

PJSC “IDGC of North-West”

**Interim Condensed Consolidated Financial Statements
prepared in accordance with
IAS 34 *Interim Financial Reporting*
as at and for three and six months ended 30 June 2021
(unaudited)**

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Report on Review of Interim Financial Information

To the shareholders and Bord of Directors of
Public Joint Stock Company
“Rosseti North-West”

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company “Interregional Distribution Grid Company of North-West” (the “Company”) and its subsidiaries, which comprise the interim condensed consolidated statement of financial position as at 30 June 2021, the interim condensed consolidated statement of profit or loss and other comprehensive income for the three and six-month period then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management of Public Joint Stock Company “Rosseti North-West” is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Emphasis of matter

We draw attention to Note 30 "Subsequent events" to the interim condensed consolidated financial statements, which discloses the fact that on 23 August 2021 the Company changed its legal name from Public Joint Stock Company "Interregional Distribution Grid Company of North-West" to Public Joint Stock Company "Rosseti North-West". Our conclusion is not modified in respect of this matter.



A.Y. Grebeniuk
Partner
Ernst & Young LLC

23 August 2021

Details of the entity

Name: Public Joint Stock Company "Rosseti North-West"
Record made in the State Register of Legal Entities on 23 December 2004, State Registration Number 1047855175785.
Address: Russia 196247, St. Petersburg, Constitution square, 3, lit. A, room 16N.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo".
Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

PJSC IDGC of North-West
*Interim Condensed Consolidated Statement of Profit or Loss and other comprehensive income
for the three and six months ended 30 June 2021 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)*

	Notes	Three months ended 30 June (unaudited)		Six months ended 30 June (unaudited)	
		2021	2020	2021	2020
Revenue	6	11,313,234	10,729,141	25,413,883	23,804,012
Operating expenses	9	(10,912,228)	(11,110,597)	(23,525,299)	(22,786,533)
Expected credit losses		(72,237)	(137,668)	(47,841)	(90,396)
Other income	7	123,848	115,586	246,392	274,236
Other expenses	8	(46,016)	(13,116)	(40,023)	(15,652)
Results from operating activities		406,601	(416,654)	2,047,112	1,185,667
Finance income	10	12,159	24,657	49,526	71,584
Finance costs	10	(236,471)	(263,911)	(494,641)	(576,594)
Total finance costs		(224,312)	(239,254)	(445,115)	(505,010)
Profit/(loss) before tax		182,289	(655,908)	1,601,997	680,657
Income tax expense	11	(78,651)	110,874	(352,803)	(175,816)
Profit/(loss) for the period		103,638	(545,034)	1,249,194	504,841
Other comprehensive income					
<i>Items that will never be reclassified subsequently to profit or loss</i>					
Change in the fair value equity investments measured at fair value through other comprehensive income		893	3,259	1,346	132
Remeasurement of the defined benefit liability		4,529	(40,996)	55,003	(16,137)
Income tax	11	(1,084)	7,548	(11,270)	3,201
Other comprehensive loss for the period, net of income/(loss) tax		4,338	(30,189)	45,079	(12,804)
Total comprehensive income/(loss) for the period		107,976	(575,223)	1,294,273	492,037
Profit/(loss) attributable to:					
Owners of the Company		103,642	(545,029)	1,249,204	504,852
Non-controlling interest		(4)	(5)	(10)	(11)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		107,980	(575,218)	1,294,283	492,048
Non-controlling interest		(4)	(5)	(10)	(11)
Earnings/(loss) per share					
Basic earnings/(loss) per ordinary share (in RUB)	20	0.0011	(0.0057)	0.0130	0.0053

These Interim Condensed Consolidated Financial Statements were approved by management on 23 August 2021 and were signed on its behalf by:

<p>General Director</p>  <p>A.Y. Pidnik</p>	<p>Deputy General Director for Economy and Finance</p>  <p>L.V. Shadrina</p>	<p>Chief Accountant – Head of Department of accounting and tax accounting and reporting</p>  <p>I.G. Zhdanova</p>
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PJSC IDGC of North-West
Interim Condensed Consolidated Statement of Financial Position
as at 30 June 2021 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)

	Notes	30 June 2021 (unaudited)	31 December 2020 (unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	37,939,548	38,686,997
Intangible assets	13	406,108	400,219
Right-of-use assets	14	1,139,161	925,493
Trade and other receivables	16	109,940	113,045
Assets related to employee benefits plans		307,568	312,721
Other non-current financial assets	15	489,923	477,437
Deferred tax assets		10,454	7,541
Advances issued and other non-current assets	17	30,531	36,568
Total non-current assets		40,433,233	40,960,021
Current assets			
Inventories		1,404,756	1,036,343
Income tax prepayments		278,768	32,973
Trade and other receivables	16	4,644,225	5,054,769
Cash and cash equivalents	18	535,282	842,490
Advances issued and other current assets	17	905,041	766,423
Total current assets		7,768,072	7,732,998
Total assets		48,201,305	48,693,019
EQUITY AND LIABILITIES			
Equity			
Share capital	19	9,578,592	9,578,592
Reserve related to business combination	19	10,457,284	10,457,284
Other reserves		(13,067)	(58,146)
Accumulated loss		(144,599)	(1,393,803)
Total equity attributable to owners of the Company		19,878,210	18,583,927
Non-controlling interest		207	217
Total equity		19,878,417	18,584,144
Non-current liabilities			
Loans and borrowings	21	9,271,451	8,521,062
Trade and other payables	22	155,235	143,917
Advances received	24	190,415	217,142
Employee benefit liabilities		792,975	860,491
Deferred tax liabilities		575,599	533,428
Total non-current liabilities		10,985,675	10,276,040
Current liabilities			
Loans and borrowings and short-term portion of long-term loans and borrowings	21	6,316,346	8,110,338
Trade and other payables	22	4,600,757	5,137,325
Taxes, other than income tax	23	1,317,663	1,424,395
Advances received	24	3,308,966	3,177,002
Provisions		1,793,481	1,938,914
Current income tax liabilities		-	44,861
Total current liabilities		17,337,213	19,832,835
Total liabilities		28,322,888	30,108,875
Total equity and liabilities		48,201,305	48,693,019

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

PJSC IDGC of North-West
Interim Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2021 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)

	Notes	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		1,249,194	504,841
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	9	2,310,016	2,394,623
Finance costs	10	494,641	576,594
Finance income	10	(49,526)	(71,584)
Loss on disposal of property, plant and equipment		4,273	2,947
Expected credit loss		47,841	90,396
Accounts receivable write-off		1,282	590
Accounts payable write-off		(14,308)	(435)
Change in provisions		(47,900)	203,817
Other non-cash transactions		29,981	(2,194)
Income tax expense	11	352,803	175,816
Total effect of adjustments		3,129,103	3,370,570
Change in financial assets related to employee benefits plans		17,665	20,810
Change in employee benefit liabilities		(37,455)	(15,836)
Change in long-term trade and other receivables		3,105	(63)
Change in long-term advances issued and other non-current assets		6,037	(43,193)
Change in long-term trade and other payables		11,318	2,593
Change in long-term advances received		(26,727)	456,052
Cash flows from operating activities before changes in working capital and provisions		4,352,240	4,295,774
<i>Changes in working capital</i>			
Change in trade and other receivables		374,481	(48,707)
Change in advances issued and other assets		(138,618)	(138,691)
Change in inventories		(372,959)	(383,265)
Change in trade and other payables		(474,883)	(511,722)
Change in advances received		131,964	(115,036)
Use of provision		(99,295)	-
Cash flows from operating activities before income tax and interest paid		3,772,930	3,098,353
Income tax paid		(615,471)	(520,351)
Interest paid under lease agreements		(30,300)	(67,006)
Interest paid		(417,796)	(535,796)
Net cash from operating activities		2,709,363	1,975,200
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(1,683,563)	(1,951,623)
Proceeds from the sale of property, plant and equipment and intangible assets		9,826	642
Interest received		21,277	18,499
Dividends received		-	26
Net cash used in investing activities		(1,652,460)	(1,932,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings	21	9,437,202	15,435,089
Repayment of loans and borrowings	21	(10,687,573)	(14,703,623)
Dividends paid		(73)	(304,630)
Repayment of finance lease liabilities		(113,667)	(65,674)
Net cash (used in) / from financing activities		(1,364,111)	361,162
Net (decrease)/increase in cash and cash equivalents		(307,208)	403,906
Cash and cash equivalents at the year beginning		842,490	232,088
Cash and cash equivalents at the year end	18	535,282	635,994

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

PJSC IDGC of North-West
Interim Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2021 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)

	Equity attributable to owners of the Company						
	Share capital	Reserve related to business combination	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2020	9,578,592	10,457,284	(91,822),	(132,938)	19,811,116	236	19,811,352
Profit/(loss) for the period	–	–	–	504,852	504,852	(11)	504,841
Other comprehensive loss	–	–	(16,005)	–	(16,005)	–	(16,005)
Income tax related to other comprehensive loss	–	–	3,201	–	3,201	–	3,201
Total comprehensive income/(loss) for the period	–	–	(12,804)	504,852	492,048	(11)	492,037
Dividends to shareholders (Note 20)	–	–	–	(120,363)	(120,363)	–	(120,363)
Balance at 30 June 2020 (unaudited)	9,578,592	10,457,284	(104,626)	251,551	20,182,801	225	20,183,026
Balance at 1 January 2021	9,578,592	10,457,284	(58,146)	(1,393,803)	18,583,927	217	18,584,144
Profit/(loss) for the period	–	–	–	1,249,204	1,249,204	(10)	1,249,194
Other comprehensive income	–	–	56,349	–	56,349	–	56,349
Income tax related to other comprehensive income	–	–	(11,270)	–	(11,270)	–	(11,270)
Total comprehensive income/(loss) for the period	–	–	45,079	1,249,204	1,294,283	(10)	1,294,273
Balance at 30 June 2021 (unaudited)	9,578,592	10,457,284	(13,067)	(144,599)	19,878,210	207	19,878,417

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

1 Background

(a) The Group and its operations

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

The parent company is PJSC “ROSSETI”.

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

(b) Relations with state

The Russian Government, through the Federal Agency for the Management of State Property, is the ultimate controlling party of the Company (hereinafter – the “main shareholder of the parent company”). The policy of the Russian Government in the economic, social and other spheres may have a significant impact on the Group’s activities.

As at 30 June 2021, the Russian Government owned 88.04% in the share capital of the parent company PJSC “ROSSETI” including 88.89% of the voting ordinary shares and 7.01% of the preference shares (as at 31 December 2020: 88.04%, including 88.89% of the voting ordinary shares and 7.01% of the preference shares).

The Russian Government influences the Group’s operations through representation on the Board of Directors of the parent company PJSC “ROSSETI”, regulation of tariffs in the electric power industry, approval and control over the implementation of the investment program. The Group’s counterparties (consumers of services, suppliers and contractors, etc.) include a significant number of companies associated with the main shareholder of the parent company.

(c) Russian business environment

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

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

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

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

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

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

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

2 Basis of preparation of consolidated financial statements

(a) Statement of compliance

These interim condensed consolidated financial statements for the three and six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Use of professional judgments and estimates

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

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

The Group has applied all the new standards and amendments to them, which came into force on 1 January 2021. The impact of the adoption of the new standards and clarifications was not significant in relation to these interim condensed consolidated financial statements.

In addition to the new standards and clarifications that are effective for annual periods beginning on or after 1 January 2021 and applicable to the Group's operations, which were disclosed in the consolidated financial statements for the year ended 31 December 2020, the following amendments to the standards were issued:

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 *Income Taxes* – Deferred tax on assets and liabilities arising from a single transaction (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

These amendments are not expected to have a material impact on the Group's consolidated financial statements after their entry into force.

3 Significant accounting policies

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

4 Measurement of fair values

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

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

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

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

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

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

5 Information about segments

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

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

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

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

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

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

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

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

PJSC IDGC of North-West

Notes to the Interim Condensed Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)

(a) Information about reportable segments

For the three months ended 30 June 2021:

	Electricity transmission						Energy retail		Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov energosbyt			Other
Revenue from external customers	1,399,017	1,460,814	1,890,986	1,623,286	1,638,715	1,047,467	177,795	2,089,192	6,261	–	11,333,533
Inter-segment revenue	–	–	–	–	–	–	938,376	81,366	288,817	–	1,308,559
Segment revenue	1,399,017	1,460,814	1,890,986	1,623,286	1,638,715	1,047,467	1,116,171	2,170,558	295,078	–	12,642,092
Including											
Electricity transmission	1,315,748	1,441,086	1,843,440	1,616,294	1,610,494	1,033,520	1,092,866	–	–	–	9,953,448
Connection services	5,230	4,494	6,881	412	9,172	5,279	9,975	–	–	–	41,443
Sales of electricity and capacity	–	–	–	–	–	–	–	2,169,820	–	–	2,169,820
Other revenue	71,686	8,662	1,932	2,036	14,026	5,512	5,287	738	294,943	–	404,822
Rental income	6,353	6,572	38,733	4,544	5,023	3,156	8,043	–	135	–	72,559
EBITDA	179,879	105,200	431,301	(9,429)	327,574	216,818	260,044	67,702	(4,776)	2,649	1,576,962

For the three months ended 30 June 2020:

	Electricity transmission						Energy retail		Unallocated items	Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov energosbyt			Other
Revenue from external customers	1,219,398	1,521,560	1,620,720	1,690,136	1,678,592	974,019	202,143	1,844,976	1,394	–	10,752,938
Inter-segment revenue	–	–	12	–	–	–	860,665	93,214	91,605	–	1,045,496
Segment revenue	1,219,398	1,521,560	1,620,732	1,690,136	1,678,592	974,019	1,062,808	1,938,190	92,999	–	11,798,434
Including											
Electricity transmission	1,136,979	1,493,895	1,576,356	1,673,759	1,648,620	966,132	1,025,973	–	–	–	9,521,714
Connection services	4,770	5,330	4,478	1,649	11,148	1,221	25,339	–	–	–	53,935
Resale of electricity	–	–	–	–	–	–	–	1,937,474	–	–	1,937,474
Other revenue	74,055	16,013	3,681	12,844	14,158	4,795	5,705	716	83,481	–	215,448
Rental income	3,594	6,322	36,217	1,884	4,666	1,871	5,791	–	9,518	–	69,863
EBITDA	35,657	181,950	110,727	57,780	349,071	35,552	189,519	9,837	(8,229)	2,342	964,206

PJSC IDGC of North-West

Notes to the Interim Condensed Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)

For the six months ended 30 June 2021:

	Electricity transmission						Energy retail			Unallocated items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov energosbyt	Other		
Revenue from external customers	3,327,898	3,358,141	4,144,000	3,728,752	3,655,772	2,227,626	389,903	4,620,369	13,716	–	25,466,177
Inter-segment revenue	–	–	16	–	–	–	2,099,073	332,888	493,618	–	2,925,595
Segment revenue	3,327,898	3,358,141	4,144,016	3,728,752	3,655,772	2,227,626	2,488,976	4,953,257	507,334	–	28,391,772
Including											
<i>Electricity transmission</i>	3,093,950	3,314,626	4,052,117	3,713,996	3,611,081	2,203,616	2,424,412	–	–	–	22,413,798
<i>Connection services</i>	8,831	9,625	8,960	1,928	12,948	7,333	36,875	–	–	–	86,500
<i>Sales of electricity and capacity</i>	–	–	–	–	–	–	–	4,952,440	–	–	4,952,440
<i>Other revenue</i>	212,548	20,443	5,558	4,242	21,817	10,370	11,766	817	507,060	–	794,621
<i>Rental income</i>	12,569	13,447	77,381	8,586	9,926	6,307	15,923	–	274	–	144,413
EBITDA	688,570	567,174	932,717	297,336	811,464	264,135	517,390	170,271	3,848	3,792	4,256,697

For the six months ended 30 June 2020:

	Electricity transmission						Energy retail			Unallocated items	Total
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Pskov energosbyt	Other		
Revenue from external customers	2,786,533	3,433,281	3,576,963	3,779,179	3,790,503	2,119,227	410,553	3,966,679	6,195	–	23,869,113
Inter-segment revenue	–	–	12	–	–	–	1,877,975	324,964	189,480	–	2,392,431
Segment revenue	2,786,533	3,433,281	3,576,975	3,779,179	3,790,503	2,119,227	2,288,528	4,291,643	195,675	–	26,261,544
Including											
<i>Electricity transmission</i>	2,570,888	3,356,752	3,487,306	3,756,976	3,733,526	2,097,769	2,222,292	–	–	–	21,225,509
<i>Connection services</i>	16,628	7,044	9,794	2,620	19,693	2,480	44,343	–	–	–	102,602
<i>Sales of electricity and capacity</i>	–	–	–	–	–	–	–	4,290,446	–	–	4,290,446
<i>Other revenue</i>	191,817	60,926	3,681	16,063	27,924	15,235	10,421	1,197	177,575	–	504,839
<i>Rental income</i>	7,200	8,559	76,194	3,520	9,360	3,743	11,472	–	18,100	–	138,148
EBITDA	344,663	746,856	599,053	344,775	973,181	157,894	413,717	82,051	(7,365)	4,749	3,659,574

PJSC IDGC of North-West
*Notes to the Interim Condensed Consolidated Financial Statements
for the three and six months ended 30 June 2021 (unaudited)
(in thousand of Russian rubles, unless otherwise stated)*

As at 30 June 2021:

	Electricity transmission							Energy retail			Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Vologda branch	Pskov-energosbyt	Other		Unallocated items
Segment assets	5,668,821	9,243,323	4,596,494	5,702,850	12,821,455	6,383,307	5,482,341	9,691	1,500,203	360,817	3,431,480	55,200,782
<i>Including property, plant and equipment and construction in progress</i>	<i>4,195,818</i>	<i>8,313,005</i>	<i>3,692,151</i>	<i>4,418,144</i>	<i>11,611,728</i>	<i>5,860,383</i>	<i>4,783,287</i>	<i>–</i>	<i>221,912</i>	<i>44,826</i>	<i>32,767</i>	43,174,021

As at 31 December 2020:

	Electricity transmission							Energy retail			Total	
	Arkhangelsk branch	Vologda branch	Karelian branch	Murmansk branch	Komi Republic branch	Novgorod branch	Pskov branch	Vologda branch	Pskov-energosbyt	Other		Unallocated items
Segment assets	5,616,703	9,790,312	4,582,881	5,784,037	12,947,551	6,628,617	5,378,773	7,820	1,211,821	480,763	3,640,452	56,069,730
<i>Including property, plant and equipment and construction in progress</i>	<i>4,307,782</i>	<i>8,709,440</i>	<i>3,717,347</i>	<i>4,413,583</i>	<i>11,869,128</i>	<i>6,029,881</i>	<i>4,870,049</i>	<i>–</i>	<i>108,837</i>	<i>44,358</i>	<i>16,109</i>	44,086,514

(b) Reconciliation of reportable segment EBITDA

Reconciliation of reportable segment EBITDA is presented below:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
EBITDA of reportable segments	1,576,962	964,206	4,256,697	3,659,574
Discounting of financial instruments	(12,422)	1,026	(35,912)	3,680
Adjustment for expected credit loss	(25,445)	(28,440)	7,061	16,939
Adjustment for lease	78,197	76,275	154,218	148,958
Recognition of pension and other long-term employee benefit obligation	(5,900)	(18,300)	12,512	(13,911)
Adjustment for assets related to employee benefits	(143)	(6,804)	(5,152)	3,308
Remeasurement of financial assets measured at fair value through other comprehensive income (transfer of remeasurement to equity)	(892)	(3,259)	(1,347)	(132)
Adjustment for value of property, plant and equipment	2,330	930	5,619	5,971
Revenue for which the recognition criteria for IFRS 15 have not been met	(20,299)	(23,798)	(52,294)	(65,101)
Other adjustments	(52,548)	(166,648)	1,018	(139,207)
EBITDA	1,539,840	795,188	4,342,420	3,620,079
Depreciation and amortization	(1,146,960)	(1,202,366)	(2,310,016)	(2,394,623)
Interest expenses on financial liabilities at amortized cost	(197,180)	(247,311)	(399,472)	(499,175)
Interest expenses on lease liabilities	(13,411)	(1,419)	(30,935)	(45,624)
Income tax expense	(78,651)	110,874	(352,803)	(175,816)
Profit (loss) for the period per interim condensed consolidated statement of profit or loss and other comprehensive income	103,638	(545,034)	1,249,194	504,841

6 Revenue

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Electricity transmission	8,996,416	8,638,841	20,265,426	19,285,863
Sales of electricity and capacity	2,088,454	1,844,260	4,619,552	3,965,482
Connection services	41,442	53,935	86,483	102,602
Other revenue	115,628	123,507	300,540	314,447
Total revenue from contracts with customers	11,241,940	10,660,543	25,272,001	23,668,394
Rental income	71,294	68,598	141,882	135,618
	11,313,234	10,729,141	25,413,883	23,804,012

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

7 Other income

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Income from identified non-contracted electricity consumption	6,795	4,610	22,361	12,176
Income in the form of fines and penalties on commercial contracts	75,919	103,910	161,124	237,755
Insurance reimbursement, net	17,191	3,220	30,519	11,590
Accounts payable write-off	13,569	129	14,308	435
Gain from property, plant and equipment and inventories received free of charge	–	1,208	–	2,194
Other income	10,374	2,509	18,080	10,086
	123,848	115,586	246,392	274,236

8 Other expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Loss on disposal (sale) of property, plant and equipment	10,274	1,037	4,273	2,947
Write-off of construction in progress	2,911	12,600	2,911	12,600
Other expenses	32,831	(521)	32,839	105
	46,016	13,116	40,023	15,652

9 Operating expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Personnel costs	3,258,661	3,280,995	6,658,491	6,584,619
Depreciation and amortization	1,146,960	1,202,366	2,310,016	2,394,623
<i>Material expenses, including:</i>				
Electricity for compensation of losses	762,445	793,227	2,492,614	2,138,319
Electricity for sale	1,087,260	1,019,506	2,532,445	2,224,138
Purchased electricity and heat power for own needs	47,461	50,311	186,139	158,360
Other material costs	550,771	676,668	1,047,262	1,162,091
<i>Production work and services, including:</i>				
Electricity transmission services	3,217,895	3,122,579	6,900,861	6,508,763
Repair and maintenance services	187,900	160,940	242,831	210,822
Other production works and services	76,246	58,454	124,447	97,132
Taxes and charges other than income tax	100,444	104,979	202,424	210,143
Short-term rent	18,893	12,054	34,848	20,879
Insurance	16,275	14,373	32,519	28,780
<i>Other third-party services, including:</i>				
Communication services	37,065	30,577	68,269	60,288
Security services	78,133	71,821	156,268	143,740
Consulting, legal and audit services	56,630	52,121	64,597	83,699
Software costs and servicing	8,780	13,704	20,803	26,127
Transportation services	34,310	41,179	66,253	67,591
Other services	182,324	178,182	309,712	300,777
Provisions	(55,096)	204,021	(52,446)	203,336
Other expenses	98,871	22,540	126,946	162,306
	10,912,228	11,110,597	23,525,299	22,786,533

10 Finance income and costs

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Finance income				
Interest income on loans, bank deposits, promissory notes and balances in bank accounts	9,722	10,710	21,277	18,499
Change in the fair value of financial assets measured at fair value through profit or loss	–	–	11,140	–
Gain from recovery of impairment of financial assets measured at amortised cost	–	11,164	–	22,054
Dividends receivable	1,217	1,185	1,217	1,185
Interest income on assets related to employee benefits	–	–	12,512	24,118
Effect from initial discounting of financial liabilities	–	–	882	2,405
Amortization of discount on financial assets	1,220	1,598	2,498	3,323
	12,159	24,657	49,526	71,584

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Finance costs				
Interest expenses on financial liabilities measured at amortized cost	197,180	247,311	399,472	499,175
Interest expenses on lease liabilities	13,411	1,419	30,935	45,624
Interest expenses on long-term employee benefit obligation	12,239	14,609	24,942	29,747
Effect from initial discounting of financial assets	22	22	26	92
Amortization of discount of financial liabilities	13,619	550	39,266	1,956
	236,471	263,911	494,641	576,594

11 Income tax

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Current income tax				
Current tax	25,860	(145,290)	326,601	41,504
Adjustment for previous periods	(1,786)	154	(1,786)	220
Total	24,074	(145,136)	324,815	41,724
Deferred income tax	54,577	34,262	27,988	134,092
Total income tax expense/(benefit)	78,651	(110,874)	352,803	175,816

The income tax rate established by the Russian legislation is 20%.

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

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

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Profit/(loss) before tax	182,289	(655,908)	1,601,997	680,657
The theoretical amount of income tax expense (benefit) at the rate of 20%	36,458	(131,182)	320,399	136,131
Tax effect of not taxable or non-deductible for tax purposes items	43,979	20,154	34,190	39,465
Adjustment for previous years	(1,786)	154	(1,786)	220
	78,651	(110,874)	352,803	175,816

Income tax recognized in other comprehensive income:

	Three months ended 30 June 2021			Six months ended 30 June 2021		
	Before tax	Income tax	Net of tax	Before tax	Income tax	Net of tax
Financial assets measured at fair value through other comprehensive income	893	(178)	715	1,346	(269)	1,077
Remeasurements of the defined benefit liability	4,529	(906)	3,623	55,003	(11,001)	44,002
	5,422	(1,084)	4,338	56,349	(11,270)	45,079

	Three months ended 30 June 2020			Six months ended 30 June 2020		
	Before tax	Income tax	Net of tax	Before tax	Income tax	Net of tax
Financial assets measured at fair value through other comprehensive income	3,259	(652)	2,607	132	(26)	106
Remeasurements of the defined benefit liability	(40,996)	8,200	(32,796)	(16,137)	3,227	(12,910)
	(37,737)	7,548	(30,189)	(16,005)	3,201	(12,804)

12 Property, plant and equipment

	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other PPE	Construction in progress	Total
Cost / deemed cost						
At 1 January 2020	8,735,725	39,638,306	21,945,588	11,238,857	3,233,883	84,792,359
Reclassification						
between groups	3,884	(643)	200	(3,441)	–	–
Additions	–	–	–	–	1,499,896	1,499,896
Transfer	132,974	1,103,074	269,592	155,753	(1,661,393)	–
Disposals	(2,240)	(1,958)	(2,178)	(17,838)	(40,308)	(64,522)
At 30 June 2020	8,870,343	40,738,779	22,213,202	11,373,331	3,032,078	86,227,733
Accumulated depreciation and impairment						
At 1 January 2020	(3,932,729)	(23,005,072)	(10,614,603)	(7,124,147)	(78,491)	(44,755,042)
Reclassification						
between groups	(1,966)	2,241	(499)	224	–	–
Entry into fixed assets (transfer of impairment losses)	(19)	(3,884)	(291)	(630)	4,824	–
Depreciation charge	(181,302)	(957,008)	(587,185)	(472,797)	–	(2,198,292)
Disposals	897	1,917	1,429	16,504	4,212	24,959
At 30 June 2020	(4,115,119)	(23,961,806)	(11,201,149)	(7,580,846)	(69,455)	(46,928,375)
Net book value						
At 1 January 2020	4,802,996	16,633,234	11,330,985	4,114,710	3,155,392	40,037,317
At 30 June 2020	4,755,224	16,776,973	11,012,053	3,792,485	2,962,623	39,299,358
Cost / deemed cost						
At 1 January 2021	8,999,396	41,786,048	22,926,226	11,900,891	3,090,363	88,702,924
Reclassification						
between groups	(1,833,208)	1,650,248	339,869	(156,909)	–	–
Additions	–	–	–	–	1,425,663	1,425,663
Transfer	2,599	550,065	142,918	176,928	(872,510)	–
Disposals	(16,336)	(1,287)	(79,069)	(19,300)	(12,686)	(128,678)
At 30 June 2021	7,152,451	43,985,074	23,329,944	11,901,610	3,630,830	89,999,909
Accumulated depreciation and impairment						
At 1 January 2021	(4,365,674)	(25,472,825)	(12,089,944)	(7,995,265)	(92,219)	(50,015,927)
Reclassification						
between groups	1,103,315	(845,869)	(303,637)	46,191	–	–
Entry into fixed assets (transfer of impairment losses)	–	(1,669)	(409)	(2,527)	4,605	–
Depreciation charge	(163,938)	(903,466)	(579,271)	(467,468)	–	(2,114,143)
Disposals	12,574	1,083	37,632	18,280	140	69,709
At 30 June 2021	(3,413,723)	(27,222,746)	(12,935,629)	(8,400,789)	(87,474)	(52,060,361)
Net book value						
At 1 January 2021	4,633,722	16,313,223	10,836,282	3,905,626	2,998,144	38,686,997
At 30 June 2021	3,738,728	16,762,328	10,394,315	3,500,821	3,543,356	37,939,548

As at 30 June 2021, construction in progress includes advance payments for property, plant and equipment of RUB 47,364 thousand (30 June 2020: RUB 23,727 thousand) and materials for the fixed assets construction of RUB 724,248 thousand (30 June 2020: RUB 958,065 thousand).

Capitalized interest for the six months ended 30 June 2021 amounted to RUB 21,985 thousand (for the six months ended 30 June 2020: RUB 27,954 thousand), with capitalization rate used to calculate borrowing costs to be capitalized during the period of 5.04-6.36% (for the six months ended 30 June 2020: 6.72%-8.04%).

As at 30 June 2021, the initial cost of fully amortised property, plant and equipment was RUB 16,090,950 thousand (as at 31 December 2020: RUB 15,172,427 thousand).

As at 30 June 2021 and 31 December 2020 there are no property, plant and equipment pledged as collateral for loans and borrowings.

13 Intangible assets

	Software	Certificates, licenses and patents	Other intangible assets	Total
<i>Initial cost</i>				
At 1 January 2020	402,881	17,369	114,054	534,304
Reclassification between groups	198	228	(426)	–
Additions	62,058	1,515	15,967	79,540
Disposals	(59,780)	(13,108)	(6,385)	(79,273)
At 30 June 2020	405,357	6,004	123,210	534,571
<i>Accumulated amortization</i>				
At 1 January 2020	(246,097)	(14,747)	(6,514)	(267,358)
Amortization charge	(67,594)	(2,012)	(7,573)	(77,179)
Disposals	59,601	13,095	7,346	80,042
At 30 June 2020	(254,090)	(3,664)	(6,741)	(264,495)
<i>Net book value</i>				
At 1 January 2020	156,784	2,622	107,540	266,946
At 30 June 2020	151,267	2,340	116,469	270,076
<i>Initial cost</i>				
At 1 January 2021	496,248	5,881	162,442	664,571
Reclassification between groups	19,819	172	(19,991)	–
Additions	–	–	86,044	86,044
Disposals	(21,175)	(1,368)	–	(22,543)
At 30 June 2021	494,892	4,685	228,495	728,072
<i>Accumulated amortization</i>				
At 1 January 2021	(253,060)	(2,583)	(8,709)	(264,352)
Amortization charge	(76,773)	(1,379)	(2,003)	(80,155)
Disposals	21,174	1,369	–	22,543
At 30 June 2021	(308,659)	(2,593)	(10,712)	(321,964)
<i>Net book value</i>				
At 1 January 2021	243,188	3,298	153,733	400,219
At 30 June 2021	186,233	2,092	217,783	406,108

14 Right-of-use assets

	<u>Land and buildings</u>	<u>Electricity transmission networks</u>	<u>Equipment for electricity transmission</u>	<u>Other</u>	<u>Total</u>
<i>Initial cost</i>					
At 1 January 2020	620,282	85,491	13,340	33,550	752,663
Additions	58,925	460,054	1,094	97,579	617,652
Modification of lease terms	(38,912)	667	1,035	–	(37,210)
Disposal or termination of lease	(7,095)	(249)	(5,142)	(720)	(13,206)
At 30 June 2020	633,200	545,963	10,327	130,409	1,319,899
<i>Accumulated amortization</i>					
At 1 January 2020	(105,668)	(15,775)	(2,235)	(15,280)	(138,958)
Amortization charge	(54,920)	(53,044)	(1,590)	(13,029)	(122,583)
Modification of lease terms	2,219	20	12	187	2,438
Disposal or termination of lease	742	236	1,603	305	2,886
At 30 June 2020	(157,627)	(68,563)	(2,210)	(27,817)	(256,217)
<i>Net book value</i>					
At 1 January 2020	514,614	69,716	11,105	18,270	613,705
At 30 June 2020	475,573	477,400	8,117	102,592	1,063,682
<i>Initial cost</i>					
At 1 January 2021	616,368	551,498	15,156	130,958	1,313,980
Additions	405,331	879	184	1,206	407,600
Modification of lease terms	(33,324)	(292)	(203)	349	(33,470)
Disposal or termination of lease	(228,577)	(1,580)	(979)	–	(231,136)
At 30 June 2021	759,798	550,505	14,158	132,513	1,456,974
<i>Accumulated amortization</i>					
At 1 January 2021	(215,222)	(128,919)	(3,465)	(40,881)	(388,487)
Amortization charge	(48,183)	(52,803)	(1,373)	(13,457)	(115,816)
Modification of lease terms	3,149	167	134	–	3,450
Disposal or termination of lease	182,451	284	305	–	183,040
At 30 June 2021	(77,805)	(181,271)	(4,399)	(54,338)	(317,813)
<i>Net book value</i>					
At 1 January 2021	401,146	422,579	11,691	90,077	925,493
At 30 June 2021	681,993	369,234	9,759	78,175	1,139,161

15 Other non-current financial assets

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current		
Financial assets measured at fair value through other comprehensive income		
- investments in quoted equity instruments	14,085	12,739
- investments in unquoted equity instruments	1,075	1,075
Financial assets at fair value through profit or loss	474,763	463,623
	489,923	477,437

As at 30 June 2021, investments in quoted equity instruments include shares of Russian companies measured at fair value calculated on the basis of published market quotations amounted to RUB 14,085 thousand (as at 31 December 2020: RUB 12,739 thousand).

As at 30 June 2021 and 31 December 2020 financial assets measured at fair value through profit or loss represent a subordinated deposit to Bank Tavrichesky (PJSC) for a period of 20 years with quarterly payment of interest accrued at a rate of 0.51% per annum of the deposit amount that the Group placed in 2015 as part of the Bank's rehabilitation project. As at 30 June 2021, the nominal amount of the Group's deposit to Bank Tavrichesky (PJSC) amounted to RUB 2,080,000 thousand (as at 31 December 2020: RUB 2,080,000 thousand).

In accordance with IAS 12, the Group has formed a deferred tax asset from the amount of the provision for impairment of these financial investments. As at 30 June 2021, the value of the deferred tax asset amounted to RUB 321,048 thousand (as at 31 December 2020: RUB 323,275 thousand).

16 Trade and other receivables

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current trade and other accounts receivable		
Trade receivables	583	1,285
Other receivables	109,357	111,760
	<u>109,940</u>	<u>113,045</u>
Current trade and other accounts receivable		
Trade receivables	10,160,518	10,856,095
Allowance for expected credit loss on trade receivables	(5,976,803)	(6,158,985)
Other receivables	1,289,121	1,171,707
Allowance for expected credit loss on other receivables	(828,611)	(814,048)
	<u>4,644,225</u>	<u>5,054,769</u>

17 Advances issued and other assets

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current		
Advances given	1,527	2,752
VAT on advances received	29,004	33,816
	<u>30,531</u>	<u>36,568</u>
Current		
Advances given	356,305	211,040
Provision for impairment of advances given	(17,510)	(17,510)
VAT recoverable	17,551	38,819
VAT on advances from customers VAT on advances given for acquisition of fixed assets	534,619	515,915
Prepaid taxes, other than income tax	14,076	18,159
	<u>905,041</u>	<u>766,423</u>

18 Cash and cash equivalents

	<u>30 June 2021</u>	<u>31 December 2020</u>
Cash at bank and in hand	535,282	842,490
	<u>535,282</u>	<u>842,490</u>

As at 30 June 2021 and 31 December 2020, all cash and cash equivalents balances are denominated in roubles.

As at 30 June 2021 and 31 December 2020 there is no cash equivalents.

19 Share capital

	<u>Ordinary shares</u>	
	<u>30 June 2021</u>	<u>31 December 2020</u>
Par value (RUB)	0.1	0.1
On issue at 1 January	95,785,923,138	95,785,923,138
On issue at end of period, fully paid	<u>95,785,923,138</u>	<u>95,785,923,138</u>

Reserve related to business combination

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

Dividends

There is no dividends been recovered into retained earnings as at 30 June 2021 after expiration of three years period of limitation due to absence of requisites in the shareholders register (as at 31 December 2020: RUB 1,518 thousand).

20 Earnings per share

The calculation of earnings per share for the three and six months ended 30 June 2021 and 30 June 2020, based on earnings attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding. The Company does not have dilutive financial instruments.

	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Ordinary shares at 1 January	95,785,923,138	95,785,923,138	95,785,923,138	95,785,923,138
Weighted average number of shares for the period ended 30 June	<u>95,785,923,138</u>	<u>95,785,923,138</u>	<u>95,785,923,138</u>	<u>95,785,923,138</u>
	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares outstanding, for the period ended 30 June (shares)	95,785,923,138	95,785,923,138	95,785,923,138	95,785,923,138
Earnings/(loss) for the period attributable to holders of ordinary shares	103,642	(545,029)	1,249,204	504,852
Basic earnings/(loss) per ordinary share (in RUB)	<u>0.0011</u>	<u>(0.0057)</u>	<u>0.0130</u>	<u>0.0053</u>

21 Loans and borrowings

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current liabilities		
Unsecured loans and borrowings	8,320,000	11,752,573
Lease liabilities	1,234,310	1,031,123
Less: current portion of long-term lease liabilities	(282,859)	(262,634)
Less current portion of long-term loans and borrowings	–	(4,000,000)
	<u>9,271,451</u>	<u>8,521,062</u>
Current liabilities		
Unsecured loans and borrowings	6,033,487	3,847,704
Current portion of long-term lease liabilities	282,859	262,634
Current portion of long-term loans and borrowings	–	4,000,000
	<u>6,316,346</u>	<u>8,110,338</u>
Including:		
Interests payable on loans and borrowings	28,653	25,072
	<u>28,653</u>	<u>25,072</u>

As at 30 June 2021 and 31 December 2020 all balances of loans and borrowings are denominated in rubles.

The Group raised the following bank loans during the six months ended 30 June 2021:

	<u>Year of maturity</u>	<u>Effective interest rate</u>	<u>Carrying value</u>
Unsecured loans and borrowings			
Unsecured bank loans	2021	5.73%-6.23%	800,000
Unsecured bank loans	2021	КС ЦБ + 1.47% – КС ЦБ + 1.64%	1,100,000
Unsecured bank loans	2021	КС ЦБ + 0.75%	500,000
Unsecured bank loans	2021-2023	5.7%-6.7%	1,931,795
Unsecured bank loans	2021	5%-5.95%	1,350,000
Unsecured bank loans	2021	0.51%	60,407
Unsecured bank loans	2021-2023	КС ЦБ + 1.2% – КС ЦБ + 1.6%	3,695,000
			9,437,202

The Group repaid the following significant bank facilities during the six months ended 30 June 2021:

	<u>Amount</u>
Loans and borrowings	10,687,573
	10,687,573

22 Trade and other payables

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current accounts payable		
Trade payables	–	5,758
Other payables	155,235	138,159
Total financial liabilities	155,235	143,917
Current accounts payable		
Trade payables	2,641,049	3,258,702
Other payables and accrued expenses	495,960	388,094
Dividends payable	9,745	9,819
Total financial liabilities	3,146,754	3,656,615
Payables to employees	1,454,003	1,480,710
	4,600,757	5,137,325

23 Taxes, other than income tax

	<u>30 June 2021</u>	<u>31 December 2020</u>
Value-added tax	861,771	941,344
Property tax	90,906	82,308
Social security contributions	271,722	286,499
Other taxes payable	93,264	114,244
	1,317,663	1,424,395

24 Advances received

	<u>30 June 2021</u>	<u>31 December 2020</u>
Non-current		
Advances for connection services	152,515	147,837
Other advances received	37,900	69,305
	190,415	217,142
Current		
Advances for connection services	2,707,652	2,556,625
Other advances received	601,314	620,377
	3,308,966	3,177,002

25 Provisions

	<u>2021 year</u>	<u>2020 year</u>
As at 1 January	1,938,914	998,058
Accrual (increase) for the period	28,781	208,670
Recovery (decrease) for the period	(74,919)	(5,334)
Use of provisions	(99,295)	(15,757)
	<u>1,793,481</u>	<u>1,185,637</u>

The provisions were accrued for pending legal cases brought against the Group for ordinary activities, including at 30 June 2021:

- In the amount of RUB 242,075 thousand for LLC “TNS Energo Veliky Novgorod” on the disputed debt for the provision of services for the transmission of electric energy purchased to compensate for losses for the period from September 2016 to December 2018, December 2019, as well as on penalties and fines in respect of debt for compensation of losses;
- In the amount of RUB 287,000 thousand for PJSC Gazprom, the Group has accrued a provision for the payment of a penalty due to late performance of obligations under the technological connection agreement;
- In the amount of RUB 83,893 thousand for LLC “SSK” in relation to the disputed debt for the period 2018-2020;
- In the amount of RUB 1,021,556 thousand the Group has accrued property tax risk for 2016-2020.

26 Financial risk and capital management

In the normal course of business, the Group is exposed to a variety of financial risks, including, but not limited to, market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s financial risk and capital management objectives and policies, as well as the fair value determination process, are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

The management takes operational measures to ensure sufficient cash (liquidity) received from operating activities to finance investment projects of investment programs, servicing short-term and long-term borrowings available at the reporting date. The Group’s management implements measures aimed at available credit limits, liquidity reserves in the form of bank account balances and short-term financial investments, and the quality of accepted financial collateral (bank guarantees).

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

The movement of the expected credit losses on trade and other receivables is presented below:

	<u>2021 year</u>	<u>2020 year</u>
As at 1 January	(6,973,033)	(8,391,419)
Increase for the period	(408,138)	(199,104)
Recovery for the period	360,297	108,708
Amounts of trade and other receivables written off against previously accrued expected credit losses	215,460	1,877,144
	<u>(6,805,414)</u>	<u>(6,604,671)</u>

As at 30 June 2021 the amount of the free limit on the Group’s open but unused credit lines amounted to RUB 39,345,573 thousand (as at 31 December 2020: RUB 26,764,795 thousand). The Group has the opportunity to attract additional financing within the relevant limits, including to ensure the fulfillment of its short-term obligations.

The fair value and carrying amount

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

		30 June 2021		Level of fair value hierarchy		
Financial instruments	Note	Carrying amount	Fair value	1	2	3
Financial assets at fair value through profit or loss						
Long-term bank deposits	15	474,763	474,763	–	–	474,763
Financial assets at amortized cost						
Long-term accounts receivable	16	109,940	104,760	–	–	104,760
Financial assets at fair value through other comprehensive income						
Investments in equity instruments	15	15,160	15,160	14,085	–	1,075
Financial liabilities measured at amortized cost						
Current and non-current loans and borrowings	21	(14,353,487)	(14,105,160)	–	–	(14,105,160)
Non-current accounts payable	22	(155,234)	(144,756)	–	–	(144,756)
		(13,908,858)	(13,655,233)	14,085	–	(13,669,318)
		31 December 2020		Level of fair value hierarchy		
Financial instruments	Note	Carrying amount	Fair value	1	2	3
Financial assets at fair value through profit or loss						
Long-term bank deposits	15	463,623	463,623	–	–	463,623
Financial assets at amortized cost						
Long-term accounts receivable	16	113,045	106,468	–	–	106,468
Financial assets at fair value through other comprehensive income						
Investments in equity instruments	15	13,814	13,814	12,739	–	1,075
Financial liabilities measured at amortised cost						
Current and non-current loans and borrowings	21	(15,600,277)	(15,284,303)	–	–	(15,284,303)
Non-current accounts payable	22	(143,917)	(157,566)	–	–	(157,566)
		(15,153,712)	(14,857,964)	12,739	–	(14,870,703)

The interest rate used to discount expected future cash flows on long-term bank deposits for the purpose of determining the disclosed fair value as at 30 June 2021 was 12.44% (as at 31 December 2020: 12.44%).

The interest rate used to discount expected future cash flows on long-term accounts receivable for determining the disclosed fair value as at 30 June 2021 was 4.93-6.13% (as at 31 December 2020: 4.15-4.73%).

The interest rate used to discount expected future cash flows on long-term accounts payable for determining the disclosed fair value as at 30 June 2021 was 7.35-7.87% (as at 31 December 2020: 6.48-7.12%).

The interest rate used to discount the expected future cash flows for long-term and short-term loans and borrowings for the purpose of determining the fair value disclosed as at 30 June 2021 was 7.21% (as at 31 December 2020: 6.79%).

During six months ended 30 June 2020 there were no transfers between the levels of the fair value hierarchy.

The reconciliation of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income as at entry and end of period is presented below:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
As at 1 January 2021	463,623	13,814
Change in fair value recognized in other comprehensive income	–	1,346
Change in fair value recognized in profit or loss	11,140	–
As at 30 June 2021	474,763	15,160

27 Capital commitments

As at 30 June 2021 the Group has outstanding commitments under contracts for the purchase and construction of property plant and equipment items for RUB 3,002,181 thousand including VAT (as at 31 December 2020: RUB 3,645,511 thousand including VAT).

28 Contingencies

(a) Insurance

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

(b) Taxation contingencies

Russian tax legislation allows for different interpretations in relation to the Group's operations and activities. Accordingly, the management's interpretation of the 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 meaning or with counterparties that violate tax legislation increases. Tax audits may cover the three calendar years preceding the year of the decision on the tax audit. Under certain conditions, earlier periods may also be checked.

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

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

The federal executive body authorized to control and supervise taxes and fees may verify prices/profitability in controlled transactions and, in case of disagreement with the prices applied by the Group in these transactions, add additional tax liabilities if the Group is unable to justify the market nature of pricing in these transactions by providing transfer pricing documentation that meets the legal requirements.

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

(c) Legal proceedings

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

(d) Environmental matters

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

29 Related party transactions

(a) Control relationships

Parties are usually considered related if they are under common control or one of the parties has the ability to control the other party or can have a significant influence on its decisions on financial and economic activities or exercise joint control over it. When considering the relationship with each of the possible related parties, the economic content of such relationships is taken into account, and not only their legal form.

The main related parties of the Group for the six months ended 30 June 2021 and 30 June 2020, as well as at 30 June 2021 and 31 December 2020, were the parent company, its subsidiaries, key management personnel, as well as companies related to the main shareholder of the parent company.

(b) Transactions with the parent and its subsidiaries

Transactions with the Parent, its subsidiaries include transactions with PJSC ROSSETI, its subsidiaries:

	Amount of transaction				Carrying amount	
	Three months ended		Six months ended		30 June	31 December
	30 June		30 June			
	2021	2020	2021	2020		
Revenue, other income, Finance income						
The parent company						
Other revenue	308	308	615	615	–	–
Entities under common control of the parent company						
Connection services	–	–	82	–	–	–
Sales of electricity	–	–	173	–	58	–
Other revenue	255	60	488	54,465	151,301	152,014
Other operating income	–	195	4	390	32,376	33,738
Dividends receivable	–	–	41	–	–	–
	563	563	1,403	55,470	183,735	185,752

	Amount of transaction				Carrying amount	
	Three months ended		Six months ended		30 June	31 December
	30 June		30 June		2021	2020
	2021	2020	2021	2020		
Operating expenses, Finance costs						
The parent company						
Consulting legal and audit services	47,144	32,188	48,817	59,760	17,210	23,226
Other production works and services	7,103	7,103	14,207	14,207	–	–
Interest expenses on financial liabilities measured at amortized cost	47,991	–	94,229	–	16,994	15,018
Entities under common control of the parent company						
Electricity for sale	–	–	3,067	–	280	–
Electricity transmission services	1,816,991	1,720,561	3,690,588	3,527,229	544,222	567,970
Connection services	665	–	2,636	1,792	–	92
Repair and maintenance services	2,471	314	2,471	314	2,966	2,038
Lease	306	143	445	372	617	335
Communication services	5,596	536	15,565	4,618	3,441	7,893
Software and maintenance costs	1,158	–	2,581	–	2,406	2,320
Expected credit losses	–	–	–	–	183,080	183,080
Other expenses	676	1,761	2,748	3,104	5,123	102,139
	1,930,101	1,762,606	3,877,354	3,611,396	776,339	904,111

	Carrying amount	
	30 June 2021	31 December 2020
The parent company		
Loans and borrowings	(3,800,000)	(3,800,000)
Entities under common control of the parent company		
Advances given	35,217	5,258
Advances received	(2,183)	(2,248)

As at 30 June 2021 and 31 December 2020 there is no dividends payable to the parent company.

(c) Transactions with companies related to the main shareholder of the parent company

As part of its current activities, the Group carries out transactions with other companies related to the main shareholder of the parent company. These operations are carried out at regulated tariffs, or at market prices. Attraction and placement of funds in financial organizations associated with the main shareholder of the parent company is carried out at market interest rates. Taxes are calculated and paid in accordance with Russian tax legislation.

Revenue from companies related to the main shareholder of the parent company amounted to:

- 16.98% and 17.95% of the Group's total revenue for the three and six months ended 30 June 2021 (for the three and six months ended 30 June 2020: 20.16% and 21.25%);
- 17.40% and 18.42% of the Group's electricity transmission revenue for the three and six months ended 30 June 2021 (for the three and six months ended 30 June 2020: 17.24% and 17.84%).

Electricity transmission expenses and expenses for the purchase of electricity to compensate for technological losses, for companies related to the main shareholder of the parent company, amounted to 66.11% and 61.32% of the total costs for transmission and compensation of losses for the three and six months ended 30 June 2021 (for the three and six months ended 30 June 2020: 64.84% and 64.94%).

As at 30 June 2021, loans and borrowings from banks related to the main shareholder of the parent company amounted to RUB 6,054,427 thousand (31 December 2020: RUB 6,575,205 thousand).

For the six months ended 30 June 2021, the Group attracted loans and borrowings from banks associated with the main shareholder of the parent company in the amount of RUB 7,476,795 thousand, repaid – RUB 7,997,573 thousand.

Interest accrued on loans and borrowings from banks related to the main shareholder of the parent company for the three and six months ended 30 June 2021 amounted to 55.05% and 54.40% of the total amount of accrued interest (for the three and six months ended 30 June 2020: 65% and 74%).

As at 30 June 2021, the balance of cash and cash equivalents placed with banks associated with the main shareholder of the parent company amounted to RUB 463,490 thousand. (31 December 2020: RUB 839,689 thousand).

As at 30 June 2021, lease obligations for companies related to the main shareholder of the parent company amounted to RUB 597,127 thousand (31 December 2020: RUB 696,662 thousand).

(d) Transactions with key management personnel

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

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

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

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Short-term remuneration for employees	33,744	20,433	77,064	43,982
Post employment benefits and other long-term benefits	19	1,667	37	3,321
	33,763	22,100	77,101	47,303

As at 30 June 2021, the present value of the defined benefit liabilities recorded in the consolidated statement of financial position includes liabilities to key management personnel in the amount of RUB 866 thousand (31 December 2020: RUB 905 thousand).

30 Events after the reporting date

The Annual General Meeting of Shareholders of PJSC «IDGC of North-West» approved a decision (Minutes No. 17 of 28 May 2021) on amendments to the Company's Charter related to the change of the name of Public Joint Stock Company «Interregional Distribution Grid Company of North-West» to Public Joint Stock Company «Rosseti North-West». Changes to the Company's Charter were registered by the Interdistrict Inspectorate of the Federal Tax Service No. 15 in St. Petersburg on 23 August 2021.