

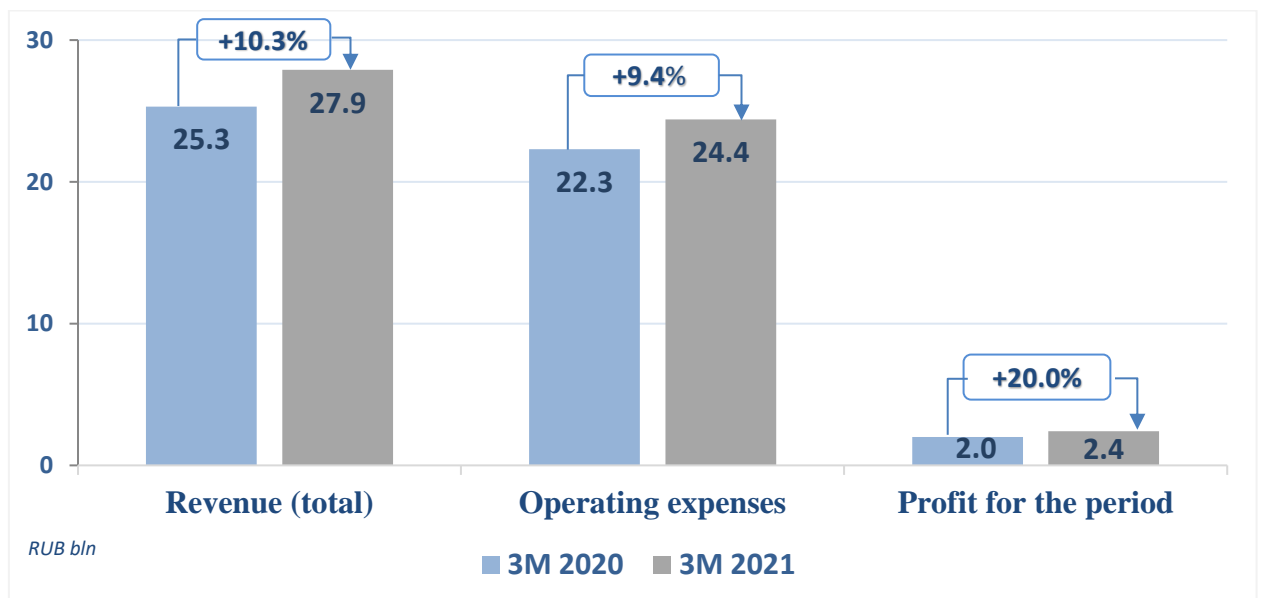
The Management Discussion and Analysis of PJSC “IDGC of Centre” to Interim Condensed Consolidated Financial Statements of the Company, including its financial condition and performance results (MD&A)

The primary activities of PJSC “IDGC of Centre” (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter together referred to as the “Group of Companies”) are provision of services for transmission and distribution of electricity for power grids, 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 Group of Companies, in addition to the Company, includes the following enterprises:

Name	Shareholding, %	Primary activity
JSC “Sanatorium “Energetic”	100	Rendering of sanatorium and resort services
JSC “Yaroslavl Electric Grid Company”	51	Rendering of electric grid services
JSC “Voronezh city electric grids”	100	Rendering of electric grid services
JSC “Tula city electric grids”	69.9992	Rendering of electric grid services
LLC “Bryanskelectro”	100	Rendering of electric grid services

The Company has published its unaudited Interim Condensed Consolidated Financial Statements for 3 months of 2021 in accordance with International Financial Reporting Standards (IFRS). Profit for the period amounted to RUB 2.4 bln, which is higher than the similar indicator last year by RUB 0.4 bln.

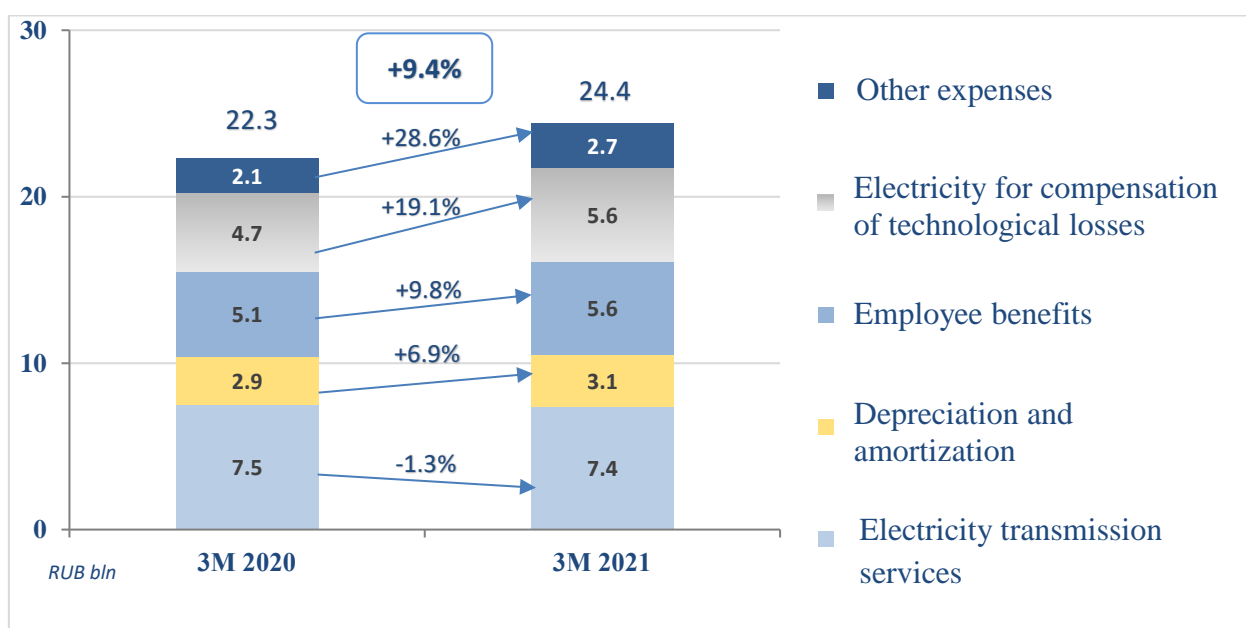


Revenue for the reporting period is RUB 27.9 bln, including revenue from electricity transmission — RUB 27.0 bln, revenue from technological connection — RUB 0.2 bln, revenue from resale of electricity and capacity — RUB 0.2 bln, other revenue — RUB 0.5 bln and revenue from lease agreements — RUB 0.01 bln.

Data in billion RUB, unless otherwise stated

Indicators	3M 2021	3M 2020	Change
Revenue (total), including:	27.9	25.3	10.3%
Electricity transmission services	27.0	24.4	10.7%
Technological connection services	0.2	0.1	100.0%
Revenue from resale of electricity and capacity	0.2	0.2	0.0%
Other revenue	0.5	0.6	-16.7%
Revenue from lease agreements	0.01	0.01	0.0%

The main factors that influenced the growth in the consolidated revenue are an increase in revenue from electricity transmission due to growth in tariffs, boiler net supply of electricity and the addition of a new subsidiary company LLC “Bryanskelectro” to the Group in the second half of 2020.



Operating expenses of the Company for 3 months of 2021 amounted to RUB 24.4 RUB, which is 9.4% higher than the indicator for 3 months of 2020. The increase in operating expenses was mainly caused by the addition of a new subsidiary LLC “Bryanskelectro” to the Group in the second half of 2020, inflationary price growth and an increase in the volume of services for electricity transmission and technological connection of customers to grids relative to the same period last year.

The growth of “Other expenses” is due to an increase in the volume of implementation of measures aimed at reducing the level of electricity losses in grids (the expenses are compensated by a reduction in the costs of compensating for electricity losses), as well as the implementation in the 1st quarter of 2021 of large-scale measures to eliminate the consequences of mass failures in January-February 2021 in the service area of the Tverenergo branch, as a result of technological disturbances caused by bad weather.

Name	3M 2021	3M 2020	Change	
			absolute	%
EBITDA, bln RUB	6.9	6.2	0.7	11.3%
EBITDA margin, %	24.7	24.5	0.2	0.8%
Financial stability ratio	0.69	0.72	-0.03	-4.2%
Equity to total assets	0.39	0.39	0.00	0.0%
Current liquidity ratio	0.82	0.83	-0.01	-1.2%
A/R to A/P ratio	0.94	1.06	-0.12	-11.3%
A/R turnover, days	52	47	5	10.6%

Earnings before Interest, Taxation, Depreciation & Amortization (EBITDA) following the results of 3 months of 2021 amounted to RUB 6.9 bln. EBITDA margin following the results of 3 months of 2021 amounted to 24.7%.

The financial stability ratio and the current liquidity ratio did not change significantly over the period under review. Their slight decrease is mainly due to an increase in short-term liabilities as a result of the reclassification of outstanding loans (transfer from long-term to short-term depending on the period remaining to maturity).

Equity to total assets ratio shows the portion of the company's assets that are covered by equity. The value of the indicator did not change in the reporting period.

To service short-term liabilities, the Group has available limits on long-term credit lines in the amount of over RUB 61 bln, which is more than twice the amount of short-term liabilities. The Group's solvency remains high.

The proportion of accounts receivable and accounts payable characterizes the rationality of use of funds in turnover. The optimum result is to ensure a comparable growth rate of accounts receivable and payable. Over the past period, the given indicator did not change significantly. As in the previous period, its value is in the range close to one.

As at 31 March 2021 the assets of the Group of Companies reached RUB 126.3 bln (as at 31 December 2020 — RUB 122.0 bln), the net debt was RUB 44.0 bln (as at 31 December 2020 — RUB 46.0 bln). The decrease in the net debt is due to an increase in cash and cash equivalents as at 31 March 2021. The weighted average borrowing rate of the Group of Companies (excluding interest-free borrowed funds) as at 31 March 2021 was 6.09%.

Data in billion RUB, unless otherwise stated

Indicators	As at 31.03.2021	As at 31.12.2020	Change
Total equity	50.6	47.9	5.6%
Total assets	126.3	122.0	3.5%
Borrowed funds	48.0	47.4	1.3%
Cash and cash equivalents	4.0	1.4	185.7%
Net debt ¹	44.0	46.0	-4.3%

[1] Net debt is calculated as follows: long-term borrowed funds + short-term borrowed funds – cash and cash equivalents

The financial condition of the Group of Companies following the results of 3 months of 2021 is characterized as stable.