideration transferred</b>	<b>340,000</b>
<b>Gain on a bargain purchase</b>	<b>220,740</b>

Since the contingent initial carrying amount of the identifiable net assets of LLC "Bryanskelectro" exceeds the value of the consideration transferred, the Group recognized income (negative goodwill) in other income in the amount of RUB 220,740 thousand in the Interim condensed consolidated statement of profit or loss and other comprehensive income.

From the acquisition date, the revenue of LLC "Bryanskelectro", consolidated in the Group's financial statements, amounted to RUB 649,258 thousand and profit before tax amounted to RUB 70,886 thousand. If the merger had taken place at the beginning of the year, the Group's revenue from continuing operations would have been RUB 71,521,660 thousand, and the Group's profit from continuing operations before tax would have been RUB 4,804,017 thousand.

The cash flow when acquiring a company is shown in the following table:

Net cash received on the acquisition of a subsidiary	59,606
Consideration transferred	(340,000)
<b>Net cash flow</b>	<b>(280,394)</b>

## 6 Information about segments

The Management Board of PJSC "IDGC of Centre" is the supreme body that makes decisions on operating activities.

The primary activities of 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, as well as the sale of electricity to the end consumer in a number of regions of the Russian Federation. From 2016, the division of the Company Tverenergo performs the electricity guarantee supplier function in the territory of Tver Region.

The internal management system is based on segments (branches formed on a territorial basis) related to transmission and distribution of electricity, technological connection to electric grids and electricity sales to the end user in a number of regions of the Russian Federation.

Revenue indicators and EBITDA are used to reflect the performance of each reportable segment, since they are included in internal management reporting prepared on the basis of the Russian accounting standards reporting data and are regularly analyzed and evaluated by the Management Board.

To reflect the results of each reporting segment, EBITDA is used: profit or loss before interest expense, taxation, depreciation, and (starting from the Interim condensed consolidated financial statements for the three and nine months ended 30 September 2020) - before net accrual/recovery of impairment losses on property, plant and equipment and right-of-use assets (taking into account current accounting and reporting standards in the Russian Federation). For presenting a reconciliation of EBITDA to consolidated profit/loss for the period, the net accrual of loss/recovery of previously accrued impairment losses on property, plant and equipment and right-of-use assets has been moved from the adjustments section to the section below. The Management Board believes that these indicators are most relevant when assessing the performance of certain segments in relation to other segments and other companies that operate in these industries. No additional impairment of assets was recognized for the three and nine months of 2019 compared to the results obtained in testing for impairment as at 31 December 2018. No restatement of comparative information was required in these Interim condensed consolidated financial statements.

The purchase 100% of shares in the authorized capital in the authorized capital of LLC "Bryanskenergo" in accordance with IFRS 8 (segment assets are 10 per cent or more of total assets of all operating segments) from the other category were identified and combined into the category "Other TSS" subsidiary companies engaged in similar operations.

The following reportable segments were identified:

- Branch Belgorodenergo, branch Bryanskenergo, branch Voronezhenergo, branch Kostromaenergo, branch Kurskenergo, branch Lipetskenergo, branch Orelenergo, branch Smolenskenergo, branch Tambovenrgo, branch Tverenergo, branch Yarenergo
- Other TSS (JSC "Yaroslavl electrical grid company", LLC "Bryanskelectro", JSC "Voronezh city electric grids", JSC "Tula city electric grids")
- Others

The category "Other" includes operations of the head office branch and subsidiary of JSC "Sanatorium Energetik". None of them meets any of the quantitative thresholds for determining reportable segments.

When a new reporting segment was allocated in accordance with IFRS 8, the segment data for the previous period presented for comparative purposes was recalculated to ensure comparability of information.

Segment indicators are based on management information, which is prepared on the basis of the Russian accounting standards financial statements and may differ those presented in the financial statements prepared in accordance with IFRS. The reconciliation of the indicators in the evaluation to the Management Board and similar indicators in these Interim condensed consolidated financial statements includes those reclassifications and adjustments that are necessary for reporting in accordance with IFRS.

## 6 Information about segments (continued)

### (a) Information about reportable segments

For the three months ended 30 September 2020:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	3,561,263	1,299,883	3,702,621	1,244,632	1,787,301	2,064,414	1,110,823	1,661,889	1,399,617	2,464,670	2,168,949	768,999	56,637	23,291,698
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–	292	745,546	1,478	747,316
<b>Segment revenue</b>	<b>3,561,263</b>	<b>1,299,883</b>	<b>3,702,621</b>	<b>1,244,632</b>	<b>1,787,301</b>	<b>2,064,414</b>	<b>1,110,823</b>	<b>1,661,889</b>	<b>1,399,617</b>	<b>2,464,670</b>	<b>2,169,241</b>	<b>1,514,545</b>	<b>58,115</b>	<b>24,039,014</b>
Including														
<i>Electricity transmission</i>	3,078,599	1,152,014	3,495,884	1,219,420	1,736,811	2,015,900	1,073,709	1,632,137	1,362,175	2,343,673	2,114,258	1,423,067	–	22,647,647
<i>Technological connection services</i>	36,512	39,986	141,102	8,014	25,154	10,098	20,369	7,108	25,456	3,039	22,614	46,556	–	386,008
<i>Sale of electricity and capacity</i>	–	–	–	–	–	–	–	–	–	106,213	–	–	–	106,213
<i>Other revenue</i>	446,152	107,883	65,635	17,198	25,336	38,416	16,745	22,644	11,986	11,745	32,369	44,922	58,115	899,146
<b>EBITDA</b>	<b>1,242,731</b>	<b>253,271</b>	<b>886,897</b>	<b>290,188</b>	<b>173,020</b>	<b>454,690</b>	<b>90,252</b>	<b>229,211</b>	<b>155,781</b>	<b>326,716</b>	<b>374,802</b>	<b>496,945</b>	<b>84,768</b>	<b>5,059,272</b>

## 6 Information about segments (continued)

For the three months ended 30 September 2019:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	3,142,969	1,270,668	3,539,950	1,240,558	1,800,635	2,130,522	1,108,587	1,677,048	1,432,958	2,506,379	2,209,452	11,412	48,576	22,119,714
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	148	121,610	593	122,351
<b>Segment revenue</b>	<b>3,142,969</b>	<b>1,270,668</b>	<b>3,539,950</b>	<b>1,240,558</b>	<b>1,800,635</b>	<b>2,130,522</b>	<b>1,108,587</b>	<b>1,677,048</b>	<b>1,432,958</b>	<b>2,506,379</b>	<b>2,209,600</b>	<b>133,022</b>	<b>49,169</b>	<b>22,242,065</b>
Including														
Electricity transmission	3,005,532	1,245,449	3,342,708	1,218,835	1,709,518	2,063,810	1,093,024	1,649,301	1,410,953	2,378,174	2,148,202	120,448	-	21,385,954
Technological connection services	75,516	15,999	150,138	8,733	77,963	32,122	5,792	6,581	3,910	5,030	38,656	225	-	420,665
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	107,778	-	-	-	107,778
Other revenue	61,921	9,220	47,104	12,990	13,154	34,590	9,771	21,166	18,095	15,397	22,742	12,349	49,169	327,668
<b>EBITDA</b>	<b>1,044,292</b>	<b>133,253</b>	<b>727,767</b>	<b>134,194</b>	<b>339,346</b>	<b>446,063</b>	<b>157,810</b>	<b>241,996</b>	<b>110,195</b>	<b>698,206</b>	<b>(95,034)</b>	<b>59,884</b>	<b>9,870</b>	<b>4,007,842</b>

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**6 Information about segments (continued)**

For the nine months ended 30 September 2020:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	9,909,992	3,881,242	10,897,843	3,777,402	5,324,291	6,440,447	3,414,747	5,231,274	4,327,381	7,803,297	6,883,812	1,464,716	375,616	69,732,060
Inter-segment revenue	—	—	—	—	—	—	—	—	—	—	715	1,820,592	4,695	1,826,002
<b>Segment revenue</b>	<b>9,909,992</b>	<b>3,881,242</b>	<b>10,897,843</b>	<b>3,777,402</b>	<b>5,324,291</b>	<b>6,440,447</b>	<b>3,414,747</b>	<b>5,231,274</b>	<b>4,327,381</b>	<b>7,803,297</b>	<b>6,884,527</b>	<b>3,285,308</b>	<b>380,311</b>	<b>71,558,062</b>
Including														
Electricity transmission	9,207,814	3,690,299	10,572,111	3,701,987	5,231,462	6,307,841	3,331,674	5,112,881	4,237,653	7,377,712	6,715,100	3,138,194	—	68,624,728
Technological connection services	103,385	60,374	187,524	23,116	39,229	40,902	41,200	46,352	50,757	10,926	93,064	64,210	—	761,039
Sale of electricity and capacity	—	—	—	—	—	—	—	—	—	377,827	—	—	—	377,827
Other revenue	598,793	130,569	138,208	52,299	53,600	91,704	41,873	72,041	38,971	36,832	76,363	82,904	380,311	1,794,468
<b>EBITDA</b>	<b>3,060,880</b>	<b>628,335</b>	<b>2,084,710</b>	<b>952,090</b>	<b>650,896</b>	<b>1,347,207</b>	<b>436,994</b>	<b>878,455</b>	<b>612,631</b>	<b>1,003,258</b>	<b>1,187,061</b>	<b>1,156,748</b>	<b>219,179</b>	<b>14,218,444</b>

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**6 Information about segments (continued)**

For the nine months ended 30 September 2019:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
Revenue from external customers	9,170,002	3,966,820	10,625,993	3,881,034	5,429,866	6,627,679	3,418,779	5,500,277	4,749,548	8,089,211	7,093,620	18,031	119,131	68,689,991
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	541	376,922	2,366	379,829
<b>Segment revenue</b>	<b>9,170,002</b>	<b>3,966,820</b>	<b>10,625,993</b>	<b>3,881,034</b>	<b>5,429,866</b>	<b>6,627,679</b>	<b>3,418,779</b>	<b>5,500,277</b>	<b>4,749,548</b>	<b>8,089,211</b>	<b>7,094,161</b>	<b>394,953</b>	<b>121,497</b>	<b>69,069,820</b>
Including														
Electricity transmission	8,831,865	3,896,735	10,318,416	3,815,058	5,269,964	6,443,160	3,371,749	5,410,972	4,423,632	7,637,317	6,925,729	373,421	-	66,718,018
Technological connection services	111,781	31,118	171,595	16,146	94,543	67,531	12,116	19,347	278,192	28,297	97,938	528	-	929,132
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	226,356	38,967	135,982	49,830	65,359	116,988	34,914	69,958	47,724	49,527	70,494	21,004	121,497	1,048,600
<b>EBITDA</b>	<b>2,544,797</b>	<b>645,077</b>	<b>1,851,107</b>	<b>690,268</b>	<b>824,686</b>	<b>882,225</b>	<b>477,869</b>	<b>976,142</b>	<b>1,063,212</b>	<b>1,667,773</b>	<b>1,018,832</b>	<b>177,838</b>	<b>16,210</b>	<b>12,856,036</b>

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**6 Information about segments (continued)**

30 September 2020:

Segments assets	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TSS	Others	Total
	24,610,173	5,475,534	15,205,912	7,095,382	7,520,161	14,849,445	4,117,653	7,595,780	6,208,213	11,381,101	15,805,600	11,656,280	10,554,560	142,075,794
Including property, plant and equipment and construction in progress	22,710,559	4,815,008	12,966,355	6,181,423	6,216,726	12,673,389	3,575,789	6,628,714	4,422,093	9,566,736	10,683,416	9,397,492	126,157	109,963,857

31 December 2019:

Segment assets	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar energo	Other TGO	Others	Total
	25,230,341	5,446,087	14,138,311	7,247,050	7,725,949	15,434,327	4,161,343	7,790,287	6,273,876	11,966,661	15,707,876	7,910,287	5,625,764	134,658,159
Including property, plant and equipment and construction in progress	23,391,084	4,660,102	12,086,463	6,249,228	6,317,727	13,197,807	3,588,821	6,596,461	4,403,244	9,409,869	11,184,254	6,697,336	124,599	107,906,995

## 6 Information about segments (continued)

### (b) The reconciliation of reportable segments EBITDA:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
<b>EBITDA of reportable segments</b>	<b>5,059,272</b>	<b>4,007,842</b>	<b>14,218,444</b>	<b>12,836,036</b>
Discounting receivables	3,741	26,790	10,175	38,226
Discounting financial liabilities	830,405	-	830,405	-
Adjustment for lease	116,824	106,187	348,389	315,372
Recognition of pension and other long-term liabilities to employees	(29,346)	(943)	(97,298)	(16,948)
Adjustment on assets related to employee benefit liabilities	(20,288)	(13,623)	17,985	(18,086)
Re-measurement of investments (transfer of revaluation to equity)	(336)	(1,926)	(536)	(5,632)
Adjustment of the value of property, plant and equipment	(2,504)	3,182	(9,885)	2,692
Other adjustments	221,199	103,511	348,210	290,991
<b>EBITDA</b>	<b>6,178,967</b>	<b>4,231,020</b>	<b>15,665,889</b>	<b>13,442,651</b>
Depreciation and amortization	(2,898,280)	(2,702,768)	(8,618,346)	(8,087,781)
Interest expenses on financial liabilities	(606,581)	(807,852)	(2,058,862)	(2,454,671)
Interest expenses on lease liabilities	(77,840)	(50,367)	(236,263)	(154,215)
Income tax expense	(580,482)	(178,188)	(928,605)	(771,424)
<b>Profit for the period per statement of profit or loss and other comprehensive income</b>	<b>2,015,784</b>	<b>491,845</b>	<b>3,823,813</b>	<b>1,974,560</b>

## 7 Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
Electricity transmission	21,910,642	21,265,506	66,815,060	66,344,597
Technological connection services	385,038	420,665	760,040	929,118
Sale of electricity and capacity	106,213	107,778	377,827	374,070
Other revenue	879,850	319,132	1,755,524	1,021,743
	<b>23,281,743</b>	<b>22,113,081</b>	<b>69,708,451</b>	<b>68,669,528</b>
Lease revenue	9,955	6,703	23,609	20,533
	<b>23,291,698</b>	<b>22,119,784</b>	<b>69,732,060</b>	<b>68,690,061</b>

Other revenue includes mainly revenue from construction services, repair and maintenance services.

Other revenue includes also revenue from performing the functions of the sole Executive body of PJSC "IDGC of Center and Volga region" for the three and nine months ended 30 September 2020 in the amount of RUB 21,721 thousand and RUB 311,251 thousand (for the three and nine months ended 30 September 2019 in the amount of RUB 27,927 thousand and RUB 83,362 thousand).

## 8 Other income and other expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
Income from identified non-contracted electricity consumption	61 417	36,299	174 392	94,465
Income in the form of fines and penalties on commercial contracts	98 236	180,729	448 785	454,937
Accounts payable write-off	5 510	6,711	19 769	67,604
Acquisition of subsidiaries	220 740	-	220 740	-
Other income	70 594	117,220	159 426	284,397
	<b>456 497</b>	<b>340,959</b>	<b>1 023 112</b>	<b>901,403</b>

Other expenses include loss on disposal of property, plant and equipment for three and nine months ended 30 September 2020 in the amount of RUB 6,027 thousand and RUB 16,456 thousand (for three and nine months ended 30 September 2019: RUB 3,086 thousand and RUB 6,159 thousand).

## 9 Operating expenses

	<b>For the three months ended 30 September</b>		<b>For the nine months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Personnel costs	5,185,550	4,541,478	15,789,072	14,039,593
Depreciation and amortization	2,898,280	2,702,768	8,618,346	8,087,781
<i>Material expenses, including:</i>				
Electricity for compensation of losses	2,921,789	2,947,594	10,609,417	10,741,602
Electricity for sale	96,047	92,048	335,131	322,967
Purchased electricity and heat power for own needs	31,693	29,865	257,001	266,085
Other material costs	1,041,580	972,040	2,342,480	2,348,253
<i>Production works and services, including:</i>				
Electricity transmission services	7,127,742	7,431,517	21,555,175	22,784,296
Repair and maintenance services	236,429	191,386	463,902	424,291
Other works and industrial services	318,183	192,214	821,570	450,093
Taxes and levies other than income tax	517,936	523,727	1,604,990	1,577,921
Short-term rent	782	399	2,462	1,893
Insurance	33,364	34,776	99,343	106,245
<i>Other third-party services, including:</i>				
Communication services	82,895	71,452	239,409	211,076
Security services	80,745	76,107	230,343	227,955
Consulting, legal and audit services	33,626	19,860	45,759	31,711
Software costs and services	87,788	80,135	223,333	224,317
Transportation services	6,395	8,452	23,452	22,570
Other services	201,247	219,133	573,289	647,993
Provisions	(22,386)	129,335	11,687	237,852
Debt settlement for electricity transmission, electricity for sale, purchased electricity to compensate for losses and non-contracted consumption	38,810	(159,210)	62,093	369,803
Other expenses	276,635	81,068	553,385	523,243
	<b>21,195,130</b>	<b>20,186,144</b>	<b>64,461,639</b>	<b>63,647,540</b>

## 10 Finance income and costs

	<b>For the three months ended 30 September</b>		<b>For the nine months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Finance income</b>				
Interest income on bank deposits and balances on bank accounts	27,866	7,971	107,427	71,895
Interest income on assets related to employee defined benefits plans	-	-	38,591	-
Dividends receivable	-	3	7,160	7,437
Effect of initial discounting of financial liabilities	853,028	-	853,028	-
Other finance income	3,723	26,790	10,157	38,226
	<b>884,617</b>	<b>34,764</b>	<b>1,016,363</b>	<b>117,558</b>
<b>Finance costs</b>				
Interest expenses on financial liabilities measured at amortized cost	(606,581)	(807,852)	(2,058,862)	(2,454,671)
Interest expenses on lease liabilities	(77,840)	(50,367)	(236,263)	(154,215)
Interest expenses on long-term employee benefit liabilities	(43,147)	(37,453)	(134,386)	(118,538)
Amortization of discount on financial liabilities	(22,623)	-	(22,623)	-
Other finance costs	(5,598)	(8,353)	(11,563)	(18,406)
	<b>(755,789)</b>	<b>(904,025)</b>	<b>(2,463,697)</b>	<b>(2,745,830)</b>

## 11 Income tax

	<b>For the three months ended 30 September</b>		<b>For the nine months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Current income tax</b>				
Accrual of current tax	(265,258)	(304,649)	(964,017)	(975,928)
Adjustment of the tax for the previous periods	-	-	45,555	87,138
<b>Total</b>	<b>(265,258)</b>	<b>(304,649)</b>	<b>(918,462)</b>	<b>(888,790)</b>
Deferred income tax	(315,224)	126,461	(10,143)	117,366
<b>Income tax expense</b>	<b>(580,482)</b>	<b>(178,188)</b>	<b>(928,605)</b>	<b>(771,424)</b>

The profit tax rate officially established by Russian legislation in 2020 and 2019 was 20%.

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

## 11 Income tax (continued)

The profit before taxation is correlated to income tax expenses as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
Profit before income tax	2,596,266	670,033	4,752,418	2,745,984
Income tax calculated at the applicable tax rate	(519,254)	(134,007)	(950,484)	(549,197)
Tax effect of items not deductible/not taxable for taxation purposes	(61,228)	(44,181)	(23,676)	(309,365)
Adjustments for prior years	-	-	45,555	87,138
	<b>(580,482)</b>	<b>(178,188)</b>	<b>(928,605)</b>	<b>(771,424)</b>

Income tax recognized in other comprehensive income:

	For the three months ended 30 September 2020			For the three months ended 30 September 2019		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	336	(67)	269	1,926	(385)	1,541
Remeasurements of the defined benefit liability	102,615	(10,951)	91,664	(124,175)	11,211	(112,964)
	<b>102,951</b>	<b>(11,018)</b>	<b>91,933</b>	<b>(122,249)</b>	<b>10,826</b>	<b>(111,423)</b>

	For the nine months ended 30 September 2020			For the nine months ended 30 September 2019		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	536	(107)	429	5,632	(1,126)	4,506
Remeasurements of the defined benefit liability	(15,332)	-	(15,332)	(420,362)	39,119	(381,243)
	<b>(14,796)</b>	<b>(107)</b>	<b>(14,903)</b>	<b>(414,730)</b>	<b>37,993</b>	<b>(376,737)</b>

## 12 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction in progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2019</b>	<b>38,274,038</b>	<b>68,988,195</b>	<b>39,527,879</b>	<b>24,088,027</b>	<b>3,867,435</b>	<b>174,745,574</b>
Reclassification between groups	(456)	366	(1,665)	1,755	-	-
Additions	-	4,031	82	-	6,603,318	6,607,431
Transfer	780,096	3,028,983	858,695	894,128	(5,561,902)	-
Disposals	(867)	(7,749)	(12,512)	(180,072)	-	(201,200)
<b>At 30 September 2019</b>	<b>39,052,811</b>	<b>72,013,826</b>	<b>40,372,479</b>	<b>24,803,838</b>	<b>4,908,851</b>	<b>181,151,805</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2019</b>	<b>(16,001,193)</b>	<b>(36,857,256)</b>	<b>(18,475,981)</b>	<b>(15,462,222)</b>	<b>(88,619)</b>	<b>(86,885,271)</b>
Reclassification between groups	-	21	(22)	1	-	-
Transfer to property, plant and equipment (transfer of impairment losses)	(718)	(2,716)	(867)	(2,237)	6,538	-
Depreciation charge	(1,214,019)	(3,149,873)	(1,610,531)	(1,515,021)	-	(7,489,444)
Disposals	608	6,059	8,624	178,150	223	193,664
<b>At 30 September 2019</b>	<b>(17,215,322)</b>	<b>(40,003,765)</b>	<b>(20,078,777)</b>	<b>(16,801,329)</b>	<b>(81,858)</b>	<b>(94,181,051)</b>
<i>Net book value</i>						
<b>At 1 January 2019</b>	<b>22,272,845</b>	<b>32,130,939</b>	<b>21,051,898</b>	<b>8,625,805</b>	<b>3,778,816</b>	<b>87,860,303</b>
<b>At 30 September 2019</b>	<b>21,837,489</b>	<b>32,010,061</b>	<b>20,293,702</b>	<b>8,002,509</b>	<b>4,826,993</b>	<b>86,970,754</b>

## 12 Property, plant and equipment (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2020</b>	<b>43,164,667</b>	<b>74,204,917</b>	<b>41,871,830</b>	<b>26,945,227</b>	<b>3,845,209</b>	<b>190,031,850</b>
Additions	-	2,822	339	8	10,598,722	10,601,891
Acquisition of subsidiaries	366,986	57,337	202,712	42,950	50,342	720,327
Transfer	2,598,843	2,613,938	2,153,244	1,605,609	(8,971,634)	-
Disposals	(10,305)	(15,386)	(18,456)	(103,245)	(5,030)	(152,422)
<b>At 30 September 2020</b>	<b>46,120,191</b>	<b>76,863,628</b>	<b>44,209,669</b>	<b>28,490,549</b>	<b>5,517,609</b>	<b>201,201,646</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2020</b>	<b>(16,566,258)</b>	<b>(41,572,555)</b>	<b>(20,177,966)</b>	<b>(17,321,047)</b>	<b>(80,830)</b>	<b>(95,718,656)</b>
Transfer to property, plant and equipment (transfer of impairment losses)	(2,835)	(10,618)	(4,368)	(22,161)	39,982	-
Depreciation charge	(1,442,045)	(3,291,119)	(1,746,924)	(1,594,788)	-	(8,074,876)
Disposals	6,138	10,792	9,286	100,466	278	126,960
<b>At 30 September 2020</b>	<b>(18,005,000)</b>	<b>(44,863,500)</b>	<b>(21,919,972)</b>	<b>(18,837,530)</b>	<b>(40,570)</b>	<b>(103,666,572)</b>
<i>Net book value</i>						
<b>At 1 January 2020</b>	<b>26,598,409</b>	<b>32,632,362</b>	<b>21,693,864</b>	<b>9,624,180</b>	<b>3,764,379</b>	<b>94,313,194</b>
<b>At 30 September 2020</b>	<b>28,115,191</b>	<b>32,000,128</b>	<b>22,289,697</b>	<b>9,653,019</b>	<b>5,477,039</b>	<b>97,535,074</b>

## 12 Property, plant and equipment (continued)

Capitalized borrowing costs amounted to RUB 114,239 thousand with a capitalization rate 5.79 - 7.44% for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: RUB 99,827 thousand with a capitalization rate 7.69 – 8.50%).

Depreciation charge has been capitalized to the cost of capital construction objects in the amount of RUB 21,337 thousand for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: RUB 16,874 thousand).

As at 30 September 2020 the subsidiary of JSC «Tula city electric grids» has as collateral fixed assets in the amount of RUB 38,173 thousand under a loan agreement with PJSC VTB Bank (at 31 December 2019: RUB 38,173 thousand).

## 13 Intangible assets

	Software	R&D	Other intangible assets	Total
<i>Initial costs</i>				
<b>At 1 January 2019</b>	<b>2,336,066</b>	<b>35,516</b>	<b>1,310,223</b>	<b>3,681,805</b>
Additions	104,825	8	1,021	105,854
Disposals	(30,273)	(501)	(3)	(30,777)
<b>At 30 September 2019</b>	<b>2,410,618</b>	<b>35,023</b>	<b>1,311,241</b>	<b>3,756,882</b>
<i>Accumulated amortization and impairment</i>				
<b>At 1 January 2019</b>	<b>(655,729)</b>	-	<b>(241,682)</b>	<b>(897,411)</b>
Amortization charge	(335,867)	-	(59,140)	(395,007)
Disposals	30,273	-	-	30,273
<b>At 30 September 2019</b>	<b>(961,323)</b>	-	<b>(300,822)</b>	<b>(1,262,145)</b>
<i>Net book value</i>				
<b>At 1 January 2019</b>	<b>1,680,337</b>	<b>35,516</b>	<b>1,068,541</b>	<b>2,784,394</b>
<b>At 30 September 2019</b>	<b>1,449,295</b>	<b>35,023</b>	<b>1,010,419</b>	<b>2,494,737</b>
<i>Initial costs</i>				
<b>At 1 January 2020</b>	<b>2,263,075</b>	<b>84,135</b>	<b>1,311,317</b>	<b>3,658,527</b>
Additions	165,950	18,489	-	184,439
Acquisition of subsidiaries	4,753	-	52	4,805
Disposals	-	-	(16)	(16)
<b>At 30 September 2020</b>	<b>2,433,778</b>	<b>102,624</b>	<b>1,311,353</b>	<b>3,847,755</b>
<i>Accumulated amortization and impairment</i>				
<b>At 1 January 2020</b>	<b>(861,945)</b>	-	<b>(320,467)</b>	<b>(1,182,412)</b>
Amortization charge	(329,944)	-	(49,242)	(379,186)
<b>At 30 September 2020</b>	<b>(1,191,889)</b>	-	<b>(369,709)</b>	<b>(1,561,598)</b>
<i>Net book value</i>				
<b>At 1 January 2020</b>	<b>1,401,130</b>	<b>84,135</b>	<b>990,850</b>	<b>2,476,115</b>
<b>At 30 September 2020</b>	<b>1,241,889</b>	<b>102,624</b>	<b>941,644</b>	<b>2,286,157</b>

### **13 Intangible assets (continued)**

Amortization of intangible assets included in operating expenses in Interim condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2020 is RUB 379,186 thousand (for the nine months ended 30 September 2019: RUB 395,007 thousand).

Other intangible assets include objects of intellectual property, R&D results and objects of Service Concession Arrangement

Into the structure of intangible assets in the subgroup "other intangible assets", the Group include a right to charge fee from users of services on electricity transmission in accordance with "Service Concession Arrangement concerning the financing, establishment and operation of facilities for the transmission and distribution of electric energy on the territory of the Tambov region". This agreement provides for the construction by a Group of objects for the purposes of transmission and distribution of electricity in the Tambov region and the provision of transmission services, electricity distribution and connection services with the use of objects of the Service Concession Arrangement. Ownership of the constructed objects belongs to the Tambov region, and the Group receives the right of possession and use of objects for the Group activities. The Service Concession Arrangement is concluded in 2015 for 20 years. The Concession Agreement may be amended or terminated by agreement of the parties in the manner and in the cases provided by law, by the expiration of the term, as well as on the basis of a court decision. The objects of the Concession Agreement shall be included in the planning document for the privatization of property for the period corresponding to the expiration of the Concession Agreement. At the same time, the Group has a preferential right to purchase these objects.

During the Concession Agreement, the Administration of the Tambov Region may grant subsidies to the Group, both in respect of payment of remuneration for construction, and in respect of compensation for lost revenue from electricity transmission.

The net book value of the objects of the Concession Agreement as at 30 September 2020 is RUB 837,193 thousand (as at 31 December 2019: RUB 878,340 thousand). Amortization for the objects of the Concession Agreement is RUB 41,147 thousand for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: RUB 41,147 thousand).

#### 14 Right-of-use assets

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
<b>At 1 January 2019</b>	<b>2,071,525</b>	<b>121,286</b>	<b>81,312</b>	<b>29,453</b>	<b>2,303,576</b>
Additions	118,190	18,470	4,097	23	140,780
Changes in lease terms	(499,788)	1,945	(5,684)	(181)	(503,708)
Disposal or termination of lease agreements	(86,891)	(400)	(816)	(14,703)	(102,810)
<b>At 30 September 2019</b>	<b>1,603,036</b>	<b>141,301</b>	<b>78,909</b>	<b>11,708</b>	<b>1,834,954</b>
<i>Accumulated depreciation and impairment</i>					
<b>At 1 January 2019</b>	-	-	-	-	-
Depreciation charge	(187,252)	(19,601)	(11,337)	(2,014)	(220,204)
Changes in lease terms	1,526	94	1,095	135	2,850
Disposal or termination of lease agreements	1,148	21	35	245	1,449
<b>At 30 September 2019</b>	<b>(184,578)</b>	<b>(19,486)</b>	<b>(10,207)</b>	<b>(1,634)</b>	<b>(215,905)</b>
<i>Net book value</i>					
<b>At 1 January 2019</b>	<b>2,071,525</b>	<b>121,286</b>	<b>81,312</b>	<b>29,453</b>	<b>2,303,576</b>
<b>At 30 September 2019</b>	<b>1,418,458</b>	<b>121,815</b>	<b>68,702</b>	<b>10,074</b>	<b>1,619,049</b>

The value of right-off-use assets in the initial cost as at 01 January 2019 includes a number of objects received under financial lease (leasing) agreements. As at 31 December 2018 the residual value of such facilities amounted to RUB 2,884 thousand.

#### 14 Right-of-use assets (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
At 1 January 2020	2,755,804	141,151	78,446	11,980	2,987,381
Additions	22,337	55,243	85,147	-	162,727
Change in lease terms	(69,599)	(4,016)	(2,184)	(43)	(75,842)
Disposal or termination of lease agreements	(17,944)	(861)	-	(908)	(19,713)
<b>At 30 September 2020</b>	<b>2,690,598</b>	<b>191,517</b>	<b>161,409</b>	<b>11,029</b>	<b>3,054,553</b>
<i>Accumulated depreciation and impairment</i>					
At 1 January 2020	(136,951)	(26,082)	(13,720)	(2,293)	(179,046)
Depreciation charge	(138,319)	(27,810)	(17,445)	(2,047)	(185,621)
Change in lease terms	91,203	2,959	2,881	51	97,094
Disposal or termination of lease agreements	3,295	19	-	102	3,416
<b>At 30 September 2020</b>	<b>(180,772)</b>	<b>(50,914)</b>	<b>(28,284)</b>	<b>(4,187)</b>	<b>(264,157)</b>
<i>Net book value</i>					
At 1 January 2020	<b>2,618,853</b>	<b>115,069</b>	<b>64,726</b>	<b>9,687</b>	<b>2,808,335</b>
At 30 September 2020	<b>2,509,826</b>	<b>140,603</b>	<b>133,125</b>	<b>6,842</b>	<b>2,790,396</b>

#### 15 Other financial assets

	30 September 2020	31 December 2019
<b>Non-current</b>		
Financial assets at fair value through other comprehensive income	207,793	207,257
	<b>207,793</b>	<b>207,257</b>

Finance assets at fair value through other comprehensive income as at 30 September 2020 and as at 31 December 2019 include shares of PJSC "Unipro", PJSC "IDGC of Center and Volga region", PJSC "FGC UES". Fair value of these investments is RUB 207,793 thousand and RUB 207,257 thousand respectively.

For the nine months ended 30 September 2020 the increase in fair value in the total amount of RUB 536 thousand is reflected in other comprehensive income (for the nine months ended 30 September 2019 the increase: RUB 5,632 thousand).

## 16 Trade and other receivables

	30 September 2020	31 December 2019
<b>Non-current trade and other account receivables</b>		
Trade receivables	6,414	31,937
Other receivables	82,999	96,201
	<b>89,413</b>	<b>128,138</b>
<b>Current trade and other account receivables</b>		
Trade receivables	23,871,012	23,301,335
Allowance for expected credit losses on trade receivables	(10,712,266)	(10,854,477)
Other receivables	2,704,333	2,135,540
Allowance for expected credit losses on other receivables	(1,610,447)	(1,610,533)
	<b>14,252,632</b>	<b>12,971,865</b>

Balances with related parties are disclosed in Note 29.

## 17 Advances given and other assets

	30 September 2020	31 December 2019
<b>Non-current</b>		
Advances given	2,512	2,801
	<b>2,512</b>	<b>2,801</b>
<b>Current</b>		
Advances given	338,515	229,081
Advances given impairment allowance	(14,028)	(16,266)
VAT recoverable	21,942	18,364
VAT on advances to customers and clients and advances given for the purchase of property, plant and equipment	590,178	488,307
Prepaid taxes, other than income tax and VAT	44,110	35,604
	<b>980,717</b>	<b>755,090</b>

Balance with related parties is disclosed in Note 29.

## 18 Cash and cash equivalents

			<b>30 September 2020</b>	<b>31 December 2019</b>
Cash in bank accounts and cash on hand			3,253,745	1,146,108
Cash equivalents			291,000	371,000
			<b>3,544,745</b>	<b>1,517,108</b>
	<b>Rating</b>	<b>Rating agency</b>	<b>30 September 2020</b>	<b>31 December 2019</b>
PJSC “Sberbank of Russia”*	Baa3	Moody’s	192,129	223,623
JSC “Bank GPB”*	Ba1	Moody’s	63,944	47,406
PJSC “VTB bank”*	Baa3	Moody’s	193,802	87,120
JSC “Alfa-Bank”	Ba1	Moody’s	31,877	12,138
JSC “AB Russia”	ruAA	Expert RA	2,686,161	736,145
PJSC “Promsvyazbank”	Ba3	Moody’s	56,118	4,060
PJSC “Rosbank”	Baa3	Moody’s	29,190	35,108
PJSC “Sovcombank”	Ba2	Moody’s	-	1
Cash on hand			524	507
			<b>3,253,745</b>	<b>1,146,108</b>

Cash equivalents include short-term investments in bank deposits and bonds.

### Deposits:

	<b>Interest rate 30 September 2020</b>	<b>Rating</b>	<b>Rating agency</b>	<b>30 September 2020</b>	<b>31 December 2019</b>
PJSC “Russian Agricultural Bank”*	-	Ba1	Moody’s	-	77,000
				-	77,000

### Note:

	<b>Interest rate 30 September 2020</b>	<b>Rating</b>	<b>Rating agency</b>	<b>30 September 2020</b>	<b>31 December 2019</b>
JSC “AB Russia”	3,80%	ruAA	Expert RA	291,000	294,000
				<b>291,000</b>	<b>294,000</b>

\* *Banks associated with the state*

All balance of cash and cash equivalents are denominated in rubles as at 30 September 2020 and 31 December 2019.

As at 30 September 2020 the balance on the current account with JSC “AB Russia” in the amount of RUB 2,686,000 thousand represents cash in the form of a non-reducible balance at 4.15% per annum (as at 31 December 2019: JSC “AB Russia” in the amount of RUB 696,000 thousand represents cash in the form of a non-reducible balance at 6% per annum).

## 19 Equity

	Ordinary shares	
	30 September 2020	31 December 2019
Par value (in RUB)	0.10	0.10
On issue at 1 January, units	42,217,941,468	42,217,941,468
On issue at the end of the period, fully paid, units	42,217,941,468	42,217,941,468

### (a) Dividends

In accordance with the Russian legislation, the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles.

At the annual general meeting of shareholders held on 30 May 2019 dividends for 2018 were declared in the amount of RUB 876,162 thousand. The amount of dividends was RUB 0.0207533 per one ordinary share.

At the extraordinary general meeting of shareholders held on 30 December 2019 dividends for the first 9 months of fiscal year 2019 were declared in the amount of 847,099 thousand and on the payment of dividends for the first 9 months of 2019 in the amount of 0.0200649 rubles per ordinary share of the Company in cash.

In the nine months 2020, the Company recovered unclaimed dividends for 2016 in the amount of RUB 14,955 thousand (in nine months 2019: RUB 5,208 thousand – recovered unclaimed dividends for 2015).

For the nine months ended 30 September 2020, the Company paid dividends to the equity holders of the Company in the amount of RUB 836,337 thousand (for the nine months ended 30 September 2019 – RUB 865,001 thousand).

## 20 Earnings per share

The calculation of basic earnings per share for the three and nine months ended 30 September 2020 was based on the earnings attributable to ordinary shareholders for the three and nine months 2020 in the amount of RUB 1,982,043 thousand and RUB 3,714,698 thousand (for the three and nine months 2019: of RUB 475,033 thousand and RUB 1,923,632 thousand), and a weighted average number of ordinary shares outstanding of 42,218 million for the three and nine months 2020 (for the three and nine months 2019: 42,218 million).

The Company has no dilutive financial instruments.

<i>In millions of shares</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
<b>Ordinary shares at 1 January</b>	42,218	42,218	42,218	42,218
<b>Weighted average number of shares for the period ended 30 September</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>	<b>42,218</b>
	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
Weighted average number of ordinary shares outstanding, for the period ended 30 September (millions of shares)	42,218	42,218	42,218	42,218
Earnings for the period attributable to holders of ordinary shares	1,982,043	475,033	3,714,698	1,923,632
<b>Earnings per ordinary share (in RUB) – basic and diluted</b>	<b>0.047</b>	<b>0.011</b>	<b>0.088</b>	<b>0.046</b>

## 21 Borrowed funds

	<u>30 September 2020</u>	<u>31 December 2019</u>
<b>Non-current liabilities</b>		
Secured loans and borrowings	269,038	358,681
Unsecured loans and borrowings	29,567,353	26,533,899
Unsecured bonds	15,365,371	10,107,840
Lease liabilities	2,969,546	2,880,604
Less: current portion of long-term loans and borrowings	(9,132,380)	(119,611)
Less: current portion of long-term bonds	(5,381,087)	(119,350)
Less: current portion of long-term lease liabilities	(371,050)	(318,088)
	<u><b>33,286,791</b></u>	<u><b>39,323,975</b></u>
<b>Current liabilities</b>		
Unsecured loans and borrowings	-	89,712
Current portion of long-term loans and borrowings	9,132,380	6,641,791
Current portion of long-term bonds	5,381,087	119,350
Current portion of long-term lease liabilities	371,050	318,088
	<u><b>14,884,517</b></u>	<u><b>7,168,941</b></u>
<b>Including:</b>		
Debts on interest payable on loans and borrowings	12,844	22,317
Debts on interest payable on bonds	383,050	119,350
	<u><b>395,894</b></u>	<u><b>141,667</b></u>

All balances of loans and borrowings are denominated in rubles as at 30 September 2020 and 31 December 2019.

For the nine months ended 30 September 2020 the Group issued bonds and attracted the following bank loans:

	<u>Year of maturity</u>	<u>Nominal interest rate</u>	<u>Nominal value</u>
<b>Unsecured loans and borrowings</b>			
Unsecured bank loans*	2020	7.10%	5,500,000
Unsecured bank loans*	2021 - 2023	6.95% - 8.50%	24,362,166
Unsecured bank loans*	2023	KR CB RF +1.20%- KR CB RF +1.50%	11,588,351
Unsecured bank loans*	2023	KR CB RF +1.65%- KR CB RF +1.75%	3,039,997
Unsecured borrowings*	2023	-	3,090,983
Unsecured bonds	2023	5.60%	5,000,000
			<u><b>52,581,497</b></u>

\* *Loans and borrowings received from companies related to the state*

For the nine months ended 30 September 2020 the Group repaid the following significant Bank loans:

	<u>Nominal value</u>
Loans and borrowings received from companies related to the state	50,409,701
	<u><b>50,409,701</b></u>

## 22 Trade and other payables

	<u>30 September 2020</u>	<u>31 December 2019</u>
<b>Non-current liabilities</b>		
Trade payables	20,823	37,443
Other payables	46,971	60,678
	<u>67,794</u>	<u>98,121</u>
<b>Current liabilities</b>		
Trade payables	8,785,238	6,411,572
Other payables and accrued expenses	1,457,820	1,123,807
Payables to employees	1,282,472	1,654,892
Dividends payable	62,560	895,892
	<u>11,588,090</u>	<u>10,086,163</u>

Balance with related parties is disclosed in Note 29.

## 23 Tax liabilities other than income tax

	<u>30 September 2020</u>	<u>31 December 2019</u>
Value-added tax	1,552,047	1,605,638
Property tax	504,518	499,284
Social security contributions	394,351	484,007
Other taxes payable	167,453	168,579
	<u>2,618,369</u>	<u>2,757,508</u>

## 24 Advances from customers

Advances from customers as at 30 September 2020 and 31 December 2019 are reflected, including VAT.

	<u>30 September 2020</u>	<u>31 December 2019</u>
<b>Non-current advances from customers</b>		
Advances for services of technological connection to electric grids	931,382	567,128
Advances from customers	140,210	164,418
	<u>1,071,592</u>	<u>731,546</u>
<b>Current advances from customers</b>		
Advances for services of technological connection to electric grids	1,447,829	1,218,768
Advances from customers	948,509	917,700
	<u>2,396,338</u>	<u>2,136,468</u>

Balance with related parties is disclosed in Note 29.

## 25 Provisions

	2020	2019
<b>Balance on 1 January</b>	<b>2,251,523</b>	<b>812,931</b>
Accrual (increase) for the period	149,663	178,516
Recovery (decrease) for the period	(79,939)	(69,999)
Use of provisions	(117,237)	(103,875)
<b>Balance on 30 September</b>	<b>2,204,010</b>	<b>817,573</b>

Provisions relate mainly to legal proceedings and claims against the Group on ordinary activities.

In the course of its operations, the Group is a party to legal proceedings. For unfinished legal proceedings, where the Group acts as a defendant with a low probability of resolution in favor of the Group, an allowance reserve for legal proceedings has been established. The estimated timeframe for the fulfillment of estimated obligations for unfinished litigation is less than 12 months. The Group did not reflect in the financial statements the reserves for the appraisal liabilities at the reporting date for claims, the likelihood of their resolution being assessed, considering the positive judicial practice in favor of the Group as high. The amount of such claims amounted to RUB 1,664,925 thousand as at 30 September 2020 (as at 31 December 2019: RUB 1,098,700 thousand).

## 26 Financial risk and capital management

In the normal course of its 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 2019.

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

### (a) Level of credit risk

The carrying amount of financial assets reflects the Group's maximum exposure to credit risk. At the balance sheet date the maximum level of credit risk was:

	Carrying amount	
	30 September 2020	31 December 2019
Financial assets at fair value through other comprehensive income	207,793	207,257
Trade and other receivables (net of allowance for expected credit losses)	14,342,045	13,100,003
Cash and cash equivalents	3,544,745	1,517,108
	<b>18,094,583</b>	<b>14,824,368</b>

## 26 Financial risk and capital management (continued)

At the balance sheet date the maximum level of credit risk in respect of trade receivables (excluding other receivables) by customer groups was as follows:

	Gross	Allowance for expected credit losses	Gross	Allowance for expected credit losses
	30 September 2020	30 September 2020	31 December 2019	31 December 2019
Buyers of electricity sales services	551,186	(324,400)	1,403,704	(1,218,042)
Buyers of electricity transmission services	22,043,427	(10,136,262)	20,914,465	(9,355,098)
Buyers of technological connection to networks	192,217	(88,008)	186,277	(79,341)
Other buyers	1,090,596	(163,596)	828,826	(201,996)
	<b>23,877,426</b>	<b>(10,712,266)</b>	<b>23,333,272</b>	<b>(10,854,477)</b>

### (b) Allowance for expected credit losses of trade and other receivables

The aging of trade and other receivables is provided below:

	Gross	Allowance for expected credit losses	Gross	Allowance for expected credit losses
	30 September 2020	30 September 2020	31 December 2019	31 December 2019
Not past due	7,476,449	(245,493)	8,536,983	(315,291)
Past due less than 3 months	2,333,652	(28,431)	1,768,629	(70,687)
Past due more than 3 months and less than 6 months	1,061,798	(64,788)	886,638	(138,759)
Past due more than 6 months and less than 1 year	1,271,152	(251,498)	1,082,391	(459,751)
Past due more than 1 year	14,521,707	(11,732,503)	13,290,372	(11,480,522)
	<b>26,664,758</b>	<b>(12,322,713)</b>	<b>25,565,013</b>	<b>(12,465,010)</b>

## 26 Financial risk and capital management (continued)

The movement in the allowance for expected credit losses was as follows:

	<b>For the nine months ended 30 September 2020</b>	<b>For the nine months ended 30 September 2019</b>
<b>Balance at 1 January</b>	<b>12,465,010</b>	<b>12,524,034</b>
Increase for the period	305,454	1,147,230
Amounts of trade and other receivables written off using the allowance for impairment accrued earlier	241,489	444,076
Reversal of allowance for impairment for the period	228,130	583,721
Acquisition of subsidiaries	21,868	-
<b>Balance at 30 September</b>	<b>12,322,713</b>	<b>12,643,467</b>

### (c) Liquidity risk

The amount of free limit on open but unused credit lines of the Group, as well as the loan agreement, was RUB 55,532,002 thousand at 30 September 2020 (31 December 2019: RUB 48,983,101 thousand). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of the short-term obligations.

Information about the contractual maturities of financial liabilities, including estimated interest payments and without influence of netting is provided below. With respect to the cash flows included in the maturity analysis, it is not expected that they can arise much earlier in time or in significantly different amounts:

**26 Financial risk and capital management (continued)**

<b>30 September 2020</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>12 months or less</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 3 years</b>	<b>Between 3 and 4 years</b>	<b>Between 4 and 5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>								
Loans and borrowings	29,836,391	33,625,756	10,421,233	2,351,455	18,203,654	441,569	441,569	1,766,276
Bonds	15,365,371	17,038,100	5,967,300	620,800	10,450,000	-	-	-
Lease liabilities	2,969,546	7,356,065	533,813	475,353	456,088	374,379	325,589	5,190,843
Trade and other payables	11,655,884	11,666,199	11,589,183	3,433	4,688	62,755	1,144	4,996
	<b>59,827,192</b>	<b>69,686,120</b>	<b>28,511,529</b>	<b>3,451,041</b>	<b>29,114,430</b>	<b>878,703</b>	<b>768,302</b>	<b>6,962,115</b>
<b>31 December 2019</b>								
<b>Non-derivative financial liabilities</b>								
Loans and borrowings	33,504,472	37,188,481	9,125,166	23,355,535	4,707,780	-	-	-
Bonds	10,107,840	11,544,550	688,100	5,514,850	5,341,600	-	-	-
Lease liabilities	2,880,604	7,161,371	500,758	464,910	454,487	436,392	329,668	4,975,156
Trade and other payables	10,184,284	10,221,884	10,108,797	4,578	17,068	4,578	81,593	5,270
	<b>56,677,200</b>	<b>66,116,286</b>	<b>20,422,821</b>	<b>29,339,873</b>	<b>10,520,935</b>	<b>440,970</b>	<b>411,261</b>	<b>4,980,426</b>

## 26 Financial risk and capital management (continued)

### (d) Fair value and carrying amount

The Group's management believes that the fair value of financial assets and financial liabilities approximates their carrying value.

As at the reporting date, the carrying amount of financial assets reflects the group's maximum credit risk. Reconciliation of the carrying amount of financial assets at fair value through other comprehensive income at the beginning and end of the reporting period is presented in the table below:

	<b>Financial assets at fair value through other comprehensive income</b>
<b>At 1 January 2020</b>	<b>207,257</b>
Change in fair value recognized in other comprehensive income	536
<b>At 30 September 2020</b>	<b>207,793</b>

## 27 Capital commitments

As at 30 September 2020, the Group has outstanding commitments under contracts for the purchase and construction of property, plant and equipment items for RUB 12,602,435 thousand inclusive of VAT (as at 31 December 2019: RUB 11,423,253 thousand inclusive of VAT).

Future lease payments under lease agreements for which the Group has contractual obligations and the lease term has not yet begun at the reporting date amount to RUB 1,297,934 thousand, inclusive of VAT, as at 30 September 2020 (as at 31 December 2019: none).

## 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 in case of damage or loss 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 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 and customs legislation is subject to varying interpretations regarding the operations and activities of the Group. Accordingly, management's interpretation of tax legislation and its formal documentation can be successfully challenged by the relevant regional or federal authorities. Tax administration in Russia is gradually increasing. In particular, the risk of checking the tax aspect of transactions without obvious economic sense or with counterparties that violate tax laws is increasing. 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 subject to verification.

The Russian tax authorities may impose additional tax liabilities and penalties based on the rules established by transfer pricing legislation if the price/profitability of controlled transactions differs from the market level. The list of controlled transactions primarily includes transactions concluded between related parties.

## **28 Contingencies (continued)**

Starting from January 1, 2019, control over transfer pricing for a significant part of domestic transactions has been lifted. However, the exemption from price control may not apply to all transactions made in the domestic market. However, 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 fallen out of the control of the TP since 2019 may nevertheless be checked by the territorial tax authorities for obtaining an unjustified tax benefit, and TP methods may be used to determine the amount of additional charges. The Federal Executive authority authorized to control and supervise taxes and fees may verify prices/profitability in controlled transactions and, if it does not agree 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 legal requirements. As the practice of applying property tax rules continues to develop, the group's criteria for classifying property as movable or immovable property may be challenged by tax authorities and courts. The Group's management does not exclude the risk of outflow of resources, and the impact of such developments cannot be estimated with a sufficient degree of reliability.

As the practice of applying property tax rules continues to develop, the group's criteria for classifying property as movable or immovable property may be challenged by the tax authorities and courts. The Group's management does not exclude the risk of resource outflow, and the impact of such developments cannot be reliably estimated.

As at 30 September 2020 management believes that the relevant provisions of the law are interpreted correctly, and the position of the Group in terms of compliance with tax legislation can be justified and protected.

### **(c) Litigations**

The Group is a party to a number of litigations (both as a plaintiff and as respondent) arising in the ordinary course of business. In the opinion of Management, there are currently no outstanding claims or other claims that could have a material impact on the Group's results of operations or financial position and would not be recognized or disclosed in the Interim condensed consolidated financial statements.

### **(d) Environmental matters**

The Group has operated in the electric transmission industry in the Russian Federation for many years. The enforcement of environmental regulations in the Russian Federation continues to evolve, responsibilities of authorized Government bodies to oversee are being reconsidered. Potential environmental liabilities arise from changes in interpretations of existing legislation, lawsuits or changes in legislation can be assessed. In the opinion of management under the existing control system and under current legislation, there are no probable liabilities that could have a material adverse effect on the financial position, results of operations or cash flows of the Group.

## 29 Related party transactions

### (a) Control relationships

Related parties are shareholders, affiliates and entities under common ownership and control of the Group, members of the Board of Directors and key management personnel of the Company. The Company’s parent as at 30 September 2020 and 31 December 2019 was PJSC “Russian Grids”. The final controlling party is the state represented by the Federal Property Management Agency, which owns a controlling stake in PJSC “Russian Grids”.

### (b) Transactions with parent company, its subsidiaries and associates

Transactions with parent company, its subsidiaries and associates include operations with PJSC “Russian Grids”, its subsidiaries and associates:

	Amount of the transaction				Carrying amount	
	For the three months ended 30 September		For the nine months ended 30 September		30 September	31 December
	2020	2019	2020	2019	2020	2019
<b>Revenue, other income</b>						
<b>Parent company</b>						
Other income	195	195	585	585	-	-
<b>Entities under common control of the parent company</b>						
Electricity transmission revenue	310,912	-	953,376	-	217,706	-
Other revenue	443,035	41,956	792,239	237,738	671,730	547,451
Dividends receivable	-	3	162	438	-	215
	<b>754,142</b>	<b>42,154</b>	<b>1,746,362</b>	<b>238,761</b>	<b>889,436</b>	<b>547,666</b>

	Amount of the transaction				Carrying amount	
	For the three months ended 30 September		For the nine months ended 30 September		30 September	31 December
	2020	2019	2020	2019	2020	2019
<b>Operating expenses, finance costs</b>						
<b>Parent company</b>						
Expenses for services related to the organization of the functioning and development of the EEC	64,674	64,969	178,956	178,543	48,520	47,546
Technical supervision services	10,563	10,562	31,687	31,687	-	-
Other expenses	3,418	3,417	10,253	10,253	-	-
Interest expenses on financial liabilities recorded at amortized cost	-	214,900	-	733,050	-	-
Dividends	-	-	-	-	-	425,506
<b>Entities under common control of the parent company</b>						
Electricity transmission services	4,212,614	4,306,808	12,522,841	12,988,953	1,159,825	881,160
Other expenses	13,721	28,791	34,607	49,326	20,502	396,374
Other	-	-	-	-	903,000	903,000
	<b>4,304,990</b>	<b>4,629,447</b>	<b>12,778,344</b>	<b>13,991,812</b>	<b>2,131,847</b>	<b>2,653,586</b>

## 29 Related party transactions (continued)

	Carrying amount	
	30 September 2020	31 December 2019
<b>Parent company</b>		
Borrowed funds	2,260,578	-
<b>Entities under common control of the parent company</b>		
Advances given	68,440	78,898
Advances received	328,358	567,243
	<b>2,657,376</b>	<b>646,141</b>

As at 30 September 2020 there is no debt to the parent company for the dividend payments (as at 31 December 2019: RUB 425,506 thousand).

In the third quarter of 2020, the Company entered into an interest-free loan agreement with PJSC “Russian Grids” in the amount of RUB 4,900,000 thousand. As at 30 September 2020, the Company received several tranches totaling RUB 3,090,983 thousand. The fair value of the received tranches, calculated at the rates of 5.94 – 6.40% per annum, as at 30 September 2020 was RUB 2,260,578 thousand, the remaining discount amounted to RUB 830,405 thousand.

### (c) Transaction with key management personnel

In order to prepare these Interim condensed consolidated financial statements, the key management personnel are members of the Board of Directors, the management Board, General Directors of subsidiaries and other key management personnel.

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

The amounts of remuneration to key management personnel disclosed in the table below represent the current period expenses for key management personnel reflected in employee benefits.

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
Short-term benefits	170,815	31,516	350,483	127,753
Severance payment	192	-	5,760	-
	<b>171,007</b>	<b>31,516</b>	<b>356,243</b>	<b>127,753</b>

As at 30 September 2020, the carrying amount of liabilities under defined benefit programs recorded in the Interim condensed consolidated statement of financial position includes liabilities to key management personnel in the amount of RUB 8,125 thousand (31 December 2019: RUB 7,546 thousand).

### (d) Transaction with government-related entities

In the course of its operating activities, the Group is engaged in many transactions with state-controlled entities. These transactions are carried out in accordance with regulated tariffs or based on market prices.

Revenues from state-controlled entities for the three and nine months ended 30 September 2020 constitute 47% and 48% (for the three and nine months ended 30 September 2019: 40% and 41%) of total Group revenues, including 47% and 49% (for the three and nine months ended 30 September 2019: 42% and 42%) of electricity transmission revenues.

## **29 Related party transactions (continued)**

Electricity transmission services costs (including compensation of technological losses) for state-controlled entities for the three and nine months ended 30 September 2020 constitute 63% and 63% (for the three and nine months ended 30 September 2019: 62% and 62%) of total electricity transmission services costs.

Interest expenses for government-related entities account for 62% and 71% of the total interest expenses for the three and nine months ended 30 September 2020 (for the three and nine months ended 30 September 2019: 63% and 59%).

As at 30 September 2020, the balance of cash and cash equivalents held with state-controlled banks is RUB 449,875 thousand (as at 31 December 2019: RUB 435,149 thousand).

As at 30 September 2020 lease obligations for state-related companies amounted to RUB 630,674 thousand (as at 31 December 2019: RUB 176,821 thousand).

Loans and borrowings received from state-controlled entities are disclosed in Note 21.

## **30 Events after the reporting date**

In October 2020, the Company signed a new agreement on performing the function of the sole Executive body of the Public joint stock company "Interregional distribution grid company of the Center and Volga region" based on the decision of the Board of Directors (minutes of the Board of directors' meeting Minutes No. 45/20 of 29 September 2020). In accordance with the agreement, PJSC "IDGC of Center" is the managing company for PJSC "IDGC of Center and Volga region". The agreement was signed on 07 October 2020 and is valid until 31 December 2023 with the possibility of extension.

There were no other events after the reporting date, which should be reflected in the Interim condensed consolidated financial statements for the reporting period, have not been identified.