

**Public Joint Stock Company
Territorial Generating Company No.1**

**International Financial
Reporting Standards (IFRS)
Interim Condensed
Consolidated Financial
Statements (unaudited)**

**31 March 2021
St. Petersburg | 2021**

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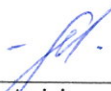
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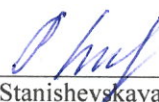
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PJSC TERRITORIAL GENERATING COMPANY №1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021 (UNAUDITED)
(in millions of Russian Roubles)

	Notes	31 March 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	152 598	151 135
Investment property		160	139
Intangible assets		3 809	3 859
Investments in associates		456	436
Trade receivables and prepayments	7	1 137	1 391
Deferred income tax assets	14	253	140
Total non-current assets		158 413	157 100
Current assets			
Inventories	9	3 807	3 728
Trade receivables and prepayments	7	14 182	14 057
Current income tax prepayments		49	49
Cash and cash equivalents	10	953	1 036
Financial assets	8	7 025	14 817
Total current assets		26 016	33 687
Total assets		184 429	190 787
EQUITY AND LIABILITIES			
Equity			
	11		
Share capital		38 543	38 543
Share premium		22 914	22 914
Accumulated earnings and other reserves		71 072	66 803
Equity attributable to the Company's owners		132 529	128 260
Non-controlling interest		10 825	10 698
Total equity and reserves		143 354	138 958
Non-current liabilities			
Borrowings	12	1 600	9 500
Post-employment benefits obligations		1 166	1 166
Trade and other payables	13	481	444
Lease liabilities		4 925	5 245
Deferred tax liabilities	14	10 118	10 228
Total non-current liabilities		18 290	26 583
Current liabilities			
Borrowings	12	8 063	7 747
Trade and other payables	13	9 371	12 897
Current income tax payable		1 102	747
Other taxes payable	15	2 035	1 557
Lease liabilities		2 214	2 298
Total current liabilities		22 785	25 246
Total liabilities		41 075	51 829
Total equity and liabilities		184 429	190 787


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Deputy Managing Director of economics and
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«13» May 2021


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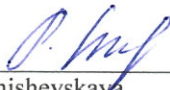
The accompanying notes on the pages 7-24 are an integral part of these interim condensed consolidated financial statements.

PJSC TERRITORIAL GENERATING COMPANY №1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THREE MONTHS
ENDED 31 MARCH 2021 (UNAUDITED)
(in millions of Russian Roubles)

	Notes	Three months ended 31 March 2021	Three months ended 31 March 2020
Cash flows from operating activities			
Profit before income tax		5 296	5 297
Adjustments for:			
Depreciation and amortisation	17	2 879	2 642
Impairment loss on financial assets		259	293
Impairment gain on non-financial assets		(1)	-
Share of profit of associates		(20)	(16)
Loss/(gain) on disposals of property, plant and equipment and other assets	17	28	(67)
Finance income	18	(146)	(249)
Finance expense	18	299	356
Other non-cash items		(4)	(75)
Operating cash flows before working capital changes		8 590	8 181
Changes in working capital:			
Change in trade receivables and prepayments	7	(131)	(2 448)
Change in inventories	9	(78)	(119)
Change in trade and other payables	13	(1 426)	(923)
Change in other taxes payable	15	477	1 244
Changes in working capital		(1 158)	(2 246)
Income taxes paid		(767)	28
Interest paid		(295)	(353)
Net cash from operating activities		6 370	5 610
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(6 346)	(4 428)
Proceeds from sale of property, plant and equipment and other assets		10	42
Borrowings issued		(6 898)	(1 616)
Repayment of borrowings		14 727	9 994
Interest paid and capitalised		(16)	(32)
Interest received		89	17
Net cash used in (from) investing activities		1 566	3 977
Cash flows from financing activities			
Proceeds from borrowings		919	968
Repayments of borrowings		(8 504)	(10 104)
Repayments of lease liabilities		(441)	(450)
Net cash from financing activities		(8 026)	(9 587)
Effect of exchange rate changes on cash and cash equivalents		7	-
Net increase in cash and cash equivalents		(83)	-
Cash and cash equivalents at the beginning of the year	10	1 036	881
Cash and cash equivalents at the end of the year	10	953	881


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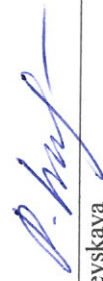
The accompanying notes on the pages 7-24 are an integral part of these interim condensed consolidated financial statements.

PJSC TERRITORIAL GENERATING COMPANY №1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)
(in millions of Russian Rubles)

	Attributable to owners of the Company					Non-controlling interest	Total equity
	Share capital	Share premium	Accumulated earnings	Total			
Balance at 1 January 2020	38 543	22 914	61 295	122 752	8 921	131 673	
Profit for the period	-	-	4 251	4 251	123	4 374	
Comprehensive income for the period	-	-	4 251	4 251	123	4 374	
Balance at 31 March 2020	38 543	22 914	65 546	127 003	9 044	136 047	
Balance at 1 January 2021	38 543	22 914	66 803	128 260	10 698	138 958	
Profit for the period	-	-	4 269	4 269	127	4 396	
Comprehensive income for the period	-	-	4 269	4 269	127	4 396	
Balance at 31 March 2021	38 543	22 914	71 072	132 529	10 825	143 354	


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«13» May 2021


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PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE
MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

(in millions of Russian Roubles)

Note 1. General information

1.1 Organisation and operations

Public Joint-Stock Company (PJSC) Territorial Generating Company № 1 (here in after “TGC-1”) was incorporated and is domiciled in the Russian Federation.

The Company’s principal business activity is production and sale of electric energy, heat energy and capacity. The Group includes 53 power plants located in four regions of Russia: St. Petersburg, Karelia region, the Leningrad region and the Murmansk region.

The Company is registered in the Russian State Tax Inspection of Saint-Petersburg № 15. The Company’s registered office is located at 16 Dobrolyubova prospect, 2A building, St. Petersburg, Russian Federation, 197198.

PJSC “TGC-1” and its subsidiaries, presented below, are the Group TGC-1 (here in after the “Group”):

Subsidiary	Type of business activity	% of ownership	
		31 March 2021	31 December 2020
JSC Murmanskaya TPP	production of electric energy and capacity, heat energy, heat capacity	98.8536	98.8536
JSC St Petersburg Heating Grid	transfer and distribution of heat	65.5814	65.5814
LLC TSTP SEVERO-ZAPAD	transfer and distribution of heat	65.5814	65.5814

1.2 Government relations and influence on the Group’s activities

At the date of interim condensed consolidated financial statements the Russian Federation owned (both directly and indirectly) over 50% in PJSC Gazprom through its 100% subsidiary LLC Gazprom energoholding (immediate Group’s parent company) which holds 51,79% of PJSC “TGC-1” as at 31 March 2020. Thus PJSC Gazprom is the parent company of the Group and the Russian Federation is the ultimate controlling party of the Group.

The Group’s customer base includes a large number of entities controlled by or related to the Government. The Group’s supply chain includes subsidiaries of PJSC Gazprom. The Government also controls the number of Group’s suppliers.

The Russian Federation directly affects the Group’s operations through regulations of wholesale and retail sales of electricity and heat exercised by the Federal Antimonopoly Service (the “FAS”) and the executive authorities in tariff regulation. JSC SO UPS, which is controlled by the Russian Federation as Federal Agency of State Property Management regulates operations of generating assets of the Group.

The Government’s economic, social and other policies could materially affect operations of the Group.

1.3 Business environment in the Russian Federation

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 and are a subject to varying 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 may have a further significant impact on the Group’s future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group’s operations may differ from management’s current expectations.

The COVID-19 pandemic outbreak that occurred in the first quarter of 2020 had significant negative effect on the global economy. The response measures adopted to limit the virus spreading resulted in lower of economic activity of electricity market participants. The scale and duration of that events remain uncertain and have effect on the Group's financial standing and results.

The Group's management considers that takes all necessary measures to support constancy and development of business in current circumstances. During pandemic spreading the Company adopted operational response measures to prevent virus spreading on the Group's objects that resulted in excluding the virus influence on the Group's technological and functional processes stability.

Management takes measures currently in respect of fixed costs optimization and redeployment of investment program expenses. Future economic situation in Russian Federation depends on external factors and measures, adopting by Russian government. The effect may differ from the management's current expectations.

1.4 Seasonality

Demand for electricity and heat is influenced by both the season of the year and the relative severity of the weather. Revenues from heating are concentrated within the months of October to March. Similar, though less severe, concentration of electricity sales occurs within the same period. The seasonality of electricity and heat production has a corresponding impact on the usage of fuel and purchases of electricity. This seasonality does not impact on the revenue or cost recognition policies of the Group.

Note 2. Basis of preparation

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". These Interim Condensed Consolidated Financial Statements should be read in conjunction with the annual Consolidated Financial Statements as at and for the year ended 31 December 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS).

Note 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

A number of amendments to the standards are effective for the annual periods beginning on or after 1 January 2022. In particular, the Group has not early apply the following changes to the standards:

- Amendments to *IAS 1 Presentation of Financial Statements* (issued in January 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments specify the requirements for classifying liabilities as current or non-current.
- Amendments to *IFRS 9 Financial Instruments* (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of original financial liability.
- Amendments to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendments clarify what costs are included in the estimate of the costs of fulfilling contract obligations in order to identify it as onerous.
- Amendments to *IAS 16 Property, Plant and Equipment* (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendment prohibits entities deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced during the

period when the asset was prepared for its intended use. Instead, such sales and related costs are recognised in profit or loss.

- Amendments to *IFRS 1 First-time Adoption of International Financial Reporting Standards* (issued in the framework of annual improvements in IFRSs for 2018-2020 and effective for annual periods beginning on or after 1 January 2022) simplify the adoption of IFRS 1 for subsidiary after parent company, regarding determination of accumulated exchange differences.
- Amendments to *IFRS 3 Business Combinations* (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022) update a reference to the *Conceptual Framework for Financial Reporting* issued in 2018 to define what constitutes an asset or liability in business combination, and add a new exemption for liabilities and contingent liabilities.

The Group is currently assessing how these changes will affect its financial position and results of operations.

Note 4. Segment information

The Board of Directors and Managing Director is the Chief operating decision-maker. The decision-maker reviews the Group's internal management report in order to assess performance of the Group and allocate resources.

The technology of electricity and heat production does not allow segregation of electricity and heat segments. The Company's branches are managed separately due to significant decentralization and separate location, as a result the Group discloses six primary reportable segments: TPP of Nevsky branch, HPS of Nevsky branch, St. Petersburg Heating Grid, Kolsky branch, Karelsky branch, Murmanskaya TPP.

All reportable segments are located within the Russian Federation.

In the process of evaluation of segments, results and allocation of economic resources of the Group the Management uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analysed by the Management and IFRS financial information are caused by different approaches applied in IFRS and RAR. The main differences relate to the respective carrying values of property, plant and equipment. The Group does not have inter-segment revenue.

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

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31 MARCH 2021
(UNAUDITED)
(in millions of Russian Roubles)

4.1 Financial results of segments

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

Three months ended 31 March 2021	TPP of Nevsky branch	HPS of Nevsky branch	Heating Grid	Kolsky branch	Karelsky branch	Murman- skaya TPP	Unallocated segments	Total segments	Eliminations	Adjustments	Total
Revenue:	23 090	1 787	2 381	3 883	2 720	1 642	12	35 515	(2 933)	(79)	32 503
<i>including export</i>	-	535	-	484	-	-	-	1 019	-	-	1 019
Depreciation of property, plant, equipment	1 348	157	692	206	140	30	5	2 578	-	181	2 759
Reportable segment profit/(loss)	3 610	987	(49)	1 142	290	(599)	-	5 381	-	48	5 429

Three months ended 31 March 2020	TPP of Nevsky branch	HPS of Nevsky branch	Heating Grid	Kolsky branch	Karelsky branch	Murman- skaya TPP	Unallocated segments	Total segments	Eliminations	Adjustments	Total
Revenue:	20 541	1 130	2 407	2 684	2 274	1 610	8	30 654	(2 920)	(12)	27 722
<i>including export</i>	-	33	-	83	-	-	-	116	-	-	116
Depreciation of property, plant, equipment	1 345	128	642	190	132	26	7	2 470	-	98	2 568
Reportable segment profit	3 586	717	239	281	331	117	2	5 273	-	115	5 388

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE
MONTHS ENDED 31 MARCH 2021 (UNAUDITED)
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Reconciliation of the segment result to operating profit in the interim condensed consolidated statement of comprehensive income for three months ended 31 March 2021 and 31 March 2020 is provided as follows:

	Three months ended 31 March 2021	Three months ended 31 March 2020
<i>Revenue reclassification adjustments</i>	(79)	(12)
Depreciation adjustment	(181)	(98)
Impairment loss on financial assets	(259)	(293)
Discounting effect	665	688
Other adjustments	(98)	(170)
	127	127
Total adjustments to operating profit	48	115

4.2 Key customers

The revenue presented in segment revenue includes two customers with the revenue exceeding 10% of the Group's revenue for three months ended 31 March 2021 and amounting to RUB 4 448 million (for three months ended 31 March 2020 the revenue of two customers exceeded 10% of the Group's revenue and amounted to RUB 3 734 million).

Note 5. Related Parties

In the interim condensed consolidated financial statements, a related party is a person or entity that has control or significant influence over the other party in financial and operational decisions as determined in IAS 24 "Related parties".

Transactions with related parties have been made mostly on the same terms and conditions as similar operations with the parties external to the Group. Prices for natural gas and capacity are based on tariffs set by FAS and also based on competitive take-off on the wholesale electricity (capacity) market rates.

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

(a) Gazprom Group and its associates

As at and for three months, ended 31 March 2021 the Group's significant transactions and outstanding balances with Gazprom Group and its associates are detailed below:

Revenue

	Three months ended 31 March 2021	Three months ended 31 March 2020
Heating	201	135
Electricity and capacity	125	199
Other sales	8	24
Total	334	358

Operating expenses

	Three months ended 31 March 2021	Three months ended 31 March 2020
Fuel	12 133	9 614
Repairs, maintenance and service	115	89
Electricity and capacity purchases	38	12
Security and fire safety	-	6
Other operating expenses	273	268
Total	12 559	9 989

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE
MONTHS ENDED 31 MARCH 2021 (UNAUDITED)
(in millions of Russian Roubles)

Finance Income and Finance Costs

	Three months ended 31 March 2021	Three months ended 31 March 2020
Finance income		
Interest income on loans issued	123	101
Interest income on bank deposits and current bank accounts balances	-	3
Total finance income	123	104
Finance costs		
Interest expense on lease	(91)	(119)
Interest expense on loans and borrowings	(17)	(24)
Total finance costs	(108)	(143)

Balances

	31 March 2021	31 December 2020
Short-term financial assets	7 021	14 814
Long-term trade and other receivables and advances	925	955
Short-term trade and other receivables and advances	494	593
Cash and cash equivalents	222	43
Total assets	8 662	16 405
Short-term trade and other payables	3 536	6 185
Long-term lease liabilities	3 372	3 722
Short-term lease liabilities	2 145	2 248
Short-term borrowings and loans	920	1 247
Long-term trade and other payables	394	350
Total liabilities	10 367	13 752

Purchase of non-current and current assets

	Three months ended 31 March 2021	Three months ended 31 March 2020
Purchases of property, plant and equipment	5 974	4 340
Purchases of materials and other assets	67	10
Итого	6 041	4 350

(b) Transactions with other State-controlled entities

Information below excludes transactions and outstanding balances with Gazprom Group and its associates as disclosed in Note 5 (a).

The Group had the following significant transactions with state-controlled entities as at 31 March 2021 and 31 March 2020:

Revenue

	Three months ended 31 March 2021	Three months ended 31 March 2020
Heating	8 019	7 000
Electricity and capacity	3 655	2 542
Other sales	31	23
Total	11 705	9 565

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE
MONTHS ENDED 31 MARCH 2021 (UNAUDITED)
(in millions of Russian Roubles)

Operating expenses

	Three months ended 31 March 2021	Three months ended 31 March 2020
Water usage	820	778
Purchased electricity and capacity	445	103
Heat transfer	338	521
Fees of electricity market operators	245	216
Security and fire safety	202	164
Purchased heat energy	45	22
Other operating expenses	267	182
Total	2 362	1 986

Finance Income and Finance Costs

	Three months ended 31 March 2021	Three months ended 31 March 2020
Finance income		
Interest income on cash deposit and cash in bank	-	1
Total finance income	-	1
Finance costs		
Interest expense on loans and borrowings	(95)	(72)
Interest expense on lease	(35)	(34)
Total finance costs	(130)	(106)

Balances

	31 March 2021	31 December 2020
Short-term trade and other receivables and advances	10 630	8 441
Long-term trade and other receivables and advances	715	857
Cash and cash equivalents	672	972
Provision for expected credit losses on long-term receivables and prepayments	(552)	(498)
Provision for expected credit losses on short-term receivables and prepayments	(5 032)	(4 172)
Total assets	6 433	5 600
Long-term borrowings	1 600	7 500
Short-term borrowings	3 101	4 463
Short-term trade and other payables	1 886	1 244
Long-term lease liabilities	1 244	1 213
Long-term trade and other payables	87	93
Short-term lease liabilities	42	32
Total liabilities	7 960	14 545

Purchase of non-current and current assets

	Three months ended 31 March 2021	Three months ended 31 March 2020
Purchases of materials and other assets	1 748	932
Purchases of property, plant and equipment <i>including capitalized borrowing costs from related parties</i>	114	28
	16	5
Total	1 862	960

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE
MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

(in millions of Russian Roubles)

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with JSC Centre of Financial Settlements (CFS). CFS's current financial settlement system of CFS does not provide the final counterparty with automated information about transactions and settlement balances with end consumers. Government-related entities, Gazprom Group and its subsidiaries may also act as counterparties.

The Group had the following significant transactions with CFS, presented below:

Revenue and operating expenses

	Three months ended 31 March 2021	Three months ended 31 March 2020
Sales of electricity and capacity	9 592	7 176
Purchases of electricity and capacity	(1 847)	(1 219)
Total	7 745	5 957

Balances

	31 March 2021	31 December 2020
Trade and other receivables and advances	1 143	1 175
Provision for expected credit losses on receivables	(2)	(3)
Total assets	1 141	1 172
Trade and other payables	334	237
Total liabilities	334	237

(c) *Transactions with other related parties*

Other related parties are mainly represented by the Company's shareholder with a significant influence (Fortum Power and Heat OY) and associates (LLC TGC Service and JSC Hibinskaya Heating Company).

Revenue

	Three months ended 31 March 2021	Three months ended 31 March 2020
Electricity and capacity	535	33
Heating	28	25
Other sales	-	2
Total	563	60

Operating expenses

	Three months ended 31 March 2021	Three months ended 31 March 2020
Heat transfer	187	179
Repairs, maintenance and service	150	230
Other operating expenses	3	1
Total	340	410

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE
MONTHS ENDED 31 MARCH 2021 (UNAUDITED)
(in millions of Russian Roubles)

Balances

	31 March 2021	31 December 2020
Short-term trade and other receivables and advances	45	138
Total assets	45	138
Short-term trade and other payables	443	706
Total liabilities	443	706

Purchase of non-current and current assets

	Three months ended 31 March 2021	Three months ended 31 March 2020
Purchases of property, plant and equipment	122	182
Purchases of materials and other assets	-	6
Total	122	188

(d) Transactions with the key management personnel

Short-term compensation for services of key management personnel includes compensation to the members of the Board of Directors for their services at the management positions and participation in the meetings of the Board of Directors and comprised of a monthly salary, bonuses, taxes charge and other obligatory payments to relevant budgets, medical insurance costs.

	Three months ended 31 March 2021	Three months ended 31 March 2020
Salaries and bonuses	5	2
Social taxes and contributions	1	1
Benefits to the Board of Directors	1	2
Total	7	5

As at 31 March 2021 and 31 December 2020 the payables to key management amounted to RUB 1 million.

Remuneration to managing organisation LLC Gazprom energoholding for three months ended 31 March 2021 and 31 March 2020 was in the amount of RUB 24 million and RUB 27 million respectively.

(e) Amount of outstanding contractual commitments for the construction of property, plant and equipment

	31 March 2021	31 December 2020
PJSC Gazprom and its subsidiaries	17 046	11 103
Other related parties	871	864
State-controlled entities	270	96
Total	18 187	12 063

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)
(in millions of Russian Roubles)

Note 6. Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

<i>Cost</i>	Right-of-use assets	Heating networks	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
Balance as at 1 January 2020	11 372	55 686	46 278	75 708	48 261	20 350	257 655
Additions	-	41	-	-	14	2 488	2 543
Disposals	(18)	-	-	(3)	(42)	(41)	(104)
Effect of lease agreements modifications	93	-	-	-	-	-	93
Transfers	-	125	39	30	1 293	(1 487)	-
Transfer to other accounts	-	-	181	150	45	-	376
Balance as at 31 March 2020	11 447	55 852	46 498	75 885	49 571	21 310	260 563
Balance as at 1 January 2021	11 079	59 250	47 640	77 993	51 920	24 018	271 900
Additions	-	41	-	-	31	4 161	4 233
Disposals	(46)	-	(106)	(2)	(63)	(29)	(246)
Effect of lease agreements modifications	93	-	-	-	-	-	93
Transfers	-	315	17	178	432	(942)	-
Transfer from other accounts	-	-	(1)	-	(23)	-	(24)
Balance as at 31 March 2021	11 126	59 606	47 550	78 169	52 297	27 208	275 956
<i>Accumulated depreciation and impairment</i>							
Balance as at 1 January 2020	(1 485)	(29 947)	(19 903)	(33 410)	(23 629)	(674)	(109 048)
Charge for the period	(352)	(381)	(185)	(735)	(915)	-	(2 568)
Disposals	6	-	-	2	36	-	44
Transfer from (to) other accounts	-	(15)	(169)	(121)	(18)	15	(308)
Balance as at 31 March 2020	(1 831)	(30 343)	(20 257)	(34 264)	(24 526)	(659)	(111 880)
Balance as at 1 January 2021	(2 909)	(32 422)	(20 917)	(36 476)	(27 444)	(597)	(120 765)
Charge for the period	(328)	(401)	(215)	(775)	(1 040)	-	(2 759)
Disposals	5	-	101	2	58	-	166
Impairment loss transferred from construction in progress in property, plant and equipment	-	(28)	-	(1)	-	29	-
Balance as at 31 March 2021	(3 232)	(32 851)	(21 031)	(37 250)	(28 426)	(568)	(123 358)

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<i>Net book value</i>									
Balance as at 1 January 2020	9 887	25 739	26 375	42 298	24 632	19 676	148 607		
Balance as at 31 March 2020	9 616	25 509	26 241	41 621	25 045	20 651	148 683		
Balance as at 1 January 2021	8 170	26 828	26 723	41 517	24 476	23 421	151 135		
Balance as at 31 March 2021	7 894	26 755	26 519	40 919	23 871	26 640	152 598		

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As at 31 March 2021 the property, plant and equipment include the right-of-use assets in the amount of RUB 7 894 million, primarily related to the generating equipment, land plots and office buildings.

The “Vehicles and other” group includes land plots, motor vehicles, computer equipment, office fixtures and other equipment.

There were no property, plant and equipment pledged as collateral according to loan agreements.

Note 7 Trade and other receivables

	31 March 2021	31 December 2020
Short-term receivables		
Trade receivables	13 350	12 331
Other receivables	136	137
Total financial receivables	13 486	12 468
Advances to suppliers and prepaid expenses	358	1 320
VAT recoverable	210	138
Tax prepayments other than income tax	128	131
Total non-financial receivables	696	1 589
Total short-term receivables and prepayments	14 182	14 057
Long-term receivables		
Trade receivables	455	678
Other receivables	19	19
Total financial receivables	474	697
Advances to suppliers and prepaid expenses	663	694
Total non-financial receivables	663	694
Total long-term receivables and prepayments	1 137	1 391

Trade receivables is presented net of allowance for expected credit losses in the amount of RUB 9 529 million and 9 295 million as at 31 March 2021 and 31 December 2020 respectively.

Other receivables is presented net of allowance for expected credit losses in the amount of RUB 132 million and 133 million as at 31 March 2021 and 31 December 2020 respectively.

These allowances are primarily related to short-term receivables and prepayments except the allowance for trade receivables in the amount of RUB 687 million that was recognised for long-term receivables as at 31 March 2021 (as at 31 December 2020: RUB 657 million)

Note 8 Financial assets

	31 March 2021	31 December 2020
Loans issued (including %)	7 025	14 817
Total short-term financial assets	7 025	14 817

Note 9 Inventories

	31 March 2021	31 December 2020
Fuel	2 564	2 644
Raw materials and other supplies	896	761
Spare parts	343	319
Other inventories	4	4
Total inventories	3 807	3 728

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As at 31 March 2021 the provision for impairment of the inventories was RUB 27 million (as at 31 December 2020: RUB 29 million).

The Group does not have pledged inventories as at 31 March 2021 and 31 December 2020.

Note 10 Cash and Cash Equivalents

	31 March 2021	31 December 2020
Cash in bank and in hand	953	1 036
Total cash and cash equivalents	953	1 036

As at 31 March 2021 cash and cash equivalents comprise restricted cash in the amount of RUB 668 million, provided for JSC St Petersburg Heating Grid as a budget funding of investment program (as at 31 December 2020: RUB 966 million).

Note 11 Share capital

Share capital and share premium

As at 31 March 2021 and as at 31 December 2020 the declared share capital comprised 3 854 341 416 571 ordinary shares with a par value of RUB 0.01. All shares authorised are issued and fully paid.

Share premium amounted to RUB 22 914 million includes excess of the cash proceeds from the issue of share capital over its par value.

Note 12 Borrowings

	31 March 2021	31 December 2020
Long-term borrowings		
Банковские кредиты	1 600	7 500
Bonds	-	2 000
Total long-term borrowings	1 600	9 500
Short-term borrowings		
Bank borrowings	4 020	5 710
Current portion of long-term bank borrowings	1	-
Current portion of long-term bonds	4 042	2 037
Total short-term borrowings	8 063	7 747

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

	Currency	Contractual interest rate	Maturity	31 March 2021	31 December 2020
Bank borrowings					
PJSC Sberbank RF	RUB	CR CB RF+3.0%	2021	3 100	3 100
PJSC Sberbank RF	RUB	CR CB RF+2.5%	2021-2022	1 601	8 863
Gazprombank JSC	RUB	6.8%	2021	911	1 246
Gazprombank JSC	RUB	CR CB RF+1.5%	2021	10	-
Bonds					
Bonds 03	RUB	CPI+1.5%	2021	2 026	2 004
Bonds 04	RUB	CPI+1.5%	2021-2022	2 015	2 034
Total				9 663	17 247

The Group is required to comply with certain covenants related to borrowings. The Group complied with these covenants as at 31 March 2021 and as at 31 December 2020.

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Note 13 Trade and other payables

	31 March 2021	31 December 2020
Short-term payables		
Trade payables	3 743	5 161
Short-term payables for purchase of property, plant and equipment	3 127	5 258
Other payables	269	232
Total financial payables	7 139	10 651
Contractual liabilities	1 504	1 591
Other payables	728	655
Total non-financial payables	2 232	2 246
Total short-term payables and other liabilities	9 371	12 897
Long-term payables		
Trade payables	481	444
Total long-term payables and other liabilities	481	444

Note 14 Income tax

Income tax expense comprises the following:

	Three months ended 31 March 2021	Three months ended 31 March 2020
Current income tax charge	(1 123)	(825)
Deferred income tax charge	223	(98)
Total expense tax charge	(900)	(923)

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

	1 January	Recognised in profit or losses	31 March
Three months ended 31 March 2021			
Property, plant and equipment	(12 283)	67	(12 216)
Investment property	-	-	-
Intangible assets	14	-	14
Trade and other receivables	636	42	678
Trade and other payables	53	24	77
Employee benefit liabilities	203	-	203
Lease liabilities	1 292	(85)	1 207
Tax losses carried forward	-	174	174
Other	(3)	1	(2)
Total	(10 088)	223	(9 865)
Three months ended 31 March 2020			
Property, plant and equipment	(12 577)	(132)	(12 709)
Intangible assets	12	-	12
Trade and other receivables	768	(31)	737
Trade and other payables	49	25	74
Employee benefit liabilities	202	-	202
Lease liabilities	1 528	26	1 554
Tax losses carried forward	-	16	16
Other	6	(2)	3
Total	(10 013)	(98)	(10 111)

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Deferred income tax assets and liabilities were measured at the following tax rates as at 31 March 2021: PJSC «TGC-1» - 17.44%, JSC «Murmanskaya TPP» - 20%, JSC «St Petersburg Heating Grid» - 16.64% (as at 31 December 2020: PJSC «TGC-1» - 17.38%, JSC «Murmanskaya TPP» - 20%, JSC «St Petersburg Heating Grid» - 17.59%). Management considers the rates to be applied to the period when the assets are realised and liabilities are settled.

Some deferred tax assets and liabilities have been set off in accordance with the Group accounting policies. Amounts of deferred tax (after offsetting) reflected in the interim condensed consolidated statement of financial position are as follows:

	31 March 2021	31 December 2020
Deferred income tax assets	253	140
Deferred income tax liabilities	(10 118)	(10 228)
Deferred income tax liabilities, net	(9 865)	(10 088)

Note 15 Other taxes payable

	31 March 2021	31 December 2020
VAT payable	1258	899
Property tax	380	292
Employee taxes	318	282
Other taxes	79	84
Total	2 035	1 557

Note 16 Revenue

	Three months ended 31 March 2021	Three months ended 31 March 2020
Electricity and capacity	16 218	13 649
Heating	16 042	13 787
Other sales	243	286
Total	32 503	27 722

For three months ended 31 March 2021 the Group didn't receive the grants from St. Petersburg and Murmansk regional budgets (for three months ended 31 March 2020 revenue from heating sale includes the grants for a total amount of RUB 676 million).

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Note 17 Operating Expenses

	Three months ended 31 March 2021	Three months ended 31 March 2020
Fuel	14 428	11 261
Depreciation and amortization	2 879	2 642
Employee benefits	2 592	2 566
Purchased electricity and capacity	2 409	1 550
Water usage	814	816
Heat transfer	793	728
Repairs, maintenance and service	673	712
Purchased heat energy	486	386
Taxes other than income tax	460	430
Security and fire safety	277	246
Fees of electricity market operators	246	217
Other materials	174	146
(Gain)/loss on disposal of property, plant and equipment and other non-current assets	28	(67)
Other operating expenses	556	408
Total operating expenses	26 815	22 041

Note 18 Finance Income and Finance Costs

	Three months ended 31 March 2021	Three months ended 31 March 2020
Финансовые доходы		
Interest income on bank deposits and current bank accounts balances	1	4
Exchange differences	8	-
Effect of discounting of financial instruments	14	143
Interest income on loans issued	123	101
Other financial income	-	1
Total finance income	146	249
Finance costs		
Interest expense on borrowings	(176)	(212)
Exchange differences	(1)	-
Interest expense on lease	(136)	(162)
Effect of discounting of financial instruments	(2)	(14)
Total finance costs	(315)	(388)
Net of capitalized borrowing costs related to qualified assets	16	32
Total finance costs net of capitalised borrowing costs	(299)	(356)

Note 19 Basic earnings per share, attributable to the owners of PJSC «TGC-1»

Earnings per share attributable to owners of PJSC TGC-1 have been calculated by dividing the profit for the period, attributable to the owners of PJSC TGC-1 by the weighted average number of shares placed (Note 11). The calculation of earnings per share is presented in the table below.

	Three months ended 31 March	
	2021	2020
Issued shares (thousand of pieces)	3854341,417	3854341,417
Weighted average number of ordinary shares (thousand of pieces)	3854341,417	3854341,417
Profit for the period attributable to owners of PJSC "TGC-1" (in RUB mln)	4 269	4 251
Earnings per ordinary share attributable to the owners of PJSC "TGC-1" after tax – basic – in Russian Roubles	0.0011	0.0011

There are no dilutive financial instruments outstanding in the Group as at 31 March 2021 and 31 December 2020.

Note 20 Commitments

As at 31 March 2021, the Group had outstanding contractual commitments relating to the construction and purchase of property, plant and equipment in the amount of RUB 19 677 million including VAT (31 December 2020: RUB 13 997 million).

Note 21 Fair value of financial instruments

Fair values

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 2 and Level 3 for three months ended 31 March 2021 (31 December 2020: there was no change). There were no transfers between levels for three months ended 31 March 2021 (31 December 2020: there were no transfers).

As at 31 March 2021 and 31 December 2020 the estimated fair value of financial assets and liabilities, that are not recognised at fair value in consolidated statement of financial position, is slightly different from their present value.

Note 22 Events after the Reporting Period

Borrowings

During the period between reporting date and signing date, the Group received short-term borrowings of RUB 612 million.

During the period between reporting date and signing date, the Group repaid borrowings for a total amount of RUB 377 million.

Government grants

During the period between reporting date and signing date the Group received grants from Saint-Petersburg and Murmansk regional budgets for a total amount of RUB 2 112 million.

Decrease of ownership interest in a subsidiary

In April 2021 JSC St. Petersburg Heating Grid signed the contract of shares' sale with Property Relations Committee of Saint-Petersburg (registration of share issue 1-01-05059-D-004D from 15.04.2021) that will result to decrease of the ownership interest of PJSC TGC-1 in the share capital of JSC St. Petersburg Heating Grid to a value not less than 60.5%.