

PJSC “FGC UES”

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE MONTHS ENDED 31 MARCH 2021

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PJSC “FGC UES”

Consolidated Statement of Profit or Loss and Other Comprehensive Income (in millions of Russian Rouble unless otherwise stated)

	Notes	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2021 (unaudited)
Revenues	14	61,999	58,706
Other operating income		774	1,159
Operating expenses	15	(39,200)	(36,292)
Accrual of allowance for expected credit losses		(57)	(3)
Operating profit		23,516	23,570
Finance income	16	2,431	3,029
Finance costs	17	(1,621)	(1,855)
Share of profit of associates and joint ventures (net of income tax)		65	61
Profit before income tax		24,391	24,805
Income tax expense		(4,817)	(5,139)
Profit for the period		19,574	19,666
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in fair value of financial investments	7	(1,665)	(1,517)
Remeasurements of retirement benefit obligations		748	401
Income tax relating to items that will not be reclassified		184	221
Total items that will not be reclassified to profit or loss		(733)	(895)
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference		(23)	385
Total items that are or may be reclassified to profit or loss		(23)	385
Other comprehensive income for the period, net of income tax		(756)	(510)
Total comprehensive income for the period		18,818	19,156
Profit attributable to:			
Shareholders of FGC UES	18	19,574	19,670
Non-controlling interests		-	(4)
Total comprehensive income attributable to:			
Shareholders of FGC UES		18,818	19,160
Non-controlling interests		-	(4)
Earnings per ordinary share for profit attributable to shareholders of FGC UES – basic and diluted (in Russian Rouble)	18	0.016	0.016

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

PJSC “FGC UES”

Interim Condensed Consolidated Statement of Cash Flows (in millions of Russian Rouble unless otherwise stated)

	Notes	Three months ended 31 March 2021 (unaudited)	Three months ended 31 March 2020 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		24,391	24,805
<i>Adjustments:</i>			
Depreciation of property, plant and equipment	5,15	10,407	9,464
Depreciation of right-of-use assets		307	260
Loss on disposal of property, plant and equipment		(356)	(63)
Amortisation of intangible assets		390	356
Share of profit of associates and joint ventures, net of income tax		(65)	(61)
Accrual of allowance for expected credit losses		57	3
(Reversal)/accrual of provisions	13	(168)	57
Finance income	16	(2,431)	(3,029)
Finance costs	17	1,621	1,855
Other non-cash transactions		(10)	(131)
Total impact of adjustments		9,752	8,711
Decrease/(increase) in non-current trade and other accounts receivable		1,401	(1,924)
Increase in non-current advances given and other non-current assets		(573)	(72)
(Decrease)/increase in non-current accounts payable		(355)	877
Increase/(decrease) in non-current advances from customers		1,153	(286)
Cash flows from operating activities before changes in working capital and provisions		35,769	32,111
<i>Changes in working capital:</i>			
(Increase)/decrease in trade and other accounts receivable		(1,845)	506
Decrease/(increase) in advances given and other current assets		1,990	(784)
Increase in inventories		(1,115)	(1,164)
Decrease in trade and other payables		(743)	(1,465)
Use of provisions		(205)	(137)
Increase in advances from customers		4,432	7,077
Cash flow from operating activities before payment of income tax		38,283	36,144
Income tax paid		(2,408)	(4,235)
Net cash flows generated by operating activities		35,875	31,909
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(18,955)	(12,194)
Proceeds from disposal of property, plant and equipment		529	226
Purchase of intangible assets		(308)	(185)
Redemption of promissory notes		45	2
Placement of bank deposits		(9,418)	(17,146)
Redemption of bank deposits		5,487	10,670
Loans given		-	(10)
Repayment of loans given		4	5
Interest received		712	933
Net cash flows used in investing activities		(21,904)	(17,699)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current and non-current borrowings		-	10,000
Repayment of current and non-current borrowings		(564)	(9,506)
Repayment of principal portion of lease liabilities		(332)	(272)
Dividends paid		-	(11,124)
Interest paid on lease agreements		(387)	(333)
Interest paid		(3,286)	(4,045)
Net cash flows used in financing activities		(4,569)	(15,280)
Net increase/(decrease) in cash and cash equivalents		9,402	(1,070)
Cash and cash equivalents at the beginning of the period	9	30,096	37,077
Cash and cash equivalents at the end of the period	9	39,498	36,007

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

PJSC “FGC UES”

Interim Condensed Consolidated Statement of Changes in Equity (in millions of Russian Rouble unless otherwise stated)

	Notes	Attributable to shareholders of FGC UES					Total	Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Reserves	Retained earnings			
As at 1 January 2021		637,333	10,501	(4,719)	32,755	274,948	950,818	168	950,986
Total comprehensive income for the period									
Profit for the period		-	-	-	-	19,574	19,574	-	19,574
<i>Other comprehensive income/(loss), net of related income tax</i>									
Change in fair value of financial investments, net of income tax	10, 15	-	-	-	(1,446)	-	(1,446)	-	(1,446)
Remeasurements of retirement benefit obligations, net of income tax	15, 18	-	-	-	713	-	713	-	713
Foreign currency translation difference	9, 15	-	-	-	(23)	-	(23)	-	(23)
Total other comprehensive income		-	-	-	(756)	-	(756)	-	(756)
Total comprehensive income for the period		-	-	-	(756)	19,574	18,818	-	18,818
As at 31 March 2021 (unaudited)		637,333	10,501	(4,719)	31,999	294,522	969,636	168	969,804

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

PJSC “FGC UES”

Interim Condensed Consolidated Statement of Changes in Equity

(in millions of Russian Rouble unless otherwise stated)

	Notes	Attributable to shareholders of FGC UES					Total	Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Reserves	Retained earnings			
As at 1 January 2020		637,333	10,501	(4,719)	30,937	227,558	901,610	174	901,784
Total comprehensive income for the period									
Profit for the period		-	-	-	-	19,670	19,670	(4)	19,666
<i>Other comprehensive income/(loss), net of related income tax</i>									
Change in fair value of financial investments, net of income tax	10, 15	-	-	-	(1,315)	-	(1,315)	-	(1,315)
Remeasurements of retirement benefit obligations, net of income tax	15, 18	-	-	-	420	-	420	-	420
Foreign currency translation difference	9, 15	-	-	-	385	-	385	-	385
Total other comprehensive income		-	-	-	(510)	-	(510)	-	(510)
Total comprehensive income for the period		-	-	-	(510)	19,670	19,160	(4)	19,156
As at 31 March 2020 (unaudited)		637,333	10,501	(4,719)	30,427	247,228	920,770	170	920,940

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

PJSC “FGC UES”

Notes to the Interim Condensed Consolidated Financial Statements (in millions of Russian Rouble unless otherwise stated)

Note 1. PJSC “FGC UES” and its operations

Public Joint-Stock Company “Federal Grid Company of Unified Energy System” (“FGC UES” or the “Company”) was established in June 2002 for the purpose of operating and managing the electricity transmission grid infrastructure of the Russian Unified National Electric Grid (the “UNEG”).

FGC UES and its subsidiaries (the “Group”) act as the natural monopoly operator for the UNEG. The Group’s principal operating activities consist of providing electricity transmission services, providing connection to the electricity grid, maintaining the electricity grid system, technical supervision of grid facilities and investment activities in the development of the UNEG. The majority of the Group’s revenues are generated via tariffs for electricity transmission, which are approved by the Russian Federal Antimonopoly Service (“FAS”) based on the Regulatory Asset Base (“RAB”) regulation.

On 14 June 2013 the Government of the Russian Federation (the “RF”) transferred its stake in FGC UES to PJSC “ROSSETI” (former OJSC “IDGC Holding”), the holding company of an electricity distribution group, controlled by the Government of the RF. As at 31 March 2021, FGC UES was 80.13% owned and controlled by PJSC “ROSSETI”. The remaining shares are traded on the Moscow Stock Exchange and as Global Depository Receipts on the London Stock Exchange.

On 15 May 2020 the Annual General Shareholders’ Meeting of the Company was taken the decision to transfer the powers of the sole executive body of FGC UES to a management organisation, namely PJSC “ROSSETI” (minutes No. 24 dated May 15, 2020).

The registered office of the Company is located at 5A Akademika Chelomeya Street, Moscow 117630, Russian Federation.

Relationships with the state. The Government of the RF is the ultimate controlling party of FGC UES. The Government directly affects the Group's operations via regulation over tariff by the FAS and its investment program is subject to approval by both the FAS and the Ministry of Energy. The Government's economic, social and other policies could have a material impact on the Group’s operations

The Group’s business environment. The Group operates primarily in the Russian Federation and hence is exposed to risks related to the Russian economy and political market environments. The economy of the Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory system is continuing to evolve and is subject to varying interpretations, and changes, which can occur frequently. The ongoing political tension and international sanctions against certain Russian companies and individuals still adversely impact the Russian economy.

The pandemic of coronavirus (COVID-19) in 2020 has caused a financial and economic tension in the world markets, lower consumption expenditure and business activities. Many countries as well as the Russian Federation have imposed quarantine measures. Social distancing and isolation measures have resulted in discontinued operations in retail, transport, travel and tourism, foodservice and many other areas.

Global economic activity has begun a gradual recovery during the second quarter of 2020. Taking into account the currently publicly available information, the Group does not expect a significant negative impact of the coronavirus pandemic (COVID-19) on the financial position and financial results in the short term.

The effect of the COVID-19 in the long and medium term if the new waves of the coronavirus infection resurge and response measures are reinforced is hardly possible to estimate at the moment.

The Group continues to monitor and assess the situation and takes appropriate action:

- cooperate with the federal and regional authorities to prevent the spread of coronavirus and take all required measures to ensure safety, health protection of its employees and contractors;
- conduct events to ensure stable electricity supply, realize investment projects;
- monitor forecasted and actual information about the pandemic impact on the economy of the Russian Federation and on the business activities of the Group and its main counterparties;
- adjust the Group’s operations to fit the new market opportunities, take actions to counteract the adverse effect of the pandemic and ensure the financial stability of the Group.

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

PJSC “FGC UES”

Notes to the Interim Condensed Consolidated Financial Statements (in millions of Russian Rouble unless otherwise stated)

Note 2. Basis of preparation

Statement of compliance

These interim condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant for understanding of changes in the Group's financial position and performance since the last annual consolidated financial statements.

These interim condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (hereinafter – IFRS).

Use of professional judgements and estimates

The significant judgements regarding accounting policy of the Group and key sources of uncertainty in estimations applied by the management in preparation current interim condensed consolidated financial statements were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

New standards and amendments

Certain new standards, amendments and interpretations have been issued and are effective for annual periods starting beginning on and after 1 January 2022 and the Group has not prematurely applied these standards.

The Group plans to adopt these pronouncements when they become effective; they are not expected to have a significant impact on the Group's Consolidated Financial Statements.

- IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Short-term or Long-term”
- Amendments to IAS 37 “Onerous Contracts – Contract Performance Costs”
- Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”
- Amendments to IFRS 3 “References to the Conceptual framework”
- Amendment to IFRS 9 “Financial Instruments” - commission fee for the “10% test” in the event of derecognition of financial liabilities
- Amendment to IFRS 1 “First-Time Adoption of International Financial Reporting Standards” – a subsidiary applying International Financial Reporting Standards for the first time
- Amendment to IAS 41 “Agriculture” - Taxation 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”

Changes in presentation. Reclassification of comparative data

Some items in the comparative financial statements were reclassified to comply with the current period presentation. All reclassifications are immaterial.

Note 3. Summary of significant accounting policies

The key significant accounting policies and measurement procedures applied by the Group are consistent with those as disclosed in the audited consolidated financial statements for the year ended 31 December 2020.

Measurement of fair values

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 of the input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy during the reporting period when the change has occurred.

The Group considers the point of time when transfers between and for certain levels are recognised when an event or change in circumstances occurs.

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Notes to the Interim Condensed Consolidated Financial Statements

(in millions of Russian Rouble unless otherwise stated)

Note 4. Balances and transactions with related parties

Parent company. During the three months ended 31 March 2021 and 31 March 2020 the Group had the following significant transactions with the parent company of FGC UES - PJSC “ROSSETI”:

	Three months ended 31 March 2021	Three months ended 31 March 2020
Revenues	121	79
Operating expenses	(230)	-

Significant balances with the parent company are presented below:

	31 March 2021	31 December 2020
Short-term trade and other receivables	111	116
Financial investments into shares	637	669
Bonds	10,089	10,000
Short-term trade and other payables	(138)	(139)

Directors' compensation. Fees, compensation or allowances to the members of the Board of Directors for their services in that capacity and for attending Board meetings are paid depending on results for the year. Fees, compensation or allowances, are not paid to the members of the Board of Directors who are government employees. For the three months ended 31 March 2021 and 2020, no remuneration was paid to the members of the Board of Directors.

For the three months ended 31 March 2020, the members of the Management Board were paid with remuneration of RR 57 million (social security contributions are not included) in the form of salary, non-cash short-term benefits and bonuses, and RR 2 million in the form of post-employment benefits and other long-term benefits

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Notes to the Interim Condensed Consolidated Financial Statements (in millions of Russian Rouble unless otherwise stated)

Note 5. Property, plant and equipment

	Land and Buildings	Power trans- mission grids	Substations	Construction in progress	Other	Total
Cost						
Balance as at 1 January 2021	36,284	722,174	806,736	241,080	99,519	1,905,793
Additions	5	3	73	14,134	690	14,905
Transfers	2	321	(51)	(3,199)	2,927	-
Disposals	(57)	(13)	(170)	(99)	(151)	(490)
Balance as at 31 March 2021	36,234	722,485	806,588	251,916	102,985	1,920,208
Accumulated depreciation and impairment						
Balance as at 1 January 2021	(8,935)	(318,747)	(409,231)	(41,331)	(58,435)	(836,679)
Depreciation charge	(122)	(3,123)	(5,630)	-	(1,532)	(10,407)
Transfers	-	(3)	407	52	(456)	-
Disposals	17	9	162	-	145	333
Balance as at 31 March 2021	(9,040)	(321,864)	(414,292)	(41,279)	(60,278)	(846,753)
Net book value as at 1 January 2021	27,349	403,427	397,505	199,749	41,084	1,069,114
Net book value as at 31 March 2021	27,194	400,621	392,296	210,637	42,707	1,073,455
Cost						
Balance as at 1 January 2020	34,155	661,862	765,911	258,654	93,979	1,814,561
Additions	1	1	-	10,163	326	10,491
Transfers	48	5,339	1,240	(6,852)	225	-
Disposals	-	(19)	(271)	(130)	(627)	(1,047)
Balance as at 31 March 2020	34,204	667,183	766,880	261,835	93,903	1,824,005
Accumulated depreciation and impairment						
Balance as at 1 January 2020	(8,210)	(300,492)	(382,871)	(43,951)	(54,136)	(789,660)
Depreciation charge	(115)	(2,777)	(5,172)	-	(1,400)	(9,464)
Transfers	(1)	(136)	(28)	165	-	-
Disposals	-	19	271	-	594	884
Balance as at 31 March 2020	(8,326)	(303,386)	(387,800)	(43,786)	(54,942)	(798,240)
Net book value as at 1 January 2020	25,945	361,370	383,040	214,703	39,843	1,024,901
Net book value as at 31 March 2020	25,878	363,797	379,080	218,049	38,961	1,025,765

PJSC “FGC UES”

Notes to the Interim Condensed Consolidated Financial Statements (in millions of Russian Rouble unless otherwise stated)

Note 6. Right-of-use assets

	Land and buildings	Power trans- mission grids	Substations	Other	Total	Lease liabilities
Balance as at 1 January 2021	11,175	753	1,020	1,268	14,216	14,526
Additions	626	-	-	-	626	626
Depreciation charged to profit or loss	(217)	(4)	(52)	(34)	(307)	-
Depreciation charged to construction in progress	(70)	-	-	-	(70)	-
Interest expense	-	-	-	-	-	386
Payments	-	-	-	-	-	(719)
Transfer to property, plant and equipment	-	-	-	(479)	(479)	-
Balance as at 31 March 2021	11,514	749	968	755	13,986	14,819

	Land and buildings	Power trans- mission grids	Substations	Other	Total	Lease liabilities
Balance as at 1 January 2020	9,379	768	1,229	1,343	12,719	12,824
Additions	612	-	-	60	672	672
Depreciation charged to profit or loss	(166)	(4)	(53)	(37)	(260)	-
Depreciation charged to construction in progress	(64)	-	-	-	(64)	-
Interest expense	-	-	-	-	-	333
Payments	-	-	-	-	-	(602)
Balance as at 31 March 2020	9,761	764	1,176	1,366	13,067	13,227

PJSC “FGC UES”

Notes to the Interim Condensed Consolidated Financial Statements (in millions of Russian Rouble unless otherwise stated)

Note 7. Other non-current financial assets

	31 March 2021	31 December 2020
Financial assets measured at fair value through other comprehensive income		
Financial investments into shares	46,640	48,305
Financial assets measured at amortised cost		
Deposits	19,387	10,020
Federal loan bonds (OFZ) of the Russian Federation	4,217	4,151
Total	70,244	62,476

Note 8. Trade and other accounts receivable

	31 March 2021	31 December 2020
Non-current trade and other receivables		
Trade receivables (net of allowance for expected credit losses of RR 18 million as at 31 March 2021 and RR 18 million as at 31 December 2020)	65,109	64,943
Other receivables (net of allowance for expected credit losses of RR 223 million as at 31 March 2021 and RR 223 million as at 31 December 2020)	2,531	2,514
Promissory notes	161	157
Total non-current trade and other receivables	67,801	67,614

	31 March 2021	31 December 2020
Current trade and other receivables		
Trade receivables (net of allowance for expected credit losses of RR 7,305 million as at 31 March 2021 and RR 7,350 million as at 31 December 2020)	38,377	36,138
Other receivables (net of allowance for expected credit losses of RR 6,091 million as at 31 March 2021 and RR 5,988 million as at 31 December 2020)	3,013	2,908
Promissory notes	58	101
Total current trade and other receivables	41,448	39,147

Non-current trade receivables mainly relate to the contracts of technological connection services that imply payment deferral and restructured receivable balances for transmission services that are expected to be settled within the period exceeding 12 months from the period end.

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Notes to the Interim Condensed Consolidated Financial Statements

(in millions of Russian Rouble unless otherwise stated)

Note 8. Trade and other receivables (continued)

As at 31 March 2021 non-current trade receivables in the amount of RR 62,600 million (as at 31 December 2020: RR 61,293 million) relate to the contracts of technological connection, being paid in equal semi-annual installments with an interest accrued on the actual outstanding balances at the rate of 6% per annum. Fair value of consideration receivable for these contracts at the date of initial recognition has been determined using present value technique based on estimated future cash flows and the discount rates of 6.91–9.63%.

As at 31 March 2021 the fair value of non-current trade and other receivables amounted to RR 71,740 million (as at 31 December 2020: RR 73,380 million). The fair value (Level 3) of non-current trade and other receivables has been determined using present value technique based on estimated future cash flows and the discount rates of 6.89–7.17% (as at 31 December 2020: 6.08–6.53%).

Note 9. Cash and cash equivalents

	31 March 2021	31 December 2020
Cash at bank and in hand	19,325	24,761
Cash equivalents	20,173	5,335
Total cash and cash equivalents	39,498	30,096

Cash equivalents mainly include short-term investments in bank deposits:

As at 31 March 2021 cash and cash equivalents include amounts denominated in foreign currency totalling RR 97 million (as at 31 December 2020: RR 97 million).

Note 10. Equity

Share capital

	Number of shares issued and fully paid, psc.		Share capital	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Ordinary shares	1,274,665,323,063	1,274,665,323,063	637,333	637,333

As at 31 March 2021 the authorised share capital comprised 1,346,805,824 thousand ordinary shares with a nominal value of RR 0.5 per share.

Treasury shares. As at 31 March 2021 the Group held through a subsidiary 13,727,165 thousand ordinary shares in treasury at the total cost of RR 4,719 million (as at 31 December 2019: RR 4,719 million).

Reserves. Reserves included Revaluation reserve for financial investments, foreign currency translation reserve and remeasurement reserve for retirement benefit obligations. The Foreign currency translation reserve relates to the exchange differences arising on translation of net assets of a foreign associate.

Reserves comprised the following:

	31 March 2021	31 December 2020
Revaluation reserve for financial investments	34,776	36,222
Remeasurement reserve for retirement benefit obligations	(3,070)	(3,783)
Foreign currency translation reserve	293	316
Total reserves	31,999	32,755

PJSC “FGC UES”

Notes to the Interim Condensed Consolidated Financial Statements

(in millions of Russian Rouble unless otherwise stated)

Note 11. Non-current debt

	Effective interest rate	Due	31 March 2021	31 December 2020
Interest-bearing non-convertible bonds:				
with fixed rates	5.00-9.35%	2021-2052	77,461	77,762
with variable rates	CPI+1-2.5%	2022-2047	151,260	151,171
Non-bank borrowings	0.1-3%	2025-2026	86	160
Lease liabilities	7.07-10.38%	2021-2069	14,819	14,526
Total debt			243,626	243,619
Less: current portion of non-current bonds			(22,301)	(22,514)
Less: current portion of non-bank borrowings			(3)	(5)
Less: current portion of lease liabilities			(1,265)	(1,250)
Total non-current debt			220,057	219,850

All debt instruments are denominated in RR.

Reconciliation between carrying and fair values of financial liabilities is presented below. Fair value of level 1 bonds are determined based on quoted market prices at the Moscow Stock Exchange and the Irish Stock Exchange.

PJSC “FGC UES”

Notes to the Interim Condensed Consolidated Financial Statements (in millions of Russian Rouble unless otherwise stated)

Note 11. Non-current debt (continued)

		31 March 2021		31 December 2020	
	Level	Fair value	Carrying value	Fair value	Carrying value
Non-convertible bonds with fixed rates (including current portion of bonds)	1	77,403	77,461	79,365	77,762
Non-convertible bonds with variable rates	1	10,055	10,119	10,005	10,234
Total debt classified into fair value hierarchy level 1		87,458	87,580	89,370	87,996

Certified interest-bearing non-convertible bonds with variable rates classified into fair value hierarchy level 3 represent non-quoted non-convertible bearer bonds with variable rate aligned to inflation with a premium of 1%, which is a unique instrument with specific market. Hence, the management believes carrying amount of these instruments approximates its fair value.

The amount of free limit on open but unused credit lines of the Group was RR 100,000 million at 31 March 2021 (31 December 2020: RR 100,000 million). The Group has opportunity to attract additional financing within the corresponding limits, including for the purpose of execution of short-term liabilities.

Note 12. Trade and other payables

	31 March 2021	31 December 2020
Non-current trade and other accounts payable		
Accounts payable to construction companies and suppliers of property, plant and equipment	5,234	5,160
Trade payables	466	703
Total long-term trade and other payables	5,700	5,863
Current trade and other accounts payable		
Accounts payable to construction companies and suppliers of property, plant and equipment	19,875	27,897
Trade payables	8,742	9,539
Accounts payable to employees	3,639	3,189
Other creditors	2,517	1,530
Total	34,773	42,155

As at 31 March 2021 non-current accounts payable to construction companies and suppliers of property, plant and equipment includes RR 166 million (as at 31 December 2020: RR 161 million) of guarantee deposits made to suppliers of property, plant and equipment refundable in 2022–2037. Fair value of consideration payable for these deposits at the date of initial recognition has been determined using present value technique based on estimated future cash flows and the discount rates of 4.95–5.68%.

As at 31 March 2021 non-current accounts payable to construction companies and suppliers of property, plant and equipment includes RR 1,773 million (as at 31 December 2020: RR 1,773 million) related to purchase of property, plant and equipment. Amounts are payable in installments in 2022–2025. Fair value of consideration payable at the date of initial recognition has been determined using present value technique based on estimated future cash flows and the discount rate of 8.75%.

As at 31 March 2021 fair value of non-current trade and other payables amounted to RR 6,070 million (as at 31 December 2020: RR 6,262 million). The fair value (Level 3) of non-current trade and other payables has been determined using present value technique based on estimated future cash flows and the discount rate of 5.22% (31 December 2020: 5.22%).

Note 13. Provisions

	Three months ended 31 March 2021	Three months ended 31 March 2020
Carrying amount at 1 January	3,642	1,202
Charge for the year	83	69
Unused amounts reversed	(251)	(12)
Use of provision	(205)	(194)
Carrying amount at 31 December	3,269	1,065

Provisions relate mainly to legal proceedings and claims against the Group in the ordinary course of business.

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Note 14. Revenues and other operating income

	Three months ended 31 March 2021	Three months ended 31 March 2020
Transmission fee	59,612	56,110
Construction services	647	981
Electricity sales	543	458
Technological connection services	456	328
Other revenues	561	581
Total revenue from contracts with customers	61,819	58,458
Rental income	180	248
Total revenue	61,999	58,706

Note 15. Operating expenses

	Three months ended 31 March 2021	Three months ended 31 March 2020
Purchased electricity for production needs	11,798	10,066
Depreciation of property, plant and equipment	10,407	9,464
Employee benefit expenses and payroll taxes	6,988	7,483
Taxes, other than on income	3,679	3,452
Electricity grids usage fee	742	549
Subcontract works for construction contracts	611	433
Business trips and transportation expenses	430	466
Amortisation of intangible assets	390	356
Depreciation of right-of-use assets	307	260
Electricity transit	267	399
Fuel for mobile gas-turbine electricity plants	203	3
Repairs and maintenance	193	516
Rent	114	95
Other expenses	3,071	2,750
Total	39,200	36,292

Note 16. Finance income

	Three months ended 31 March 2021	Three months ended 31 March 2020
Unwinding of discount on financial assets	1,590	1,806
Interest income on bank deposits and cash on bank accounts	828	1,100
Foreign currency exchange differences	3	19
Other finance income	10	104
Total finance income	2,431	3,029

Note 17. Finance costs

	Three months ended 31 March 2021	Three months ended 31 March 2020
Interest expenses on financial liabilities measured at amortized cost	3,539	3,533
Interest expense on lease contracts	386	333
Net interest expense on defined benefit liability	123	112
Foreign currency exchange differences	67	56
Other finance costs	145	200
Total finance costs	4,260	4,234
Less capitalised interest expenses on borrowings related to qualifying assets (Note 5)	(2,639)	(2,379)
Total finance costs recognised in profit or loss	1,621	1,855

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Note 18. Earnings per share

	Three months ended 31 March 2021	Three months ended 31 March 2020
Weighted average number of ordinary shares (million of shares)	1,260,938	1,260,938
Profit attributable to shareholders of FGC UES (million of RR)	19,574	19,670
Earnings per share – basic and diluted (in RR)	0.016	0.016

The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal to the basic earnings per share.

Note 19. Contingencies and commitments

Insurance. The Group has unified requirements in respect of the volume of insurance coverage, reliability of insurance companies and 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 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.

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Note 19. Contingencies, commitments and operating risks (continued)

Legal proceedings. In the normal course of business, the Group entities may be a party to certain legal proceedings. As at 31 March 2021 claims made by suppliers of property, plant and equipment and other counterparties to the Group amounted to RR 4,526 million.

For the year ended 31 December 2019, as pursuant to the court rulings of the Moscow Arbitration Court for case No A40-45189/2018 and for case No A40-173223/2018 which have entered into legal force, the Group recognised income from settlement of the liabilities of suppliers with means of cash received under the guarantees provided by PJSC “Bank Otkritie Financial Corporation” (as a reversal of the earlier recognised impairment loss on certain items of the property, plant and equipment and construction in progress). On 13 January 2021, the Moscow Arbitration Court made a decision to case No A40-108510/20-90-785 on dismissal of an action from PJSC “Bank Otkritie Financial Corporation” against the Company on cost recovery of RR 2,258 million since the Claimant has failed to prove the Company's actions as wrongful. Therefore, there are no grounds to allow the claim of the Claimant. The case was sent to the appeals court on 18 February 2021. On 19 April 2021, the Ninth Arbitration Court of Appeal dismissed the complaint of PJSC “Bank Otkritie Financial Corporation” and upheld the decision of the Moscow Arbitration Court. In the management's opinion, the probability of unfavourable final decision of the litigation for the Group is not high.

Management believes the likelihood of negative outcome for the Group and the respective outflow of financial resources to settle such claims, if any, is not probable and, consequently, no provision has been made in these financial statements.

Tax contingency. Russian tax legislation is subject to varying interpretations regarding the operations and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by the relevant regional and federal authorities. Russian tax administration is gradually strengthening.

In particular, there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of decision to perform tax review. Under certain circumstances reviews may cover longer periods.

The Russian tax authorities are entitled to charge additional tax and penalty in accordance with procedures set forth by transfer pricing regulations (TPR) in case prices/return in controlled transactions differ from the those on the market. The list of controlled transactions comprises mainly transactions between related parties.

Since 1 January 2019, control over transfer prices for the major domestic Russian transactions has been cancelled. However, exemption from control over prices can be applied to certain domestic transactions only. At this, in case of additional tax charge, a correlative adjustment mechanism can be used to tax liabilities if certain legal requirements are met. Intra-group transactions that have been beyond the control of TPR since 2019 may, however, can be subject to inspection from territorial tax authorities with regard to unjustified tax income and the TRP principles can be applied to determine the additional tax payable. The federal executive body responsible for control and supervision over taxes and charges can inspect prices/return in controlled transactions and, if disagreeing with the Group's prices applied in the transactions, can charge additional tax unless the Group can justify the marketing nature of pricing in the transaction with documents on transfer pricing that are in compliance with the legal regulations.

Depending on the further practice of applying the property tax rules by the tax authorities and courts the classification of moveable and immoveable property set by the Group could be argued. The Group's management does not exclude the risk of resources outflow and its impact can not be sufficiently estimated.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax positions will be sustained.

Environmental matters. The Group has been operating in the electric transmission industry in the Russian Federation for many years. The legislation on environmental protection in the Russian Federation continues to develop, the duties of the authorized state bodies to monitor its compliance are reviewed. Potential liabilities arising as a result of a change in interpretation of existing regulations, civil litigation or changes in legislation cannot be estimated under the 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.

Capital commitments related to construction of property, plant and equipment. Future capital expenditures for which contracts have been signed amount to RR 150,083 million as at 31 March 2021 (as at 31 December 2020: RR 139,314 million) including VAT.

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Note 20. Segment information

The Group operates within one operating segment. The Group’s single primary activity is provision of electricity transmission services within the Russian Federation which is represented as Transmission segment.

The Board of Directors of the Company has been determined as chief operating decision maker (the “CODM”) of the Group which generally analyses information relating to Transmission segment. The Board of Directors does not evaluate financial information of other components of the Group to allocate resources or assess performance and does not determine these components as segments. The key indicator of the transmission segment performance is return on equity ratio (ROE). Accordingly, the measure of transmission segment profit or loss analysed by the CODM is net profit of segment based on the statutory financial statements prepared according to RAS. The other information provided to the CODM is also based on statutory financial statements prepared according to RAS.

	Transmission segment – based on statutory financial statements prepared according to RAS	
	Three months ended 31 March 2021	Three months ended 31 March 2020
Revenue from external customers	60,518	57,718
Intercompany revenue	96	92
Total revenue	60,614	57,810
Net profit for period	10,238	10,585
	31 March 2021	31 December 2020
Total reportable segment assets	1,588,645	1,578,076
Total reportable segment liabilities	432,962	432,631
	Three months ended 31 March 2021	Three months ended 31 March 2020
Total revenue from segment (RAS)	60,614	57,810
Reclassification between revenue and other operating income	-	(205)
Non-segmental revenue	1,532	1,220
Elimination of intercompany revenue	(96)	(92)
Revenue adjustments	(51)	(27)
Total revenue (IFRS)	61,999	58,706

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Note 20. Segment information (continued)

	Three months ended 31 March 2021	Three months ended 31 March 2020
Profit for the year (RAS)	10,238	10,585
Property, plant and equipment		
Adjustment to the carrying value of property, plant and equipment	9,472	10,397
Financial instruments		
Re-measurement of financial investments through other comprehensive income	2,136	1,632
Discounting of long-term trade and other receivables	388	459
Discounting of long-term trade and other payables	(72)	(90)
Discounting of promissory notes	7	8
Other		
Adjustment to allowance for expected credit losses	(270)	29
Right-of-use assets	(248)	(135)
Accrual of retirement benefit obligations	(134)	(55)
Non-recognised revenue and other income	208	(7)
Write-off of research and development costs to expenses	48	25
Share of profit of associates and joint ventures	65	61
Adjustment to provisions	27	-
Deferred income tax adjustment	(2,051)	(2,297)
Other adjustments	(239)	(484)
Non-segmental other operating loss	(1)	(462)
Profit for the year (IFRS)	19,574	19,666