

PJSC MOSENERGO

**IFRS CONDENSED INTERUM
CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)**

31 March 2021

Moscow | 2021

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PJSC Mosenergo
Condensed interim consolidated statement of financial position
as of 31 March 2021 (unaudited)
(in millions of Russian Rubles)

	Notes	31 March 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	6	275 314	275 107
Investment property		1 361	1 449
Intangible assets		999	872
Investments in associates		23 592	23 617
Accounts receivable and prepayments	7	1 337	1 435
Other financial assets	8	10 647	11 518
Total non-current assets		313 250	313 998
Current assets			
Inventories	9	14 521	16 100
Accounts receivable and prepayments	7	44 832	32 909
Income tax receivable		297	297
Cash and cash equivalents	10	5 908	7 679
Other financial assets	8	35 241	36 008
Total current assets		100 799	92 993
Total assets		414 049	406 991
Equity and liabilities			
Equity			
Share capital	11	166 124	166 124
Share premium	11	48 661	48 661
Revaluation reserve	11	152 188	152 290
Accumulated loss and other reserves		(27 560)	(37 284)
Total equity		339 413	329 791
Non-current liabilities			
Borrowings	12	15 100	15 100
Provision for post-employment benefits		437	425
Accounts payable and other liabilities	13	822	834
Lease liabilities		5 285	4 899
Deferred tax liabilities	14	35 027	35 454
Total non-current liabilities		56 671	56 712
Current liabilities			
Borrowings	12	11	11
Accounts payable and other liabilities	13	10 553	15 181
Income tax payable		913	956
Other taxes payable	15	4 244	2 471
Lease liabilities		706	403
Provisions		1 538	1 466
Total current liabilities		17 965	20 488
Total liabilities		74 636	77 200
Total equity and liabilities		414 049	406 991

A.A. Butko
 Managing director

14 May 2021

E.Y. Novenkova
 Chief Accountant

14 May 2021

The accompanying notes on the pages 7 to 24 are an integral part of these condensed interim consolidated financial statements.

PJSC Mosenergo
Condensed interim consolidated statement of comprehensive income
for the three months ended 31 March 2021(unaudited)
(in millions of Russian Rubles)

	Notes	Three months ended 31 March	
		2021	2021
Revenue	16	78 032	59 799
Operating expenses	17	(65 637)	(51 474)
Impairment loss on financial assets	17	(897)	(1 017)
Operating profit		11 498	7 308
Finance income	18	668	902
Finance expense	18	(327)	(1 315)
Share of profit (loss) of associates		(25)	142
Loss on disposal of equity investments		-	(3)
Profit before income tax		11 814	7 034
Income tax expense	14	(2 374)	(1 338)
Profit for the period		9 440	5 696
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss, net of tax:			
Gain arising from change in fair value of financial assets measured at fair value through other comprehensive income			
		182	78
Total other comprehensive income that will not be reclassified to profit or loss		182	78
Other comprehensive income for the period		182	78
Comprehensive income for the period		9 622	5 774
Profit for the period attributable to:			
Owners of PJSC Mosenergo		9 440	5 696
Comprehensive income for the period attributable to:			
Owners of PJSC Mosenergo		9 622	5 774
Basic and diluted earnings per share attributable to the owners of PJSC Mosenergo (in Russian Rubles)	19	0,237	0,143

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14 May 2021

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PJSC Mosenergo
Condensed interim consolidated statement of cash flows
for the three months ended 31 March 2021 (unaudited)
(in millions of Russian Rubles)

	Notes	Three months ended	
		31 March	
		2021	2021
Cash flows from operating activities			
Profit before income tax		11 814	7 034
Adjustments to profit before income tax			
Amortisation and depreciation	17	6 134	5 653
Impairment loss on financial assets	17	897	1 017
Reversal of impairment loss on non-financial assets	17	-	(7)
Change in provisions	17	74	67
Share of loss (profit) of associates		25	(142)
Loss on disposal of equity investments		-	3
Loss (gain) on disposal of property, plant and equipment and other assets	17	237	(44)
Finance income	18	(668)	(902)
Finance expense	18	327	1 315
Total effect of adjustments		7 026	6 960
Cash flows from operating activities before working capital changes		18 840	13 994
Working capital changes			
Change in accounts receivable and prepayments		(11 420)	(10 282)
Change in inventories		(68)	818
Change in accounts payable and other liabilities		(37)	(1 036)
Change in other taxes payable		549	1 290
Change in provision for post-employment benefits		12	6
Total effect of working capital changes		(10 964)	(9 204)
Income tax paid		(2 888)	(1 778)
Interest paid		(302)	(453)
Net cash from operating activities		4 686	2 559
Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets		(8 840)	(3 758)
Proceeds from sale of property, plant and equipment		-	60
Loans issued		(68)	(474)
Repayment of loans issued		1 817	585
Interest received		730	419
Net cash used in investing activities		(6 361)	(3 168)
Cash flows from financing activities			
Repayment of lease liabilities		(96)	(17)
Net cash used in financing activities		(96)	(17)
Effect of foreign exchange rate changes on cash and cash equivalents		-	7
Decrease in cash and cash equivalents		(1 771)	(619)
Cash and cash equivalents at the beginning of the period	10	7 679	11 658
Cash and cash equivalents at the end of the period	10	5 908	11 039

A.A. Butko
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14 May 2021

E.Y. Noyenkova
 Chief Accountant

14 May 2021

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PJSC Mosenergo
Condensed interim consolidated statement of changes in equity
for the three months ended 31 March 2021 (unaudited)
(in millions of Russian Rubles)

	Equity attributable to the owners of the PJSC Mosenergo						Total
	Notes	Share capital	Share premium	Treasury shares	Revaluation reserve	Accumulated loss and other reserves	
Balance as of 1 January 2020		166 124	48 661	-	153 210	(41 545)	326 450
Profit for the period		-	-	-	-	5 696	5 696
Other comprehensive income (loss):							
Gain arising from change in fair value of financial assets measured at fair value through other comprehensive income		-	-	-	-	78	78
Transfers from revaluation surplus on property, plant and equipment to accumulated loss and other reserves		-	-	-	(83)	83	-
Comprehensive income (loss) for the period		-	-	-	(83)	5 857	5 774
Balance as of 31 March 2020		166 124	48 661	-	153 127	(35 688)	332 224
Balance as of 1 January 2021		166 124	48 661	-	152 290	(37 284)	329 791
Profit for the period		-	-	-	-	9 440	9 440
Other comprehensive income (loss):							
Gain arising from change in fair value of financial assets measured at fair value through other comprehensive income		-	-	-	-	182	182
Transfers from revaluation surplus on property, plant and equipment to accumulated loss and other reserves		-	-	-	(102)	102	-
Comprehensive income (loss) for the period		-	-	-	(102)	9 724	9 622
Balance as of 31 March 2021		166 124	48 661	-	152 188	(27 560)	339 413

A.A. Butko
 Managing director

17 May 2021

E.Y. Novenkova
 Chief Accountant

17 May 2021

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1 General information

1.1 Organisation and operations

Public Joint Stock Company Mosenergo (hereafter referred to as the “PJSC Mosenergo” or the “Company”) was registered and conducts its activities in the Russian Federation.

The primary activities of the Company and its subsidiaries (together referred to as the “Group” or the “Mosenergo Group”) are the production of the generation of heat and electric power, capacity and heat distribution services in Moscow and the Moscow region.

The operation of the Group for the generation of electricity and heat is provided by 15 power plants, the average annual installed electric and heat capacity of which for the year ended 31 March 2021 amounted to 12 825 MW and 43 820 GCal/h (for the three months ended 31 March 2020: 12 825 MW and 43 211 GCal/h), respectively.

The Company is registered at the location in the Inspectorate of the Federal Tax Service No. 29 in Moscow, and also as the largest taxpayer in the Interregional Inspectorate of the Federal Tax Service for the largest taxpayers No. 6. PJSC Mosenergo registered office is located at 101/3, Prospekt Vernadskogo, Moscow, 119526, the Russian Federation.

PJSC Mosenergo and its following subsidiaries form the Mosenergo Group:

Name organisation	Nature of business	Percentage of ownership	
		31 March 2021	31 December 2020
LLC Centralny remontno-mekhanicheskiy zavod	Repair and reconstruction services	100,00%	100,00%
LLC Mosenergoproject	Electrical engineering	100,00%	100,00%
LLC Remontproject	Electrical engineering	99,00%	99,00%

As at 31 March 2021 there are no significant restrictions on the ability to access the assets of subsidiaries or use them to settle the liabilities of subsidiaries.

1.2 Relations with the Government and influence on the Group activities

At the date of condensed interim consolidated financial statements the Russian Federation owned (both directly and indirectly) over 50% in PJSC Gazprom, through its 100% subsidiary LLC Gazprom energoholding (immediate parent company), which holds (both directly and indirectly) 53,78% of PJSC Mosenergo as of 31 March 2021. Thus, PJSC Gazprom is the parent company of the Group and the Russian Federation is the ultimate controlling party of the Group.

The number of consumers of electric and heat generation produced by the Group includes a great number of enterprises controlled by the state or directly related to it. The list of the Group’s major fuel suppliers includes subsidiaries of PJSC Gazprom. The state also controls a number of suppliers of the Group.

The Government of the Russian Federation directly affects the Group’s operations through regulations of wholesale electricity (capacity) market and retail heat market by the Federal Antimonopoly Service (the “FAS”) and the executive authorities in the utility rate regulation.

JSC System Operator of the Unified Energy System (SO UES), which is controlled by the Russian Federation through the Federal Agency for State Property Management, regulates operations of generating assets of the Group.

Government policies in the economic, social and other fields can have a significant influence on the Group.

1.3 Business environment

The economy of the Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation of the Russian Federation continues to develop, is subject to frequent changes and allows for different interpretations. Fluctuations in oil prices, continuing political tensions in the region, as well as international sanctions against some Russian organisations and citizens have had and can continue to affect the economy of the Russian Federation. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. These events can have a significant impact on the Group's operations and financial position in the future, the consequences of which are difficult to predict. The future economic situation and regulatory environment may differ from the current expectations of the management.

On the impact of the COVID-19 pandemic. The coronavirus pandemic (COVID-19), which occurred in the first quarter of 2020, has had a significant negative impact on the world economy. Restrictive measures taken to curb the spread of coronavirus infection have reduced the economic activity of electricity market participants. The scale and duration of these events remain uncertain and may affect the Group's financial position and results of operations.

The Group's management believes that it is taking all necessary measures to support the sustainability and development of the Group's business in the current environment. In the process of spreading the pandemic, the company took prompt preventive measures to prevent the spread of coronavirus infection at the Group's facilities, because of which it was possible to exclude the impact of the spread of the virus on the stability of the group's technological and functional processes. Currently, the Group's management is taking measures to optimize fixed costs and reallocate expenses for the company's investment program.

At present, it is not possible to reliably estimate the duration and extent of the impact of the pandemic on the Group's financial position and results of operations in subsequent reporting periods. The future economic situation in the Russian Federation depends on external factors and measures taken by the Government of the Russian Federation. Its impact on the Group's operations may differ from management's current expectations.

1.4 Seasonality

Demand for heat and electric energy produced and sold by the Group is subject to weather conditions and depends on the time of year. The main volume of income from the sale of heat energy falls on the period from October to March. Similarly, although not so explicitly, the main of electricity sales are in the same period. The seasonality of the production of heat and electricity has a corresponding effect on fuel consumption and energy purchases. The seasonality does not impact recognition of income or expenses in the Group.

2 Basis of presentation

2.1 Basis for the preparation of financial information

This condensed interim consolidated financial information is prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards (together referred to as the "IFRS").

3 Summary of significant accounting policies and accounting estimates

The significant accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

3.1 Amendments to existing Standards that are not yet effective and have not been early adopted by the Group

Certain amendments have been issued that are mandatory for the annual periods beginning on or after 1 January 2021. In particular, the Group has not early adopted the amendments:

- The amendments to IAS 1 Presentation of Financial Statements (issued in January 2020 and effective for annual reporting periods beginning on or after 1 January 2023). Amendments clarify the criteria for classifying obligations as short-term or long-term.
- The amendments to IFRS 9 Financial Instruments (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments clarify which fees included when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments specify which costs are included in determining the cost of fulfilling a contract for assessing whether the contract is onerous.
- The amendments to IAS 16 Property, Plant and Equipment (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments prohibit deducting from the cost of property, plant and equipment amounts received from selling items produced while the asset is preparing for its intended use. Instead, such sales proceeds and related cost are recognised in profit or loss.
- Amendments to IFRS 1 First-time adoption of international financial reporting standards (issued as part of the Annual improvements to International financial reporting standards 2018-2020 and applied for annual periods beginning on or after 1 January 2022) simplify the application of IFRS 1 by a subsidiary after the parent organisation with respect to the determination of cumulative exchange differences.
- Amendments to IFRS 3 (issued in May 2020 and applicable for annual periods beginning on or after 1 January 2022) update the reference to the 2018 financial reporting Framework to determine what constitutes an asset or liability in a business combination, and add a new exception for liabilities and contingent liabilities.

The Group is currently assessing the impact of the amendments on its financial position and results of operations.

PJSC Mosenergo
Notes to the condensed interim consolidated financial statements
31 March 2021 (unaudited)
(in millions of Russian Rubles)

4 Segment information

The Board of Directors and Managing Director (hereafter referred to as the “Management”) is the Chief operating decision-maker, which reviews the Group’s internal management report in order to assess performance of the Group and allocate resources.

The operating segments are aggregated into two primary reportable segments - electric and heat energy, which generate revenue from manufacturing and sale of electric and heat energy respectively. The other segments consist of services and products sold by the Group such as rental services, feed water sales and maintenance services.

All reportable segments are located in the Russian Federation.

When evaluating the performance of segments and allocating resources, management analyses the information below, prepared in accordance with IFRS. Differences in items between those reported in the segment information and those reported in the Group’s consolidated financial statements are due to the unallocated items of income and expense (such as financial income and expense, share of income (loss) of associates, profit tax) that cannot be directly allocated to identifiable reportable segments as these are managed on an overall group basis.

Considering that the management responsible for decision-making does not review assets and liabilities by each reportable segment coupled with lack of technical capabilities to present such information, the Group does not disclose assets and liabilities by segments.

4.1 Financial results of segments

The segment information for the three months ended 31 March 2021 and 31 March 2020 is as follows:

	Notes	Electric energy	Heat energy	All other segments	Total	Intra-group transactions	Total
Three months ended 31 March 2021							
Revenue		36 556	40 830	941	78 327	(295)	78 032
Revenue from external customers	16	36 556	40 830	646	78 032	-	78 032
Intra-group revenue		-	-	295	295	(295)	-
Segment financial result		9 844	2 939	(1 154)	11 629	-	11 629
Depreciation and amortisation (Impairment loss) reversal of	17	(2 301)	(3 468)	(365)	(6 134)	-	(6 134)
impairment loss on financial assets	17	17	2	(916)	(897)	-	(897)
Three months ended 31 March 2020							
Revenue		30 116	29 157	707	59 980	(181)	59 799
Revenue from external customers	16	30 116	29 150	533	59 799	-	59 799
Intra-group revenue		-	7	174	181	(181)	-
Segment financial result		7 772	263	(657)	7 378	-	7 378
Depreciation and amortisation	17	(2 197)	(3 059)	(397)	(5 653)	-	(5 653)
Impairment loss on financial assets	17	(389)	(352)	(276)	(1 017)	-	(1 017)

Reconciliation of the segment financial result to the profit before profit tax in the consolidated statement of comprehensive income for the three months ended 31 March 2021 and 31 March 2020 is provided as follows:

PJSC Mosenergo
Notes to the condensed interim consolidated financial statements
31 March 2021 (unaudited)
(in millions of Russian Rubles)

	Notes	Three months ended 31 March	
		2021	2021
Segment result for reportable segments		12 783	8 035
Segment result for other segments		(1 154)	(657)
Segment financial result		11 629	7 378
Change in provisions	17	(74)	(67)
Net finance income (expense)	18	341	(413)
Share of profit (loss) of associates		(25)	142
Other items		(57)	(6)
Profit before income tax		11 814	7 034

4.2 Core customers

The revenue presented within the electric energy segment includes two customers with the total revenue exceeding 10% of the Group's revenue for the three months ended 31 March 2021 and amounting to RUB 28 822 million (for the three months ended 31 March 2020 the total revenue of the same two customers exceeded 10% of the Group's revenue and amounted to RUB 23 156 million).

The revenue presented within the heat energy segment includes the customer with the revenue exceeding 10% of the Group's revenue for the three months ended 31 March 2021 and amounting to RUB 38 764 million (for the three months ended 31 March 2020 the revenue of the same customer exceeded 10% of the Group's revenue and amounted to RUB 30 852 million).

5 Related parties

In these consolidated financial statements, parties are considered to be related parties, one of which has the ability to control or exercise significant influence on the operating and financial decisions of the other, as defined in IAS 24 Related Party Disclosures.

Transactions with related parties were carried out on terms and conditions similar to transactions with third parties in relation to the Group. Gas and capacity prices are based on tariffs set by the Federal Antimonopoly Service and competitive selections on the wholesale electricity (capacity) market. Loans and borrowings are provided on market conditions. Bank deposits are placed on market conditions.

PJSC Gazprom is an ultimate parent company of PJSC Mosenergo. The Russian Federation is the ultimate controlling party of the Group.

PJSC Mosenergo
Notes to the condensed interim consolidated financial statements
31 March 2021 (unaudited)
(in millions of Russian Rubles)

5.1 Transactions with Gazprom Group and its associates

The significant Group's transactions and balances outstanding with Gazprom Group and its associates are detailed below:

	Three months ended	
	31 March	
	2021	2021
<i>Transactions with related parties</i>		
Revenue	41 744	29 345
Heat energy	39 051	27 757
Electricity and capacity	2 178	1 237
Other revenue	515	351
Operating expenses	(41 547)	(30 204)
Fuel	(39 542)	(28 509)
Repair, maintenance and service	(862)	(808)
Electricity and capacity	(412)	(314)
Heat energy transmission	(236)	(184)
Transportation services	(89)	(83)
Cleaning services	(94)	(75)
Software and maintenance	(100)	(92)
Other operating expenses	(212)	(139)
Finance income	507	809
Interest income on loans issued	420	643
Effect of discounting financial instruments	71	71
Interest income on bank deposits and cash balances on current accounts	16	95
Finance expense	(239)	(401)
Interest expense on borrowings	(159)	(345)
Lease interest expense	(65)	(56)
Effect of discounting financial instruments	(15)	-
Purchase of non-current and current assets	526	1 161
Purchase of property, plant and equipment	491	1 058
Purchase of other assets	35	103
	31 March	31 December
	2021	2020
<i>Balances outstanding with related parties</i>		
Long-term financial assets	9 336	10 207
Short-term financial assets	28 088	28 927
Long-term accounts receivable and prepayments	479	474
Short-term accounts receivable and prepayments	34 306	22 300
Allowance for impairment loss on short-term receivables	(70)	(65)
Cash and cash equivalents	268	6 990
Total assets	72 407	68 833
Long-term borrowings	(15 100)	(15 100)
Short-term borrowings	(11)	(11)
Long-term accounts payable and other liabilities	(822)	(833)
Short-term accounts payable and other liabilities	(3 885)	(8 202)
Long-term lease liabilities	(2 609)	(2 692)
Short-term lease liabilities	(376)	(313)
Total liabilities	(22 803)	(27 151)

PJSC Mosenergo
Notes to the condensed interim consolidated financial statements
31 March 2021 (unaudited)
(in millions of Russian Rubles)

5.2 Transactions with other state-controlled entities

Information below excludes transactions and outstanding balances with Gazprom Group and its associates as disclosed in Note 5.1.

The significant Group's transactions and balances outstanding with other state-controlled entities are detailed below:

	Three months ended	
	31 March	
	2021	2021
Transactions with related parties		
Revenue	8 264	7 387
Electricity and capacity	7 680	6 868
Heat energy	516	449
Other revenue	68	70
Operating expenses	(1 008)	(868)
Electricity market administration fees	(433)	(392)
Water supply	(345)	(261)
Security and fire safety	(134)	(129)
Fines, penalties and compensation for breach of contract terms	127	5
Other operating expenses	(223)	(91)
Finance income	53	56
Interest income on bank deposits and cash balances on current accounts	53	56
Finance expense	(59)	(69)
Lease interest expense	(59)	(69)
Other transactions		
(Impairment loss) reversal of impairment loss on financial assets	50	(167)
	31 March	31 December
	2021	2020
Balances outstanding with related parties		
Long-term accounts receivable and prepayments	401	481
Allowance for impairment loss on long-term receivables	(155)	(164)
Short-term accounts receivable and prepayments	16 064	16 116
Allowance for impairment loss on short-term receivables	(12 347)	(12 441)
Cash and cash equivalents	127	553
Total assets	4 090	4 545
Short-term accounts payable and other liabilities	(1 502)	(1 416)
Long-term lease liabilities	(2 088)	(2 079)
Short-term lease liabilities	(67)	(68)
Total liabilities	(3 657)	(3 563)

Some of the transactions on the wholesale electricity and capacity market OREM are conducted through commission agreements with JSC FSC. Current financial system of JSC FSC does not provide the final counterparty with automated information about transactions and outstanding balances with the ultimate consumers. State-controlled entities and Gazprom Group and its associates may also act as counterparties.

PJSC Mosenergo
Notes to the condensed interim consolidated financial statements
31 March 2021 (unaudited)
(in millions of Russian Rubles)

The Group's transactions and balances outstanding with JSC FSC are detailed below:

<i>Transactions with related parties</i>	Three months ended 31 March	
	2021	2021
Revenue	23 376	18 516
Sale of electricity and capacity	23 376	18 516
Expenses	(4 150)	(2 609)
Purchase of electricity and capacity	(4 150)	(2 609)
	31 March 2021	31 December 2020
<i>Balances outstanding with related parties</i>		
Short-term accounts receivable and prepayments	2 894	2 782
Allowance for impairment loss on short-term receivables	(1)	(1)
Total assets	2 893	2 781
Short-term accounts payable and other liabilities	(603)	(461)
Total liabilities	(603)	(461)

5.3 Transactions with other related parties

Other related parties are represented by associates. The significant Group's transactions and balances outstanding with associates are detailed below:

<i>Transactions with related parties</i>	Three months ended 31 March	
	2021	2021
Revenue	802	605
Heat energy	802	605
Other transactions		
Impairment loss on financial assets	(957)	(719)
	31 March 2021	31 December 2020
<i>Balances outstanding with related parties</i>		
Long-term financial assets	2 239	2 239
Allowance for impairment loss on long-term financial assets	(2 239)	(2 239)
Short-term financial assets	8	6
Short-term accounts receivable and prepayments	3 819	2 862
Allowance for impairment loss on short-term receivables	(3 819)	(2 862)
Total assets	8	6

PJSC Mosenergo
Notes to the condensed interim consolidated financial statements
31 March 2021 (unaudited)
(in millions of Russian Rubles)

5.4 Transactions with key management and managing organisation

Short-term remuneration for the services of key management personnel includes remuneration to members of the Board of Directors for fulfilling their duties in these positions and participation in meetings of the Board of Directors and consisted of a monthly salary, premium, accrued on these taxes and other obligatory payments into the corresponding budgets, health insurance costs.

	Three months ended	
	31 March	
<i>Transactions with related parties</i>	2021	2021
Wages and salaries	11	10
Social taxes and contributions	2	2
Total	13	12

There are no outstanding balances as of 31 March 2021 and as of 31 December 2020 for transactions with key management.

Remuneration to managing organisation LLC Gazprom energoholding for the three months ended 31 March 2021 was in the amount of RUB 32 million (for the three months ended 31 March 2020: RUB 33 million). Accounts payable for managing organisation as of 31 March 2021 is in the amount of RUB 69 million (as of 31 December 2020: RUB 69 million).

5.5 Unrecognised contractual obligations for the construction of property, plant and equipment

	31 March	31 December
	2021	2020
Gazprom Group and its associates	10 591	12 202
Total	10 591	12 202

PJSC Mosenergo
Notes to the condensed interim consolidated financial statements
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(in millions of Russian Rubles)

6 Property, plant and equipment

Changes in the carrying amount of property, plant and equipment are presented below:

	ROUA	B&C	M&E	TN	Other	CIP	Total
Revalued amount							
Balance as of 1 January 2020	5 955	124 690	99 579	12 674	18 534	26 298	287 730
Additions	-	-	-	1	1	2 218	2 220
Effect of leases modification	(1 020)	-	-	-	-	-	(1 020)
Disposals	-	-	(48)	(2)	(8)	(49)	(107)
Transfers	-	250	768	-	52	(1 070)	-
Transfer from (to) other accounts	-	13	-	-	1	-	14
Balance as of 31 March 2020	4 935	124 953	100 299	12 673	18 580	27 397	288 837
Balance as of 1 January 2021	5 812	126 855	107 473	12 692	20 702	29 509	303 043
Additions	787	-	1	-	32	5 662	6 482
Effect of leases modification	25	-	-	-	-	-	25
Disposals	(32)	-	(162)	(2)	(136)	(56)	(388)
Transfers	-	242	632	2	484	(1 360)	-
Transfer from other accounts	-	65	-	-	-	-	65
Balance as of 31 March 2021	6 592	127 162	107 944	12 692	21 082	33 755	309 227
Depreciation and impairment loss							
Balance as of 1 January 2020	(503)	-	(1 982)	(633)	-	-	(3 118)
Depreciation charge	(127)	(1 478)	(3 096)	(279)	(630)	-	(5 610)
Transfers	-	-	(99)	-	-	99	-
Disposals	-	-	32	-	2	-	34
Balance as of 31 March 2020	(630)	(1 478)	(5 145)	(912)	(628)	99	(8 694)
Balance as of 1 January 2021	(1 025)	(6 430)	(15 328)	(1 847)	(2 792)	(514)	(27 936)
Depreciation charge	(143)	(1 530)	(3 521)	(275)	(580)	-	(6 049)
Transfers	-	(3)	(4)	-	(41)	48	-
Disposals	6	-	16	-	50	-	72
Balance as of 31 March 2021	(1 162)	(7 963)	(18 837)	(2 122)	(3 363)	(466)	(33 913)
Net book value							
Balance as of 1 January 2020	5 452	124 690	97 597	12 041	18 534	26 298	284 612
Balance as of 31 March 2020	4 305	123 475	95 154	11 761	17 952	27 496	280 143
Balance as of 1 January 2021	4 787	120 425	92 145	10 845	17 910	28 995	275 107
Balance as of 31 March 2021	5 430	119 199	89 107	10 570	17 719	33 289	275 314
Net book value of property, plant and equipment had no revaluation taken place							
Balance as of 1 January 2020	5 452	50 262	70 006	9 681	11 756	26 146	173 303
Balance as of 31 March 2020	4 305	50 062	68 490	9 487	11 560	27 241	171 145
Balance as of 1 January 2021	4 787	50 642	69 070	8 888	12 958	28 669	175 014
Balance as of 31 March 2021	5 430	50 421	66 925	8 694	13 087	32 541	177 098

Abbreviations used in the headings of the table above are as follows: ROUA – right-of-use assets, B&C-buildings and constructions, M&E - machinery and equipment, TN - transmission networks, CIP - construction in progress.

As of 31 March 2021 property, plant and equipment included right-of-use assets with carrying amount of RUB 5 430 million, related mainly to land and office buildings (as of 31 December 2020: RUB 4 787 million).

The class “Other” includes land, motor vehicles, computer equipment, office supplies and other equipment.

Other right-of-use assets include land.

The total cash flow under lease agreements for the three months ended 31 March 2021 was in the amount of RUB 240 million, of which RUB 144 million accounted for interest expenses and RUB 96 million to repay the principal amount of the debt (for the three months ended 31 March 2020: RUB 147 million, of which RUB 130 million accounted for interest expenses and RUB 17 million to repay the principal amount of the debt).

Property, plant and equipment of the Group are not burdened with collateral obligations.

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7 Accounts receivable and prepayments

	31 March 2021	31 December 2020
Trade receivables	225	263
Accounts receivable from sale of property, plant and equipment	2	3
Other receivables	80	131
Total financial assets	307	397
Advances to suppliers and prepaid expenses	974	982
Other receivables	56	56
Total non-financial assets	1 030	1 038
Total non-current accounts receivable and prepayments	1 337	1 435
Trade receivables	40 306	29 475
Accounts receivable from sale of property, plant and equipment	960	1 091
Other receivables	201	204
Total financial assets	41 467	30 770
Tax prepayments other than income tax	1 466	945
Advances to suppliers and prepaid expenses	1 640	939
VAT recoverable	148	142
Other receivables	111	113
Total non-financial assets	3 365	2 139
Total current accounts receivable and prepayments	44 832	32 909

Trade receivables are presented net of allowance for impairment as of 31 March 2021 in the amount of RUB 17 105 million (as of 31 December 2020: RUB 16 279 million).

Receivables from sale of property, plant and equipment are presented net of allowance for impairment as of 31 March 2021 in the amount of RUB 70 million (as of 31 December 2020: RUB 65 million).

Other financial receivables are presented net of allowance for impairment as of 31 March 2021 in the amount of RUB 32 million (as of 31 December 2020: RUB 33 million).

Other non-financial receivables are presented net of allowance for impairment as of 31 March 2021 in the amount of RUB 530 million (as of 31 December 2020: RUB 535 million).

Advances to suppliers and prepaid expenses are presented net of allowance for impairment as of 31 March 2021 in the amount of RUB 955 million (as of 31 December 2020: RUB 955 million).

These provisions are mainly related to short-term receivables and prepayments, except for the provision for trade receivables in the amount of RUB 155 million, which was formed for long-term trade receivables at 31 March 2021 (as at 31 December 2020: RUB 164 million).

8 Other financial assets

	31 March 2021	31 December 2020
Loans issued	8 200	9 298
Impairment loss on loans issued	(2 239)	(2 239)
Equity instruments measured at FVTOCI	4 686	4 459
Total non-current assets	10 647	11 518
Loans issued	28 096	28 933
Deposits	7 145	7 075
Total current assets	35 241	36 008

Financial assets measured at fair value through other comprehensive income include the following:

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	31 March 2021	31 December 2020
LLC GAZEKS-Management		
Share in equity	28,42%	33,33%
Fair value	1 311	1 311
PJSC O GK-2		
Share in equity	3,89%	3,89%
Fair value	3 375	3 148

On 13 January 2020 PJSC Mosenergo transferred a part of the share of the share capital of LLC GAZEKS Management in the amount of 4.92% to LLC Gazprom Mezhhregiongaz.

With regard to equity investments in LLC GAZEKS-Management, the management estimated that the Group does not have a significant influence on this company based on the following factors:

The Group does not have any representative in the Board of Directors and does not have a right to appoint them;

The Group does not participate in policy-making decisions including participate in managerial decisions;

The Group does not enter into significant transactions, there is no interchange of managing personnel between the PJSC Mosenergo and LLC GAZEKS-Management and there is no sharing of technical information between the companies.

9 Inventories

	31 March 2021	31 December 2020
Fuel	7 631	7 731
Spare parts	5 082	6 523
Materials and supplies	1 604	1 756
Other inventories	204	90
Total	14 521	16 100

As of 31 March 2021 the amount of the write-down of inventories to net realisable value amounted to RUB 249 million (31 December 2020: RUB 254 million).

As of 31 March 2021 and as of 31 December 2020 the Group does not have pledged inventories.

10 Cash and cash equivalents

	31 March 2021	31 December 2020
Cash on hand and bank balances	320	223
Deposits with original maturity of three months or less	5 588	7 456
Total cash and cash equivalents	5 908	7 679

As of 31 March 2021 and 31 December 2020, the Group had no arrested cash amounts.

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11 Equity

11.1 Share capital and share premium

As of 31 March 2021 and 31 December 2020 the declared share capital comprised 39 749 359 700 ordinary shares of RUB 1 par value each. All issued ordinary shares are fully paid.

As of 31 March 2021 and 31 December 2020 the Group has no authorized shares, additionally authorized for placement, but not placed.

Share premium amounted to RUB 48 661 million includes excess of the cash proceeds from the issue of share capital over its par value amounted to RUB 49 220 million net of the transaction costs amounted to RUB 7 million, and a negative result from the subsequent sale of treasure shares amounted to RUB 552 million.

11.2 Treasury shares

Treasury shares as of 31 March 2021 and 31 December 2020 are realised completely.

11.3 Dividends

On 24 June 2020 the Annual General Shareholders' Meeting of the PJSC Mosenergo made the decision to pay dividends for the results of Group's activity for 2019. The amount of declared dividends on the issuer shares was RUB 0,12075 per share, total amount of dividends is RUB 4 800 million. The amount of unclaimed dividends for the result of financial year 2016 is RUB 16 million.

11.4 Revaluation reserve

As of 31 March 2021 in the line item "Revaluation reserve" there were disclosed revaluation reserve for property, plant and equipment in the amount of RUB 152 188 million (as of 31 December 2020: RUB 152 290 million).

12 Borrowings

	31 March 2021	31 December 2020
Bank borrowings	15 100	15 100
Total long-term borrowings	15 100	15 100
Current portion of long-term bank borrowings	11	11
Total short-term borrowings	11	11

The terms and conditions of outstanding liabilities at the reporting date are as follows:

	Currency	Interest rate	Year of maturity	31 March 2021	31 December 2020
Bank GPB (JSC)	RUB	4,25%	2022	15 111	15 111
Total				15 111	15 111

As of 31 March 2021 and 31 December 2020, the Group met financial covenant of loan agreements.

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13 Accounts payable and other liabilities

	31 March 2021	31 December 2020
Accounts payable for acquired property, plant and equipment	822	834
Total financial liabilities	822	834
Total non-current accounts payable and other liabilities	822	834
Trade payables	5 601	6 460
Accounts payable for acquired property, plant and equipment	2 028	6 224
Dividends payable	95	96
Other payables	523	523
Total financial liabilities	8 247	13 303
Liabilities from contracts with customers	732	775
Other payables	1 574	1 103
Total non-financial liabilities	2 306	1 878
Total current accounts payable and other liabilities	10 553	15 181

14 Income tax

14.1 Components of income tax

The Group's income tax rate is 20%.

	2021	2020
Three months ended 31 March		
Current income tax for period	(2 846)	(1 714)
Adjustments to current income tax of previous periods	(1)	-
Current income tax expense	(2 847)	(1 714)
Recognition and reversal of temporary differences	473	376
Deferred income tax profit	473	376
Income tax expense	(2 374)	(1 338)

14.2 Tax effects of taxable and deductible temporary differences

Tax effects of taxable and deductible temporary differences for the three months ended 31 March 2021 and 31 March 2020 are as follows:

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	Opening balance	Effect of new standards	Recog- nised in P/L¹⁾	Recog- nised in OCI²⁾	Closing balance
Three months ended 31 March 2021					
Property, plant and equipment	(37 839)	-	258	-	(37 581)
Investment property	(226)	-	15	-	(211)
Other financial assets	520	-	-	(46)	474
Accounts receivable and prepayments	430	-	214	-	644
Accounts payable and other liabilities	101	-	(168)	-	(67)
Lease liabilities	1 038	-	127	-	1 165
Provision for post-employment benefits	84	-	3	-	87
Tax losses carried forward	163	-	18	-	181
Provisions	204	-	12	-	216
Borrowings	4	-	(4)	-	-
Other	67	-	(2)	-	65
Total	(35 454)	-	473	(46)	(35 027)
Three months ended 31 March 2020					
Property, plant and equipment	(40 361)	-	530	-	(39 831)
Investment property	(215)	-	-	-	(215)
Other financial assets	401	-	7	(19)	389
Accounts receivable and prepayments	535	-	166	-	701
Non-current assets held for sale	18	-	1	-	19
Accounts payable and other liabilities	71	-	(125)	-	(54)
Lease liabilities	1 137	-	(218)	-	919
Provision for post-employment benefits	82	-	1	-	83
Tax losses carried forward	146	-	6	-	152
Provisions	678	-	-	-	678
Borrowings	(19)	-	7	-	(12)
Other	(2)	-	1	-	(1)
Total	(37 529)	-	376	(19)	(37 172)

¹⁾P/L – profit or loss, ²⁾OCI – other comprehensive income.

The tax effect of the movement on these temporary differences is recorded at the rate of 20%, which was enacted by the relevant legislation in the Russian Federation.

15 Other taxes payable

	31 March 2021	31 December 2020
VAT payable	3 531	1 788
Property tax payable	419	427
Social contributions payable	209	245
Other taxes payable	85	11
Total other taxes payable	4 244	2 471

16 Revenue

	Three months ended 31 March	
	2021	2021
Electricity and capacity	36 556	30 116
Heat energy	40 830	29 150
Other revenue	646	533
Total	78 032	59 799

Other revenue was primarily received from rental services, feed water sales and maintenance services.

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17 Operating expenses

	Three months ended 31 March	
	2021	2020
Fuel	47 704	36 137
Amortisation and depreciation	6 134	5 653
Electricity and capacity	4 650	2 923
Employee benefits	3 013	3 083
Repair, maintenance and service	1 126	1 054
Taxes other than income tax	496	507
Electricity market administration fees	439	399
Other materials	357	238
Water supply	347	263
Security and fire safety	273	249
Heat energy transmission	256	198
Loss (profit) on disposal of property, plant and equipment and other assets	237	(44)
Transportation services	133	123
Software and maintenance	119	108
Cleaning services	108	96
Change in provisions	74	67
Consulting, legal and audit services	42	70
Insurance expenses excluding medical insurance	53	53
Reversal of impairment loss on non-financial assets	-	(7)
Fines, penalties and compensation for breach of contract terms	(129)	(22)
Other operating expenses	205	326
Total operating expenses	65 637	51 474

Impairment loss (reversal of impairment loss) on assets and change in provisions are presented below.

	Three months ended 31 March	
	2021	2021
Impairment loss on trade receivables	(897)	(1 017)
Total impairment loss on financial assets	(897)	(1 017)
Reversal of inventories	-	3
Reversal of impairment loss on other receivables	-	4
Total reversal of impairment loss on non-financial assets	-	7
Change in tax provision	(74)	(67)
Total change in provisions	(74)	(67)

Employee benefits include the following:

	Three months ended 31 March	
	2021	2021
Wages and salaries	2 253	2 317
Social contribution	687	704
Voluntary medical insurance expenses	52	51
Others	21	11
Total employee benefits	3 013	3 083

For the three months ended 31 March 2021 the average number of employees of the Group was 8 779 (for the three months ended 31 March 2020: 8 730).

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18 Finance income and expense

	Three months ended	
	31 March	
	2021	2021
Interest income on loans issued	446	664
Foreign exchange gain	-	6
Interest income on bank deposits and cash balances on current accounts	150	155
Effect of discounting financial instruments	72	77
Total finance income	668	902
Foreign exchange loss	-	(808)
Interest expense on borrowings	(159)	(360)
Lease interest expense	(144)	(130)
Interest expense on provision for post-employment benefits	(6)	(6)
Effect of discounting financial instruments	(18)	-
Other interest expense	-	(11)
Total finance expense	(327)	(1 315)

19 Basic and diluted earnings per share, attributable to PJSC Mosenergo

Earnings per share attributable to owners of PJSC Mosenergo have been calculated by dividing the profit for the period, attributable to the owners of PJSC Mosenergo by the weighted average number of shares outstanding during the period, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares (Note 11.2). The calculation of earnings per share is presented in the table below.

	2021	2021
Three months ended 31 March		
Issued shares (million of pieces)	39 749	39 749
Weighted average number of ordinary shares (million of pieces)	39 749	39 749
Profit attributable to the owners of PJSC Mosenergo (in RUB million)	9 440	5 696
Profit per ordinary share (basic and diluted) (in RUB)	0,237	0,143

As of 31 March 2021 and 31 December 2020 there are no dilutive financial instruments outstanding in the Group.

20 Contingent and contractual obligations

As of 31 March 2021 the Group was involved in a number of contracts for construction and purchase of property, plant and equipment for RUB 15 684 million (31 December 2020: RUB 16 957 million).

21 Fair value of financial instruments

The fair value of financial assets and liabilities is determined as follows:

Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market closing prices at the reporting date.

Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using various valuation techniques, primarily based on market or income approach, such as discounted cash flows valuation method. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Financial instruments in Level 3

If one or more of the significant inputs in the valuation model used to fair value an instrument is not based on observable market data, the instrument is included in Level 3. The fair value of financial instruments, such as short-term trade and other receivables and trade and other payables are classified as Level 3.

There was no change in the fair value measurement methods attributed to Level 1,2 and Level 3 for the three months ended 31 March 2021 (31 December 2020: there was no change). There were no transfers between levels for the three months ended 31 March 2021(31 December 2020: there were no transfers).

As of 31 March 2021 and 31 December 2020 the Group had the following assets that are measured at fair value:

	Note	Level 1	Level 2	Level 3	Total
Balance as of 31 March 2021					
Financial assets at FVTOCI	8	3 375	-	1 311	4 686
Balance as of 31 December 2020					
Financial assets at FVTOCI	8	3 148	-	1 311	4 459

As of 31 March 2021 and 31 December 2020, the estimated fair value of financial assets and liabilities not recognised at fair value in the consolidated statement of financial position is close to their carrying amount.