

Consolidated interim condensed financial statement
(unaudited)

of Public Joint-Stock Company

"Rosseti Moscow Region"

and its subsidiaries

For the three months ended 31 March, 2020

May 2021

Contents	Page
the consolidated interim condensed statement of profit or loss and other other comprehensive income (unaudited)	3
Consolidated interim condensed statement of financial position (unaudited)	4
Consolidated interim condensed capital statement (unaudited)	5
Consolidated Interim condensed cash flow statement Cash flow statement (unaudited)	6
Notes to the Interim condensed consolidated financial statements (unaudited)	
1. General information	8
2. Basic principles of preparation of financial statements	10
3. Significant accounting policies	11
4. Fair value measurement	11
5. Operating segments	12
6. Revenue from contracts with customers	17
7. Operating expenses	17
8. Other operating revenue	18
9. Finance incomes and financing costs	18
10. Income tax	19
11. Fixed assets	20
12. Intangible assets	21
13. Right-of-use assets	22
14. Trade and other receivables	23
15. Other non-financial assets	23
16. Cash and cash equivalents	24
17. Equity	24
18. Profit per share	25
19. Credits and loans	25
20. Trade and other payables	26
21. Liabilities under contract	27
22. Estimated liabilities	27
23. Financial risk management	28
24. Contractual obligations of a capital nature	31
25. Contingent liabilities	31
26. Related-party transactions	33
27. Events after the balance sheet date	35

PJSC "ROSSETI MOSCOW REGION"
*Consolidated interim condensed statement of profit or loss and other
comprehensive income (unaudited)
for the three months ended 31 March, 2021
(in thousands of Russian rubles, unless otherwise stated)*

		For the three months, ended March, 31	
		2021	2020
	Note	(unaudited data)	
Revenue from contracts with customers	6	48 908 353	41 997 027
Rental income		87 868	78 054
Revenue		48 996 221	42 075 081
Operating expenses	7	(41 614 334)	(36 708 974)
Provision for expected credit losses	23 (a)	(244 231)	264 944
Other operating revenue	8	1 733 384	750 908
Operating profit		8 871 040	6 381 959
Financial income	9	57 907	87 796
Finance charges	9	(988 517)	(1 415 132)
Profit before tax		7 940 430	5 054 623
Income tax cost	10	(1 484 019)	(1 089 314)
Profit for the period		6 456 411	3 965 309
Profit entitlement for:			
the Shareholders of PJSC "Rosseti Moscow Region"		6 456 411	3 965 309
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Income from revaluation of defined benefit plan liabilities		234 958	127 797
Income tax related to defined benefit pension plan liabilities		(42 375)	(23 199)
Other comprehensive income for the period, net of income tax		192 583	104 598
Total comprehensive income for the reporting period, excluding income tax		6 648 994	4 069 907
Total comprehensive income attributable to:			
the Shareholders of PJSC "Rosseti Moscow Region"		6 648 994	4 069 907
Profit per share			
Basic and diluted profit per share (rubles)	18	0.1326	0.0814

These consolidated interim condensed financial statements were approved by the management on May 26, 2021 and signed on behalf of the management by the following persons:

/signature/	/signature/
General Director P.A. Sinyutin	First Deputy Director General for Financial and Economic Activity and Corporate Management

/seal: PUBLIC JOINT STOCK COMPANY "ROSSETI MOSCOW REGION" * 115114, Moscow, 2nd Paveletsky passage, bld.3/2. * OKPO 75273098 PSRN 1057746555811 TIN 5036065113 KPP 997650001 *ROSSETI Moscow region/

The accompanying notes are an integral part of these consolidated interim condensed financial statements

PJSC "ROSSETI MOSCOW REGION"
Consolidated interim condensed statement of financial position
(unaudited) as at 31 March, 2021
(in thousands of Russian rubles, unless otherwise stated)

		March 31 2021	December 31, 2020
	Note	(unaudited data)	(audited data)
Assets			
Non-current assets			
Fixed assets	11	320 442 013	320 436 180
Right-of-use assets	13	3 636 520	3 810 950
Intangible assets	12	4 694 900	4 674 085
Long-term trade and other receivables	14	167 070	178 563
Assets related to employees benefits liabilities		215 637	189 615
Other non-current non-financial assets	15	1 928 579	1 833 573
Total non-current assets		331 084 719	331 122 966
Current assets			
Inventories		3 857 236	3 852 477
Income tax prepayment		552 792	17 386
Short-term trade and other receivables	14	13 447 550	14 150 555
Other current non-financial assets	15	7 250 742	6 788 572
Cash and cash equivalents	16	2 637 787	1 335 885
Total current assets		27 746 107	26 144 875
Total assets		358 830 826	357 267 841
Equity and liabilities			
Equity			
Stated capital	17	24 353 546	24 353 546
Retained profit		159 711 842	153 062 848
Total equity		184 065 388	177 416 394
Long-term liabilities			
Long-term credits and loans	19	80 517 562	84 407 534
Employee Benefit Liabilities		2 971 175	3 198 103
Deferred tax liabilities		14 952 290	14 281 386
Long-term liabilities under contract	21	11 933 057	11 384 032
Long-term trade and other payables	20	4 118 867	3 677 095
Total long-term liabilities		114 492 951	116 948 150
Current liabilities			
Short-term credits and loans and short-term part of long-term borrowings	19	1 602 390	1 070 094
Current income tax debt		4 894	206 041
Other taxes payable		4 675 687	1 947 131
Short-term liabilities under contract	21	28 250 974	27 310 345
Short-term trade and other payables	20	16 705 550	23 629 574
Estimated liabilities	22	9 032 992	8 740 112
Total short-term liabilities		60 272 487	62 903 297
Total equity and liabilities		358 830 826	357 267 841

PJSC "ROSSETI MOSCOW REGION"
Consolidated interim condensed capital statement
(unaudited) as at 31 March, 2021
(in thousands of Russian rubles, unless otherwise stated)

	Stated capital	Retained profit	Total equity
Balance as of January 1, 2020.	24 353 546	149 581 711	173 935 257
Profit for the period	-	3 965 309	3 965 309
Other comprehensive cost	-	104 598	104 598
Total comprehensive income for the period	-	4 069 907	4 069 907
Balance at 31 March 2020 (unaudited)	24 353 546	153 651 618	178 005 164
Balance at 1 January, 2021	24 353 546	153 062 848	177 416 394
Profit for the period	-	6 456 411	6 456 411
Other comprehensive income	-	192 583	192 583
Total comprehensive income for the period	-	6 648 994	6 648 994
Balance at 31 March 2021 (unaudited)	24 353 546	159 711 842	184 065 388

PJSC "ROSSETI MOSCOW REGION"
*Consolidated interim condensed cash flow statement
for the three months ended 31 March, 2021
(in thousands of Russian rubles, unless otherwise stated)*

	For 3 months ended March 31	
	2021	2020
	(unaudited data)	
Cash flows from operating activities		
Net profit for the period	6 456 411	3 965 309
<i>Adjustments:</i>		
Depreciation of fixed assets, right-of-use assets, and intangible assets (Note 7)	5 703 637	5 818 225
Finance charges (Note 9)	988 517	1 415 132
Property received under loss compensation agreements	(1 269 481)	(196 341)
Provision for expected credit losses	244 231	(264 944)
Accrual of provision for impairment of advances paid (Note 7)	(6 552)	(72 430)
Accrual of estimated liabilities (Note 7, 22)	407 748	(1 287)
Income tax expenses (Note 10)	1 484 019	1 089 314
Loss on disposal of fixed assets	77 026	52 606
Financial income (Note 9)	(57 907)	(87 796)
Accrual of reserve for impairment of stocks	1 348	2 585
Profit from the sale of inventory	5 103	4 641
Write-off of payables	(2 651)	(7 142)
Other non-cash items	(19 160)	2 475
Total impact of adjustments	14 012 289	11 720 347
Change in assets related to employee benefit liabilities	(19 608)	5 130
Changes in employees benefits liabilities	(39 932)	(82 714)
Change in long-term trade and other receivables	11 493	(49 120)
Change in long-term non-financial assets	(88 454)	72 691
Change in long-term trade and other payables	111 083	880 268
Change in long-term contract liabilities	549 025	348 239
Cash flows from operating activities before changes in current assets and estimated liabilities	14 535 896	12 894 841
<i>Changes in operating assets and liabilities</i>		
Change in trade and other receivables	377 847	1 878 953
Change in advances paid and other assets	(462 170)	(450 397)
Inventory changes	17 800	(322 924)
Change in trade and other payables	(1 218 123)	(2 693 019)
Change in short-term contract liabilities	940 629	3 147 679
Change in estimated liabilities	(114 868)	(30 713)
Change in the amount of taxes payable, except for income tax	2 728 556	2 836 245
Cash flows from operating activities before income tax and interest	16 805 567	17 260 666
Interests paid	(993 950)	(1 659 771)
Interest paid under lease agreements	(89 317)	(107 381)
Income tax paid	(1 592 045)	(1 676 262)
Net cash flows from operating activities	14 130 255	13 817 251

The accompanying notes are an integral part of these consolidated interim condensed financial statements

PJSC "ROSSETI MOSCOW REGION"
Consolidated interim condensed cash flow statement
(unaudited) (continued)
for the three months ended 31 March, 2021
(in thousands of Russian rubles, unless otherwise stated)

	For the three months, ended March, 31	
	2021	2020
Cash flows from investing activities		
Acquisition of fixed assets	(8 728 093)	(5 812 479)
Acquisition of intangible assets	(334 471)	(209 706)
Interests received	47 679	77 292
Proceeds from the sale of fixed assets	113	-
Net cash flows used in investing activities	(9 014 772)	(5 944 893)
Cash flows from financing activities		
Receiving credits and loans	39 182 465	14 923 620
Repayment of credits and loans	(42 926 220)	(15 010 385)
Payment of dividends to shareholders of PJSC "Rosseti Moscow Region"	-	(1 050 530)
Dividends paid to non-controlling shareholders	(217)	(1 004 636)
Payments of the principal amount of lease liabilities	(69 609)	(85 910)
Net cash flows used in financing activities	(3 813 581)	(2 227 841)
Net increase in cash and cash equivalents	1 301 902	5 644 517
Cash and cash equivalents at the beginning of the period	1 335 885	1 991 498
Closing cash and cash equivalents (Note 16)	2 637 787	7 636 015

1. General Information

(a) Group and its activities

Public Joint-Stock Company "Rosseti Moscow United Region (hereinafter the "Company") was founded on April 1, 2005 by transferring the assets and electricity transmission activities of OJSC "Mosenergo", a subsidiary of OJSC RAO "UES of Russia", under the Electricity Market Reform Program in Russian electric power industry (Minutes No. 1 of June 29, 2004 of the annual general meeting of shareholders of OJSC "Mosenergo"). The Company's shares are freely traded on the open market of securities.

On July 24, 2020, Public Joint Stock Company "Moscow United Electric Grid Company" was renamed into Public Joint Stock Company "Rosseti Moscow Region", after the entry of the state registration of amendments made to constituent documents of the legal entity associated with changes in data on legal entities in USRLE (Uniform State Register of Legal Entities) under the state number 2207706755584.

The ultimate beneficiary of the Group is the Russian Federation, and the parent company is PJSC "Rosseti".

As of March 31, 2021, the Russian Federation, represented by the Federal Agency for State Property Management, owned 88.89% of the voting ordinary shares and 7.01% of the preference shares of PJSC "Rosseti" (31 December 2020: 88.89% and 7.01% %, respectively), which in turn owned 50.9% of the shares of the Company (31 December 2020: 50.9%).

The legal and actual address of the Company: 115114, Russian Federation, Moscow, 2nd Paveletskiy passage, 3/2.

The main activity of the Group is the provision of fee-based services for the transmission of electricity in the city of Moscow and the Moscow region. The main activities of the Group also include the provision of services in technical connection to electric grids.

1. General information (continued)

(b) The economic environment in which the Group operates

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 certain Russian companies and individuals, continue to have a negative impact on the Russian economy.

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

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

The group does not expect the coronavirus (COVID - 19) pandemic to have a significant negative impact on its financial position, results of operations and economic outlook. The Group continues to monitor and assess developments and respond accordingly, as follows:

- ▶ work in contact with Federal and regional authorities to contain the spread of coronavirus and take all necessary measures to ensure the safety and health of their employees and contractors;
- ▶ take measures to ensure reliable power supply, implement investment projects;
- ▶ track forecast and actual information on the impact of the pandemic on the economy of the Russian Federation, on the activities of the Group and the Group's main counterparties;
- ▶ adapt the Group's activities taking into account new market opportunities, take measures to neutralize the possible negative impact of the pandemic, and ensure the financial stability of the Group.

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

2. Basic principles of preparation of financial statements (a)

Basis of preparation

These consolidated interim condensed financial statements for the three months ended 31 March, 2019 are prepared in accordance with the requirements of IFRS (IAS) 34 *"Interim Financial Statement"*. Selected notes are included to explain events and transactions that are material to the understanding of changes in the Group's financial position and its 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 December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (hereinafter - "IFRS").

(b) Use of estimates and professional judgment

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

(c) New standards, clarifications and amendments to existing standards

A number of new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2022 and which the Group has not early adopted. The Group intends to adopt the applicable standards and interpretations for use after the effective date, no significant impact on the consolidated financial statements of the Group is expected.

- ▶ IFRS 17 "Insurance Contracts"
- ▶ Adjustments to IAS 1 "Classification of Liabilities as short-term or long-term"
- ▶ Adjustments to IAS 37 "Onerous Contracts - Contract Performance Costs"
- ▶ Adjustments to IAS 16 Fixed assets: Proceeds before Intended Use
- ▶ Adjustments to IFRS 3 "Conceptual References"
- ▶ Adjustment to IFRS 9 "Financial Instruments" - Commission on the "10% test" in case of derecognition of financial liabilities
- ▶ Adjustment to IFRS 1 "First-time Adoption of international financial reporting standards" - Subsidiary first-time adopting International Financial Reporting Standards
- ▶ Adjustment to IAS 41 "Agriculture" - Taxation in the Measurement of Fair Value
- ▶ Amendments to IAS 1 "Presentation of Financial Statements"
- ▶ Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2. Basic principles for preparing financial statements (continued)

Functional and reporting currency

The national currency of the Russian Federation is the Russian ruble that is used by the Group as its functional currency and presentation currency of these consolidated interim condensed financial statements. All figures are in rubles and rounded to the nearest thousand.

Reclassification of the comparative data

Certain comparative figures in the consolidated interim condensed statement of cash flows and individual notes for the previous period have been restated to present them in accordance with the classification of the Group's consolidated financial statements for 2019. All reclassifications made are insignificant.

3. Significant accounting policies

The key judgments made by management in the preparation of these condensed consolidated interim financial statements with respect to the Group's accounting policies and significant sources of estimation uncertainty are consistent with those made in the preparation of the consolidated financial statements for the year ended on December 31, 2021 and as of that date.

4. Fair value measurement

Certain principles of the accounting policies of the Group and a number of disclosures require an assessment of a fair value of both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement assumes that a transaction to sell an asset or transfer a liability takes place in the market that is fundamental to that asset or liability; or, in the absence of a main market, in the market that is most profitable with respect to the asset or liability.

In measuring the fair value of an asset or liability, the Group applies observable market data, as far as possible. Fair value measurements relate to different levels of the fair value hierarchy, depending on the inputs used in the relevant valuation methods:

- ▶ Level 1: Price quotes (non-adjustable) of active markets for identical assets or liabilities.
- ▶ Level 2: Evaluation models in which inputs that are essential to fair value assessment relate to the lowest hierarchy level are directly or indirectly observed on the market.
- ▶ Level 3: Evaluation models in which inputs essential to fair value assessment that relate to the lowest hierarchy level are not observed on the market.

If the inputs used to measure the fair value of an asset or liability can be attributed to different levels of the fair value hierarchy, then the fair value measurement generally refers to the level of the hierarchy to which the inputs of the lowest level correspond, which are essential for the entire measurement.

4. Determination of fair values (continued)

which corresponds to the initial data of the lowest level, which are essential for the entire assessment.

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

The point in time at which transfers to certain levels and for transfers from certain levels are recognized by the Group is the date of the event or change in circumstances giving rise to the transfer.

5. Operating segments

The Group determines operating segments based on the nature of their business and geographical location. The main activity of the Group is the provision of services for the transmission and distribution of electricity, technological connection to power grids. The results of the segments responsible for the main lines of business are regularly reviewed by the management of the Group.

Management has identified the following reportable segments:

- ▶ electricity transmission in Moscow;
- ▶ electricity transmission in Moscow region;
- ▶ services in connection to power grids in Moscow;
- ▶ services in connection to power grids in the Moscow region.

Other activities mainly represent rental income, installation services, repair and technical maintenance of electrical equipment, which have been included in the segment "Other". None of the other activities listed above meet the quantitative threshold for designating reportable segments for the three months ended March 31, 2021 or for the three months ended March 31, 2020.

The Board of Directors of PJSC "Rosseti Moscow Region", as the supreme decision-making body for the Group's operations, regularly analyzes information related to reportable segments in order to make decisions on the allocation of resources to segments and evaluate their performance.

Segment results are evaluated based on segment revenue and operating profit, which are estimated based on financial statements prepared in accordance with Russian accounting standards.

Information on segments also contains indicators of capital investments and amounts of loan funds, as these indicators are analyzed by the management of the Group responsible for making operational decisions.

Reconciliation of reportable segment indicators to similar indicators in these consolidated interim condensed financial statements includes reclassifications and amendments that are necessary for the presentation of financial statements in accordance with IFRS.

5. Operating segments (continued)

Information about the reportable segments is provided below.

Revenue and segment profit before tax for the 3 months ended March 31, 2021 was as follows (unaudited):

	Electricity transmission	Services for connection to the power grids	Other	Total
Revenue from external sales	45 826 568	1 754 175	1 415 478	48 996 221
Moscow	20 589 678	1 257 595	765 664	22 612 937
Moscow Region	25 236 890	496 580	649 814	26 383 284
Revenue from transactions between segments	-	-	372 991	372 991
Moscow	-	-	230 867	230 867
Moscow Region	-	-	142 124	142 124
Depreciation and amortisation	(6 279 538)	-	(26 907)	(6 306 445)
Moscow	(3 704 345)	-	(26 907)	(2 731 252)
Moscow Region	(2 575 193)	-	-	(2 575 193)
Finance costs on reportable segment	(877 221)	-	-	(877 221)
Moscow	(418 698)	-	-	(418 698)
Moscow Region	(458 523)	-	-	(458 523)
Finance income on reportable segments	-	-	57 647	57 647
Moscow	-	-	49 536	49 536
Moscow Region	-	-	8 111	8 111
Operating results on the reporting segments activity				
	6 390 739	1 543 315	150,714	8 084 768
Moscow	3 541 077	1 139 490	50 447	4 731 014
Moscow Region	2 849 662	403 825	100 267	3 353 754

5. Operating segments (continued)

The amount of revenue and profit/(loss) for segments before tax for the third month ended March 31, 2020 was as follows (unaudited data):

	Electricity transmission	Services for connection to the power grids	Other	Total
Revenue from external sales	40 031 320	1 600 942	442,819	42 075 081
Moscow	18 901 085	1 035 948	277 657	20 214 690
Moscow Region	21 130 235	564 994	165 162	21 860 391
Revenues from operations between segments	-	-	458 238	458 238
Moscow	-	-	320 878	320 878
Moscow Region	-	-	137 360	137 360
Depreciation and amortisation	(6 361 757)	-	(19 011)	(6 380 768)
Moscow	(3 673 226)	-	(19 011)	(3 692 237)
Moscow Region	(2 688 531)	-	-	(2 688 531)
Finance costs on reportable segment	(1 270 434)	-	-	(1 270 434)
Moscow	(648 557)	-	-	(648 557)
Moscow Region	(621 877)	-	-	(621 877)
Financial revenue of the reporting segments	-	-	77 292	77 292
Moscow	-	-	69 771	69 771
Moscow Region	-	-	7 521	7 521
Operating results of the reporting segments	4 110 428	1 437 190	(21 365)	5 526 253
Moscow	2 829 578	937 198	(108 719)	3 658 057
Moscow Region	1 280 850	499 992	87 354	1 868 196

5. Operating segments (continued)

Segmental assets were as follows:

	Moscow	Moscow Region	Total
March 31, 2021 (unaudited)			
Total assets	248 946 422	134 664 709	383 611 131
Fixed assets	222 783 364	115 692 740	338 476 104
Receivables	8 755 011	8 814 356	17 569 367
Unallocated items	17 408 047	10 157 613	27 565 660
December 31, 2021 (audited data)			
Total assets	248 467 670	134 508 268	382 975 938
Fixed assets	223 829 856	114 984 182	338 814 038
Receivables	8 111 468	9 609 791	17 721 259
Unallocated items	16 526 346	9 914 295	26 440 185

Сегментные обязательства составили:

	Moscow	Moscow Region	Total
March 31, 2021 (unaudited) data)			
Total liabilities	105 756 261	77 780 707	183 536 968
Borrowings	34 828 059	42 790 536	77 618 595
Unallocated items	70 928 202	34 990 171	105 918 373
December 31, 2021 (audited data)			
Total liabilities	109 816 153	79 502 800	189 318 953
Borrowings	38 573 831	42 621 639	81 195 470
Unallocated items	71 242 322	36 881 161	108 123 483

5. Операционные сегменты (продолжение)

Ниже приводится сверка показателей прибыли отчетных сегментов:

	For the three months, ended March, 31	
	2021	2020 (unaudited data)
Reportable segments profit	7 934 054	5 547 618
Other profit or loss	150,714	(21 365)
Unallocated items	(238 016)	39 535
Total profit before tax under RAS	7 846 752	5 565 788
Capitalized loan costs	51 841	47 403
Costs on the lease of fixed assets	52 210	56 156
Loss on disposal of fixed assets	22 267	11 478
Depreciation and amortisation	602,808	562 543
Provision for expected credit losses	(57 445)	134 046
Loan discount result	(26 517)	(17 972)
Employee benefits plan liabilities	(17 991)	30 372
Annual premium reserve	(361 938)	(297 730)
Income from fixed assets received free of charge	(78 947)	(66 011)
Income under agreements on compensation of losses	-	(883 144)
Other items	(128 592)	(88 306)
Consolidated profit before tax under IFRS	7 940 430	5 054 623

Segment disclosures are made in accordance with financial statement disclosure as at 31 December, 2021. However, for the purposes of preparing the consolidated interim condensed financial statement, the Group does not present checking segmental assets and segment liabilities against the consolidated interim condensed financial statement in accordance with IFRS 8 "Operating Segments".

The results of the operating segments that are communicated to the management of the Group that makes operating decisions are determined on the basis of income and expenses determined in accordance with Russian Accounting Standards (RAS). The results of the operating segments activities is the profit received by each segment, without the distribution of financial income and expenses and other income and expenses that are included in the "Unallocated items" component.

6. Revenue from contracts with customers

	For the three months, ended March, 31	
	2021	2020 (unaudited data)
Electricity transmission	45 826 568	40 031 162
Technological connection to grids	1 754 175	1 600 942
Resale of electric power and capacity	315 191	-
Other revenue	1 012 419	364 923
	48 908 353	41 997 027

Other revenues include revenues from services on electrical installation and maintenance.

7. Operating expenses

	For the three months, ended March, 31	
	2021	2020 (unaudited data)
Personnel costs	(5 447 496)	(5 176 701)
Depreciation and amortisation	(5 703 637)	(5 818 225)
<i>Material expenses, including:</i>		
Electricity for compensation of process losses	(7 196 015)	(5 466 259)
Purchased electricity and heat power for own needs	(129 453)	(105 406)
Electricity for sale	(288 968)	-
Other material costs	(735 947)	(618 855)
<i>Works and services of a production nature, including</i>		
Electricity transmission services	(18 602 862)	(16 795 659)
Repair, maintenance and installation services	(766 857)	(715 838)
Other production works and services	(396 970)	(433 061)
Impairment provisions for advances paid	6 552	72 430
Taxes other than income tax	(275 902)	(247 852)
Short-term lease	(19 566)	(4 957)
Insurance	(100 012)	(111 623)
<i>Other services of Third parties, including</i>		
Consulting, legal and audit services	(254 864)	(171 581)
Security	(167 691)	(161 291)
Transportation services	(92 009)	(105 648)
Communication services	(118 891)	(89 745)
Other services	(206 834)	(184 632)
Estimated liabilities (Note 22)	(407 748)	1 287
Miscellaneous expenses	(709 164)	(575 358)
	(41 614 334)	(36 708 974)

8. Other operating revenue

	For the three months, ended March, 31	
	2021	2020
	(unaudited data)	
Income from identified non-contractual electricity consumption	34 665	117 822
Income from compensation of losses in connection with the liquidation of electric grid assets	1 500 094	369 400
Other income	198 625	263 686
	1 733 384	750 908

9. Finance incomes and financing costs

	For the three months, ended March, 31	
	2021	2020
	(unaudited data)	
Financial income		
Interest income	51 493	85 727
Interest on assets related to employee benefit liabilities	6 414	2 069
	57 907	87 796
Finance charges		
Interest costs paid on credits and loans	(828 895)	(1 223 032)
Interest on employee benefit liabilities	(47 962)	(49 280)
Interest on lease agreements	(89 317)	(107 381)
Depreciation of discount on financial liabilities accounted at depreciated cost	(21 075)	(17 972)
Other financial costs	(1 268)	(17 467)
	(988 517)	(1 415 132)

10. Income tax

The main components of income tax expense for the three months ended 31 March 2021 and 2020 are presented in the table below:

	For the three months, ended March, 31	
	2021	2020
	(unaudited data)	
Current income tax		
Current income tax cost	(1 005 196)	(643 899)
Adjustments to income tax for prior periods	149 704	(5 241)
	(855 492)	(649 140)
Deferred income tax		
Accrual and reversal of temporary tax differences	(628 527)	(440 174)
	(628 527)	(440 174)
Income tax expense recognized in the statement of profit or loss	(1 484 019)	(1 089 314)

The income tax rate in the Russian Federation is 20%.

In accordance with the Law of the Moscow Region No. 151/2004-OZ dated November 24, 2004 "On preferential taxation in the Moscow region" the Group exercised the right to the preference granted to investors who made capital investments in fixed assets for those fixed assets that are newly constructed or put into operation in the form of a reduction in the corporate income tax rate by 4,5 percentage points. Therefore, a reduced rate of 18.18% (31 March 2020: 18.15%) has been used in calculating the Group's deferred tax assets and liabilities as at 31 March 2021.

The reconciliation of income tax expense calculated at the current tax rate of actual income tax expense is presented below:

	For the three months, ended March, 31	
	2021	2020
	(unaudited data)	
Profit before tax	7 940 430	5 054 623
Income tax calculated at the effective income tax rate of 18.18% (2020: 18.15%)	(1 443 299)	(917 664)
Adjustments of income tax prior periods	149 704	(5 241)
Write-off of deferred tax asset	(135 346)	(157 554)
The impact of taxable profit from rate changes	(18 856)	(1 459)
The impact on the tax amount of articles that do not reduce taxable profit	(36 222)	(7 396)
Income tax	(1 484 019)	(1 089 314)

11. Fixed assets

	Land and buildings	Transmission networks	Transformers and transformer substations	Other	Construction in progress	Total
Initial cost						
As of January 1, 2020	55 762 313	249 196 029	99 695 694	98 725 904	39 498 322	542 878 262
Reclassification between groups	43 353	7 963	-	(51 316)	-	-
Proceeds	7 063	113 946	94 883	135 814	3 639 110	3 990 816
Disposal	(4 732)	(41 658)	(26 217)	(2 433)	(27 902)	(102 942)
Commissioning	20 419	1 130 811	395 008	306 076	(1 852 314)	-
As of March 31, 2020. (unaudited data)	55 828 416	250 407 091	100 159 368	99 114 045	41 257 216	546 766 136
Accumulated depreciation and impairment						
As of January 1, 2020	(15 576 396)	(96 726 475)	(48 425 957)	(68 824 400)	(408 089)	(229 961 317)
Reclassification between groups	16	(428)	-	412	-	-
Accrued depreciation	(419 424)	(2 391 583)	(1 315 059)	(1 460 211)	-	(5 586 277)
Disposal	2 293	17 282	14 123	2 413	2	36 113
Entry into fixed assets (transfer of impairment losses)	-	(978)	(906)	-	1 884	-
As of March 31, 2020. (unaudited data)	(15 993 511)	(99 102 182)	(49 727 799)	(70 281 786)	(406 203)	(235 511 481)
Depreciable value						
As of January 1, 2020	40 185 917	152 469 554	51 269 737	29 901 504	39 090 233	312 916 945
As of March 31, 2020. (unaudited data)	39 834 905	151 304 909	50 431 569	28 832 259	40 851 013	311 254 655
Initial cost						
As of January 1, 2021	56 940 917	262 922 578	106 601 712	105 661 692	44 209 891	576 336 790
Reclassification between groups	(287 399)	287 385	9 553	(9 539)	-	-
Proceeds	3 289	1 064 796	206 305	291,303	3 996 486	5 562 862,64
Disposal	(642)	(188 325)	(16 471)	(63 260)	-	(268 698)
Commissioning	-	1 490 446	635 425	43 074	(2 168 945)	-
As of March 31, 2021 (unaudited data)	56 656 165	265 576 880	107 436 524	105 923 270	46 037 432	581 630 271
Accumulated depreciation and impairment						
As of January 1, 2021	(17 988 620)	(109 208 596)	(54 009 347)	(74 312 572)	(381 475)	(3 900 610)
Reclassification between groups	95 339	(95 334)	(2 763)	2 758	-	-
Accrued depreciation	(417 783)	(2 383 503)	(1 295 504)	(1 353 583)	-	(5 450 373)
Disposal	570	92 340	7 968	61 847	-	162,725
Entry into fixed assets (transfer of impairment losses)	-	(633)	(257)	-	890	-
As of March 31, 2021 (unaudited data)	(18 310 494)	(111 595 726)	(55 299 903)	(75 601 550)	(380 585)	(261 188 258)
Depreciable value						
As of January 1, 2021	38 952 297	153 713 982	52 592 365	31 349 120	43 828 416	320 436 180
As of March 31, 2021 (unaudited data)	38 345 671	153 981 154	52 136 621	30 321 720	45 656 847	320 442 013

Capitalized interest

The amount of borrowing costs capitalized during 3 months ended March 31, 2021, was 486 028 thousand rubles at the annual rate of capitalization of 6.72% (3 months ended March 31, 2020: 447,124 thousand rubles at an annual capitalization rate of 7.44%). The amount stated was included in the cost of fixed assets objects.

12. Intangible assets

	Software	Patents and licensing	RESEARC H AND DEVELOP MENT (R&D)	Other	Total
Initial cost					
As of January 1, 2020	3 810 424	22 850	380 638	545 464	4 759 376
Reclassification between groups	17 685	(17 685)	(34 849)	34 849	-
Proceeds	281 233	31	116	-	281 380
Disposal	-	(2 288)	-	-	(2 288)
As of March 31, 2020 (unaudited)	4 109 342	2 908	345 905	580 313	5 038 468
Depreciation					
As of January 1, 2020	(788 651)	(19 453)	(204 383)	(132 849)	(1 145 336)
Depreciation	(102 742)	(785)	(15 536)	(14 303)	(133 366)
Reclassification between groups	(16 570)	(16 570)	331	(331)	-
Disposal	-	2 281	-	-	2 281
As of March 31, 2020 (unaudited)	(907 963)	(1 387)	(219 588)	(147 483)	(1 276 421)
Depreciable value					
As of January 1, 2020	3 021 773	3 397	176 255	412 615	3 614 040
As of March 31, 2020 (unaudited)	3 201 379	1 521	126 317	432 830	3 762 047
Initial cost					
As of January 1, 2021	4 990 417	203 847	420 818	614 439	6 229 521
Proceeds	148 714	26 722	6 230	-	181 666
Disposal	(2 909)	-	-	-	(2 909)
As of march 31, 2021 (unaudited data)	5 136 226	230 569	427 048	614 439	6 408 278
Depreciation					
As of January 1, 2021	(1 081 513)	(14 189)	(252 963)	(206 771)	(1 555 436)
Depreciation	(104 640)	(26 794)	(13 967)	(15 450)	(160 851)
Disposal	2 909	-	-	-	2 909
As of march 31, 2021 (unaudited data)	(1 183 244)	(40 983)	(266 930)	(222 221)	(1 713 378)
Depreciable value					
As of January 1, 2021	3 908 904	189 658	167 855	407 668	4 674 085
As of march 31, 2021 (unaudited data)	3 952 978	189 586	160 118	392 218	4 694 900

Capitalized interest

The amount of borrowing costs capitalized during the 3 months ended on March 31, 2021, was 2 151 thousand rubles at the annual rate of capitalization of 6.72% (3 months ended March 31, 2020: 1,374 thousand rubles at an annual capitalization rate of 7.44%). This amount was included in the cost of intangible assets.

13. Right-of-use assets

	Land and buildings	Transmiss ion networks	Transformer s and transformer substations	Other	Total
Initial cost					
As of January 1, 2020	3 928 590	352 367	344 775	24 596	4 650 328
Proceeds	32 681	-	-	-	32 681
Changing the terms of the contract	(6 195)	-	2 085	(941)	(5 051)
Disposal	(51 442)	(1 024)	(426)	-	(52 892)
As of March 31, 2020 (unaudited)	3 903 634	351 343	346 434	23 655	4 625 066
Accumulated depreciation and impairment					
As of January 1, 2020	(394 470)	(112 271)	(95 060)	(10 255)	(612 056)
Accrued depreciation	(85 690)	(7 835)	(10 317)	(1 156)	(104 998)
Disposal	42 557	1 024	426	-	44 007
As of March 31, 2020 (unaudited)	(437 603)	(119 082)	(104 951)	(11 411)	(673 047)
Depreciable value					
As of January 1, 2020	3 534 120	240 096	249 715	14 341	4 038 272
As of March 31, 2020 (unaudited)	3 466 031	232 261	241 483	12 244	3 952 019
Initial cost					
As of January 1, 2021	4 120 904	362 240	270 421	19 961	4 773 526
Proceeds	35 898	-	-	-	35 898
Changing the terms of the contract	(95 691)	-	-	144	(95 547)
Disposal	(25 044)	-	-	-	(25 044)
As of March 31, 2021 (unaudited data)	4 036 067	362 240	270 421	20 105	4 688 833
Accumulated depreciation and impairment					
As of January 1, 2021	(677 715)	(145 523)	(126 186)	(13 152)	(962 576)
Accrued depreciation	(82 598)	(8 450)	(7 028)	(571)	(98 647)
Disposal	8 910	-	-	-	8 910
As of March 31, 2021 (unaudited data)	(751 403)	(153 973)	(133 214)	(13 723)	(1 052 313)
Depreciable value					
As of January 1, 2021	3 443 189	216 717	144 235	6 809	3 810 950
As of March 31, 2021 (unaudited data)	3 284 664	208 267	137 207	6 382	3 636 520

14. Trade and other receivables

	March 31 2021	December 31 2020
	(unaudited data)	(audited data)
Long-term trade and other receivables		
Other receivables	359 819	366 885
Estimated allowance for expected credit losses on other receivables	(192 749)	(188 322)
	167 070	178 563
Short-term trade and other receivables		
Trade receivable	15 714 519	16 402 336
Estimated allowance for expected credit losses on trade receivables	(4 382 933)	(4 151 969)
Other receivables	6 578 723	6 358 336
Estimated allowance for expected credit losses on other receivables	(4 462 759)	(4 458 148)
	13 447 550	14 150 555

15. Other non-financial assets

	March 31 2021	December 31 2020
	(unaudited data)	(audited data)
Other non-current non-financial assets		
Advances paid	7 024 703	7 031 255
Provision for impairment of advances given	(7 024 703)	(7 031 255)
VAT on advances from purchasers and customers	1 928 579	1 833 573
	1 928 579	1 833 573
Other current non-financial assets		
Advances paid	2 230 032	1 801 392
Provision for impairment of advances given	(67 282)	(67 355)
VAT recoverable	273 391	292 894
VAT on advances from purchasers and customers	4 724 705	4 605 898
Prepayment for other taxes, except for income tax and VAT	89 896	155 743
	7 250 742	6 788 572

16. Cash and cash equivalents

	March 31 2021	December 31 2020
	(unaudited data)	(audited data)
Cash balances on current bank accounts	2 486 385	1 130 833
Cash for targeted use under the state contract	151 400	205 050
Cash on hand	2	2
	2 637 787	1 335 885

17. Equity

(a) Share capital

	Ordinary shares March 31 2021	December 31 2020
Ordinary shares with a nominal value of 0,50 rubles each, pieces	48 707 091 574	48 707 091 574

Common shareholders have the right to receive dividends declared and the right to one vote per share when making decisions at annual and general meetings of the Company's shareholders.

(b) Own shares

As at 31 March 2021 and 31 December 2020, the Group had no treasury shares.

(c) Dividends

The source of dividend payment is the net profit of PJSC "Rosseti Moscow Region", determined in accordance with the requirements established by the current legislation of the Russian Federation.

In January 2020, the Company paid dividends for 9 months of 2019 in the amount of 2,055,166 thousand rubles, which were declared in December 2019 in the amount of 2,063,719 thousand rubles (0.04237 rubles per share).

18. Profit per share

The calculation of profit per share for the three months ended 31 March 2021 is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. The Company has no dilutive financial instruments.

	For the three months, ended March, 31	
	2021	2020
	(unaudited data)	
Number of outstanding shares (pcs.)	48 707 091 574	48 707 091 574
PJSC "Rosseti Moscow Region" shareholders' profit for the period (thousands of rubles) (thousand roubles)	6 456 411	3 965 309
Base and diluted profits per share (rubles)	0.1326	0.0814

19. Credits and loans

	March 31 2021	December 31 2020
	(unaudited data)	(audited data)
Long-term		
Unsecured bank credits	38 734 296	42 636 409
Unsecured bonded loans	39 063 903	38 814 581
Lease liabilities	3 983 398	3 932 975
Minus: current share of unsecured bank credits	(34 296)	(36 409)
Minus: current share of unsecured bonded loans	(905 942)	(620 206)
Minus: current share of lease liabilities	(323 797)	(319 816)
	80 517 562	84 407 534
Short-term		
Unsecured bank credits	338 355	93 663
Current share of unsecured bank credits	34 296	36 409
Current share of unsecured bonded loans	905 942	620 206
Current share of finance lease liabilities	323 797	319 816
	1 602 390	1 070 094
Including:		
Interests payable on credits and loans	34 296	36 409
Interests payable on bonded loans	884 300	559 060
	918 596	595 469

19. Loans and borrowings (continued)

During the three months ended March 31, 2021, the Group obtained the following bank credits:

	Interest rate	Maturity date	Amount
Unsecured bank credits	6,00%	2024	30 000 000
Unsecured bank credits	6,00%	2023	7 600 000
Unsecured bank credits	6,10%	2022	206 585
Unsecured bank credits	8,50%	2021	193 543
Unsecured bank credits	7,00%	2021	38 409
Overdraft	KS + 1.26%	2021	1 143 928
			<u>39 182 465</u>

For the three months ended March 31, 2021, the Group redeemed the following bond loans and bank credits:

	Interest rate	Maturity date	Nominal value
Unsecured bank credits	5,85%	2024	20 000 000
Unsecured bank credits	5,85%	2023	17 600 000
Unsecured bank credits	6,00%	2023	2 600 000
Unsecured bank credits	6,00%	2024	1 300 000
Unsecured bank credits	7,00%	2021	102 291
Unsecured bank credits	8,50%	2021	51 200
Unsecured bank credits	6,10%	2022	40 351
Overdraft	KS + 1.26%	2021	1 143 927
Unsecured bonded loans	-	2024	88 451
			<u>42 926 220</u>

During 3 months of 2021, the Group performed operations to refinance previously received loans in order to reduce the interest rate and revise the maturity of the debt portfolio.

20. Trade and other accounts payable

	March 31 2021	December 31 2020
	(unaudited data)	(audited data)
Long-term trade and other payables		
Trade payables	336 131	-
Other accounts payable	3 782 736	3 677 095
	<u>4 118 867</u>	<u>3 677 095</u>
Short-term trade and other payables		
Trade payables	11 957 085	19 468 012
Provision for unused vacations	2 548 366	3 232 504
Other accounts payable	2 200 099	929 058
	<u>16 705 550</u>	<u>23 629 574</u>

21. Liabilities under contract

	March 31 2021	December 31 2020
	(unaudited data)	(audited data)
Long-term		
Liabilities under contracts for technological connection to power grids	11 747 347	11 195 658
Liabilities under other agreements	185 710	188 374
	11 933 057	11 384 032
Short-term		
Liabilities under contracts for technological connection to power grids	25 127 832	24 195 592
Liabilities under other agreements	3 123 142	3 114 753
	28 250 974	27 310 345

22. Estimated liabilities

	2021	2020
Balance as of January 1	8 740 112	3 091 504
Provisions incurred during the period the year	444 715	-
Estimated liabilities recovered during the year	(36 967)	(1 287)
Estimated liabilities used during the year	(114 868)	(30 713)
Balance as of March 31 (unaudited data)	9 032 992	3 059 504

Estimated liabilities are formed to cover the costs of legal claims in which the Group is acting as a defendant and to resolve out-of-court disputes arising in the normal course of business and the provision of electricity transmission services. The existence of disagreements between electric grid, power sales and other companies regarding the volume and cost of transmitted electricity is due to certain specifics of the mechanisms of the electricity market functioning.

For the period of three months of 2021, the use of the provision for estimated liabilities in the amount of 114 868 thousand rubles. (3 months ended March 31, 2020: 30 713 thousand rubles) and restoration in the amount of 36 967 thousand rubles. (3 months ended 31 March 2020: 1 287 thousand rubles) is associated with the partial settlement of disagreements. The increase in the estimated liability to cover losses that the Group may incur in connection with an unfavorable outcome of litigation amounted to 444 715 thousand rubles (3 months ended March 31, 2020: 0 thousand rubles).

It is expected that the outcome of ongoing litigation and out-of-court settlement of disputes will not result in significant losses in excess of the estimated liabilities already accrued.

23. Financial risk 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 on December 31, 2021.

The Group's 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 optimizing the structure of debt capital, ensuring the availability of available credit limits, liquidity reserves in the form of Bank account balances and short-term financial investments, and monitoring the quality of accepted financial security (Bank guarantees).

(b) Credit risk

The Group's maximum exposure to credit risk is equal to the carrying amount of financial assets. As of the reporting date, the maximum amount of credit risk was:

	Book value	
	March 31 2021	December 31 2020
	(unaudited data)	(audited data)
Trade and other receivables	13 614 620	14 329 118
Cash and cash equivalents	2 637 787	1 335 885
	16 252 407	15 665 003

23. Financial risk management (continued)

(a) Credit risk (continued)

As of the reporting date, the maximum level of credit risk in terms of trade receivables for groups of customers was:

	31 March 2021		31 December 2020	
	(unaudited data)		(audited data)	
		Provision for expected credit losses	Total nominal value	Provision for expected credit losses
	Total nominal value			
Electricity transmission service customers	488 003	-	409 174	-
Electricity transmission service customers	12 502 446	(2 671 798)	13 376 658	(2 438 302)
Customers of services for technological connection to power grids	1 310 789	(553 496)	1 205 798	(602 688)
Other customers	1 413 281	(1 157 639)	1 410 706	(1 110 979)
	15 714 519	(4 382 933)	16 402 336	(4 151 969)

Information on trade and other receivables by default period:

	31 March 2021		31 December 2020	
	(unaudited data)		(audited data)	
	Total nominal value	Provision for expected credit losses	Total nominal value	Provision for expected credit losses
Non-overdue debts	12 044 472	(698 828)	12 978 526	(531 887)
Less than 3 months overdue	954 007	(209 461)	1 186 901	(497 813)
Overdue for more than 3 months and less than 6 months	737 958	(561 256)	942 122	(454 995)
Overdue for more than 6 months and less than a year	1 248	(570 646)	967 444	(845 341)
Overdue for more than a year	7 667 692	(6 998 250)	7 052 403	(6 468 403)
	22 653 061	(9 038 441)	23 127 557	(8 798 439)

The carrying amount of receivables, less allowance for expected credit losses, is the maximum exposure to credit risk. Although the collection of receivables may be influenced by economic and other factors, the Group believes that there is no significant risk of losses in excess of the provision made.

23. Financial risk management (continued)

a) Credit risk (continued)

Changes in the estimated reserve for expected credit losses on trade and other receivables during the year were as follows:

	2021	2020
Balance as of January 1	(8 798 439)	(9 234 986)
Provisions formed during the period	(349 781)	(152 279)
Provisions recovered during the period	105 550	417 223
Provisions used during the period	4 229	125 514
Balance as of March 31 (unaudited data)	(9 038 441)	(8 844 528)

(b) Liquidity risk (continued)

The main impact on the Group's liquidity indicators is a significant share of advance payments received from applicants under technological connection contracts, which are actually a long-term source of funds, since they are related to the implementation of the Group's long-term investment program. These liabilities do not require current assets to be secured, as they are sources of non-current assets of the Group and are discharged in the course of technological connection services.

As of March 31, 2021, the Group's short-term liabilities exceeded current assets by 32,526,380 thousand rubles (December 31, 2020: 36 758 422 thousand rubles). Net current liabilities as of March 31, 202 are mainly represented by accounts payable.

The Group exercises operational control over the liquidity lack risk and manages this type of risk by opening credit lines with banks, attracting loans and borrowings (see Note 19).

As of December 31, 2021. The Group has sufficient unused credit lines to finance the current capital deficit. The amount of free credit limit for the Group is RUB 132 761 643 thousand. (December 31, 2020: 109 106 338 thousand rubles), of which with a withdrawal period of the limit over a year 123 761 643 thousand rubles. (December 31, 2020: 100 106 338 thousand rubles). Furthermore, the Group's management believes that its cost-saving measures, along with a gradual increase in fees for power transmission and technical connection to power grids, will have a positive effect on the Group's financial results in the future.

The management of the Group believes that with the described circumstances, the Group will have sufficient liquid funds to continue its business in the foreseeable future.

23. Financial risk management (continued)

(c) Fair value and book value

As of the reporting date, management estimates that the fair values of financial assets and liabilities correspond to their carrying amounts. During the 3 months ended March 31, 2020 transfers between hierarchy levels 2 and 3 were not performed.

The following is a comparison of the net assets value and fair value of financial instruments of the Group shown in the financial statement by category, with the exception of those financial instruments whose net assets value approximates the fair value:

31 March, 2021 (unaudited data)		Level of fair value hierarchy		
Net assets value	Fair value	1	2	3
Bonded loans				
33 740 551	34 299 700	34 299 700		
33 740 551	34 299 700	34 299 700	-	-
December 31, 2021 (audited data)		Level of fair value hierarchy		
Net assets value	Fair value	1	2	3
Bonded loans				
38 552 177	38 497 000	38 497 000		
38 552 177	38 497 000	38 497 000	-	-

24. Contractual obligations of a capital nature

The amount of the Group's obligations under the contracts for the capital construction of electric grid facilities signed as of March 31, 2021 is 47 369 674 thousand rubles. (December 31, 2020: 49 318 333 thousand rubles), including VAT.

25. Contingencies (a)

Insurance

The Group has uniform requirements regarding the volume of insurance coverage, the reliability of insurance companies and the procedure for organizing insurance coverage. The Group ensures assets, civil liability and other insured risks. The Group's main production assets are covered by insurance, including coverage for damage or loss of fixed assets. However, there are risks of negative impact on the Group's operations and financial position in the event of damage to third parties, as well as due to loss or damage to assets that are not covered by insurance or have not been fully implemented.

25. Contingent obligations (continued)

(b) Litigations

The Group acts as one of the parties on a number of litigations initiated in its normal course of business. The Management believes that these litigations will not have a material adverse effect on the results of the Group's operating activity.

(c) Contingent tax liabilities in the Russian Federation

Russian tax legislation is subject to varying interpretations with respect to the Group's operations and activities. Accordingly, the 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 being strengthened. In particular, the risk of checking the tax aspect of transactions without obvious economic sense or with counterparties that violate tax laws increases. Tax audits can cover three calendar years preceding the year of the decision on the tax audit. Earlier periods may also be checked under certain conditions.

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

Starting from January 1, 2019, transfer pricing control ("TPC") was canceled for a significant part of domestic transactions. However, the exemption from price controls may not apply to all transactions made in the domestic market. However, in the case of additional charges, the mechanism of counter-adjustment of tax liabilities can be used if certain legal requirements are met. Intra-group transactions that have been out of the control of TPC since 2019 may nevertheless be checked by the territorial tax authorities for unjustified tax benefits, and TPC methods may be used to determine the amount of additional charges.

The Federal Executive body responsible for control and supervision of taxes and fees may check prices/profitability in controlled transactions and, if it does not agree with the prices applied by the Group in these transactions, charge additional tax liabilities if the Group is unable to justify the market nature of pricing in these transactions by providing transfer pricing documentation that meets the legal requirements.

With the further development of the practice of applying the rules of taxation by property tax, tax authorities and courts may challenge the criteria for classifying property as movable or immovable property applied by the Group. The Group's management does not exclude the risk of resources outflow, while the impact of such development of events cannot be estimated with a sufficient degree of reliability. According to the management, the relevant provisions of the legislation were interpreted by them correctly, and the position of the Group in terms of compliance with tax legislation can be justified and protected.

25. Contingent liabilities (continued)

(d) Environment preservation

The Group has been operating in the electric power industry in the Russian Federation for many years. Legislation on environmental protection in the Russian Federation continues to evolve, and the responsibilities of authorized state bodies to monitor its compliance are being reviewed. Potential environmental obligations arising from changes in interpretations of existing legislation, lawsuits, or changes in legislation cannot be assessed. In the opinion of management, under the current control system and current legislation, there are no probable liabilities that could have a material adverse effect on the Group's financial position, results of operations or cash flows.

26. Related-party transactions

(a) Relationship of control

Related parties are shareholders, affiliates and entities controlled by the Group, members of the Board of Directors and key management personnel of the Company.

As of March 31, 2021 and December 31, 2020, control of the Company was held by PJSC "Rosseti". The ultimate controlling party is the state represented by the Federal Agency for property Management, which owns a controlling stake in PJSC "Rosseti".

26. Related-party transactions (continued)

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

Transactions with the parent company, its subsidiaries and associates include transactions with PJSC "Rosseti", its subsidiaries and associates:

	Transaction amount		Balance of payments	
	For the three months ended		as of	
	March 31		March 31	December 31
	2021	2020	2021	2020
	(unaudited data)	(unaudited data)	(unaudited data)	(audited data)
Sale of goods and services	29 312	5 676	873 560	834 289
Parent company	398	398	-	-
Other revenue	398	398	-	-
Other subsidiaries controlled by parent company	28 914	5 278	873 560	834 289
Revenue from leases	188	188	-	-
Other revenue	18 961	4 790	-	-
Other income	9 765	300	-	-
Purchase of goods and services	(5 432 688)	(5 166 910)	(1 196 383)	(1 347 188)
Parent company	(15 661)	(10 096)	(6)	(72 793)
Consultancy, legal and auditors services	(15 661)	(10 096)	-	-
Other subsidiaries controlled by the parent company	(5 417 027)	(5 156 814)	(1 196 377)	(1 274 395)
Electricity transmission services	(5 350 469)	(5 110 108)	-	-
Short-term lease	(1 564)	(1 437)	-	-
Licensing services connection to electric networks services	(2 352)	-	-	-
Provision for expected credit losses	(9 982)	-	(845 551)	(805 335)
Miscellaneous expenses	(52 660)	(44 959)	-	-
Advances paid	-	6 678	37 417	36 295
Parent company	-	6 678	-	-
Other subsidiaries controlled by the parent company	-	-	37 417	36 295
Liabilities under contract	-	-	(106 824)	(106 795)
Other subsidiaries controlled by the parent company	-	-	(106 824)	(106 795)

26. Related-party transactions (continued)

(c) Operations with key management personnel

Key management personnel includes members of the Board of Directors, the Management Board, the Audit Committee, and representatives of the Company's top management.

Remuneration for key management personnel consists of the salary stipulated by the labor agreement, non-monetary benefits, as well as bonuses determined based on the results for the period and other payments. No remuneration or compensation is paid to those members of the Board of Directors who are government officials.

The amounts of benefits to key management personnel disclosed in the table represent the current period expenses for key management personnel recorded as part of employee compensation costs.

	For the three months, ended March, 31	
	2021	2020
	(unaudited data)	
Short-term employee benefits, including social contributions	180 841	157 512
Severance pay	10 283	-
Change in end-of-employment obligations and other long-term benefits (including pension programs)	(496)	(137)
	190 628	157 375

The present value of defined benefit obligations reflected in the consolidated interim condensed statement of financial position includes liabilities for key management personnel in the amount of 9 160 thousand rubles. (December 31, 2020: 9 657 thousand rubles).

27. Events after the balance sheet date

After the reporting date, there were no significant events that would require special explanations or adjustments in the consolidated financial statement.