

PJSC «IDGC of Centre»

**Interim Condensed Consolidated Financial Statements
as at and for the three months ended 31 March 2021
(unaudited)**

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PJSC "IDGC of Centre"
Interim Condensed Consolidated Statement of profit or loss and other comprehensive income
for the three months ended 31 March 2021
(in thousands of Russian rubles, unless otherwise stated)

	Notes	For three months ended 31 March (unaudited)	
		2021	2020 (restated)
Revenue	6	27,881,202	25,293,635
Operating expenses	8	(24,394,333)	(22,271,825)
(Accrual)/reversal of allowance for expected credit losses	25	(8,136)	10,313
Other income	7	438,138	276,797
Other expenses	7	(12,009)	(6,425)
Operating profit		3,904,862	3,302,495
Finance income	9	60,275	81,678
Finance costs	9	(758,342)	(876,324)
Total financial costs		(698,067)	(794,646)
Profit before income tax		3,206,795	2,507,849
Income tax expense	10	(780,814)	(542,827)
Profit for the period		2,425,981	1,965,022
Other comprehensive income/(expense)			
<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	14	9,942	(18,561)
Remeasurements of the defined benefit liability		340,879	141,360
Income tax		(40,136)	(13,223)
Total items that will not be reclassified subsequently to profit or loss		310,685	109,576
Other comprehensive income for the period, net of income tax		310,685	109,576
Total comprehensive income for the period		2,736,666	2,074,598
Profit attributable to:			
Equity holders of the Company		2,392,923	1,928,467
Non-controlling interests		33,058	36,555
Total comprehensive income attributable to:			
Equity holders of the Company		2,703,608	2,038,043
Non-controlling interests		33,058	36,555
Earnings per share			
Basic and diluted earnings per ordinary share (in RUB)	19	0.057	0.046

These Interim condensed consolidated financial statements were approved by management on 24 May 2021 and were signed on its behalf by

First Deputy General Director
for Economics and Finance

A.G. Aleshin

Chief Accountant

L.A. Sklyarova

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

PJSC "IDGC of Centre"
Interim Condensed Consolidated Statement of Financial Position
as at 31 March 2021
In thousand of Russian rubles, unless otherwise stated

	Notes	31 March 2021 (unaudited)	31 December 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	95,527,944	96,105,195
Intangible assets	12	2,272,490	2,331,958
Right-of-use assets	13	3,025,722	2,897,358
Trade and other receivables	15	446,579	138,841
Assets related to employee benefits plans		517,490	517,405
Other non-current financial assets	14	218,143	208,201
Advances given and other non-current assets	16	553	1,500
Total non-current assets		102,008,921	102,200,458
Current assets			
Inventories		3,309,905	3,069,976
Income tax prepayments		18,160	4,630
Trade and other receivables	15	15,939,060	14,341,554
Cash and cash equivalents	17	3,986,167	1,406,311
Advances given and other current assets	16	1,041,000	973,365
Total current assets		24,294,292	19,795,836
Total assets		126,303,213	121,996,294
EQUITY AND LIABILITIES			
Equity			
Share capital	18	4,221,794	4,221,794
Reserves		(901,489)	(1,212,174)
Retained earnings		46,293,343	43,900,420
Total equity attributable to equity holders of the Company		49,613,648	46,910,040
Non-controlling interest		988,961	955,903
Total equity		50,602,609	47,865,943
Non-current liabilities			
Long-term borrowed funds	20	37,804,406	33,443,946
Long-term trade and other payables	21	55,886	63,553
Long-term advances received	23	1,365,876	616,964
Employee benefits		2,992,446	3,308,876
Deferred tax liabilities		3,756,283	3,647,908
Total non-current liabilities		45,974,897	41,081,247
Current liabilities			
Short-term borrowed funds and current part of long-term borrowed funds	20	10,244,814	13,944,769
Trade and other payables	21	11,365,386	11,856,820
Tax debts other than income tax	22	3,505,559	2,561,765
Advances received	23	2,208,264	2,306,436
Provisions	24	1,981,881	1,995,276
Current income tax liabilities		419,803	384,038
Total current liabilities		29,725,707	33,049,104
Total liabilities		75,700,604	74,130,351
Total equity and liabilities		126,303,213	121,996,294

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

PJSC "IDGC of Centre"
Interim Condensed Consolidated Statement of Cash Flows
for the three months ended 31 March 2021
In thousand of Russian rubles, unless otherwise stated
For three months ended 31 March
(unaudited)

	Notes	2021	2020 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		3,206,795	2,507,849
<i>Adjustments for:</i>			
Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets	11,12,13	3,058,257	2,878,610
Finance costs	9	758,342	876,324
Finance income	9	(60,275)	(81,678)
Loss on disposal of property, plant and equipment		11,821	3,402
Accrual/(reversal) of allowance for expected credit losses		8,136	(10,313)
Bad debt write-off		1,077	2,205
Accrual/(reversal) of provisions	24	43,403	(19,558)
Other non-cash transactions		15,299	51,388
Total impact of adjustments		3,836,060	3,700,380
Change in assets related to employee benefits plans		(85)	(41,594)
Change in employee benefit liabilities		(24,950)	(8,988)
Change in long-term trade and other receivables		(303,557)	18,828
Change in long-term advances given and other non-current assets		947	1,028
Change in long-term trade and other payables		(9,005)	(9,421)
Change in long-term advances received		748,912	6,748
Cash flows from operating activities before changes in working capital and provisions		7,455,117	6,174,830
<i>Changes in working capital:</i>			
Change in trade and other receivables		(1,639,589)	(364,978)
Change in advances given and other assets		(67,662)	(226,529)
Change in inventories		(239,897)	(423,338)
Change in trade and other payables		1,710,894	1,059,698
Change in advances received		(98,172)	271,968
Use of provisions	24	(56,798)	(22,539)
Cash flows from operating activities before income taxes and interest paid		7,063,893	6,469,112
Income tax paid		(690,340)	(604,197)
Interest paid under lease agreement		(83,596)	(69,089)
Interest paid		(355,022)	(605,463)
Net cash flows received from operating activities		5,934,935	5,190,363
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(3,554,215)	(2,297,845)
Proceeds from the sale of property, plant and equipment and intangible assets		835	3,546
Interest received		35,924	39,029
Dividends received		7,024	7,214
Net cash flows used in investing activities		(3,510,432)	(2,248,056)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowed funds		6,230,000	17,500,000
Repayment of borrowed funds		(6,029,883)	(17,589,651)
Dividends paid to equity holders of the Company		(69)	(836,050)
Payment of lease liabilities		(44,695)	(32,023)
Net cash flows received/(used) from financing activities		155,353	(957,724)
Net change in cash and cash equivalents		2,579,856	1,984,583
Cash and cash equivalents at the beginning of period		1,406,311	1,517,108
Cash and cash equivalents at the end of period	17	3,986,167	3,501,691

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

PJSC "IDGC of Centre"
Interim Condensed Consolidated Statement of Changes in Equity
for the three months ended 31 March 2021
In thousand of Russian rubles, unless otherwise stated

	Attributable to equity holders of the Company						
	Notes	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2021		4,221,794	(1,212,174)	43,900,420	46,910,040	955,903	47,865,943
Profit for the period		-	-	2,392,923	2,392,923	33,058	2,425,981
Other comprehensive income		-	350,821	-	350,821	-	350,821
Related income tax		-	(40,136)	-	(40,136)	-	(40,136)
Total comprehensive income for the period		-	310,685	2,392,923	2,703,608	-	2,736,666
Balance at 31 March 2021 (unaudited)		4,221,794	(901,489)	46,293,343	49,613,648	988,961	50,602,609
Attributable to equity holders of the Company							
Notes	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity	
Balance at 31 December 2019	4,221,794	(1,063,748)	41,944,315	45,102,361	984,795	46,087,156	
Effect of recount	-	-	(93,660)	(93,660)	(128,153)	(221,813)	
Balance at 1 January 2020 (restated)	4,221,794	(1,063,748)	41,850,655	45,008,701	856,642	45,865,343	
Profit for the period (restated)	-	-	1,928,467	1,928,467	36,555	1,965,022	
Other comprehensive income	-	122,799	-	122,799	-	122,799	
Related income tax	-	(13,223)	-	(13,223)	-	(13,223)	
Total comprehensive income for the period	-	109,576	1,928,467	2,038,043	36,555	2,074,598	
Balance at 31 March 2020 (unaudited)	4,221,794	(954,172)	43,779,122	47,046,744	893,197	47,939,941	

The accompanying notes are an integral part of these 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 “IDGC 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” 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.

(b) Relations with state

The Russian Government, through the Federal Agency for the Management of State Property, is the ultimate controlling party of the Company. The policies of the Government of the Russian Federation in the economic, social and other areas may have a significant impact on the Group.

As at 31 March 2021, 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 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).

PJSC “Rosseti”, in its turn, owns 50.23% of the Company’s shares.

The State has a direct influence on the Group's activities through the regulation of tariffs in the electric power industry, approval and control over the implementation of the investment program.

(c) 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.

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

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

1 Background (continued)

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

- work in contact with the authorities at the federal and regional levels to contain the spread of the coronavirus and take all necessary measures to ensure the safety, protection of the life and health of its employees and contractors;
- implement measures to ensure reliable energy supply, implement investment projects;
- track forward-looking and actual information on the impact of the pandemic on the Russian economy, on the activities of the Group and the main counterparties of the Group;
- adapt the Group's activities to new market opportunities, take measures to neutralize the possible negative impact of the pandemic, and ensure the financial stability of the Group.

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

2 Basis of preparation of consolidated financial statements

(a) Statement of compliance

These interim condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected notes are included to explain events and transactions that are material to the 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 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Use of estimates and professional judgments

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

(c) Application of new and revised standards and interpretations

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

- IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Short-term or Long-term"
- Amendments to IAS 37 "Onerous Contracts – Contract Performance Costs"
- Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended use"
- Amendments to IFRS 3 "References to the conceptual framework"
- Amendment to IFRS 9 "Financial Instruments" - commission fee for the "10% test" in the event of derecognition of financial liabilities
- Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - a subsidiary applying International Financial Reporting Standards for the first time
- Amendment to IAS 41 "Agriculture" - Taxation at Fair value Measurement
- Amendments to IAS 1 "Presentation of Financial Statements"
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2 Basis of preparation of consolidated financial statement (continued)

(d) Comparative period data restatement

In these interim condensed consolidated financial statements, the Group has restated the comparative period data. The effect of the restatement on these interim condensed consolidated financial statements is as follows:

Consolidated Statement of Financial Position as at 31 March 2020

31 March 2020	As previously reported	Effect of change	As restated
Property, plant and equipment	93,420,319	(538,344)	92,881,975
Total non-current assets	99,646,445	(538,344)	99,108,101
Total assets	120,600,258	(538,344)	120,061,914
Retained earnings	44,083,851	(304,729)	43,779,122
Total equity attributable to equity holders of the Company	47,351,473	(304,729)	47,046,744
Non-controlling interest	1,022,666	(129,469)	893,197
Total equity	48,374,139	(434,198)	47,939,941
Deferred tax liabilities	4,333,094	(104,146)	4,228,948
Total non-current liabilities	47,014,668	(104,146)	46,910,522
Total equity and liabilities	120,600,258	(538,344)	120,061,914

Consolidated Statement of profit or loss and other comprehensive income for the three months ended 31 March 2020

For the three months ended 31 March 2020	As previously reported	Effect of change	As restated
Revenue	25,293,635	-	25,293,635
Operating expenses	(22,269,023)	(2,802)	(22,271,825)
Reversal of the provision for expected credit losses	10,313	-	10,313
Other income	276,797	-	276,797
Other expenses	(4,839)	(1,586)	(6,425)
Result from operating activities	3,306,883	(4,388)	3,302,495
Finance income	81,678	-	81,678
Finance costs	(876,324)	-	(876,324)
Total financial costs	(794,646)	-	(794,646)
Profit before income tax	2,512,237	(4,388)	2,507,849
Income tax expense	(334,830)	(207,997)	(542,827)
Profit for the period	2,177,407	(212,385)	1,965,022
Total comprehensive income for the period	2,286,983	(212,385)	2,074,598
Profit attributable to:			
Equity holders of the Company	2,139,536	(211,069)	1,928,467
Non-controlling interests	37,871	(1,316)	36,555
Total comprehensive income attributable to:			
Equity holders of the Company	2,249,112	(211,069)	2,038,043
Non-controlling interests	37,871	(1,316)	36,555
Earnings per share			
Basic and diluted earnings per ordinary share (in RUB)	0,051	(0,005)	0,046

2 Basis of preparation of consolidated financial statement (continued)

Consolidated Statement of Cash Flows for the three months ended 31 March 2020

For the three months ended 31 March 2020	As previously reported	Effect of change	As restated
Profit before income tax	2,512,237	(4,388)	2,507,849
Cash flows from operating activities before changes in working capital and provisions	6,174,830	-	6,174,830
Cash flows from operating activities before income taxes and interest paid	6,469,112	-	6,469,112

3 Significant accounting policies

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

4 Measurement of fair 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 has occurred.

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

5 Information about segments

The Management Board of PJSC “IDGC of 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 and at the date of signing of the interim condensed consolidated financial statements, 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.

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

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 (specialized electric grid subsidiaries)
- Others

The “Others” category includes operations of the executive office and non-core subsidiaries. These operations do not meet the quantitative criteria for allocating them to 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.

5 Information about segments (continued)

(a) Information about reportable segments

As at 31 March 2021 and for the three months ended 31 March 2021:

	Belgorod	Bryansk	Voronezh	Kostroma	Kursk	Lipetsk	Orel	Smolensk	Tambov	Tver	Yar	Other	Total	
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS		
Revenue from external customers	3,534,913	1,023,018	4,261,598	1,535,188	2,065,012	2,538,844	1,318,873	2,213,289	1,591,597	3,173,549	2,959,224	1,534,852	131,245	27,881,202
Inter-segment revenue	-	479,673	10,471	-	-	-	-	-	209	-	2,091	586,665	1,437	1,080,546
Segment revenue	3,534,913	1,502,691	4,272,069	1,535,188	2,065,012	2,538,844	1,318,873	2,213,289	1,591,806	3,173,549	2,961,315	2,121,517	132,682	28,961,748
Including:														
Electricity transmission	3,379,653	1,468,733	4,210,763	1,489,422	2,048,181	2,514,613	1,294,122	2,183,797	1,581,423	2,992,430	2,836,425	2,075,569	-	28,075,131
Electricity transmission	18,135	20,709	25,043	10,872	1,489	2,840	14,193	10,449	4,181	3,286	102,616	19,085	-	232,898
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	166,218	-	-	-	166,218
Other revenue	137,125	13,249	36,263	34,894	15,342	21,391	10,558	19,043	6,202	11,615	22,274	26,863	132,682	487,501
EBITDA	1,071,486	371,416	964,014	506,771	385,494	649,557	231,477	595,072	247,260	332,955	866,268	489,512	132,781	6,844,063
Segment assets	24,479,936	5,492,007	15,947,690	7,669,477	7,839,417	15,367,271	4,344,868	8,122,062	6,579,539	13,196,460	16,575,906	12,493,377	10,711,941	148,819,951
Including property, plant and equipment and construction in progress	22,735,780	4,628,664	13,492,192	6,286,225	6,509,178	12,484,705	3,696,219	6,809,458	4,594,825	10,409,021	10,638,273	9,435,735	112,027	111,832,302

5 Information about segments (continued)

For the three months ended 31 March 2020:

	Belgorod	Bryansk	Voronezh	Kostroma	Kursk	Lipetsk	Orel	Smolensk	Tambov	Tver	Yar	Other	Total	
	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	energo	TSS	Other	
Revenue from external customers	3,397,318	1,402,123	3,923,281	1,359,357	1,908,706	2,383,361	1,246,147	1,948,595	1,559,413	2,914,274	2,627,474	351,128	272,458	25,293,635
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	221	560,116	939	561,276
Segment revenue	3,397,318	1,402,123	3,923,281	1,359,357	1,908,706	2,383,361	1,246,147	1,948,595	1,559,413	2,914,274	2,627,695	911,244	273,397	25,854,911
Including														
Electricity transmission	3,270,611	1,382,015	3,869,830	1,339,212	1,896,457	2,345,562	1,225,319	1,916,622	1,523,584	2,743,902	2,588,929	892,316	-	24,994,359
Technological connection services	45,741	8,661	6,169	4,790	2,504	800	14,031	12,814	23,406	5,824	14,441	4,861	-	144,042
Sale of electricity and capacity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	80,966	11,447	47,282	15,355	9,745	36,999	6,797	19,159	12,423	13,197	24,325	14,067	273,397	151,351
EBITDA	1,073,182	279,480	799,855	368,588	332,429	502,759	257,802	468,548	335,182	510,360	527,647	308,823	244,613	6,009,268

As at 31 December 2020:

Segment assets	25,016,192	5,617,777	15,601,028	7,577,834	7,939,731	15,429,997	4,252,635	8,016,138	6,578,189	13,136,798	15,960,256	11,529,377	8,137,629	144,793,581
Including property, plant and equipment and construction in progress	23,234,786	4,730,462	13,385,920	6,163,387	6,533,036	12,753,768	3,610,479	6,735,758	4,592,434	10,594,159	10,867,190	9,616,657	126,450	112,944,486

5 Information about segments (continued)

(b) The reconciliation of reportable segment EBITDA:

Reconciliation of reportable segments by EBITDA:

	For three months ended 31 March	
	2021	2020 (restated)
EBITDA of reportable segments	6,844,063	6,009,268
Discounting receivables	4,219	3,284
Discounting of financial liabilities	(53,863)	-
Adjustment for lease	136,771	113,441
Recognition of pension and other long-term liabilities to employees	(24,449)	(37,464)
Adjustment on assets related to employee benefit liability	85	41,594
Re-measurement of financial assets at fair value through other comprehensive income (transfer of revaluation to equity)	(9,942)	18,561
Adjustment of the value of property, plant and equipment	(872)	(1,764)
Other adjustments	20,331	65,160
EBITDA	6,916,343	6,212,080
Depreciation and amortization	(3,058,257)	(2,878,610)
Interest expenses on financial liabilities	(566,410)	(748,546)
Interest expenses of lease liabilities	(84,881)	(77,075)
Income tax expense	(780,814)	(542,827)
Profit for the period per consolidated statement of profit or loss and other comprehensive income	2,425,981	1,965,022

6 Revenue

	For three months ended 31 March	
	2021	2020
Electricity transmission	27,014,313	24,435,450
Technological connection services	232,747	144,042
Sales of electricity and capacity	166,218	151,351
Other revenue	460,053	555,828
Total revenue from contracts with customers	27,873,331	25,286,671
Lease revenue	7,871	6,964
	27,881,202	25,293,635

Other revenue includes mainly technical and maintenance services, diagnostics and testing, construction services, consulting and organizational and technical services.

7 Other income and other expenses

	For three months ended 31 March	
	2021	2020
Income from identified non-contracted electricity consumption	64,490	73,915
Income in the form of fines and penalties on commercial contracts	184,824	150,795
Accounts payable write-off	3,750	8,915
Other income	185,074	43,172
	438,138	276,797

Other expenses include loss on disposal of property, plant and equipment for three months ended 31 March 2021 in the amount of RUB 12,009 thousand (for three months ended 31 March 2020: RUB 6,425 thousand).

8 Operating expenses

	For three months ended 31 March	
	2021	2020 (restated)
Personnel costs	5,603,844	5,076,468
Depreciation and amortization	3,058,257	2,878,610
<i>Material expenses, including:</i>		
Electricity for compensation of losses	5,644,296	4,682,125
Electricity for sale	145,719	130,569
Purchased electricity and heat power for own needs	223,087	170,022
Other material costs	491,321	445,881
<i>Production work and services, including:</i>		
Electricity transmission services	7,445,752	7,516,621
Repair and maintenance services	72,774	89,329
Other works and industrial services	356,083	196,589
Taxes and levies other income tax	547,355	538,029
Rent	1,578	1,390
Insurance	32,783	33,181
<i>Other third-party services, including:</i>		
Communication services	79,218	60,839
Security services	82,665	73,434
Consulting, legal and audit services	10,363	4,888
Software costs and services	65,917	68,628
Transportation services	3,320	8,180
Other services	125,408	171,051
Provisions	43,403	(19,558)
Other expenses	361,190	145,549
	24,394,333	22,271,825

9 Finance income and costs

	For three months ended 31 March	
	2021	2020
Finance income		
Interest income on bank deposits and balances on bank accounts	35,254	39,803
Interest income on assets related to employee defined benefits plans	20,802	38,591
Other finance income	4,219	3,284
	60,275	81,678
Finance costs		
Interest expenses on financial liabilities measured at amortized cost	(566,410)	(748,546)
Interest expenses on lease liabilities	(84,881)	(77,075)
Interest expense on long-term employee benefit liability	(49,399)	(46,452)
Amortization of discount on financial liabilities	(53,863)	-
Other finance costs	(3,789)	(4,251)
	(758,342)	(876,324)

10 Income tax

	For three months ended 31 March	
	2021	2020 (restated)
Current income tax		
Accrual of current tax	(740,690)	(568,358)
Adjustment of the tax for the previous periods	28,115	3,002
Total	(712,575)	(565,356)
Deferred income tax	(68,239)	22,529
Income tax expense	(780,814)	(542,827)

Officially established by Russian legislation, the income tax rate in 2021 and 2020 is 20%.

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

10 Income tax (continued)

Income tax recognized in other comprehensive income:

	For three months ended 31 March 2021			For three months ended 31 March 2020		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Financial assets at fair value through other comprehensive income	9,942	(1,988)	7,954	(18,561)	3,712	(14,849)
Remeasurements of the defined benefit liability	340,879	(38,148)	302 731	141,360	(16,935)	124,425
	350,821	(40,136)	310,685	122,799	(13,223)	109,576

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

	For three months ended 31 March 2021	For three months ended 31 March 2020 (restated)
Profit before income tax	3,206,795	2,507,849
Income tax calculated at the applicable tax rate	(641,359)	(501,570)
Tax effect of items not deductible/not taxable for taxation purposes	(167,570)	(44,259)
Adjustments for prior years	28,115	3,002
	(780,814)	(542,827)

11 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
Cost/deemed cost						
At 1 January 2020 (restated)	42,805,772	74,062,318	41,950,076	26,840,678	3,839,050	189,497,894
Additions	-	-	-	-	1,804,031	1,804,031
Transfer (restated)	85,237	487,379	371,987	65,843	(1,010,446)	-
Disposals (restated)	(1,422)	(6,929)	(6,719)	(23,764)	(166)	(39,000)
At 31 March 2020 (restated)	42,889,587	74,542,768	42,315,344	26,882,757	4,632,469	191,262,925
Accumulated depreciation and impairment						
At 1 January 2020	(16,566,258)	(41,572,555)	(20,177,966)	(17,321,047)	(80,830)	(95,718,656)
Transfer to property, plant and equipment (transfer of impairment losses)	(407)	(4,054)	(2,989)	-	7,450	-
Depreciation charge (restated)	(482,678)	(1,095,302)	(581,715)	(534,310)	-	(2,694,005)
Disposals (restated)	385	5,726	2,843	22,757	-	31,711
At 31 March 2020 (restated)	(17,048,958)	(42,666,185)	(20,759,827)	(17,832,600)	(73,380)	(98,380,950)
Net book value						
At 1 January 2020 (restated)	26,239,514	32,489,763	21,772,110	9,519,631	3,758,220	93,779,238
At 31 March 2020 (restated)	25,840,629	31,876,583	21,555,517	9,050,157	4,559,089	92,881,975

11 Property, plant and equipment (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
Cost/deemed cost						
At 1 January 2021	47,131,304	78,252,593	44,683,833	30,976,746	5,565,987	206,610,463
Additions	-	-	-	-	2,301,596	2,301,596
Transfer	359,468	561,719	460,077	805,216	(2,186,480)	-
Disposals	(12,055)	(3,052)	(2,387)	(43,605)	(803)	(61,902)
At 31 March 2021	47,478,717	78,811,260	45,141,523	31,738,357	5,680,300	208,850,157
Accumulated depreciation and impairment						
At 1 January 2021	(19,064,802)	(48,009,731)	(23,504,909)	(19,753,592)	(172,234)	(110,505,268)
Transfer to property, plant and equipment (transfer of impairment losses)	(1,753)	(6,003)	(627)	(1,324)	9,707	-
Depreciation charge	(592,533)	(1,094,654)	(580,025)	(598,805)	-	(2,866,017)
Disposals	1,811	2,256	1,615	43,390	-	49,072
At 31 March 2021	(19,657,277)	(49,108,132)	(24,083,946)	(20,310,331)	(162,527)	(113,322,213)
Net book value						
At 1 January 2021	28,066,502	30,242,862	21,178,924	11,223,154	5,393,753	96,105,195
At 31 March 2021	27,821,440	29,703,128	21,057,577	11,428,026	5,517,773	95,527,944

11 Property, plant and equipment (continued)

For the three months ended 31 March 2021 capitalized interest amount is RUB 28,486 thousand (for the three months ended 31 March 2020: RUB 34,041 thousand), the capitalization rate used to determine the amount of borrowing costs to be capitalized was 5.52-6.12%% during the year (for the three months ended 31 March 2020 – 6.90- 7.44%).

Depreciation charges were capitalized in the value of capital construction in the amount of RUB 7,059 thousand for the three months ended 31 March 2021 (for the three months ended 31 March 2020: RUB 7,157 thousand).

As at 31 March 2021 fixed assets in the amount of RUB 38,173 thousand are under a loan agreement (as at 31 December 2020: RUB 38,173 thousand).

As at 31 March 2021, the initial cost of fully amortized property, plant and equipment was RUB 28,514,739 thousand. (as at 31 December 2020: RUB 27,209,204 thousand).

12 Intangible assets

	Software	R&D	Other intangible assets	Total
<i>Initial cost</i>				
At 1 January 2020	2,263,075	84,135	1,311,317	3,658,527
Additions	87,531	-	-	87,531
Disposals	-	-	(5)	(5)
At 31 March 2020	2,350,606	84,135	1,311,312	3,746,053
<i>Accumulated amortization and impairment</i>				
At 1 January 2020	(861,945)	-	(320,467)	(1,182,412)
Amortization charge	(108,495)	-	(16,416)	(124,911)
At 31 March 2020	(970,440)	-	(336,883)	(1,307,323)
<i>Initial cost</i>				
At 1 January 2021	2,654,443	38,454	1,333,360	4,026,257
Additions	56,979	-	1,111	58,090
Disposals	-	-	(77)	(77)
At 31 March 2021	2,711,422	38,454	1,334,394	4,084,270
<i>Accumulated amortization and impairment</i>				
At 1 January 2021	(1,307,093)	-	(387,206)	(1,694,299)
Amortization charge	(100,016)	-	(17,465)	(117,481)
At 31 March 2021	(1,407,109)	-	(404,671)	(1,811,780)
<i>Net book value</i>				
At 1 January 2020	1,401,130	84,135	990,850	2,476,115
At 31 March 2020	1,380,166	84,135	974,429	2,438,730
At 1 January 2021	1,347,350	38,454	946,154	2,331,958
At 31 March 2021	1,304,313	38,454	929,723	2,272,490

12 Intangible assets (continued)

Amortization of intangible assets for the three months ended 31 March 2021 included in operating expenses in consolidated statement of profit or loss and other comprehensive income is RUB 117,481 thousand (for the three months ended 31 March 2020: RUB 124,911 thousand).

Capitalized interest is absent for the three months ended 31 March 2021 and for the three months ended 31 March 2020.

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

Intangible assets in the subgroup “Other intangible assets”, the Group included the right to charge users of electricity transmission services under the “Concession agreement regarding the financing, creation and operation of electric energy transmission and distribution facilities in the Tambov Region”. This agreement provides for the construction by the Group of facilities for the transmission and distribution of electricity in the Tambov region and the provision of services for the transmission, distribution of electricity and technological connection using the facilities of the concession agreement. The ownership of the constructed facilities belongs to the Tambov region, and the Group receives the right possession and use of objects for use in the specified activity. The concession agreement was concluded in 2015 for 20 years. A concession agreement may be amended or terminated by agreement of the parties in the manner and in the cases provided for by law, upon the expiration of the validity period, 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 a period corresponding to the expiration of the concession agreement. Moreover, the Group has a preemptive right to repurchase these objects.

During the period of the Concession Agreement, the administration of the Tambov Region may provide the Group with subsidies both in terms of paying remuneration for construction and in compensating for lost revenue from electricity transmission.

The residual value of the intangible assets of the concession agreement as at 31 March 2021 in the amount of RUB 809,761 thousand is reflected in the line “Intangible assets” of the consolidated statement of financial position (in the amount of RUB 823,477 thousand as at 31 December 2020). For the three months ended 31 March 2021 depreciation was accrued on the objects of the concession agreement in the amount of RUB 13,716 thousand (for the three months ended 31 March 2020: RUB 13,716 thousand).

13 Right-of-use assets

	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	16,219	54,409	83,676	-	154,304
Change in lease terms	18,691	(1,409)	(700)	(42)	16,540
Disposal or termination of lease agreements	(1,905)	(1,084)	-	(908)	(3,897)
At 31 March 2020	2,788,809	193,067	161,422	11,030	3,154,328
<i>Accumulated depreciation and impairment</i>					
At 1 January 2020	(136,951)	(26,082)	(13,720)	(2,293)	(179,046)
Depreciation charge	(51,675)	(9,182)	(5,312)	(682)	(66,851)
Change in lease terms	16,031	1,489	2,269	49	19,838
Disposal or termination of lease agreements	331	247	-	102	680
At 31 March 2020	(172,264)	(33,528)	(16,763)	(2,824)	(225,379)
<i>Net book value</i>					
At 1 January 2020	2,618,853	115,069	64,726	9,687	2,808,335
At 31 March 2020	2,616,545	159,539	144,659	8,206	2,928,949

13 Right-of-use assets (continued)

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
At 1 January 2021	2,726,743	191,516	186,151	137,844	3,242,254
Additions	6,565	-	231	246,784	253,580
Change in lease terms	(125,905)	(6,973)	(3,998)	(171)	(137,047)
Disposal or termination of lease agreements	(34,229)	-	(1,374)	-	(35,603)
At 31 March 2021	2,573,174	184,543	181,010	384,457	3,323,184
<i>Accumulated depreciation and impairment</i>					
At 1 January 2021	(226,117)	(59,814)	(41,717)	(17,248)	(344,896)
Depreciation charge	(49,607)	(9,582)	(12,280)	(10,349)	(81,818)
Change in lease terms	107,165	8,868	5,725	252	122,010
Disposal or termination of lease agreements	7,071	-	171	-	7,242
At 31 March 2021	(161,488)	(60,528)	(48,101)	(27,345)	(297,462)
<i>Net book value</i>					
At 1 January 2021	2,500,626	131,702	144,434	120,596	2,897,358
At 31 March 2021	2,411,686	124,015	132,909	357,112	3,025,722

14 Other financial assets

	<u>31 March 2021</u>	<u>31 December 2020</u>
Non-current		
Financial assets at fair value through other comprehensive income	218,143	208,201
	<u>218,143</u>	<u>208,201</u>

15 Trade and other receivables

	<u>31 March 2021</u>	<u>31 December 2020</u>
Non-current trade and other account receivable		
Trade receivables	46,879	59,053
Other receivables	399,700	79,788
	<u>446,579</u>	<u>138,841</u>
Current trade and other account receivable		
Trade receivables	24,436,143	24,183,709
Allowance for expected credit losses on trade receivables	(10,740,603)	(10,785,503)
Other receivables	3,873,671	2,547,896
Allowance for expected credit losses on other receivables	(1,630,151)	(1,604,548)
	<u>15,939,060</u>	<u>14,341,554</u>

Balance with related parties is disclosed in Note 28.

16 Advances given and other assets

	<u>31 March 2021</u>	<u>31 December 2020</u>
Non-current		
Advances given	553	1,500
	<u>553</u>	<u>1,500</u>
Current		
Advances given	340,567	406,450
Advances given impairment allowance	(14,119)	(14,123)
VAT recoverable	54,069	42,484
VAT on advances to customers and clients and advances given for the purchase of property, plant and equipment	600,832	479,109
Prepaid taxes, other than income tax and VAT	59,651	59,445
	<u>1,041,000</u>	<u>973,365</u>

Balance with related parties is disclosed in Note 28.

17 Cash and cash equivalents

	<u>31 March 2021</u>	<u>31 December 2020</u>
Cash in bank accounts and cash on hand	3,617,367	1,002,671
Cash equivalents	368,800	403,640
	<u>3,986,167</u>	<u>1,406,311</u>

All balance of cash and cash equivalents are denominated in rubles as at 31 March 2021 and 31 December 2020.

18 Equity

(a) Equity

	<u>Ordinary shares</u>	
	<u>31 March 2021</u>	<u>31 December 2020</u>
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

(b) Dividends

The source of payment of dividends is the net profit of PJSC “IDGC of Centre”, determined in accordance with the requirements established by the current legislation of the Russian Federation.

19 Earnings per share

The calculation of earnings per share for the three months ended 31 March 2021 and for the three months ended 31 March 2020 is based on earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

The Company has no dilutive financial instruments.

<i>In millions of shares</i>	<u>For three months ended 31 March 2021</u>	<u>For three months ended 31 March 2020</u>
Ordinary shares at 1 January	<u>42,218</u>	<u>42,218</u>
Weighted average number of shares for the reporting period	<u>42,218</u>	<u>42,218</u>
	<u>For three months ended 31 March</u>	
	<u>2021</u>	<u>2020 (restated)</u>
Weighted average number of ordinary shares outstanding, for the reporting period (millions of shares)	42,218	42,218
Earnings for the year attributable to holders of ordinary shares	2,392,923	1,928,467
Earnings per ordinary share (in RUB) – basic and diluted	<u>0.057</u>	<u>0.046</u>

20 Borrowed funds

	<u>31 March 2021</u>	<u>31 December 2020</u>
Non-current liabilities		
Secured loans and borrowings	209,255	239,183
Unsecured loans and borrowings	29,217,315	28,932,684
Unsecured bonds	15,370,260	15,128,660
Lease liabilities	3,252,390	3,088,188
Less: current portion of long-term loans and borrowings	(4,387,005)	(8,386,286)
Less: current portion of long-term bonds	(5,382,975)	(5,142,867)
Less: current portion of long-term lease liabilities	(474,834)	(415,616)
	<u>37,804,406</u>	<u>33,443,946</u>
Current liabilities		
Current portion of long-term loans and borrowings	4,387,005	8,386,286
Current portion of long-term bonds	5,382,975	5,142,867
Current portion of long-term lease liabilities	474,834	415,616
	<u>10,244,814</u>	<u>13,944,769</u>
Including:		
Debts on interest payable on loans and borrowings	17,470	16,751
Debts on interest payable on bonds	383,050	143,900
	<u>400,520</u>	<u>160,651</u>

All balance of loans and borrowings are denominated in rubles as at 31 March 2021 and 31 December 2020.

For the three months ended 31 March 2021, the Group has attracted the following significant bank loans:

	<u>Year of maturity</u>	<u>Nominal interest rate</u>	<u>Nominal value</u>
Unsecured loans and borrowings			
Unsecured bank loans	2024	KR+1.35%-KR+1.40%	5,200,000
Unsecured borrowings	2027	5.95%	1,030,000
			<u>6,230,000</u>

During the three months ended 31 March 2021, the Group repaid the following significant Bank loans:

	<u>Nominal value</u>
Bank loans	6,029,883
	<u>6,029,883</u>

21 Trade and other payables

	<u>31 March 2021</u>	<u>31 December 2020</u>
Non-current accounts payable		
Trade payables	16,926	19,446
Other payables	38,960	44,107
	<u>55,886</u>	<u>63,553</u>
Current accounts payable		
Trade payables	7,942,445	9,152,280
Other payables and accrued expenses	1,356,765	1,583,221
Payables to employees	2,021,947	1,077,021
Dividends payable	44,229	44,298
	<u>11,365,386</u>	<u>11,856,820</u>

22 Tax liabilities other than income tax

	<u>31 March 2021</u>	<u>31 December 2020</u>
Value-added tax	2,390,761	1,540,225
Property tax	518,398	512,728
Social security contributions	415,862	473,965
Other taxes payable	180,538	34,847
	<u>3,505,559</u>	<u>2,561,765</u>

23 Advances from customers

Advances from customers (contractual obligations) as at 31 March 2021 and 31 December 2020 are reflected, including VAT.

	<u>31 March 2021</u>	<u>31 December 2020</u>
Advances for services of technological connection to electric grids	1,127,199	547,256
Advances from customers	238,677	69,708
Total non-current advances from customers	<u>1,365,876</u>	<u>616,964</u>
Advances for services of technological connection to electric grids	1,547,143	1,640,372
Advances from customers	661,121	666,064
Total current advances from customers	<u>2,208,264</u>	<u>2,306,436</u>

Balance with related parties is disclosed in Note 28.

24 Provisions

	For three months ended 31 March	
	2021	2020
Balance on 1 January	1,995,276	2,251,523
Accrual (increase) for the period	59,286	1,801
Reversal (decrease) for the period	(15,883)	(21,359)
Use of provisions	(56,798)	(22,539)
Balance on 31 March	1,981,881	2,209,426

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 1,725,899 thousand as at 31 March 2021 (as at 31 December 2020: RUB 1,411,696 thousand).

25 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 2020.

The Group's management takes operational measures to ensure that the cash (liquidity) received from operating activities is sufficient to finance the investment program and to service the short-term and long-term borrowings available at the reporting date. The Group's management implements measures aimed at optimizing the structure of borrowed capital, ensuring the availability of available credit limits, a reserve of liquidity in the form of bank account balances and short-term financial investments, and monitoring the quality of accepted financial security (bank guarantees).

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

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

	For three months ended 31 March	
	2021	2020
Balance at 1 January	12,390,051	12,465,010
Increase for the period	106,186	51,592
Amounts of trade and other receivables written off using the allowance for impairment accrued earlier	(27,433)	(121,814)
Reversal of allowance for impairment for the period	(98,050)	(61,905)
Balance at 31 March	12,370,754	12,332,883

25 Financial risk and capital management (continued)

The amount of free limit on open but unused credit lines of the Group was RUB 78,646,485 thousand at 31 March 2021 (31 December 2020: RUB 85,846,485 thousand). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of the short-term obligations.

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

For the three months ended 31 March 2021 there were no transfers between levels of the fair value hierarchy.

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:

	Financial assets at fair value through other comprehensive income
On 1 January 2021	208,201
Change in fair value recognized in other comprehensive income	9,942
On 31 March 2021	218,143

26 Capital commitments

As at 31 March 2021, The Group has outstanding commitments under contract for the purchase and construction of property, plant and equipment items for RUB 10,965,883 thousand inclusive of VAT (as at 31 December 2020: RUB 10,669,117 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 1,271,810 thousand, inclusive of VAT, as at 31 March 2021 (as at 31 December 2020: 1,501,170 thousand, inclusive of VAT).

27 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 also as a result of damage or loss of assets, insurance protection of which is non-existent or not fully implemented.

(b) Taxation contingencies

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

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

With the further development of the practice of applying the rules of taxation, the property tax, tax authorities and courts may challenge the criteria for classifying property as movable or immovable things applied by the Group. The Group's management does not exclude the risk of resource outflows, and the impact of such developments cannot be reliably assessed.

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

(c) 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 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.

28 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 31 March 2021 and 31 December 2020 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 the parent company, its subsidiaries and associates

Transactions with the parent company, its subsidiaries and associates include operations with PJSC "Russian Grids", its subsidiaries and associates:

28 Related party transactions (continued)

	Amount of the transaction for three months ended 31 March		Carrying amount	
	2021	2020	31 March 2021	31 December 2020
Revenue, net other income				
Parent company				
Other income	195	195	-	-
Entities under common control of the parent company				
Electricity transmission	340,652	333,407	134,839	141,135
Other revenue	144,380	270,169	209,511	264,385
Other	122,315	-	-	-
	607,542	603,771	344,350	405,520

	Amount of the transaction for three months ended 31 March		Carrying amount	
	2021	2020	31 March 2021	31 December 2020
Operating expenses, finance costs				
Parent company				
Expenses for services related to the organization of the functioning and development of the EEC	-	55,855	12,441	47,050
Technical supervision services	10,563	10,562	-	-
Other expenses	3,418	3,418	-	-
Interest expenses on financial liabilities recorded at amortized cost	5	-	5	-
Entities under common control of the parent company				
Electricity transmission services	4,315,474	4,226,850	986,995	887,005
Other expenses	35,117	13,327	71,889	110,407
Others	-	-	903,000	903,000
	4,364,577	4,310,012	1,974,330	1,947,462

	Carrying amount	
	31 March 2021	31 December 2020
Parent company		
Borrowed funds	3,675,895	3,622,032
Entities under common control of the parent company		
Advances given	57,478	67,414
Advances received	227,092	229,554
Borrowed funds	1,030,000	-
	4,990,465	3,919,000

28 Related party transactions (continued)

The debt to the parent company for the payment of dividends as at 31 March 2021 is absent (as at 31 December 2020: is absent).

(c) Transactions 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.

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

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

	For three months ended 31 March	
	2021	2020
Short-term employee benefits	71,172	64,872
Severance payment	-	2,518
	71,172	67,390

As at 31 March 2021, the current value of the defined benefit obligation is shown in the interim condensed consolidated statement of financial position and includes liabilities for key management personnel in the amount RUB 17,697 thousand (as at 31 December 2020: RUB 19,271 thousand).