

**PJSC “IDGC of North-West”**

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

---

<b>Contents</b>	<b>Page</b>
Consolidated Interim Condensed Statement of Profit or Loss and other comprehensive income (unaudited)	3
Consolidated Interim Condensed Statement of Financial Position (unaudited)	4
Consolidated Interim Condensed Statement of Cash Flows (unaudited)	5
Consolidated Interim Condensed Statement of Changes in Equity (unaudited)	7
Notes to the Consolidated Interim Condensed Financial Statements (unaudited)	
1 Background	8
2 Basis of preparation of consolidated financial statements	9
3 Significant accounting policies	10
4 Measurement of fair values	10
5 Significant subsidiaries	11
6 Information about segments	11
7 Revenue	14
8 Other income	15
9 Other expenses	15
10 Operating expenses	16
11 Finance income and costs	17
12 Income tax	17
13 Property, plant and equipment	19
14 Intangible assets	20
15 Right-of-use assets	21
16 Financial investments	22
17 Trade and other receivables	23
18 Advances issued and other assets	23
19 Cash and cash equivalents	24
20 Share capital	24
21 Earnings per share	25
22 Loans and borrowings	25
23 Trade and other payables	26
24 Taxes, other than income tax	26
25 Advances received	26
26 Financial risk and capital management	27
27 Capital commitments	28
28 Contingencies	28
29 Related party transactions	30

**PJSC IDGC of North-West**  
*Consolidated Interim Condensed Statement of Profit or Loss and other comprehensive income  
for the three months ended 31 March 2020 (unaudited)  
(in thousand of Russian rubles, unless otherwise stated)*

	Notes	Three months ended 31 March 2020	Three months ended 31 March 2019
Revenue	7	13,074,871	13,377,859
Operating expenses	10	(11,675,936)	(11,641,875)
Expected credit losses		47,272	(30,691)
Other income	8	158,650	93,045
Other expenses	9	(2,536)	(593)
<b>Results from operating activities</b>		<b>1,602,321</b>	<b>1,797,745</b>
Finance income	11	46,927	19,526
Finance costs	11	(312,683)	(347,648)
<b>Net finance costs</b>		<b>(265,756)</b>	<b>(328,122)</b>
<b>Profit before tax</b>		<b>1,336,565</b>	<b>1,469,623</b>
Income tax expense	12	(286,690)	(301,216)
<b>Profit for the period</b>		<b>1,049,875</b>	<b>1,168,407</b>
<b>Other comprehensive income</b>			
<i>Items that will never be reclassified subsequently to profit or loss</i>			
Change in the fair value equity investments measured at fair value through other comprehensive income		(3,127)	579
Remeasurements of the defined benefit liability		24,859	(49,737)
Income tax	12	(4,347)	9,831
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>17,385</b>	<b>(39,327)</b>
<b>Other comprehensive income / loss for the period, net of income tax</b>		<b>17,385</b>	<b>(39,327)</b>
<b>Total comprehensive income for the period</b>		<b>1,067,260</b>	<b>1,129,080</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		1,049,881	1,168,414
Non-controlling interest		(6)	(7)
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		1,067,266	1,129,087
Non-controlling interest		(6)	(7)
<b>Earnings per share</b>			
Basic and diluted earnings per ordinary share (in RUB)	21	0.0110	0.0122

These Consolidated Interim Condensed Financial Statements were approved by management on 25 May 2020 and were signed on its behalf by:

Director General



A.Y. Pidnik

Deputy General Director for  
Economy and Finance



L.V. Shadrina

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



I.G. Zhdanova

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

**PJSC IDGC of North-West**  
*Consolidated Interim Condensed Statement of Financial Position as at 31 March 2020 (unaudited)*  
*(in thousand of Russian rubles, unless otherwise stated)*

	<u>Notes</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	39,717,749	40 037 317
Intangible assets	14	290,295	266 945
Right-of-use assets	15	1,099,568	613 705
Trade and other receivables	17	142,128	140 121
Assets related to employee benefits plans		324,271	314 159
Other non-current financial assets	16	559,306	551 544
Deferred tax assets		19,398	18 533
Advances issued and other non-current assets	18	113,780	71 540
<b>Total non-current assets</b>		<b>42,266,495</b>	<b>42 013 864</b>
<b>Current assets</b>			
Inventories		1,141,877	965 749
Income tax prepayments		20,806	44 438
Trade and other receivables	17	5,917,216	5 360 864
Cash and cash equivalents	19	621,117	232 088
Advances issued and other current assets	18	748,229	706 810
<b>Total current assets</b>		<b>8,449,245</b>	<b>7 309 949</b>
<b>Total assets</b>		<b>50,715,740</b>	<b>49 323 813</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	9,578,592	9 578 592
Reserve related to business combination	20	10,457,284	10 457 284
Other reserves		(74,437)	(91 822)
Accumulated profit / (loss)		916,943	(132 938)
<b>Total equity attributable to owners of the Company</b>		<b>20,878,382</b>	<b>19 811 116</b>
Non-controlling interest		230	236
<b>Total equity</b>		<b>20,878,612</b>	<b>19 811 352</b>
<b>Non-current liabilities</b>			
Loans and borrowings	22	15,305,899	12 803 516
Trade and other payables	23	299,618	291 552
Advances received	25	656,110	350 546
Employee benefit liabilities		954,138	983 386
Deferred tax liabilities		835,326	730 285
<b>Total non-current liabilities</b>		<b>18,051,091</b>	<b>15 159 285</b>
<b>Current liabilities</b>			
Loans and borrowings and short-term portion of long-term loans and borrowings	22	616,854	2 491 915
Trade and other payables	23	4,987,310	5 546 021
Taxes, other than income tax	24	1,664,570	1 344 441
Advances received	25	3,355,426	3 610 619
Provisions		981,666	998 058
Current income tax liabilities		180,211	362 122
<b>Total current liabilities</b>		<b>11,786,037</b>	<b>14 353 176</b>
<b>Total liabilities</b>		<b>29,837,128</b>	<b>29 512 461</b>
<b>Total equity and liabilities</b>		<b>50,715,740</b>	<b>49 323 813</b>

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

**PJSC IDGC of North-West**  
*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	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		<b>1,049,875</b>	<b>1,168,407</b>
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	10	1,192,257	1,137,600
Finance costs	11	312,683	347,648
Finance income	11	(46,927)	(19,526)
Loss / (Gain) on disposal of property, plant and equipment		1,910	(9,323)
Expected credit loss	9	(47,272)	30,691
Bad debt write-off		359	266
Accounts payable write-off		(306)	(159)
Change in provisions		(1,167)	(11,737)
Other non-cash transactions		(986)	(1,777)
Income tax expense	12	286,690	301,216
<b>Total effect of adjustments</b>		<b>2,747,116</b>	<b>2,943,306</b>
Change in financial assets related to employee benefits plans		14,006	20,393
Change in employee benefit liabilities		(19,527)	(16,579)
Change in long-term trade and other receivables		(2,007)	(3,845)
Change in long-term advances issued and other non-current assets		(42,240)	4,888
Change in long-term trade and other payables		8,066	(2,606)
Change in long-term advances received		305,564	(28,529)
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>3,010,978</b>	<b>2,917,028</b>
<i>Changes in working capital</i>			
Change in trade and other receivables		(493,179)	865,389
Change in advances issued and other assets		(41,418)	5,550
Change in inventories		(175,646)	(215,789)
Change in trade and other payables		235,487	(805,926)
Change in advances received		(255,193)	(30,078)
Other		–	2,957
<b>Cash flows from operating activities before income tax and interest paid</b>		<b>2,281,029</b>	<b>2,739,131</b>
Income tax (paid) / to be returned		(345,139)	230,550
Interest paid under lease agreements		(17,784)	–
Interest paid		(270,330)	(291,336)
<b>Net cash from operating activities</b>		<b>1,647,776</b>	<b>2,678,345</b>

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

**PJSC IDGC of North-West**  
*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	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(1,139,871)	(1,340,605)
Proceeds from the sale of property, plant and equipment and intangible assets		364	8,927
Interest received		7,789	9,493
		20	–
<b>Net cash used in investing activities</b>		<b>(1,131,698)</b>	<b>(1,322,185)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	22	11,367,836	2,583,892
Repayment of loans and borrowings	22	(11,278,589)	(2,864,107)
Dividends paid		(189,925)	–
Repayment of finance lease liabilities		(26,371)	(33,155)
<b>Net cash used in financing activities</b>		<b>(127,049)</b>	<b>(313,370)</b>
<b>Net increase in cash and cash equivalents</b>		<b>389,029</b>	<b>1,042,790</b>
<b>Cash and cash equivalents at the year beginning</b>		<b>232,088</b>	<b>151,123</b>
<b>Cash and cash equivalents at the year end</b>	19	<b>621,117</b>	<b>1,193,913</b>

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

**PJSC IDGC of North-West**  
*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)*

**Equity attributable to owners of the Company**

	Share capital	Reserve related to business combination	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance at 1 January 2019</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(45,186)</b>	<b>(645,455)</b>	<b>19,345,235</b>	<b>253</b>	<b>19,345,488</b>
Profit/(loss) for the period	–	–	–	1,168,414	1,168,414	(7)	1,168,407
Other comprehensive loss	–	–	(49,158)	–	(49,158)	–	(49,158)
Income tax related to other comprehensive loss	–	–	9,831	–	9,831	–	9,831
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>–</b>	<b>(39,327)</b>	<b>1,168,414</b>	<b>1,129,087</b>	<b>(7)</b>	<b>1,129,080</b>
<b>Balance at 31 March 2019</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(84,513)</b>	<b>522,959</b>	<b>20,474,322</b>	<b>246</b>	<b>20,474,568</b>
<b>Balance at 1 January 2020</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(91,822)</b>	<b>(132,938)</b>	<b>19,811,116</b>	<b>236</b>	<b>19,811,352</b>
Profit/(loss) for the period	–	–	–	1,049,881	1,049,881	(6)	1,049,875
Other comprehensive income	–	–	21,732	–	21,732	–	21,732
Income tax related to other comprehensive income	–	–	(4,347)	–	(4,347)	–	(4,347)
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>–</b>	<b>17,385</b>	<b>1,049,881</b>	<b>1,067,266</b>	<b>(6)</b>	<b>1,067,260</b>
<b>Balance at 31 March 2020</b>	<b>9,578,592</b>	<b>10,457,284</b>	<b>(74,437)</b>	<b>916,943</b>	<b>20,878,382</b>	<b>230</b>	<b>20,878,612</b>

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

## **1 Background**

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

The primary activities of PJSC IDGC of North-West and its subsidiaries (hereinafter jointly referred to as the “Group”) are provision of services for transmission and distribution of electricity for power grids, as well as the provision of services for technological connection of consumers to the network and sale of electricity to end customers in the territory of North-West Region of Russia. The main subsidiaries are listed in Note 5.

The parent company is PJSC “ROSSETI”.

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

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

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

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

The spread of the new coronavirus 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 by market participants. Both the pandemic and minimization measures 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.

The Group's management is working with Federal and regional authorities to contain the spread of the coronavirus. The management analyzes the possible impact of changing micro- and macroeconomic conditions on the Group's financial position and results of operations. Taking into account the system - forming nature of the industry, government regulation of tariffs for core operating activities, 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) Relations 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 Russian Government owned 88.04% in the share capital of the parent company PJSC “ROSSETI” including 88.89% of the voting ordinary shares and 7.01% of the preference shares (as at 31 December 2019: 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares).



## **1 Background (continued)**

### **(c) Relations with state (continued)**

The Russian Government influences the Group's operations through representation on the Board of Directors of the parent company PJSC "ROSSETI", regulation of tariffs in the electric power industry, approval and control over the implementation of the investment program. The Group's counterparties (consumers of services, suppliers and contractors, etc.) include a large number of enterprises under state control.

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

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

These Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2020 has been prepared in accordance with IAS 34 "Interim Financial Reporting". It does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019.

### **(b) Going Concern**

These consolidated interim condensed financial statements have been prepared on the assumption that the Group will continue to operate for the foreseeable future. Despite the working capital deficit, which as at 31 March 2020 amounted to RUB 3,336,792 thousand (as at 31 December 2019: RUB 7,043,226 thousand), the Group has positive cash flow from operating activities, which amounted to RUB 1,647,776 thousand for three months ended 31 March 2020 (for three months ended 31 March 2019: RUB 2,678,345 thousand), and unused credit lines, of which as at 31 March 2020 amounted to RUB 25,657,637 thousand (31 December 2019: RUB 21,445,784 thousand), which confirms the validity of the going concern assumption.

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

The preparation of consolidated interim condensed financial statements in conformity with IFRS requires management to make a number of professional judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim condensed financial report significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as of and for the year ended 31 December 2019.

The estimates and underlying assumptions are reviewed on an ongoing basis based on the experience and other factors that were used as the basis for determining the accounting value of assets and liabilities. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **(d) Change in presentation**

#### ***Reclassification of comparatives***

The Group changed presentation of certain items in the comparative financial statements to comply with the current period presentation. The format of reporting was changed for the purpose of better transparency and information comparability:

- Expected credit losses previously disclosed within "Operating expenses" note is set out as a separate item in the consolidated statement of profit or loss and other comprehensive income;
- Other income and other expenses previously disclosed within "Other income, net" are set out as separate items in the consolidated statement of profit or loss and other comprehensive income.

### **3 Significant accounting policies**

The main accounting policies and method of calculation 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 values**

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

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

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

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

The Group 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

	<b>Country of incorporation</b>	<b>31 March 2020 Ownership/voting shares, %</b>	<b>31 December 2019 Ownership/voting shares, %</b>
JSC Pskovenergosbyt	Russian Federation	100	100
JSC Pskovenergoagent	Russian Federation	100	100
JSC Energoservice North-West	Russian Federation	100	100
OJSC Lesnaya Skazka	Russian Federation	98*	98*

\* Non-controlling interest of subsidiary OJSC Lesnaya skazka is not significant (2%) that is why it is not disclosed by items in these consolidated financial statements.

During the extraordinary General meeting of shareholders of OJSC Lesnaya Skazka from 22 May 2019, it was decided to liquidate OJSC "Lesnaya skazka". The liquidation process is expected to be completed no more than 2 years after the decision. Management believes that this event does not have a material impact on these consolidated financial statements.

## 6 Information about segments

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

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

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

Revenue indicators, 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 and amortization. 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 assets reported to the Management Board:

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

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

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

## 6 Information about segments (continued)

### (i) Information about reportable segments (continued)

For the three months ended 31 March 2020:

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

For the three months ended 31 March 2019:

	Electricity Transmission					Energy Retail		Other	Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch				Pskovenergosbyt
Revenue from external customers	1,649,235	2,015,850	1,986,639	2,180,640	1,938,105	1,243,842	222,898	2,138,919	1,731	–	13,377,859
Inter-segment revenue	–	–	13	–	–	2	1,023,789	231,950	88,262	–	1,344,016
<b>Segment revenue</b>	<b>1,649,235</b>	<b>2,015,850</b>	<b>1,986,652</b>	<b>2,180,640</b>	<b>1,938,105</b>	<b>1,243,844</b>	<b>1,246,687</b>	<b>2,370,869</b>	<b>89,993</b>	<b>–</b>	<b>14,721,875</b>
Including											
<i>Electricity transmission</i>	1,535,945	1,984,349	1,941,006	2,173,373	1,918,014	1,231,963	1,227,790	–	–	–	12,012,440
<i>Connection services</i>	15,417	2,570	5,881	610	8,892	2,707	10,560	–	–	–	46,637
<i>Resale of electricity</i>	–	–	–	–	–	–	–	2,370,649	–	–	2,370,649
<i>Rental income</i>	3,204	17,799	37,823	1,453	4,980	1,789	5,639	–	121	–	72,808
<i>Other revenue</i>	94,669	11,132	1,942	5,204	6,219	7,385	2,698	220	89,872	–	219,341
<b>EBITDA</b>	<b>510,212</b>	<b>701,974</b>	<b>454,015</b>	<b>365,641</b>	<b>438,624</b>	<b>188,603</b>	<b>221,156</b>	<b>24,133</b>	<b>(499)</b>	<b>2,743</b>	<b>2,906,602</b>

## 6 Information about segments (continued)

### (i) Information about reportable segments (continued)

As at 31 March 2020:

	Electricity Transmission					Energy Retail				Other	Unallocated items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Vologda branch	Pskov-energosbyt			
<b>Segment assets</b>	<b>5,672,708</b>	<b>10,106,324</b>	<b>4,815,543</b>	<b>5,729,097</b>	<b>13,503,378</b>	<b>7,021,301</b>	<b>5,238,496</b>	<b>2,480</b>	<b>1,283,561</b>	<b>114,125</b>	<b>3,155,555</b>	<b>56,642,568</b>
<i>Including property, plant and equipment and construction in progress</i>	4,279,836	8,820,869	3,662,541	4,458,565	12,159,845	6,263,776	4,602,974	–	7,891	17,898	22,703	<b>44,296,898</b>

As at 31 December 2019:

	Electricity Transmission					Energy Retail				Other	Unallocated items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Vologda branch	Pskov-energosbyt			
<b>Segment assets</b>	<b>5,622,687</b>	<b>10,176,350</b>	<b>4,580,193</b>	<b>5,738,341</b>	<b>13,448,664</b>	<b>6,989,628</b>	<b>5,121,621</b>	<b>7,173</b>	<b>1,035,054</b>	<b>133,735</b>	<b>2,776,260</b>	<b>55,629,706</b>
<i>Including property, plant and equipment and construction in progress</i>	4,344,473	8,930,845	3,712,153	4,522,915	12,277,604	6,257,492	4,616,555	–	7,235	18,050	25,112	<b>44,712,434</b>

## 6 Information about segments (continued)

### (ii) Reconciliation of reportable segment EBITDA

Reconciliation of reportable segment EBITDA is presented below:

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
<b>EBITDA of reportable segments</b>	<b>2,695,368</b>	<b>2,906,602</b>
Adjustment for expected credit loss	45,379	(51,498)
Discounting of financial instruments	2,654	105
Adjustment for lease	72,683	36,705
Remeasurement of financial assets measured at fair value through other comprehensive income (transfer of remeasurement to equity)	3,127	(579)
Adjustment for value of property, plant and equipment	5,041	(216)
Recognition of pension and other long-term employee benefit obligation	4,389	(24,295)
Adjustment for assets related to employee benefits	10,112	(20,392)
Revenue for which the recognition criteria for IFRS 15 have not been met	(41,303)	–
Other adjustments	27,441	67,491
<b>EBITDA</b>	<b>2,824,891</b>	<b>2,913,923</b>
Depreciation and amortization	(1,192,257)	(1,137,600)
Interest expenses on financial liabilities	(251,864)	(274,808)
Interest expenses on finance lease liabilities	(44,205)	(31,892)
Income tax expense	(286,690)	(301,216)
<b>Profit for the period per consolidated interim condensed statement of profit or loss and other comprehensive income</b>	<b>1,049,875</b>	<b>1,168,407</b>

## 7 Revenue

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
Electricity transmission	10,647,022	10,990,266
Sales of electricity and capacity	2,121,222	2,138,699
Technological connection services	48,667	46,637
Other revenue	190,940	130,710
	<b>13,007,851</b>	<b>13,306,312</b>
Rental income	67,020	71,547
	<b>13,074,871</b>	<b>13,377,859</b>

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

## 8 Other income

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
Income from identified non-contracted electricity consumption	7,566	12,192
Income in the form of fines and penalties on commercial contracts	133,845	68,207
Gain on disposal of property, plant and equipment	–	5,135
Insurance reimbursement, net	8,370	675
Accounts payable write-off	306	159
Gain from property, plant and equipment and inventories received free of charge	986	1,777
Other income	7,577	4 900
	<b>158,650</b>	<b>93,045</b>

## 9 Other expenses

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
Loss on disposal of property, plant and equipment	1,910	–
Other expenses	626	593
	<b>2,536</b>	<b>593</b>

## 10 Operating expenses

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
Personnel costs	3,303,624	3,347,109
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	1,192,257	1,137,600
<i>Material expenses, including:</i>		
Electricity for compensation of losses	1,345,092	1,361,615
Electricity for sale	1,204,632	1,256,871
Purchased electricity and heat power for own needs	108,049	112,594
Other material costs	485,423	471,535
<i>Production work and services, including:</i>		
Electricity transmission services	3,386,184	3,306,951
Repair and maintenance services	49,882	85,530
Other production works and services	38,678	26,569
Taxes and charges other than income tax	105,164	105,677
Short-term lease	8,825	5,964
Insurance	14,407	15,322
<i>Other third-party services, including:</i>		
Communication services	29,711	34,789
Security services	71,919	69,758
Consulting, legal and audit services	31,578	5,139
Software costs and servicing	12,423	16,780
Transportation services	26,412	39,059
Other services	122,595	101,936
Provisions	(685)	(13,104)
Other expenses	139,766	154,181
	<b>11,675,936</b>	<b>11,641,875</b>



## 11 Finance income and costs

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2020</b>
<i>Finance income</i>		
Interest income on loans, bank deposits, promissory notes and balances in bank accounts	7,789	9,493
Gain from recovery impairment of financial assets measured amortised cost	10,890	9,855
Interest income on assets related to employee benefits	24,118	–
Effect from initial discounting of financial liabilities	2,405	–
Amortization of discount on financial assets	1,725	178
	<b>46,927</b>	<b>19,526</b>
<i>Finance costs</i>		
Interest expenses on financial liabilities measured at amortized cost	(251,864)	(274,808)
Interest expenses on lease liabilities	(44,205)	(31,892)
Interest expenses on long-term employee benefit obligation	(15,138)	(40,874)
Effect from primary discounting of financial assets	(70)	(74)
Amortization of discount on financial liabilities	(1,406)	–
	<b>(312,683)</b>	<b>(347,648)</b>

## 12 Income tax

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
<i>Current income tax</i>		
Current tax	186,794	216,131
Adjustment for previous periods	66	(15,457)
<b>Total</b>	<b>186,860</b>	<b>200,674</b>
<i>Deferred income tax</i>		
Deferred income tax	99,830	100,542
<b>Total</b>	<b>99,830</b>	<b>100,542</b>
<b>Income tax expense</b>	<b>286,690</b>	<b>301,216</b>

In 2020 and 2019, PJSC IDGC of North-West and its subsidiaries applied the standard rate of Russian corporate income tax of 20%. This rate was used for calculating deferred tax assets and liabilities.

## 12 Income tax (continued)

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

	<b>Three months ended 31 March 2020</b>	<b>%</b>	<b>Three months ended 31 March 2019</b>	<b>%</b>
Profit before tax	<b>1,336,564</b>		<b>1,469,623</b>	
Income tax at the applicable tax rate	<b>267,313</b>	<b>20</b>	<b>293,925</b>	<b>20</b>
Tax effect on not taxable or non-deductible for tax purposes items	19,311	1	22,748	2
Adjustments for previous period	66	0	(15,457)	(1)
	<b>286,690</b>	<b>21</b>	<b>301,216</b>	<b>21</b>

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>Income tax</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Income tax</b>	<b>Net of tax</b>
Financial assets measured at fair value through other comprehensive income	(3,127)	625	(2,502)	579	(116)	463
Remeasurements of the defined benefit liability	24,859	(4,972)	19,887	(49,737)	9,947	(39,790)
	<b>21,732</b>	<b>(4,347)</b>	<b>17,385</b>	<b>(49,158)</b>	<b>9,831</b>	<b>(39,327)</b>

### 13 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other PPE	Construc- tion in progress	Total
<i>Cost/Deemed cost</i>						
<b>At 31 December 2018</b>	<b>8,456,305</b>	<b>37,210,830</b>	<b>20,754,031</b>	<b>10,349,003</b>	<b>3,770,563</b>	<b>80,540,732</b>
Transfer to right-of-use assets	–	–	–	(29,241)	–	(29,241)
<b>At 1 January 2019</b>	<b>8,456,305</b>	<b>37,210,830</b>	<b>20,754,031</b>	<b>10,319,762</b>	<b>3,770,563</b>	<b>80,511,491</b>
Reclassification between groups	(8,780)	(1,377)	(410)	10,567	–	–
Additions	–	–	–	–	781,189	781,189
Transfer	49,328	293,022	268,984	88,354	(699,688)	–
Disposals	(1,247)	(2,472)	(1,364)	(5,005)	(1,431)	(11,519)
<b>At 31 March 2019</b>	<b>8,495,606</b>	<b>37,500,003</b>	<b>21,021,241</b>	<b>10,413,678</b>	<b>3,850,633</b>	<b>81,281,161</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 31 December 2018</b>	<b>(3,514,199)</b>	<b>(20,910,040)</b>	<b>(9,326,267)</b>	<b>(6,294,532)</b>	<b>(48,150)</b>	<b>(40,093,188)</b>
Transfer to right-of-use assets	–	–	–	8,285	–	8,285
<b>At 1 January 2019</b>	<b>(3,514,199)</b>	<b>(20,910,040)</b>	<b>(9,326,267)</b>	<b>(6,286,247)</b>	<b>(48,150)</b>	<b>(40,093,188)</b>
Reclassification between groups	(830)	720	410	(300)	–	–
Entry into fixed assets (transfer of impairment losses)	(4)	(149)	(65)	–	218	–
Depreciation charge	(87,891)	(476,601)	(289,987)	(221,469)	–	(1,075,948)
Disposals	875	2,117	585	4,883	–	8,460
<b>At 31 March 2019</b>	<b>(3,602,049)</b>	<b>(21,383,953)</b>	<b>(9,615,324)</b>	<b>(6,503,133)</b>	<b>(47,932)</b>	<b>(41,152,391)</b>
<i>Net book value</i>						
<b>At 31 December 2018</b>	<b>4,942,106</b>	<b>16,300,790</b>	<b>11,427,764</b>	<b>4,054,471</b>	<b>3,722,413</b>	<b>40,447,544</b>
Transfer to right-of-use assets	–	–	–	(20,956)	–	(20,956)
<b>At 1 January 2019</b>	<b>4,942,106</b>	<b>16,300,790</b>	<b>11,427,764</b>	<b>4,033,514</b>	<b>3,722,413</b>	<b>40,426,587</b>
<b>At 31 March 2019</b>	<b>4,893,557</b>	<b>16,116,050</b>	<b>11,405,917</b>	<b>3,910,545</b>	<b>3,802,701</b>	<b>40,128,770</b>
<i>Cost/Deemed cost</i>						
<b>At 1 January 2020</b>	<b>8,735,725</b>	<b>39,638,306</b>	<b>21,945,588</b>	<b>11,238,857</b>	<b>3,233,883</b>	<b>84,792,359</b>
Reclassification between groups	(1,058)	(352)	524	886	–	–
Additions	–	–	–	–	791,975	791,975
Transfer	2,114	283,808	62,590	93,908	(442,420)	–
Disposals	(1,333)	(980)	(1,171)	(10,423)	(16,589)	(30,496)
<b>At 31 March 2020</b>	<b>8,735,448</b>	<b>39,920,782</b>	<b>22,007,531</b>	<b>11,323,228</b>	<b>3,566,849</b>	<b>85,553,838</b>
<i>Accumulated depreciation and impairment</i>						
<b>At 1 January 2020</b>	<b>(3,932,729)</b>	<b>(23,005,072)</b>	<b>(10,614,603)</b>	<b>(7,124,147)</b>	<b>(78,491)</b>	<b>(44,755,042)</b>
Reclassification between groups	368	353	(377)	(344)	–	–
Entry into fixed assets (transfer of impairment losses)	(5)	(1,931)	(80)	(3)	2,019	–
Depreciation charge	(89,721)	(476,639)	(293,557)	(232,795)	–	(1,092,712)
Disposals	558	954	674	9,475	4	11,665
<b>At 31 March 2020</b>	<b>(4,021,529)</b>	<b>(23,482,335)</b>	<b>(10,907,943)</b>	<b>(7,347,814)</b>	<b>(76,468)</b>	<b>(45,836,089)</b>
<i>Net book value</i>						
<b>At 1 January 2020</b>	<b>4,802,996</b>	<b>16,633,234</b>	<b>11,330,985</b>	<b>4,114,710</b>	<b>3,155,392</b>	<b>40,037,317</b>
<b>At 31 March 2020</b>	<b>4,713,919</b>	<b>16,438,447</b>	<b>11,099,588</b>	<b>3,975,414</b>	<b>3,490,381</b>	<b>39,717,749</b>

### 13 Property, plant and equipment (continued)

As at 31 March 2020, construction in progress includes advance payments for property, plant and equipment of RUB 24,357 thousand (31 December 2019: RUB 26,062 thousand) and materials for the fixed assets construction of RUB 1,011,440 thousand (31 December 2019: RUB 1,089,861 thousand).

Capitalized interest for the three month ended 31 March 2020 amounted to RUB 13,222 thousand (for the three month ended 31 March 2019: RUB 15,824 thousand), with capitalization rate used to calculate borrowing costs to be capitalized during the period of 6.96-8.04% (for the three month ended 31 March 2019: 7.08-7.80%).

As at 31 March 2020 and 31 December 2019 there are no property, plant and equipment pledged as collateral for loans and borrowings.

### 14 Intangible assets

	Software	Certificates, licenses and patents	Other intangible assets	Total
<i>Initial cost</i>				
<b>At 1 January 2019</b>	<b>405,663</b>	<b>31,602</b>	<b>99,323</b>	<b>536,588</b>
Additions	23,619	1,494	6,698	31,811
Disposals	(29,521)	(900)	–	(30,421)
<b>At 31 March 2019</b>	<b>399,761</b>	<b>32,196</b>	<b>106,021</b>	<b>537,978</b>
<i>Accumulated amortization</i>				
<b>At 1 January 2019</b>	<b>(242,222)</b>	<b>(23,632)</b>	<b>(2,334)</b>	<b>(268,188)</b>
Amortization charge	(27,879)	(2,140)	(1,042)	(31,061)
Disposals	29,036	892	–	29,928
<b>At 31 March 2019</b>	<b>(241,065)</b>	<b>(24,880)</b>	<b>(3,376)</b>	<b>(269,321)</b>
<i>Net book value</i>				
<b>At 1 January 2019</b>	<b>163,441</b>	<b>7,970</b>	<b>96,989</b>	<b>268,400</b>
<b>At 31 March 2019</b>	<b>158,696</b>	<b>7,316</b>	<b>102,645</b>	<b>268,657</b>
<i>Initial cost</i>				
<b>At 1 January 2020</b>	<b>402,881</b>	<b>17,369</b>	<b>114,054</b>	<b>534,304</b>
Reclassification between groups	198	228	(426)	–
Additions	59,099	1,119	3,652	63,870
Disposals	(48,628)	(13,103)	–	(61,731)
<b>At 31 March 2020</b>	<b>413,550</b>	<b>5,613</b>	<b>117,280</b>	<b>536,443</b>
<i>Accumulated amortization</i>				
<b>At 1 January 2020</b>	<b>(246,097)</b>	<b>(14,747)</b>	<b>(6,514)</b>	<b>(267,358)</b>
Amortization charge	(38,140)	(1,312)	(1,045)	(40,497)
Disposals	48,617	13,090	–	61,707
<b>At 31 March 2020</b>	<b>(235,620)</b>	<b>(2,969)</b>	<b>(7,559)</b>	<b>(246,148)</b>
<i>Net book value</i>				
<b>At 1 January 2020</b>	<b>156,784</b>	<b>2,622</b>	<b>107,540</b>	<b>266,946</b>
<b>At 31 March 2020</b>	<b>177,930</b>	<b>2,644</b>	<b>109,721</b>	<b>290,295</b>

## 15 Right-of-use assets

	Land and buildings	Electricity transmis- sion networks	Equipment for electricity transmission	Other PPE	Total
<i>Initial cost</i>					
<b>At 1 January 2019</b>	<b>647,210</b>	<b>40,031</b>	<b>12,490</b>	<b>32,248</b>	<b>73,979</b>
Additions	2,883	45,019	900	–	<b>48,802</b>
Changes in lease terms	(10,469)	647	(136)	–	<b>(9,958)</b>
<b>At 31 March 2019</b>	<b>639,624</b>	<b>85,697</b>	<b>13,254</b>	<b>32,248</b>	<b>770,823</b>
<i>Accumulated amortization</i>					
<b>At 1 January 2019</b>	–	–	–	<b>(8,285)</b>	<b>(8,285)</b>
Amortization charge	(25,438)	(3,057)	(484)	(1,616)	<b>(30,595)</b>
<b>At 31 March 2019</b>	<b>(25,438)</b>	<b>(3,057)</b>	<b>(484)</b>	<b>(9,901)</b>	<b>(38,880)</b>
<i>Net book value</i>					
<b>At 1 January 2019</b>	<b>647,210</b>	<b>40,031</b>	<b>12,490</b>	<b>23,963</b>	<b>723,694</b>
<b>At 31 March 2019</b>	<b>614,186</b>	<b>82,640</b>	<b>12,770</b>	<b>22,347</b>	<b>731,943</b>
<i>Initial cost</i>					
<b>At 1 January 2020</b>	<b>620,282</b>	<b>85,491</b>	<b>13,340</b>	<b>33,550</b>	<b>752,663</b>
Additions	50,986	441,138	1,094	93,694	<b>586,912</b>
Changes in lease terms	(40,222)	(88)	100	–	<b>(40,210)</b>
Disposal or termination of lease	(545)	–	–	(720)	<b>(1,265)</b>
<b>At 31 March 2020</b>	<b>630,501</b>	<b>526,541</b>	<b>14,534</b>	<b>126,524</b>	<b>1,298,100</b>
<i>Accumulated amortization</i>					
<b>At 1 January 2020</b>	<b>(105,668)</b>	<b>(15,775)</b>	<b>(2,235)</b>	<b>(15,280)</b>	<b>(138,958)</b>
Amortization charge	(27,373)	(25,749)	(717)	(6,404)	<b>(60,243)</b>
Disposal or termination of lease	364	–	–	305	<b>669</b>
<b>At 31 March 2020</b>	<b>(132,677)</b>	<b>(41,524)</b>	<b>(2,952)</b>	<b>(21,379)</b>	<b>(198,532)</b>
<i>Net book value</i>					
<b>At 1 January 2020</b>	<b>514,614</b>	<b>69,716</b>	<b>11,105</b>	<b>18,270</b>	<b>613,705</b>
<b>At 31 March 2020</b>	<b>497,824</b>	<b>485,017</b>	<b>11,582</b>	<b>105,145</b>	<b>1,099,568</b>

## 16 Financial investments

	<u>31 March 2020</u>	<u>31 December 2019</u>
<i>Non-current</i>		
Financial assets measured at fair value through other comprehensive income		
<i>investments in quoted equity instruments</i>	11,480	14,607
<i>investments in unquoted equity instruments</i>	1,180	1,180
Financial assets measured amortised cost	546,646	535,757
	<u><b>559,306</b></u>	<u><b>551,544</b></u>

Financial assets at fair value through other comprehensive income include shares of PJSC "TGC-1" and JSC "FGC UES", as well as other securities the fair value of which amounted to RUB 12,660 thousand as at 31 March 2020 (RUB 15,787 thousand as at 31 December 2019). At the end of each reporting period, the fair value of the shares of PJSC "TGC-1" and JSC "FGC UES" was determined using market quotes (level 1 inputs), fair value of other securities was estimated without the use of observable market data (unobservable inputs – level 3).

For the three months ended 31 March 2020 the increase in the fair value of investments at fair value through other comprehensive income of RUB 3,127 thousand was recognized in other comprehensive income (for the three months ended 31 March 2019: decrease in the fair value of investments at fair value of RUB 579 thousand).

As at 31 March 2020 financial assets at amortized cost represented deposits at the OJSC "Bank Tavrichesky" ("The Bank") of RUB 2,080,000 thousand at the rate of 0.51% per annum maturing on 12 April 2035 (as at 31 December 2019: RUB 2,080,000 thousand).

The rehabilitation procedure in relation to the Bank was started at the beginning of 2015. Major creditors of the Bank: PJSC "Lenenergo" and PJSC "IDGC of North-West" agreed to participate in the reorganization and financial rehabilitation of the Bank, providing co-funding as referred to below. State Corporation "Deposit insurance Agency" (DIA) allocated 28 billion roubles received from the bank of Russia with maturity of 10 years to facilitate the Bank financial restructuring. In accordance with the plan of restructuring part of JSC "IDGC of North-West" deposit (including accrued interest for the use of the deposit) in the Bank was replaced with 20 years deposit with quarterly payment of interest accrued at the rate of 0.51% per annum.

Currently, the Bank operates as usual, providing a full range of services to its customers, including timely settlements and payments.

The Group recognized the deferred tax asset on provision for expected credit loss of financial investments in accordance with IAS 12 "Income Taxes". As at 31 March 2020 the amount of this deferred tax asset was RUB 306,671 thousand (as at 31 December 2019: RUB 308,849 thousand).

Financial assets measured at amortized cost at 31 March 2020 and at 31 December 2019 mainly represent bank deposits with an original maturity of more than three months:

	<u>Interest rate</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Bank "Tavrichesky" OJSC	0.51%	546,646	535,757

## 17 Trade and other receivables

	<u>31 March 2020</u>	<u>31 December 2019</u>
<b>Non-current trade and other accounts receivable</b>		
Trade receivables	3,625	3,305
Other receivables	138,503	136,816
	<u><b>142,128</b></u>	<u><b>140,121</b></u>
 <b>Current trade and other accounts receivable</b>		
Trade receivables	13,015,816	12,631,340
Allowance for expected credit loss on trade receivables	(7,561,478)	(7,701,505)
Other receivables	1,142,456	1,120,943
Allowance for expected credit loss on other receivables	(679,578)	(689,914)
	<u><b>5,917,216</b></u>	<u><b>5,360,864</b></u>

Balances with related parties are disclosed in Note 29.

## 18 Advances issued and other assets

	<u>31 March 2020</u>	<u>31 December 2019</u>
<b>Non-current</b>		
Advances given	8,610	8,389
VAT on advances received	105,170	63,151
	<u><b>113,780</b></u>	<u><b>71,540</b></u>
 <b>Current</b>		
Advances given	205,200	138,312
Advances given impairment provision	(17,510)	(17,510)
VAT recoverable	19,164	6,968
VAT on advances from customers VAT on advances given for acquisition of fixed assets	522,879	556,079
Prepaid taxes, other than income tax	18,496	22,962
	<u><b>748,229</b></u>	<u><b>706,811</b></u>

## 19 Cash and cash equivalents

	<b>31 March 2020</b>	<b>31 December 2019</b>
Cash at bank and in hand	621,117	232,088
	<b>621,117</b>	<b>232,088</b>

	<b>Rating</b>	<b>Rating agency</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Bank 1	A+(RU)	AKRA	684	367
Bank 2	AAA(RU)	AKRA	26,287	18,568
Bank 4*	–	–	896	896
Bank 5*	AAA(RU)	AKRA	533,427	34,181
Bank 6*	AAA(RU)	AKRA	151	7,721
Bank 7*	AAA(RU)	AKRA	59,051	168,959
Cash in hand			621	1,396
			<b>621,117</b>	<b>232,088</b>

\*Government-related banks

As at 31 March 2020 and 31 December 2019, all cash and cash equivalents balances are denominated in roubles.

As at 31 March 2020 and 31 December 2019 there is no cash equivalents.

## 20 Share capital

	<b>Ordinary shares</b>	
	<b>31 March 2020</b>	<b>31 December 2019</b>
Par value (RUB)	0.1	0.1
On issue at 1 January	95,785,923,138	95,785,923,138
On issue at end of period, fully paid	<b>95,785,923,138</b>	<b>95,785,923,138</b>

### Reserve related to business combination

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

### Dividends

There is no dividends been recovered into retained earnings as at 31 March 2020 after expiration of three years period of limitation due to absence of requisites in the shareholders register (as at 31 December 2019: RUB 5,058 thousand).



## 21 Earnings per share

The calculation of basic earnings per share for the three months ended 31 March 2020 and 31 March 2019 is presented below. The Company has no dilutive financial instruments.

	<b>Three months ended 31 March 2020</b>	<b>Three months ended 31 March 2019</b>
Ordinary shares at 1 January	95,785,923,138	95,785,923,138
Weighted average number of shares for the three months ended 31 March	<b>95,785,923,138</b>	<b>95,785,923,138</b>
Weighted average number of ordinary shares outstanding, for the period ended 31 March (shares)	95,785,923,138	95,785,923,138
Earnings for the period attributable to holders of ordinary shares	1,049,881	1,168,414
<b>Earnings per ordinary share (in RUB) – basic and diluted</b>	<b>0.0110</b>	<b>0.0122</b>

## 22 Loans and borrowings

	<b>31 March 2020</b>	<b>31 December 2019</b>
<i>Non-current liabilities</i>		
Unsecured loans and borrowings	14,400,000	12,360,000
Lease liabilities	1,200,833	657,514
Less: current portion of long-term finance lease liabilities	(294,934)	(213,998)
	<b>15,305,899</b>	<b>12,803,516</b>
<i>Current liabilities</i>		
Unsecured loans and borrowings	321,920	2,277,917
Current portion of long-term lease liabilities	294,934	213,998
	<b>616,854</b>	<b>2,491,915</b>
<i>Including:</i>		
Interests payable on loans and borrowings	18,557	23,801
	<b>18,557</b>	<b>23,801</b>

As at 31 March 2020 and 31 December 2019 all balances of loans and borrowings are denominated in rubles.

The Group raised the following bank loans during the 3 months ended 31 March 2020:

	<u>Year of maturity</u>	<u>Effective interest rate</u>	<u>Carrying value</u>
<b>Unsecured loans and borrowings</b>			
Unsecured bank loans	2020	7.00-7.65%	630,000
Unsecured bank loans	2020-2023	6.9-7.65%	4,760,000
Unsecured bank loans *	2020-2022	6.9-7.5%	5,344,473
Unsecured bank loans *	2020-2021	7.00-7.2%	633,363
			<b>11,367,836</b>

\*Loans and borrowings received from state-related companies

The Group repaid the following significant bank facilities during the three months ended 31 March 2020:

	<u>Amount</u>
Loans and borrowings received from state-related companies	8,898,589
Other loans and borrowings	2,380,000
	<b>11,278,589</b>

## 23 Trade and other payables

	<u>31 March 2020</u>	<u>31 December 2019</u>
<b>Non-current accounts payable</b>		
Trade payables	10,551	–
Other payables	289,067	291,552
<b>Total financial liabilities</b>	<u>299,618</u>	<u>291,552</u>
<b>Current accounts payable</b>		
Trade payables	3,248,210	3,406,005
Other payables and accrued expenses	176,906	371,574
Dividends payable	8,631	198,556
<b>Total financial liabilities</b>	<u>3,433,747</u>	<u>3,976,135</u>
Payables to employees	1,553,563	1,569,886
	<u>4,987,310</u>	<u>5,546,021</u>

## 24 Taxes, other than income tax

	<u>31 March 2020</u>	<u>31 December 2019</u>
Value-added tax	1,093,968	917,591
Property tax	188,594	92,383
Social security contributions	286,009	231,603
Other taxes payable	95,999	102,864
	<u>1,664,570</u>	<u>1,344,441</u>

## 25 Advances received

	<u>31 March 2020</u>	<u>31 December 2019</u>
<b>Non-current</b>		
Advances for connection services	589,644	285,533
Other advances received	66,466	65,013
	<u>656,110</u>	<u>350,546</u>
<b>Current</b>		
Advances for connection services	2,722,316	2,969,948
Other advances received	633,110	640,671
	<u>3,355,426</u>	<u>3,610,619</u>

## 26 Financial risk and capital management

In the normal course of business, the Group is exposed to a variety of financial risks, including, but not limited to, market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's financial risk and capital management objectives and policies, as well as the fair value determination process, are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019.

The management 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 available credit limits, liquidity reserves in the form of bank account balances and short-term financial investments, and the quality of accepted financial collateral (bank guarantees).

The carrying amount of financial assets reflects the Group's maximum credit risk at the reporting date.

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

Financial instruments	Note	31 March 2020		Level of fair value hierarchy		
		Carrying amount	Fair value	1	2	3
<b>Financial assets at amortized cost:</b>						
Long-term bank deposits	16	546,646	929,654	–	–	929,654
Long-term accounts receivable	17	142,050	122,207	–	–	122,207
<b>Financial assets at fair value through other comprehensive income:</b>						
Investments in equity instruments	16	12,660	12,660	11,480	–	1,180
<b>Financial liabilities measured at amortised cost:</b>						
Current and non-current loans and borrowings	22	(14,721,920)	(14,368,369)	–	–	(14,368,369)
Non-current accounts payable	23	(299,619)	(290,311)	–	–	(290,311)
		<b>(14,320,183)</b>	<b>(13,594,159)</b>	<b>11,480</b>	<b>–</b>	<b>(13,605,639)</b>

Financial instruments	Note	31 December 2019		Level of fair value hierarchy		
		Carrying amount	Fair value	1	2	3
<b>Financial assets at amortized cost:</b>						
Long-term bank deposits	16	535,757	1,144,751	–	–	1,144,751
Long-term accounts receivable	17	140,121	138,158	–	–	138,158
<b>Financial assets at fair value through other comprehensive income:</b>						
Investments in equity instruments	16	15,787	15,787	14,607	–	1,180
<b>Financial liabilities measured at amortised cost:</b>						
Current and non-current loans and borrowings	22	(14,637,917)	(14,314,491)	–	–	(14,314,491)
Non-current accounts payable	23	(291,552)	(286,113)	–	–	(286,113)
		<b>(14,237,804)</b>	<b>(13,302,422)</b>	<b>14,607</b>	<b>–</b>	<b>(13,316,515)</b>

## 26 Financial risk and capital management (continued)

The interest rate used to discount expected future cash flows on long-term bank deposits for the purpose of determining the disclosed fair value as at 31 March 2020 was 6.20% (as at 31 December 2019: 4.64%).

The interest rate used to discount expected future cash flows on long-term accounts receivable for determining the disclosed fair value as at 31 March 2020 was 4.88-6.99% (as at 31 December 2019: 4.95-5.93%).

The interest rate used to discount expected future cash flows on long-term accounts payable for determining the disclosed fair value as at 31 March 2020 was 7.78-8.53% (as at 31 December 2019: 7.95-8.48%).

The interest rate used to discount the expected future cash flows for long-term and short-term loans borrowings for the purpose of determining the fair value disclosed as at 31 March 2020 was 8.32% (as at 31 December 2019: 8.28%).

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

The reconciliation of financial assets measured at fair value through other comprehensive income as at entry and end of period is presented below (the Group has no financial assets measured fair value through profit or loss):

	<b>Financial assets measured at fair value through other comprehensive income</b>
<b>As at 1 January 2020</b>	15,787
Change in fair value recognized through other comprehensive income	(3,127)
<b>As at 31 March 2020</b>	<b>12,660</b>

As of 31 March 2020, the amount of available limit on open but unused credit lines of the Group was RUB 25,657,637 thousand (31 December 2019: RUB 21,445,784 thousand). The Group has opportunity to attract additional financing within the corresponding limits, including the purpose of execution of the short-term obligations.

## 27 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 5,268,899 thousand including VAT (as at 31 December 2019: RUB 4,897,014 thousand including VAT).

## 28 Contingencies

### (a) Insurance

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

## **28 Contingencies (continued)**

### **(b) Taxation contingencies**

Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. The Group's management's interpretation of the legal provisions relating to the Group's operations and activities may be challenged by the relevant regional or Federal authorities.

In 2018, there was a further introduction of mechanisms against tax evasion using low-tax jurisdictions and aggressive tax planning structures, as well as a general adjustment of certain parameters of the tax system of the Russian Federation.

In particular, these changes included further development of the concept of beneficial ownership, tax residency of legal entities at the place of actual activity, as well as the approach to taxation of controlled foreign companies in the Russian Federation. In addition, since 2019, the total VAT rate is increased to 20%, as well as foreign suppliers of electronic services are required to register with the Russian tax authorities for VAT.

The Russian tax authorities continue to actively cooperate with the tax authorities of foreign countries in the international exchange of tax information, which makes the activities of companies on an international scale more transparent and requires detailed study in terms of confirming the economic purpose of the organization of the international structure in the framework of tax control procedures.

These changes, as well as recent trends in the application and interpretation of certain provisions of the Russian tax legislation, indicate that the tax authorities may take a tougher position in the interpretation of legislation and verification of tax calculations. As a result, the tax authorities may file claims for transactions and accounting methods for which they have not previously filed claims. As a result, significant taxes, penalties and fines may be charged. It is not possible to determine the amounts of claims for possible but not filed claims, as well as to assess the probability of an adverse outcome. Tax audits may cover three calendar years of activity immediately preceding the year of revision. Under certain conditions, earlier tax periods may also be subject to verification.

In management's opinion, as at 31 March 2020 and as at 31 December 2019, the relevant provisions of the legislation have been interpreted correctly and the probability of maintaining the position of the Group in relation to tax, currency and customs legislation is high.

Under the decision of MIFNS Russia № 4 for the largest taxpayers as a result of tax inspection for 2013-2015, the Group was charged with additional tax in the amount of RUB 66,179 thousand. The property classified by the Group for tax purposes as "movable", was classified by the tax authority as "immovable" (including power lines of low and medium voltage).

The Group on the basis of the claim paid this amount in 2018, reflecting the payment in correspondence with the account of settlements on claims, and disputes the decision of the tax authority in court.

### **(c) Legal proceedings**

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

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

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

## 29 Related party transactions

### (a) Control relationships

Related parties are shareholders affiliates and entities under 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 ROSSETI. The ultimate controlling party is the state represented by the Federal Property Management Agency which held the majority of the voting rights of PJSC ROSSETI.

### (b) Transactions with the parent its subsidiaries and associates

Transactions with the Parent its subsidiaries and associates include transactions with PJSC ROSSETI its subsidiaries and associates:

	<b>Amount of transaction for the three months ended 31 March</b>		<b>Carrying amount</b>	
	<b>2020</b>	<b>2019</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Revenue, Net other income, Finance income</b>				
<b>The parent company</b>				
Other revenue	308	308	–	–
<b>Entities under common control of the parent company</b>				
Sales of electricity	–	43	–	116,134
Other revenue	54,405	225	151,397	32,396
Other operating income	195	27,239	32,396	–
	<b>54,908</b>	<b>27,815</b>	<b>183,793</b>	<b>148,530</b>

**29 Related party transactions (continued)**

**(b) Transactions with the parent its subsidiaries and associates (continued)**

	<b>Amount of transaction for the three months ended 31 March</b>		<b>Carrying amount</b>	
	<b>2020</b>	<b>2019</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Operating expenses, Finance costs</b>				
<b>The parent company</b>				
Consulting legal and audit services	27,572	29,250	18,727	23,470
Other production works and services	7,103	7,103	–	–
<b>Entities under common control of the parent company</b>				
Sales of electricity	–	1,709	–	–
Electricity transmission services	1,806,668	1,887,884	562,471	574,633
Connection services	1,792	–	–	8
Lease	229	215	608	351
Provisions	–	150,659	133,426	133,415
Other expenses	5,425	9,325	11,275	29,295
	<b>1,848,789</b>	<b>2,086,145</b>	<b>726,507</b>	<b>761,172</b>
			<b>Carrying amount</b>	
			<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Entities under common control of the parent company</b>				
Advances given		16,677		15,462
Advances received		2,308		2,334
		<b>18,985</b>		<b>17,796</b>

As at 31 March 2020, there is no dividends payable to the parent company (as at 31 December the liability to the parent company for the payment of dividends amounted to RUB 106,093 thousand).

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

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

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

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

**29 Related party transactions (continued)**

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

	<b>Three months 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Short-term remuneration for employees	23,549	29,802
Post employment benefits and other long-term benefits	1,654	482
	<b>25,203</b>	<b>30,284</b>

As at 31 March 2020, the present value of the defined benefit liabilities recorded in the consolidated statement of financial position includes liabilities to key management personnel in the amount of RUB 79 thousand (31 December 2019: RUB 79 thousand).

**(d) Transactions with government-related entities**

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

Revenues from government-related entities for the period ended 31 March 2020 constitute 22.13% (for the period ended 31 March 2019: 21.75%) of total Group revenues including 17.75% (for the period ended 31 March 2019: 17.77%) of electricity transmission revenues.

Electricity transmission costs (including compensation of technological losses) for government-related entities for the period ended 31 March 2020 constitute 65.03% (for the period ended 31 March 2019: 64.66%) of total electricity transmission costs.

Interest accrued on loans and borrowings from state-related banks for the period ended 31 March 2020 amounted to 83% (for the period ended 31 March 2019: 100%) of total interest accrued.

As at 31 March 2020 cash and cash equivalents held in government-related banks amounted to RUB 593,525 thousand (as at 31 December 2019: RUB 211,756 thousand).

Loans and borrowings received from government-related banks are disclosed in Note 22.

As at 31 March 2020, lease obligations for state-related companies amounted to RUB 791,770 thousand (as at 31 December 2019: RUB 181,176 thousand).