

**PJSC «IDGC of Centre»**

**Consolidated Interim Condensed Financial Statements prepared in accordance  
with IAS 34 “Interim Financial Reporting” as at and for the three months ended  
31 March 2020  
(unaudited)**

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**PJSC "IDGC of Centre"**  
**Consolidated Statement of profit or loss and other comprehensive income**  
**for the three months ended 31 March 2020 (unaudited)**  
*(in thousands of Russian rubles, unless otherwise stated)*

	Notes	Three months ended 31 March 2020	Three months ended 31 March 2019
Revenue	7	25,293,635	25,110,014
Operating expenses	9	(22,269,023)	(22,447,352)
Reversal/(accrual) of allowance for expected credit losses		10,313	(120,176)
Other income	8	276,797	333,114
Other expenses	8	(4,839)	(1,131)
<b>Result from operating activities</b>		<b>3,306,883</b>	<b>2,874,469</b>
Finance income	10	81,678	40,752
Finance costs	10	(876,324)	(935,144)
<b>Total financial costs</b>		<b>(794,646)</b>	<b>(894,392)</b>
<b>Profit before income tax</b>		<b>2,512,237</b>	<b>1,980,077</b>
Income tax expense	11	(334,830)	(491,221)
<b>Profit for the period</b>		<b>2,177,407</b>	<b>1,488,856</b>
<b>Other comprehensive income</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	25	(18,561)	(684)
Remeasurements of the defined benefit liability		141,360	(97,722)
Income tax related to items that will never be reclassified subsequently to profit or loss	11	(13,223)	9,438
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>109,576</b>	<b>(88,968)</b>
<b>Other comprehensive income/(expense) for the period, net of income tax</b>		<b>109,576</b>	<b>(88,968)</b>
<b>Total comprehensive income for the period</b>		<b>2,286,983</b>	<b>1,399,888</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		2,139,536	1,469,587
Non-controlling interests		37,871	19,269
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		2,249,112	1,380,619
Non-controlling interests		37,871	19,269
<b>Earnings per share</b>			
Basic and diluted earnings per ordinary share (in RUB)	20	0.051	0.035

These consolidated interim condensed financial statements were approved by management on 26 May 2020 and were signed on this behalf by:

General Director

I.V. Makovsky



Chief Accountant

L.A. Sklyarova

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

**PJSC "IDGC of Centre"**  
**Consolidated Interim Condensed Statement of Financial Position**  
**as at 31 March 2020 (unaudited)**  
*In thousand of Russian rubles, unless otherwise stated*

	Notes	31 March 2020	31 December 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	93,420,319	94,313,194
Intangible assets	13	2,438,730	2,476,115
Right-of-use assets	14	2,928,949	2,808,335
Trade and other receivables	16	110,752	128,138
Assets related to employee benefits plans		556,179	514,585
Other non-current financial assets	15	188,696	207,257
Advances given and other non-current assets	17	2,820	2,801
<b>Total non-current assets</b>		<b>99,646,445</b>	<b>100,450,425</b>
<b>Current assets</b>			
Inventories		3,105,475	2,682,124
Income tax prepayments		26,366	19,807
Trade and other receivables	16	13,339,300	12,971,865
Cash and cash equivalents	18	3,501,691	1,517,108
Advances given and other current assets	17	980,981	755,090
<b>Total current assets</b>		<b>20,953,813</b>	<b>17,945,994</b>
<b>Total assets</b>		<b>120,600,258</b>	<b>118,396,419</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	4,221,794	4,221,794
Reserves		(954,172)	(1,063,748)
Retained earnings		44,083,851	41,944,315
<b>Total equity attributable to equity holders of the Company</b>		<b>47,351,473</b>	<b>45,102,361</b>
Non-controlling interest		1,022,666	984,795
<b>Total equity</b>		<b>48,374,139</b>	<b>46,087,156</b>
<b>Non-current liabilities</b>			
Long-term borrowed funds	21	38,959,093	39,323,975
Long-term trade and other payables	22	91,239	98,121
Long-term advances from customers	24	738,294	731,546
Employee benefits		2,892,948	2,996,844
Deferred tax liabilities		4,333,094	4,537,916
<b>Total non-current liabilities</b>		<b>47,014,668</b>	<b>47,688,402</b>
<b>Current liabilities</b>			
Short-term borrowed funds and current part of long-term borrowed funds	21	7,785,561	7,168,941
Trade and other payables	22	9,406,988	10,086,163
Tax debts other than income tax	23	3,224,271	2,757,508
Advances from customers	24	2,408,436	2,136,468
Provisions		2,209,426	2,251,523
Current income tax liabilities		176,769	220,258
<b>Total current liabilities</b>		<b>25,211,451</b>	<b>24,620,861</b>
<b>Total liabilities</b>		<b>72,226,119</b>	<b>72,309,263</b>
<b>Total equity and liabilities</b>		<b>120,600,258</b>	<b>118,396,419</b>

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

**PJSC "IDGC of Centre"**  
**Consolidated Interim Condensed Statement of Cash Flows**  
**for the three months ended 31 March 2020 (unaudited)**  
*In thousand of Russian rubles, unless otherwise stated*

	Notes	For three months ended 31 March	
		2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		2,512,237	1,980,077
<i>Adjustments for:</i>			
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	9,12,13,14	2,875,808	2,694,014
Finance costs	10	876,324	935,144
Finance income	10	(81,678)	(40,752)
Loss on disposal of property, plant and equipment		1,816	300
(Reversal)/accrual of allowance for expected credit losses		(10,313)	120,176
Bad debt write-off		2,205	1,888
(Reversal)/accrual of provisions		(19,558)	55,451
Other non-cash transactions		51,388	22,309
<b>Total impact of adjustments</b>		<b>3,695,992</b>	<b>3,788,530</b>
Change in assets related to employee benefits plans		(41,594)	6,475
Change in employee benefit liabilities		(8,988)	(41,390)
Change in long-term trade and other receivables		18,828	142,809
Change in long-term advances given and other non-current assets		1,028	(722)
Change in long-term trade and other payables		(9,421)	(6,729)
Change in long-term advances received		6,748	77,977
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>6,174,830</b>	<b>5,947,027</b>
<i>Changes in working capital:</i>			
Change in trade and other receivables		(364,978)	(852,959)
Change in advances given and other assets		(226,529)	2,714
Change in inventories		(423,338)	(564,738)
Change in trade and other payables		1,059,698	(1,580,378)
Change in advances received		271,968	(195,315)
Change in provisions		(22,539)	(8,731)
<b>Cash flows from operating activities before income taxes and interest paid</b>		<b>6,469,112</b>	<b>2,747,620</b>
Income tax paid		(604,197)	(137,701)
Interest paid under lease agreement		(69,089)	(53,384)
Interest paid		(605,463)	(748,349)
<b>Net cash flows from operating activities</b>		<b>5,190,363</b>	<b>1,808,186</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(2,297,845)	(2,210,044)
Proceeds from the sale of property, plant and equipment and intangible assets		3,546	449
Interest received		39,029	34,386
Dividends received		7,214	-
<b>Net cash flows used in investing activities</b>		<b>(2,248,056)</b>	<b>(2,175,209)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowed funds		17,500,000	2,788,710
Repayment of borrowed funds		(17,589,651)	(1,873,710)
Dividends paid to equity holders of the Company		(425,506)	-
Dividends paid to shareholders of non-controlling interests		(410,544)	(413)
Payment of lease liabilities		(32,023)	(40,700)
<b>Net cash flows received from/(used in) financing activities</b>		<b>(957,724)</b>	<b>873,887</b>
<b>Net change in cash and cash equivalents</b>		<b>1,984,583</b>	<b>506,864</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>3,501,691</b>	<b>1,293,917</b>

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

**PJSC "IDGC of Centre"**  
**Consolidated Interim Condensed Statement of Changes in Equity**  
**for the three months ended 31 March 2020 (unaudited)**  
*In thousand of Russian rubles, unless otherwise stated*

	Attributable to equity holders of the Company			Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings		
<b>Balance at 1 January 2020</b>	4,221,794	(1,063,748)	41,944,315	45,102,361	46,087,156
Profit for the period	-	-	2,139,536	2,139,536	2,177,407
Other comprehensive income	-	122,799	-	122,799	122,799
Related income tax	-	(13,223)	-	(13,223)	(13,223)
<b>Total comprehensive income for the period</b>	-	109,576	2,139,536	2,249,112	2,286,983
<b>Balance at 31 March 2020</b>	4,221,794	(954,172)	44,083,851	47,351,473	48,374,139

	Attributable to equity holders of the Company			Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings		
<b>Balance at 1 January 2019</b>	4,221,794	(199,285)	40,580,643	44,603,152	44,862,974
Profit for the period	-	-	1,469,587	1,469,587	1,488,856
Other comprehensive expense	-	(98,406)	-	(98,406)	(98,406)
Related income tax	-	9,438	-	9,438	9,438
<b>Total comprehensive income/(expense) for the period</b>	-	(88,968)	1,469,587	1,380,619	1,399,888
<b>Balance at 31 March 2019</b>	4,221,794	(288,253)	42,050,230	45,983,771	46,262,862

The accompanying notes are an integral part of these Consolidated Interim Condensed 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 25.06.2015 (minutes No. 01/15 of 26.06.2015), 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). Between PJSC "IDGC of Centre" and JSC "IDGC of Center and Volga region" concluded agreement no. 7700/00313/17 of 11.09.2017 for a period of three years. 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 spread of COVID-19 in 2020 has caused financial and economic strain on global markets. Since March 2020, there has been significant volatility in the stock, currency and commodity markets, including falling oil prices and the depreciation of the ruble against the US dollar and Euro. Many countries, including the Russian Federation, have introduced quarantine measures, which have had a significant impact on the level and scale of business activity of market participants. Both the pandemic itself and measures to minimize its consequences have an impact on the activities of companies from various industries. The scale and duration of these events remain uncertain, and it is currently impossible to quantify the effects with sufficient confidence.

## **1 Background (continued)**

The Group's management is working with Federal and regional authorities to contain the spread of the coronavirus. The Group's management analyzes the possible impact of changing micro-and macro-economic conditions on The group's financial position and results of operations. Taking into account the system - forming nature of the industry, government regulation and lack of dependence on foreign suppliers of equipment and services and currency risk (most of the Group's income and expenses, as well as monetary assets and liabilities, are denominated in Russian rubles), the impact of the above events on the Group's operations is limited. The Group's management takes all necessary measures to ensure the safety and health of its employees and contractors, while simultaneously implementing measures to ensure reliable power supply, implementing priority investment projects and ensuring the Group's financial stability.

### **(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 31 March 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 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 Basic of preparation of consolidated financial statements**

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

These consolidated interim condensed financial statements for the three months ended 31 March 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 consolidated interim condensed 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**

The preparation of consolidated interim condensed financial statements in accordance with IFRS requires management to make judgments, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The main estimates and judgments used by the Group in preparing the consolidated interim condensed financial statements are consistent with those described in the audited consolidated financial statements for the year ended 31 December 2019.

Management continually reviews estimates and assumptions made based on experience gained and other factors that have been used to determine the accounting values of assets and liabilities. Changes in estimates and assumptions are recognized in the period in which they were made if the change affects only that period, or are recognized in the period to which the change relates and in subsequent periods if the change affects both current and future periods.

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

*Reclassification of comparative date*

## **2 Basic of preparation of consolidated financial statements (continued)**

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 "Business Combinations".*

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.

### *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 consolidated interim condensed 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.

#### 4 Measurement of fair value (continued)

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

#### 5 Significant subsidiaries

	Country of incorporation	31 March 2020	31 December 2019
		Ownership/voting, %	Ownership/voting, %
JSC «Sanatorium «Energetic»	Russian Federation	100	100
JSC «Yaroslavl Electric 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

#### 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 RAS reporting data and are regularly analyzed and evaluated by the Management Board. EBITDA is calculated as profit or loss before interest expenses, taxation and depreciation. 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.

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

- Branch Belgorodenergo, branch Bryanskenergo, branch Voronezhenergo, branch Kostromaenergo, branch Kurskenergo, branch Lipetskenergo, branch Orelenergo, branch Smolenskenergo, branch Tambovenergo, branch Tverenergo, branch Yarenergo
- Others

The category “Other” includes operations of subsidiaries and the executive office of the Company. These operations do not meet quantitative criteria for their allocation to reporting segments.

Segment indicators are based on management information which is prepared on the basis of RAS 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 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

As at 31 March 2020 and for the three months ended 31 March 2020:

	Belgorod	Bryansk	Voronezh	Kostroma	Kursk	Lipetsk	Orel	Smolensk	Tambov	Tver	Yaroslavl	Total
	energo											
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	25,293,635
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	221	561,276
<b>Segment revenue</b>	<b>3,397,318</b>	<b>1,402,123</b>	<b>3,923,281</b>	<b>1,359,357</b>	<b>1,908,706</b>	<b>2,383,361</b>	<b>1,246,147</b>	<b>1,948,595</b>	<b>1,559,413</b>	<b>2,914,274</b>	<b>2,627,695</b>	<b>25,854,911</b>
Including												
<i>Electricity transmission</i>	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	24,994,359
<i>Technological connection services</i>	45,741	8,661	6,169	4,790	2,504	800	14,031	12,814	23,406	5,824	14,441	144,042
<i>Sales of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	151,351	-	151,351
<i>Other revenue</i>	80,966	11,447	47,282	15,355	9,745	36,999	6,797	19,159	12,423	13,197	24,325	565,159
<b>EBITDA</b>	<b>1,073,182</b>	<b>279,480</b>	<b>799,855</b>	<b>368,588</b>	<b>332,429</b>	<b>502,759</b>	<b>257,802</b>	<b>468,548</b>	<b>335,182</b>	<b>510,360</b>	<b>527,647</b>	<b>6,009,268</b>

As at 31 March 2020:

<b>Segment assets</b>	<b>24,782,506</b>	<b>5,287,960</b>	<b>14,512,081</b>	<b>7,026,655</b>	<b>7,503,767</b>	<b>14,981,156</b>	<b>4,080,943</b>	<b>7,662,196</b>	<b>6,028,291</b>	<b>11,234,929</b>	<b>15,722,117</b>	<b>134,663,571</b>
Including property, plant and equipment and construction in progress	23,016,400	4,594,352	12,330,672	6,171,250	6,164,543	12,909,096	3,552,653	6,555,293	4,326,646	9,222,282	10,957,177	106,595,065
												6,794,701

## 6 Information about segments (continued)

For the three months ended 31 March 2019:

	Belgorod energo	Bryansk energo	Voronezh energo	Kostroma energo	Kursk energo	Lipetsk energo	Orel energo	Smolensk energo	Tambov energo	Tver energo	Yar		Total
											energo	energo	
Revenue from external customers	3,191,292	1,441,156	3,819,134	1,422,009	1,892,413	2,342,269	1,238,413	2,126,792	1,885,083	3,035,834	2,681,823	33,796	25,110,014
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	230	139,800	140,030
<b>Segment revenue</b>	<b>3,191,292</b>	<b>1,441,156</b>	<b>3,819,134</b>	<b>1,422,009</b>	<b>1,892,413</b>	<b>2,342,269</b>	<b>1,238,413</b>	<b>2,126,792</b>	<b>1,885,083</b>	<b>3,035,834</b>	<b>2,682,053</b>	<b>173,596</b>	<b>25,250,044</b>
Including													
<i>Electricity transmission</i>	3,100,736	1,428,972	3,771,342	1,405,797	1,863,375	2,310,554	1,226,633	2,103,219	1,619,146	2,867,097	2,629,632	137,975	24,464,478
<i>Technological connection services</i>	8,064	3,164	16,352	3,214	12,026	4,396	3,924	4,239	255,914	1,786	31,690	70	344,839
<i>Sales of electricity and capacity</i>	-	-	-	-	-	-	-	-	-	154,880	-	-	154,880
<i>Other revenue</i>	82,492	9,020	31,440	12,998	17,012	27,319	7,856	19,334	10,023	12,071	20,731	35,551	285,847
<b>EBITDA</b>	<b>840,788</b>	<b>339,159</b>	<b>685,842</b>	<b>344,327</b>	<b>252,380</b>	<b>253,989</b>	<b>206,114</b>	<b>523,556</b>	<b>672,875</b>	<b>473,926</b>	<b>711,536</b>	<b>68,121</b>	<b>5,372,613</b>

As at 31 December 2019:

<b>Segment assets</b>	<b>25,230,341</b>	<b>5,446,087</b>	<b>14,138,311</b>	<b>7,247,050</b>	<b>7,725,949</b>	<b>15,434,327</b>	<b>4,161,343</b>	<b>7,790,287</b>	<b>6,273,876</b>	<b>11,966,661</b>	<b>15,707,876</b>	<b>13,536,051</b>	<b>134,658,159</b>
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	6,821,935	107,906,995

## 6 Information about segments (continued)

### (b) The reconciliation of key segment items measured as reported to the Management Group with similar items in these consolidated financial statements

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
<b>EBITDA of reportable segments</b>	<b>6,009,268</b>	<b>5,372,613</b>
Discounting receivables	3,284	6,340
Adjustment for lease	113,441	105,968
Recognition of pension and other long-term liabilities to employees	(37,464)	97
Adjustment on assets related to employee benefit liability	41,594	(6,475)
Remeasurements of financial assets at fair value through other comprehensive income (transfer of revaluation to equity)	18,561	684
Adjustment of the value of property, plant and equipment	(178)	(2,328)
Other adjustments	65,160	85,781
<b>EBITDA</b>	<b>6,213,666</b>	<b>5,562,680</b>
Depreciation and amortization	(2,875,808)	(2,694,014)
Interest expenses on financial liabilities	(748,546)	(835,205)
Interest expenses of lease liabilities	(77,075)	(53,384)
Income tax expense	(334,830)	(491,221)
<b>Profit for the period per consolidated statement of profit or loss and other comprehensive income</b>	<b>2,177,407</b>	<b>1,488,856</b>

## 7 Revenue

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
Electricity transmission	24,435,450	24,326,503
Technological connection services	144,042	344,825
Sales of electricity and capacity	151,351	154,880
Other revenue	555,828	276,790
Lease revenue	6,964	7,016
	<b>25,293,635</b>	<b>25,110,014</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 three month ended 31 March 2020 in the amount of RUB 261,603 thousand (for three month ended 31 March 2019: RUB 27,509 thousand).

## 8 Other income and expenses

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
Income from identified non-contracted electricity consumption	73,915	24,864
Income in the form of fines and penalties on commercial contracts	150,795	225,225
Write-off of accounts payable	8,915	9,126
Other income	43,172	73,899
	<b>276,797</b>	<b>333,114</b>

Other expenses include loss on disposal of property, plant and equipment for three months ended 31 March 2020 in the amount of RUB 4,839 thousand (for three months ended 31 March 2019: RUB 1,131 thousand).

## 9 Operating expenses

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
Personnel costs	5,076,468	4,703,482
Depreciation of fixed assets, right-of-use assets and intangible assets	2,875,808	2,694,014
<i>Material expenses, including:</i>		
Electricity for compensation of losses	4,682,125	5,020,149
Electricity for sale	130,569	134,019
Purchased electricity and heat power for own needs	170,022	186,384
Other material costs	445,881	435,420
<i>Production work and services, including:</i>		
Electricity transmission services	7,516,621	7,948,893
Repair and maintenance services	89,329	68,634
Other works and industrial services	196,589	37,274
Taxes and levies other income tax	538,029	527,789
Rent	1,390	1,051
Insurance	33,181	35,834
<i>Other third-party services, including:</i>		
Communication services	60,839	66,671
Security services	73,434	75,039
Consulting, legal and audit services	4,888	5,396
Software costs and services	68,628	71,568
Transportation services	8,180	6,818
Other services	171,051	180,641
Provisions	(19,558)	55,451
Other expenses	145,549	192,825
	<b>22,269,023</b>	<b>22,447,352</b>

## 10 Finance income and costs

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
<b>Finance income</b>		
Interest income on bank deposits and balances on bank accounts	39,803	34,412
Dividends receivable	38,591	-
Other finance income	3,284	6,340
	<b>81,678</b>	<b>40,752</b>
<b>Finance costs</b>		
Interest expenses on financial liabilities measured at amortized cost	(748,546)	(835,205)
Interest expenses on lease liabilities	(77,075)	(53,384)
Interest expense on long-term employee benefit liability	(46,452)	(41,293)
Other finance costs	(4,251)	(5,262)
	<b>(876,324)</b>	<b>(935,144)</b>

## 11 Income tax

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
<b>Current income tax</b>		
Accrual of current tax	(568,358)	(505,510)
Adjustment of the tax for the previous periods	3,002	23,816
<b>Total</b>	<b>(565,356)</b>	<b>(481,694)</b>
Deferred income tax	230,526	(9,527)
<b>Income tax expense</b>	<b>(334,830)</b>	<b>(491,221)</b>

The official income tax rate set by Russian law in 2020 and 2019 was 20%.

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

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

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
<b>Profit before income tax</b>	<b>2,512,237</b>	<b>1,980,077</b>
<b>Income tax calculated at the applicable tax rate</b>	<b>(502,447)</b>	<b>(396,015)</b>
Tax effect of items not deductible/not taxable for taxation purposes	164,615	(119,022)
Adjustments for prior years	3,002	23,816
	<b>(334,830)</b>	<b>(491,221)</b>

**11 Income tax (continued)**

Income tax recognized in other comprehensive income:

	<b>Three months ended 31 March 2020</b>			<b>Three months ended 31 March 2019</b>		
	<b>Before tax</b>	<b>Tax</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Tax</b>	<b>Net of tax</b>
Financial assets at fair value through other comprehensive income	(18,561)	3,712	(14,849)	(684)	137	(547)
Remeasurements of the defined benefit liability	141,360	(16,935)	124,425	(97,722)	9,301	(88,421)
	<b>122,799</b>	<b>(13,223)</b>	<b>(109,576)</b>	<b>(98,406)</b>	<b>9,438</b>	<b>(88,968)</b>

## 12 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Construction progress	Total
<i>Cost/deemed cost</i>						
<b>At 1 January 2019</b>	38,274,038	68,988,195	39,527,879	24,088,027	3,867,435	174,745,574
Reclassification between groups	(523)	366	(1,598)	1,755	-	-
Additions	-	-	-	-	1,293,805	1,293,805
Transfer	88,019	446,114	211,004	233,522	(978,659)	-
Disposals	(402)	(1,883)	(2,615)	(22,427)	-	(27,327)
<b>At 31 March 2019</b>	<b>38,361,132</b>	<b>69,432,792</b>	<b>39,734,670</b>	<b>24,300,877</b>	<b>4,182,581</b>	<b>176,012,052</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2019</b>	(16,001,193)	(36,857,256)	(18,475,981)	(15,462,222)	(88,619)	(86,885,271)
Reclassification between groups	(1)	20	(20)	1	-	-
Transfer to property, plant and equipment (transfer of impairment losses)	(431)	(730)	(413)	(2,091)	3,665	-
Depreciation charge	(403,589)	(1,054,813)	(536,866)	(506,346)	-	(2,501,614)
Disposals	324	1,566	1,864	19,423	85	23,262
<b>At 31 March 2019</b>	<b>(16,404,890)</b>	<b>(37,911,213)</b>	<b>(19,011,416)</b>	<b>(15,951,235)</b>	<b>(84,869)</b>	<b>(89,363,623)</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 31 March 2019</b>	<b>21,956,242</b>	<b>31,521,579</b>	<b>20,723,254</b>	<b>8,349,642</b>	<b>4,097,712</b>	<b>86,648,429</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>	43,164,667	74,204,917	41,871,830	26,945,227	3,845,209	190,031,850
Additions	-	-	-	-	1,804,031	1,804,031
Transfer	85,274	487,751	371,994	65,843	(1,010,862)	-
Disposals	(1,258)	(7,045)	(6,899)	(23,918)	(166)	(39,286)
<b>At 31 March 2020</b>	<b>43,248,683</b>	<b>74,685,623</b>	<b>42,236,925</b>	<b>26,987,152</b>	<b>4,638,212</b>	<b>191,796,595</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2020</b>	(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	(472,078)	(1,100,173)	(579,491)	(539,461)	-	(2,691,203)
Disposals	1,111	5,985	3,082	23,405	-	33,583
<b>At 31 March 2020</b>	<b>(17,037,632)</b>	<b>(42,670,797)</b>	<b>(20,757,364)</b>	<b>(17,837,103)</b>	<b>(73,380)</b>	<b>(98,376,276)</b>
<i>Net book value</i>						
<b>At 1 January 2020</b>	26,598,409	32,632,362	21,693,864	9,624,180	3,764,379	94,313,194
<b>At 31 March 2020</b>	<b>26,211,051</b>	<b>32,014,826</b>	<b>21,479,561</b>	<b>9,150,049</b>	<b>4,564,832</b>	<b>93,420,319</b>

## 12 Property, plant and equipment (continued)

For the three months ended 31 March 2020, capitalized interest amount is RUB 34,041 thousand (for the three months ended 31 March 2019: RUB 26,328 thousand), the capitalization rate is 6.90 – 7.44% (for the three months ended 31 March 2019: 7.69-8.50%).

For the three months ended 31 March 2020, depreciation charges were capitalized to the cost of capital construction projects in the amount of RUB 7,157 thousand (for the three months ended 31 March 2019: RUB 7,668 thousand).

As at 31 March 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	18,247	-	1,020	19,267
Disposals	(19,549)	-	-	(19,549)
<b>At 31 March 2019</b>	<b>2,334,764</b>	<b>35,516</b>	<b>1,311,243</b>	<b>3,681,523</b>
<i>Accumulated amortization and impairment</i>				
<b>At 1 January 2019</b>	<b>(655,729)</b>	<b>-</b>	<b>(241,682)</b>	<b>(897,411)</b>
Amortization charge	(106,129)	-	(19,689)	(125,818)
Disposals	19,549	-	-	19,549
<b>At 31 March 2019</b>	<b>(742,309)</b>	<b>-</b>	<b>(261,371)</b>	<b>(1,003,680)</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 31 March 2019</b>	<b>1,592,455</b>	<b>35,516</b>	<b>1,049,872</b>	<b>2,677,843</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	87,531	-	-	87,531
Disposals	-	-	(5)	(5)
<b>At 31 March 2020</b>	<b>2,350,606</b>	<b>84,135</b>	<b>1,311,312</b>	<b>3,746,053</b>
<i>Accumulated amortization and impairment</i>				
<b>At 1 January 2020</b>	<b>(861,945)</b>	<b>-</b>	<b>(320,467)</b>	<b>(1,182,412)</b>
Amortization charge	(108,495)	-	(16,416)	(124,911)
<b>At 31 March 2020</b>	<b>(970,440)</b>	<b>-</b>	<b>(336,883)</b>	<b>(1,307,323)</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 31 March 2020</b>	<b>1,380,166</b>	<b>84,135</b>	<b>974,429</b>	<b>2,438,730</b>

### 13 Intangible assets (continued)

For the three months ended 31 March 2020 amortization of intangible assets included in operating expenses in consolidated statement of profit or loss and other comprehensive income is RUB 124,911 thousand (for the three months ended 31 March 2019: RUB 125,818 thousand).

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 objects of the concession agreement as at 31 March 2020 in the amount of RUB 864,625 thousand is reflected in the line “Intangible assets” of the consolidated statement of financial position (in the amount of RUB 878,340 thousand as at 31 December 2019). For the three months ended 31 March 2020 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 2019: RUB 13,716 thousand).

### 14 Right-of-use assets

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
<i>Initial cost</i>					
At 1 January 2019	2,071,525	121,286	81,312	29,453	2,303,576
Additions	51,134	18,405	1,028	23	70,590
Changes in lease terms	(12,850)	292	52	72	(12,434)
Disposal or termination of lease agreements	(34,826)	-	-	-	(34,826)
At 31 March 2019	<u>2,074,983</u>	<u>139,983</u>	<u>82,392</u>	<u>29,548</u>	<u>2,326,906</u>
<i>Accumulated depreciation and impairment</i>					
At 1 January 2019	-	-	-	-	-
Depreciation charge	(62,508)	(6,480)	(3,727)	(1,535)	(74,250)
Changes in lease terms	2	18	3	-	23
Disposal or termination of lease agreements	72	-	-	-	72
At 31 March 2019	<u>(62,434)</u>	<u>(6,462)</u>	<u>(3,724)</u>	<u>(1,535)</u>	<u>(74,155)</u>
<i>Net book value</i>					
At 1 January 2019	<u>2,071,525</u>	<u>121,286</u>	<u>81,312</u>	<u>29,453</u>	<u>2,303,576</u>
At 31 March 2019	<u>2,012,549</u>	<u>133,521</u>	<u>78,668</u>	<u>28,013</u>	<u>2,252,751</u>

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

	<b>Land and buildings</b>	<b>Electricity transmission networks</b>	<b>Equipment for electricity transmission</b>	<b>Other</b>	<b>Total</b>
<i>Initial cost</i>					
<b>At 1 January 2020</b>	<b>2,755,804</b>	<b>141,151</b>	<b>78,446</b>	<b>11,980</b>	<b>2,987,381</b>
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)
<b>At 31 March 2020</b>	<b>2,788,809</b>	<b>193,067</b>	<b>161,422</b>	<b>11,030</b>	<b>3,154,328</b>
<i>Accumulated depreciation and impairment</i>					
<b>At 1 January 2020</b>	<b>(136,951)</b>	<b>(26,082)</b>	<b>(13,720)</b>	<b>(2,293)</b>	<b>(179,046)</b>
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
<b>At 31 March 2020</b>	<b>(172,264)</b>	<b>(33,528)</b>	<b>(16,763)</b>	<b>(2,824)</b>	<b>(225,379)</b>
<i>Net book value</i>					
<b>At 1 January 2020</b>	<b>2,618,853</b>	<b>115,069</b>	<b>64,726</b>	<b>9,687</b>	<b>2,808,335</b>
<b>At 31 March 2020</b>	<b>2,616,545</b>	<b>159,539</b>	<b>144,659</b>	<b>8,206</b>	<b>2,928,949</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.

**15 Other financial assets**

	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Non-current</b>		
Financial assets at fair value through other comprehensive income	188,696	207,257
	<b>188,696</b>	<b>207,257</b>

Non-current financial assets measured at fair value through other comprehensive income as at 31 March 2020 and 31 December 2019 include shares of PJSC «UniPro», PJSC «IDGC of Centre and Volga region», and PJSC «FGC UES».

The fair value of these investments is RUB 188,696 thousand and RUB 207,257 thousand respectively.

For the three months ended 31 March 2020 the decrease in fair value in the total amount of RUB 18,561 thousand recorded in other comprehensive income (for the three months ended 31 March 2019 decrease in the amount of RUB 684 thousand).

## 16 Trade and other receivables

	<u>31 March 2020</u>	<u>31 December 2019</u>
<b>Non-current trade and other account receivable</b>		
Trade receivables	19,900	31,937
Other receivables	90,852	96,201
	<u><b>110,752</b></u>	<u><b>128,138</b></u>
<b>Current trade and other account receivable</b>		
Trade receivables	23,509,831	23,301,335
Allowance for expected credit losses on trade receivables	(10,730,592)	(10,854,477)
Other receivables	2,162,352	2,135,540
Allowance for expected credit losses on other receivables	(1,602,291)	(1,610,533)
	<u><b>13,339,300</b></u>	<u><b>12,971,865</b></u>

Balance with related parties is disclosed in Note 28.

## 17 Advances given and other assets

	<u>31 March 2020</u>	<u>31 December 2019</u>
<b>Non-current</b>		
Advances given	2,820	2,801
	<u><b>2,820</b></u>	<u><b>2,801</b></u>
<b>Current</b>		
Advances given	379,855	229,081
Advances given impairment allowance	(15,902)	(16,266)
VAT recoverable	27,600	18,364
VAT on advances to customers and clients and advances given for the purchase of property, plant and equipment	556,449	488,307
Prepaid taxes, other than income tax and VAT	32,979	35,604
	<u><b>980,981</b></u>	<u><b>755,090</b></u>

Balance with related parties is disclosed in Note 28.

## 18 Cash and cash equivalents

	<u>31 March 2020</u>	<u>31 December 2019</u>
Cash in bank accounts and cash on hand	3,087,588	1,146,108
Cash equivalents	414,103	371,000
	<u><b>3,501,691</b></u>	<u><b>1,517,108</b></u>

	<u>Rating</u>	<u>Rating agency</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
PJSC “Sberbank of Russia”*	Baa3	Moody’s	1,687,617	223,623
JSC “Bank GPB”*	Ba1	Moody’s	242,701	47,406
PJSC “VTB bank”*	Baa3	Moody’s	92,522	87,120
JSC “Alfa-Bank”	Ba1	Moody’s	1,641	12,138
JSC “AB Russia”	ruAA	Expert RA	5	736,145
PJSC “Promsvyazbank”	Ba3	Moody’s	984,145	4,060
PJSC “Rosbank”	Baa3	Moody’s	78,531	35,108
PJSC “Sovcombank”	Ba2	Moody’s	-	1
Cash on hand			426	507
			<u><b>3,087,588</b></u>	<u><b>1,146,108</b></u>

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

### Deposits:

	<u>Rating</u>	<u>Rating agency</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
PJSC “Russian Agricultural Bank”*	Ba1	Moody’s	104,000	77,000
PJSC “VTB bank”*	Baa3	Moody’s	10,100	-
			<u><b>114,100</b></u>	<u><b>77,000</b></u>

### Note:

	<u>Rating</u>	<u>Rating agency</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
PJSC “VTB bank”*	Baa3	Moody’s	300,000	294,000
			<u><b>300,000</b></u>	<u><b>294,000</b></u>

\* *Banks associated with the state*

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

As at 31 March 2020 the balance on the current account with PJSC “Promsvyazbank” in the amount of RUB 980,000 thousand represents cash in the form of a non-reducible balance at 5.91% 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).

As at 31 March 2020 deposits were placed in PJSC “Russian Agricultural Bank” at 5.20 - 5.70% per annum and in PJSC “VTB bank” at 5.40% per annum (as at 31 December 2019: deposits were placed in PJSC Russian Agricultural Bank at 5.05 - 5.93 % per annum).

## 18 Cash and cash equivalents (continued)

As at 31 March 2020 part of cash equivalents included interest-bearing note of JSC "AB "Russia" with original maturities of less than three months and interest rate of 5.25% per annum, accounted for in the balance sheet of the subsidiary JSC VGES (as at 31 December 2019: interest-bearing note of JSC "AB Russia" with an original maturity of less than three months and an interest rate of 5.85% per annum).

## 19 Equity

	<b>Ordinary shares</b>	
	<b>31 March 2020</b>	<b>31 December 2019</b>
Par value	0.10	0.10
On issue at 1 January	42,217,941,468	42,217,941,468
On issue at the end of the period, fully paid	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.

## 20 Earnings per share

The calculation of basic earnings per share for the three months ended 31 March 2020 was based on the earnings attributable to ordinary shareholders for the three months 2020 in the amount of RUB 2,139,536 thousand (for the three months 2019: earnings of RUB 1,469,587 thousand), and a weighted average number of ordinary shares outstanding of 42,218 million for the three months 2020 (for the three months 2019: 42,218 million).

The Company has no dilutive financial instruments.

<i>In millions of shares</i>	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
<b>Ordinary shares at 1 January</b>	42,218	42,218
<b>Weighted average number of shares for the period ended 31 March</b>	42,218	42,218
	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
Weighted average number of ordinary shares outstanding, for the period ended 31 March (millions of shares)	42,218	42,218
Earnings for the year attributable to holders of ordinary shares	2,139,536	1,469,587
<b>Earnings per ordinary share (in RUB) – basic and diluted</b>	<b>0.051</b>	<b>0.035</b>

## 21 Borrowed funds

	<u>31 March 2020</u>	<u>31 December 2019</u>
<b>Non-current liabilities</b>		
Secured loans and borrowings	365,467	358,681
Unsecured loans and borrowings	26,054,428	26,533,899
Unsecured bonds	10,281,292	10,107,840
Lease liabilities	3,043,467	2,880,604
Less: current portion of long-term loans and borrowings	(146,926)	(119,611)
Less: current portion of long-term bonds	(291,400)	(119,350)
Less: current portion of long-term lease liabilities	(347,235)	(318,088)
	<u><b>38,959,093</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	7,146,926	6,641,791
Current portion of long-term bonds	291,400	119,350
Current portion of long-term lease liabilities	347,235	318,088
	<u><b>7,785,561</b></u>	<u><b>7,168,941</b></u>
<b>Including:</b>		
Debts on interest payable on loans and borrowings	27,391	22,317
Debts on interest payable on bonds	291,400	119,350
	<u><b>318,791</b></u>	<u><b>141,667</b></u>

All balance of loans and borrowings are denominated in rubles as at 31 March 2020 and 31 December 2019.  
For the three months ended 31 March 2020, the Group has attracted the following significant bank loans:

	<u>Year of maturity</u>	<u>Nominal interest rate</u>	<u>Carrying value</u>
Unsecured loans*	2021-2023	7.10% - 7.25%	16,900,000
Unsecured loans*	2023-2023	KR CB RF +1.2%	600,000
			<u><b>17,500,000</b></u>

\* Loans received from companies related to the state

During the three months ended 31 March 2020, the Group repaid the following significant Bank loans:

	<u>Carrying value</u>
Loans received from government-related organizations	17,589,651
	<u><b>17,589,651</b></u>

## 22 Trade and other payables

	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Non-current accounts payable</b>		
Trade payables	34,505	37,443
Other payables	56,734	60,678
	<b>91,239</b>	<b>98,121</b>
<b>Current accounts payable</b>		
Trade payables	6,344,612	6,411,572
Other payables and accrued expenses	1,137,767	1,123,807
Payables to employees	1,864,767	1,654,892
Dividends payable	59,842	895,892
	<b>9,406,988</b>	<b>10,086,163</b>

Balance with related parties is disclosed in Note 28.

## 23 Tax liabilities other than income tax

	<b>31 March 2020</b>	<b>31 December 2019</b>
Value-added tax	2,151,780	1,605,638
Property tax	508,909	499,284
Social security contributions	395,905	484,007
Other taxes payable	167,677	168,579
	<b>3,224,271</b>	<b>2,757,508</b>

## 24 Advances from customers

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

	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Non-current advances from customers</b>		
Advances for services of technological connection to electric grids	641,649	567,128
Other advances from customers	96,645	164,418
	<b>738,294</b>	<b>731,546</b>
<b>Current advances from customers</b>		
Advances for services of technological connection to electric grids	1,359,357	1,218,768
Other advances from customers	1,049,079	917,700
	<b>2,408,436</b>	<b>2,136,468</b>

Balance with related parties is disclosed in Note 28.

## 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 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).

As at the reporting date, the carrying amount of financial assets reflects the group's maximum credit risk.

The Group's management believes that the fair value of financial assets and financial liabilities is close to their carrying amounts.

Reconciliation of the carrying amount of financial assets at fair value through other comprehensive income at the beginning and end of the reporting and comparable periods are presented in the table below:

	<b>Financial assets at fair value through other comprehensive income</b>
	<b>Three months ended 31 March 2020</b>
At 1 January	207,257
Change in fair value recognized in other comprehensive income	(18,561)
At 31 March	188,696

As at 31 March 2020 amount of free limit on open but unused credit lines of the Group amounted to RUB 55,016,101 thousand (as at 31 December 2019: RUB 48,983,101 thousand). The group is able to attract additional funding within the relevant limits, including ensuring the fulfillment of its short-term obligations.

## 26 Capital commitments

As at 31 March 2020 the Group has outstanding commitments under contracts for the purchase and construction of property, plant and equipment items for RUB 11,780,320 thousand inclusive of VAT (as at 31 December 2019: RUB 11,423,253 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

## **27 Contingencies (continued)**

### **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.

New transfer pricing legislation came into force since 1 January 2012, which significantly changed the rules for transfer pricing, bringing them closer to the principles of the organization for economic cooperation and development (OECD), but also to create additional uncertainty in connection with practical application of tax legislation in individual cases.

The practice of applying new rules on transfer pricing by tax authorities and laws is absent, since tax inspections for compliance with new rule of transfer pricing have recently begun. However, it is expected that transactions that are governed by transfer pricing rules will be subject to detailed verification, which could potentially have an impact on these consolidated financial statements.

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 at 31 March 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 consolidated interim condensed financial statements.

### **d. Environment 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 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".

## 28 Related party transactions (continued)

### 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 transaction		Carrying amount	
	Three months ended	Three months ended	31 March 2020	31 December 2019
	31 March 2020	31 March 2019		
<b>Revenue, other income</b>				
<b>Parent company</b>				
Other income	195	195	-	-
<b>Entities under common control of the parent company</b>				
Electricity transmission	333,407	-	130,566	-
Other revenue	270,169	52,525	649,463	547,451
Dividends receivable	-	-	-	215
	<b>603,771</b>	<b>52,720</b>	<b>780,029</b>	<b>547,666</b>
	Amount of transaction		Carrying amount	
	Three months ended	Three months ended	31 March 2020	31 December 2019
	31 March 2020	31 March 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	55,855	55,864	37,937	47,546
Technical supervision services	10,562	10,562	-	-
Other expenses	3,418	3,418	-	-
Interest expenses on financial liabilities recorded at amortized cost	-	257,650	-	-
Dividends	-	-	-	425,506
<b>Entities under common control of the parent company</b>				
Electricity transmission services	4,226,850	4,356,253	887,775	881,160
Other expenses	13,327	9,850	205,972	396,374
Others	-	-	903,000	903,000
	<b>4,310,012</b>	<b>4,693,597</b>	<b>2,034,684</b>	<b>2,653,586</b>

## 28 Related party transactions (continued)

	<b>Carrying amount</b>	
	<u>31 March 2020</u>	<u>31 December 2019</u>
<b>Entities under common control of the parent company</b>		
Advances given	67,436	78,898
Advances received	567,216	567,243
	<u><b>634,652</b></u>	<u><b>646,141</b></u>

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

### c. Transaction with key management personnel

In order to prepare these 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 doesn't perform any transactions and has no balances with key management personnel and their close relatives, except for remuneration in the form of salaries and bonuses.

The amounts of remuneration to key management personnel disclosed in the table represent the current period's expenditure on key management personnel reflected in employee remuneration expenses.

	<u>Three months ended 31 March 2020</u>	<u>Three months ended 31 March 2019</u>
Short-term employee benefits	64,872	40,153
Severance payment	2,518	-
	<u><b>67,390</b></u>	<u><b>40,153</b></u>

As at 31 March 2020 the present value of defined benefit obligations as reflected in the consolidated interim condensed statement of financial position includes liabilities for key management personnel in the amount of RUB 7,346 thousand (as at 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 months ended 31 March 2020 constitute 49% (for the three months ended 31 March 2019: 42%) of total Group revenues, including 50% (for the three months ended 31 March 2019: 43%) of electricity transmission revenues.

Electricity transmission services costs (including compensation of technological losses) for state-controlled entities for the three months ended 31 March 2020 constitute 61% (for the three months ended 31 March 2019: 60%) of total electricity transmission services costs.

Interest expenses for government-related entities account for 77% of the total interest expenses for the three months ended 31 March 2020 (for the three months ended 31 March 2019: 58%).

As at 31 March 2020 the balance of cash and cash equivalents held with state-controlled banks is RUB 2,136,940 thousand (as at 31 December 2019: RUB 435,149 thousand).

As of 31 March 2020 lease obligations for state-related companies amounted to RUB 670,153 thousand. (as of 31 December 2019: RUB 176,821 thousand)

Information about loans and borrowings received from government-related banks is disclosed in note 21.

**29 Events after the reporting date**

Events after the reporting date, which should be reflected in the consolidated interim condensed financial statements for the reporting period, have not been identified.