

PJSC «Rosseti Kuban»

**Interim Condensed Consolidated
Financial Statements (unaudited)
for the three and nine months
ended September 30, 2020**

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Interim Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income (in thousands of Russian Rubles, if not otherwise mentioned)

	Note	Three months ended on September 30 (unaudited data)		Nine months ended on September 30 (unaudited data)	
		2020	2019	2020	2019
Revenue	7	13 609 595	12 759 272	36 707 918	35 752 643
Operating expenses	10	(11 856 064)	(10 528 457)	(36 022 739)	(32 910 750)
(Charge)/recovery of provision for expected credit losses		(5 994)	265 200	131 113	19 527
Other income	8	226 481	142 490	530 025	697 802
Other expenses	9	(1 908)	(230 660)	(6 039)	(240 803)
Operating profit		1 972 110	2 407 845	1 340 278	3 318 419
Finance income	11	5 128	15 633	50 683	47 275
Finance expenses	11	(539 444)	(509 784)	(1 612 819)	(1 451 156)
Total finance expenses		(534 316)	(494 151)	(1 562 136)	(1 403 881)
Profit/(loss) before tax		1 437 794	1 913 694	(221 858)	1 914 538
Expense on income tax	12	(310 374)	(570 193)	(278 507)	(800 790)
Profit/(loss) for the period		1 127 420	1 343 501	(500 365)	1 113 748
Other comprehensive income/(expense)					
<i>Items that cannot be reclassified subsequently to profit or loss</i>					
Revaluation of obligations for the programmes with fixed payments	12	15 861	(24 715)	-	(85 775)
Income tax	12	(3 172)	4 943	-	17 155
Total items that cannot be reclassified subsequently to profit or loss		12 689	(19 772)	-	(68 620)
Other comprehensive income/(expense) for the period, except income tax		12 689	(19 772)	-	(68 620)
Total comprehensive income/(expense) for the period		1 140 109	1 323 729	(500 365)	1 045 128
Profit/(loss) is attributable to:					
Company owners		1 127 420	1 343 501	(500 365)	1 113 748
Total comprehensive income/(expense) is attributable to:					
Company owners		1 140 109	1 323 729	(500 365)	1 045 128
Earnings per share					
Basic and diluted earnings per share (RUB)	21	3,37	4,02	(1,50)	3,34

The present Consolidated Interim Condensed Financial Statements are approved by Company Management on 20 November 2020 and signed on behalf of Company Management by the following persons:

Deputy General Director
for Economics and Finance
(per procuration of December 23, 2019
in register No. 23/256-Н/23-2019-11-654)

O.V. Ocheredko

Chief Accountant – Head of
Accounting and Tax Accounting Department

I.V. Skiba



Interim Condensed Consolidated Statement of Financial Position
(in thousands Russian rubles, if not otherwise mentioned)

	Note	September 30, 2020 (unaudited data)	December 31, 2019 (unaudited data)
ASSETS			
Non-current assets			
Fixed assets	13	57 654 722	57 407 331
Intangible assets	14	256 241	325 877
Right-of-use assets	15	5 909 068	991 864
Trade and other accounts receivable	17	13 596	11 343
Assets associated with employee benefits obligations		314 368	318 362
Other non-current financial assets	16	1	1
Deferred tax assets		1 693	291 819
Advances issued and other non-current assets	18	3 176	5 121
Total non-current assets		64 152 865	59 351 718
Assets classified as held for sale		61 358	61 358
Total non-current assets		64 214 223	59 413 076
Current assets			
Inventory		1 950 135	1 944 833
Prepayment of income tax		374 687	226 256
Trade and other accounts receivable	17	9 056 596	7 066 945
Cash and cash equivalents	19	1 021 986	1 716 085
Advances issued and other current assets	18	54 462	47 971
Total current assets		12 457 866	11 002 090
Total assets		76 672 089	70 415 166
EQUITY AND LIABILITIES			
Equity			
Charter capital	20	33 465 784	30 379 335
Share premium		6 481 916	6 481 916
Reserve for capital stock issues		-	3 086 449
Other reserves		(422 429)	(422 429)
Retained earnings		(5 999 384)	(4 862 354)
Total equity which is payable to Company owners		33 525 887	34 662 917
Total equity		33 525 887	34 662 917
Non-current liabilities			
Non-current borrowings	22	23 783 313	20 321 793
Non-current trade and other accounts payable	23	101 647	104 093
Non-current advances received	25	1 772 791	880 900
Liabilities for employee benefits		753 817	732 902
Deferred tax liabilities		40 774	-
Government subsidies		3 714	12 287
Total non-current liabilities		26 456 056	22 051 975
Current liabilities			
Current borrowings and current portion of non-current borrowings	22	6 942 828	3 827 128
Trade and other accounts payable	23	6 352 019	6 749 582
Government subsidies		11 637	12 270
Taxes payable except income tax		1 207 352	809 162
Advances received	25	1 561 358	1 575 441
Reserves	26	614 952	726 472
Current income tax payable		-	219
Total current liabilities		16 690 146	13 700 274
Total liabilities		43 146 202	35 752 249
Total equity and liabilities		76 672 089	70 415 166

Interim Condensed Consolidated Statement of Cash Flows
(in thousands Russian rubles, if not otherwise mentioned)

	Note	Nine months ended September 30 (unaudited data)	
		2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		(500 365)	1 113 748
<i>Adjustments:</i>			
Depreciation of fixed assets, right-of-use assets and amortization of intangible assets	10	4 275 410	2 903 731
Finance expenses	11	1 612 819	1 451 156
Finance income	11	(50 683)	(47 275)
Loss from fixed assets sale		3 110	240 110
Recovery of provision for expected credit losses		(131 113)	(19 527)
Recovery of provision for impairment of inventory		(707)	(285)
Write-off of accounts payable		(11 005)	(29 300)
Write-off of bad debts		482	7 812
Charge of provision		136 074	214 165
Other non-cash transactions		252 342	(15 887)
Expense on income tax		278 507	800 790
Total adjustments impact		6 365 236	5 505 490
Change of assets associated with employee benefits obligations		3 994	(6 074)
Change of employee benefits obligations		(12 057)	(28 685)
Change in long-term trade and other accounts receivable		-	-
Change in long-term advances issued and other non-current assets		-	-
Change in long-term trade and other accounts payable		-	-
Change in long-term advances received		-	-
Cash flow from operating activities before changes in working capital and reserves		5 856 808	6 584 479
<i>Changes in operating assets and liabilities</i>			
Change in trade and other accounts receivable		(1 839 019)	(1 087 965)
Change in advances issued and other assets		(3 940)	9 851
Change in inventories		13 020	357 625
Change in trade and other accounts payable		29 314	(1 149 062)
Change in advances received		882 384	(98 225)
Change in government subsidies		(9 206)	(9 584)
Change in reserves		(260 100)	(228 648)
Cash flow from operating activities before payment of income tax and interests		4 669 261	4 378 471
Income tax paid		(423 778)	(351 980)
Interest paid under the lease agreements		(378 261)	(70 801)
Interest paid		(1 215 490)	(1 504 922)
Net cash from operating activities		2 651 732	2 450 768
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed assets and intangible assets acquisition		(3 324 080)	(3 367 718)
Interests received		24 007	40 064
Net cash used in investing activities		(3 300 073)	(3 327 654)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowed funds		45 237 310	8 563 268
Repayment of borrowings		(43 884 807)	(10 772 977)
Proceeds from shares issuing		-	3 008 053
Dividends which are payable to Company owners		(636 843)	(143 642)
Payments for lease liabilities		(761 418)	(125 565)
Net cash from (used in) financing activities		(45 758)	529 137
Net decrease in cash and cash equivalents		(694 099)	(347 749)
Cash and cash equivalents as of the beginning of the reporting period	19	1 716 085	2 204 921
Cash and cash equivalents at the end of the reporting period	19	1 021 986	1 857 172

Interim Condensed Consolidated Statement of Changes in Equity
(in thousands Russian rubles, if not otherwise mentioned)

	Equity attributable to the Company owners					
	Charter capital	Share premium	Reserve for capital stock issues	Reserves	Retained earnings	Total equity
Ending on January 1, 2020	30 379 335	6 481 916	3 086 449	(422 429)	(4 862 354)	34 662 917
Loss for the reporting period	-	-	-	-	(500 365)	(500 365)
<i>Transactions with Company owners recorded directly in equity</i>						
Shares issuing	3 086 449	-	(3 086 449)	-	-	-
Dividends to shareholders (Note 20)	-	-	-	-	(636 665)	(636 665)
Ending on September 30, 2020 (unaudited data)	33 465 784	6 481 916	-	(422 429)	(5 999 384)	33 525 887
Ending on January 1, 2019	30 379 335	6 481 916	-	(193 574)	(7 739 922)	28 927 755
Profit for the reporting period	-	-	-	-	1 113 748	1 113 748
<i>Other comprehensive income/(expense):</i>						
Revaluation of net obligations (assets) pension liabilities	-	-	-	(85 775)	-	(85 775)
Income tax in respect of other comprehensive income (Note 12)	-	-	-	17 155	-	17 155
Total comprehensive income (expense) for the period	-	-	-	(68 620)	1 113 748	1 045 128
<i>Transactions with Company owners recorded directly in equity</i>						
Shares issuing	-	-	3 008 053	-	-	3 008 053
Dividends to shareholders (Note 20)	-	-	-	-	(143 119)	(143 119)
Ending on September 30, 2019 (unaudited data)	30 379 335	6 481 916	3 008 053	(262 194)	(6 769 293)	32 837 817

1 General information

(a) The Group and its activities

The core activities of PJSC «Rosseti Kuban» (hereinafter referred to as the «Company» or PJSC «Kubanenergo» before August 10th, 2020) and subsidiaries (hereinafter jointly referred to as the «Group» or «Rosseti Kuban group of companies») are providing services for distribution and transmission of energy that is transferred out of the electrical system and services for technological connection of consumers to electric networks.

In 1993 the Krasnodar Industrial Group of Power Industry and Electrification «Krasnodarenergo» was reorganized into Open Joint-Stock Company of Power Industry and Electrification of Kuban (hereinafter referred to as the OJSC «Kubanenergo» or «Company») on the basis of Decree of the President of Russia of August 14, 1992 No. 922 «On Aspects of Reorganization of State Owned Enterprises, Associations, Organizations of Fuel and Energy Industry into Joint Stock Companies», the Decree of the President of Russia of August 15, 1992 No. 923 «On Management Arrangements of Electric Power Complex of the Russian Federation in the context of privatization», the Decree of the President of Russia of November 5, 1992

No. 1334 «On Implementation of Decree of the President of Russia for Electric Power Industry» of August 14, 1992 No. 922 «On Aspects of Reorganization of State Owned Enterprises, Associations, Organizations of Fuel and Energy Industry into Joint Stock Companies».

The new corporate name as to type of legal entity was approved by the Annual General Meeting of Shareholders of June 22, 2015 due to introduction of amendments to the Civil Code of the Russian Federation. Full corporate name Open Joint Stock Company of power industry and electrification of Kuban (OJSC «Kubanenergo») was changed to Public Joint Stock Company of power industry and electrification of Kuban (PJSC «Kubanenergo»).

Interdistrict inspection of the Federal tax service No. 16 in the Krasnodar region on August 10th, 2020 made changes in the Unified state register of legal entities on state registration about changes in the constituent documents of a legal entity with the state registration number 2202306332908 related to the renaming of PJSC «Kubanenergo».

The full corporate name of the Company, which comes into force on August 11th, 2020:

- in Russian language – Публичное акционерное общество «Россети Кубань»;
- in English language – Public Joint stock company «Rosseti Kuban».

The short corporate name of the Company, which comes into force on August 11th, 2020:

- in Russian language – ПАО «Россети Кубань»;
- in English language – Rosseti Kuban. PJSC.

PJSC Rosseti is a parent company.

Legal and actual address of the Company: 350033, Russia, Krasnodar Region, Krasnodar, 2A Stavropolskaya Street.

Joint Stock Companies of Rosseti Kuban PJSC own 100% of the shares in the statutory fund of the Companies as described in Note 5.

(b) The economic environment where the Group carries out its activities

The Group carries out its activities mainly in the Russian Federation and thus is exposed to the risks arising from the economic situation and state of financial markets of the Russian Federation.

The economy of the Russian Federation shows some characteristics of emerging markets. The economy of the country is particularly sensitive to oil and gas prices. The legal, tax and normative systems are continuing to develop and are often subject to amendments and there is the possibility for various interpretations. The ongoing political tensions as well as international sanctions with regard to some Russian companies and citizens continue to affect the Russian economy negatively.

In 2020, the COVID-19 pandemic has caused financial and economic tensions on the global markets, decrease in level of consumer expenditures and business activity. Decrease in demand for oil, natural gas and oil products together with the increase in oil supply, as a result of abrogation of the OPEC + agreement on production in March 2020, led to the fall in hydrocarbon prices. Since March 2020, there has been a substantial volatility in the stock market, currency market and raw materials market.

Quarantine measures were enforced in many countries including the Russian Federation. Social distancing and isolation measures led to the cessation of activities of the companies in the sphere of retail trade, transport, travelling and tourism, public catering, and many other directions.

The impact of the COVID-19 pandemic on economic development at the national level and global economy generally does not have historical analogues compared with the other periods, when the government took set of measures to rescue the economy. The forecasts for changes in macroeconomic parameters in short-term and long-term outlook, scope of the impact of the COVID-19 pandemic on the companies of different industries including the evaluation of duration of the crisis and recovery rate, vary significantly.

The Group evaluates the impact of above-mentioned events on the Group's activities as limited, taking into account the following prerequisites:

- systemically important nature of the industry and position in the industry where the Group operates its activity, maintaining the uninterrupted power supply to consumers and connection of power;
- state regulation of tariffs for main operating activity allows to forecast within the limits of approved tariffs for the Group's services;
- lack of changes in the way and extent of usage of the Group's business assets in the current period;
- absence of currency risk (the major part of income and expenses of the Group and also monetary assets and liabilities are denominated in Russian rubles);
- absence of direct negative impact of legislative (regulatory) changes on the main operating activity of the Group intended to localization of the COVID-19 pandemic.

However, the uncertainty remains about the future environments of the Group and its contractors. Nowadays, the additional risk may consist of the lingering character of pandemic, the terms and impact of which is not possible to predict with a sufficient measure of reliability.

The Group continues to control and evaluate the development of the situation as well as reacting adequately, as follows:

- work in coordination with the government authorities at federal and regional levels in order to prevent the spread of the coronavirus as well as taking reasonable measures to ensure the safety, protecting life and health of its employees and contractors;
- implement the actions on maintaining the reliability of electric power supply, performance of the high interest investment projects and business solvency of the Group;
- control forecasting and factual information on the impact of pandemic on the economy of the Russian Federation, and activities of the main contractors of the Group.
- incorporate such forecasting and factual information into their evaluation of the potential impact of changeable micro and macroeconomic conditions on financial situation and operating results of the Group.

(c) Relations with the State

The Government of the Russian Federation represented by the Federal Agency for State Property Management is the ultimate controlling party of the parent company PJSC Rosseti. The Government policy of the Russian Federation in economic, social and other spheres has a significant impact on the activities of the Group

As of September 30, 2020, the Russian Federation owns 88,04% of the shares in the statutory fund of the parent company Rosseti PJSC, including 88,89% of the ordinary voting shares, 7,01% of the preference shares, which owns 93,44% ordinary shares of PJSC «Rosseti Kuban» (as at December 31, 2019 owned 88,04%, including 88,89% of the ordinary voting shares, 7,01% of the preference shares, which owns 93,44% ordinary shares of PJSC «Rosseti Kuban»).

The State has an impact on the activities of the Group by means of representatives in 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 investment program. A substantial number of government-controlled enterprises are among the consumers of services of the Group.

2 Basis for Preparation of Consolidated Financial Statements

(a) Declaration of Conformity of IAS

The present Consolidated Interim Condensed Financial Statements for the three and nine months ended September 30, 2020 were drawn up in accordance with the requirements of International Accounting Standards (IAS) 34-Interim Financial Reporting. The separated selected explanatory notes required are designed to provide an explanation of events and transactions that are significant to an understanding of the changes in financial position of the Group and performance of the entity since the last annual reporting date. The present Consolidated Interim Condensed Financial Statements should be considered in conjunction with the Consolidated Financial Statements for the year ended December 31, 2019, which were drawn up in accordance with the International Financial Reporting Standards (hereinafter referred to as the IFRS).

(b) The usage of educated estimates and professional judgements

With regards to the disclosure in the note «The economic environment where the Group carries out its activities», key judgements with regard to the Regulations of accounting policies of the Group and substantial sources of uncertainty in judgements applied by the Management in the preparation of the present condensed consolidated interim financial statements, are consistent with those disclosed in consolidated financial statements for the year ended on December 31, 2019 and as of this date.

(c) Reclassification of comparison data

Some sums in comparative information for the previous year were reclassified for the purpose of ensuring its consistency with order of presentation of data in the current reporting period. All reclassifications made are inessential.

3 Significant Accounting Policies

The essential elements of accounting policies and calculation methods used by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended December 31, 2019, except for the following brief description of the standards and interpretations that are effective for annual periods beginning on January 1, 2020 and applicable to the Group's activities.

Amendments to IFRS 3 - Business Combinations

These amendments change the definition of a business in order to simplify its use in practice. Besides, the IASB has introduced an optional «asset concentration test». If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. It is not a business if substantially all of the fair value of the assets acquired is concentrated in a single identifiable

asset or a group of similar identifiable assets.

Conceptual Framework for Financial Reporting

Conceptual Framework for Financial Reporting as amended introduces new concepts on measurement, recommendations on disclosure of financial results, improved definitions and recommendations (in particular definition of obligations) and interpretation of separate issues such as a role of the management, deliberation and evaluation of uncertainties in preparation of financial statements.

Amendments to IAS 1 and IAS 8 - Definition of Material

These amendments clarify the definition of material and application of this interpretation with a help of inclusion of guidelines for definition that were previously contained in other International Financial Reporting Standards are to ensure the subsequence of definition of material in the full set of standards (IFRS). Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Application of these standards and interpretations did not have a significant impact on this Consolidated Interim Condensed Financial Statements of the Group.

4 Fair Value Measurement

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

When measuring fair value of an asset or liability, the Group uses observable market data as much as possible. Fair value measurement is categorized into different levels of the 'fair value hierarchy' depending on the inputs used in valuation technique into three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. such as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are unobservable inputs for the assets and liabilities.

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

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

The time when the transfers to the defined levels and the transfers from the defined levels are recognized is considered to be the occurrence date or change of circumstances contributed to the transfer.

5 Principal Subsidiaries

The Group's Consolidated Financial Statements as of September 30, 2020 and December 31, 2019 includes the Company and its subsidiaries, which are owned (founded) by PJSC «Rosseti Kuban»:

	Country of registration	Ownership share / voting shares, %	
		September 30, 2020	December 31, 2019
JSC Energetik Holiday Facility	The Russian Federation	100	100
JSC Kuban Energoservis	The Russian Federation	100	100

6 Segment Information

The Management of Rosseti Kuban is the supreme body that makes decisions regarding the operating activities.

The core activities of the Group are providing services for distribution and transmission of energy that is transferred out of the electrical system and services for technological connection of consumers to electric networks in a number of regions of the Russian Federation: Krasnodar Region and the Republic of Adygeya.

The internal management reporting system is based on segments formed according to the territorial principle related to the transmission and distribution of electricity, technological connection to the power grid.

Revenue indicators, EBITDA are used to reflect the performance of each reportable segment because they are recorded in the internal management reporting that is prepared on the basis of RAS data and are analyzed and measured on a regular basis by the Management. EBITDA is used to reflect the performance of each reportable segment and is calculated: as profit or loss before interest expenses, tax, depreciation and amortization and (starting with Interim Condensed Consolidated Financial Statements for the three and six months ended September 30, 2020) - 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).

For the purpose of presenting a reconciliation of EBITDA to consolidated profit for the period/consolidated loss for the period, the net accrual of loss/reversal of impairment of property, plant and equipment and right-of-use assets has been moved from the adjustments section to the second section. Management believes that these indicators are most relevant to analyze financial performance of certain segments against other segments and companies that operate in these industries.

In accordance with the requirements of IFRS 8 – Operating Segments on the basis of data on segment revenues, EBITDA and total amount of assets submitted to the Management, the Group has identified one reportable segment, which is the Strategic Business Unit of the Group. Strategic Business Unit provides electric power transmission services, including services for technological connection in geographic regions of the Russian Federation (Krasnodar Region and the Republic of Adygeya) and is managed as a whole. The segment «Other» combines some operating segments, the core activities of which are providing repair services, lease services and recreation services.

Indicators of segments are based on business information that is prepared on the basis of RAS data and may differ from the similar ones presented in the financial statements which have been drawn up in accordance with IFRS. Reconciliation of the indicators in assessment, submitted to the Management with similar indicators in these Consolidated Financial Statements includes those reclassifications and adjustments that are necessary for presentation of reporting in accordance with IFRS.

Segment information is presented below.

(a) Information on reportable segments

Three months ended September 30, 2020

	Rosseti Kuban	Other segments	Total
Revenue from external buyers	13 533 387	76 208	13 609 595
Sales revenue between segments	1 349	297 297	298 646
Segment revenues	13 534 736	373 505	13 908 241
Including			
<i>Electric power transmission</i>	13 217 598	-	13 217 598
<i>Services for technological connection to electric networks</i>	200 600	-	200 600
<i>Other revenue</i>	116 538	373 505	490 043
Finance income	4 333	331	4 664
Finance expenses	(415 031)	(29)	(415 060)
Depreciation and amortization	(1 183 182)	(1 331)	(1 184 513)
Segment profit before tax	1 317 333	26 215	1 343 548
EBITDA	2 915 546	27 575	2 943 121

Three months ended September 30, 2019

	Rosseti Kuban	Other segments	Total
Revenue from external buyers	12 703 998	58 237	12 762 235
Sales revenue between segments	1 077	11 089	12 166
Segment revenues	12 705 075	69 326	12 774 401
Including			
<i>Electric power transmission</i>	12 265 511	-	12 265 511
<i>Services for technological connection to electric networks</i>	366 210	-	366 210
<i>Other revenue</i>	73 354	69 326	142 680
Finance income	13 718	126	13 844
Finance expenses	(529 289)	-	(529 289)
Depreciation and amortization	(1 060 374)	(997)	(1 061 371)
Segment profit before tax	1 716 670	20 507	1 737 177
EBITDA	3 306 333	21 504	3 327 837

PJSC «Rosseti Kuban»
Explanatory notes to the Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2020 (unaudited) (in thousands Russian rubles, if not otherwise mentioned)

Nine months ended September 30, 2020

	Rosseti Kuban	Other segments	Total
Revenue from external buyers	36 584 828	124 141	36 708 969
Sales revenue between segments	2 719	579 214	581 933
Segment revenues	36 587 547	703 355	37 290 902
Including			
<i>Electric power transmission</i>	35 848 534	-	35 848 534
<i>Services for technological connection to electric networks</i>	383 311	-	383 311
<i>Other revenue</i>	355 702	703 355	1 059 057
Finance income	23 364	730	24 094
Finance expenses	(1 224 735)	(84)	(1 224 819)
Depreciation and amortization	(3 528 980)	(2 011)	(3 530 991)
Segment profit/(loss) before tax	(473 152)	46 759	(426 393)
EBITDA	4 280 563	48 854	4 329 417

Nine months ended September 30, 2019

	Rosseti Kuban	Other segments	Total
Revenue from external buyers	35 684 390	77 091	35 761 481
Sales revenue between segments	2 028	32 417	34 445
Segment revenues	35 686 418	109 508	35 795 926
Including			
<i>Electric power transmission</i>	34 880 159	-	34 880 159
<i>Services for technological connection to electric networks</i>	618 530	-	618 530
<i>Other revenue</i>	187 729	109 508	297 237
Finance income	40 065	158	40 223
Finance expenses	(1 499 913)	(35)	(1 499 948)
Depreciation and amortization	(3 138 470)	(1 833)	(3 140 303)
Segment profit/(loss) before tax	1 400 208	(16 178)	1 384 030
EBITDA	6 038 591	(14 310)	6 024 281

PJSC «Rosseti Kuban»
Explanatory notes to the Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2020 (unaudited) (in thousands Russian rubles, if not otherwise mentioned)

September 30, 2020

	Rosseti Kuban	Other segments	Total
Assets of segments			
Including		444 472	78 068 484
Fixed assets and construction in progress	63 224 495	40 152	63 264 647
Capital investment	3 383 047	10 345	3 393 392
Liabilities of segments	38 994 209	358 094	39 352 303
December 31, 2019			
Assets of segments			
Including		83 120	76 315 039
Fixed assets and construction in progress	63 343 130	32213	63 375 343
Capital investment	5 451 095	4 756	5 455 851
Liabilities of segments	35 622 033	33 273	35 655 306

(b) Reconciliation EBITDA of reportable segments is described below:**Reconciliation of segments revenues:**

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Segments revenues	13 908 241	12 774 401	37 290 902	35 795 926
Exclusion of sales revenues between segments	(298 646)	(12 166)	(581 933)	(34 445)
Sales revenue adjustment (external)	-	(2 963)	(1 051)	(8 838)
Revenue in Consolidated Statement of Profit or Loss and other Comprehensive Income	13 609 595	12 759 272	36 707 918	35 752 643

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
EBITDA of reportable segments under RAS	2 943 121	3 327 837	4 329 417	6 024 281
Adjustment of intangible asset value	25 117	14 508	62 175	50 884
Discounting of accounts payable	1	933	884	3 928
Adjustment of accounts payable	7 310	(848)	19 680	2 122
Discounting of accounts receivable	463	1 491	2 885	3 759
Adjustment of disputed accounts receivable	4 452	(35 953)	32 233	(42 383)
Adjustment of lease	413 561	62 699	1 226 373	177 278
Additional accrual of estimated liabilities	-	(180)	-	6 331
Acknowledgment of pension and other non-current liabilities to employees	(5 418)	(203)	8 063	34 759
Adjustment of accrued provisions for unused vacation days and bonuses	4 454	33 542	(17 009)	18 078
Adjustment of fixed assets value	3 639	(88)	(196)	5 703
Adjustment of taxes	(49)	(50)	(248)	(7 747)
Adjustment of revenue from electric power transmission	-	(2 963)	(1 051)	(8 838)
Other adjustments	(125)	(316)	3 165	1 270
EBITDA of reportable segments under IFRS	3 396 526	3 400 409	5 666 371	6 269 425
Depreciation of fixed assets, right-of-use assets and amortization of intangible assets	(1 419 288)	(976 931)	(4 275 410)	(2 903 731)
Interest expenses for financial liabilities measured at amortized cost	(416 631)	(485 256)	(1 228 595)	(1 380 355)
Interest expenses for lease liabilities	(122 813)	(24 528)	(384 224)	(70 801)
Income tax expense	(310 374)	(570 193)	(278 507)	(800 790)
Consolidated profit/(loss) for the period in Consolidated Statement of Profit or Loss and Other Comprehensive Income	1 127 420	1 343 501	(500 365)	1 113 748

Reconciliation of the total sum of assets of reportable segments:

	Nine months ended September 30, 2020	A Year Ended December 31, 2019
Total sum of assets of segments	78 068 484	76 315 039
Recognition of right-of-use assets on lease within the scope of IFRS 16	5 911 109	991 864
Recognition of assets, associated with employee benefits obligations	314 368	318 362
Adjustment of deferred tax assets	(798 579)	(501 586)
Adjustment of financial investments	6 638	6 638
Adjustment of provision for expected credit losses	(29 047)	(61 280)
Decrease in accounts receivables of advances for VAT amount from advances issued	(712 765)	(517 157)
Settlement of accounts between segments	(322 810)	(26 243)
Discounting of accounts receivable	(7 583)	(10 381)
Reclassification of accounts receivable on lease to lease obligations	(4 846)	(8 777)
Write-off of accounts receivable	(25 619)	(24 522)
Intragroup financial assets	(45 687)	(45 687)
Adjustment of intangible assets value	(82 462)	(89 063)
Decrease in VAT recoverable amount for VAT amount from advances received	(32 518)	(5 601)
Adjustment of fixed assets value	(5 550 608)	(5 906 065)
Other adjustments	(15 986)	(20 375)
Total sum of assets in Consolidated Statement of Financial Position	76 672 089	70 415 166

Reconciliation of the total sum of liabilities of reportable segments:

	Nine months ended September 30, 2020	A Year Ended December 31, 2019
Total sum of liabilities of segments	39 352 303	35 655 306
Acknowledgment of lease liabilities within the scope of IFRS 16	6 112 241	1 017 174
Acknowledgment of pension and other non-current liabilities to employees	753 817	732 902
Adjustment of accrued provisions for unused vacation days and bonuses	162 525	145 516
Discounting of accounts payable	(995)	(2 080)
Decrease in other accounts payable for VAT amount from advances received	(32 518)	(5 601)
Settlement of accounts between segments	(322 810)	(26 243)
Write-off of deferred income	(133 396)	(113 716)
Adjustment of deferred tax assets	(2 032 200)	(1 134 136)
Decrease in other accounts payable for advances received for VAT amount from advances received	(712 765)	(517 157)
Other adjustments	-	284
Total sum of liabilities in Consolidated Statement of Financial Position	43 146 202	35 752 249

The significant buyer

The Group operates its activities in the territory of the Russian Federation. The Group does not receive proceeds from foreign consumers and does not hold non-current assets abroad.

For the nine months ended on September 30, 2020 and September 30, 2019, the Group had two contractors, who individually owned more than 10 percent of the consolidated revenue of the Group. The revenue from the above-mentioned contractors are recorded in the financial statement of the Group.

The revenue total from the first contractor for the nine months ended September 30, 2020 amounts to 17 490 948 thousand rubles or 48,79% of total revenues of the Group (for the nine months ended September 30, 2019 amounts to 16 310 766 thousand rubles or 46,76%).

The revenue total from the second contractor for the nine months ended September 30, 2020 amounts to 11 911 168 thousand rubles or 33,23% of total revenues of the Group (for the nine months ended September 30, 2019 amounts to 12 173 896 thousand rubles or 34,90%).

7 Revenue

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Electric power transmission	13 216 806	12 261 599	35 846 252	34 869 647
Technological connection to electric networks	19 640	8 271	79 590	22 440
Repair and maintenance	200 600	366 210	383 311	618 530
Other revenue	130 551	113 149	300 724	222 945
Total of the revenue from contracts with customers	13 567 597	12 749 229	36 609 877	35 733 562
Revenue from lease agreements	41 998	10 043	98 041	19 081
	13 609 595	12 759 272	36 707 918	35 752 643

Other revenue includes revenue from the sale of additional (non-tariff) services provided by the company and not related to the main activities: transmission of electric power, technological connection of power receiving devices to the company's electric networks and operational and technological management of electric grid facilities.

8 Other Income

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Income from discovered electric power consumption without agreements	3 840	16 949	42 531	65 150
Income in the form of penalties, fines and forfeits in economic contracts	178 310	31 167	339 884	348 837
Income from compensation for losses due to disposal/liquidation of electric grid property	281	33 513	3 131	184 197
Income from donated fixed assets and inventories	15 934	8 510	42 467	24 515
Insurance payout	21 863	25 520	91 007	45 803
Write-off of accounts payable	6 253	26 831	11 005	29 300
	226 481	142 490	530 025	697 802

9 Other Expenses

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2019	2019
Loss/(profit) from fixed assets sale	(145)	232 498	3 110	240 110
Other expenses	2 053	(1 838)	2 929	693
	1 908	230 660	6 039	240 803

10 Operating Expenses

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Expenses for employee benefits	1 839 069	1 453 608	5 478 237	4 548 129
Depreciation of fixed assets, right-of-use assets and amortization of intangible assets	1 419 288	976 931	4 275 410	2 903 731
<i>Material expenses, including</i>				
Electric energy for compensation of process losses	1 747 884	1 622 501	5 780 017	5 551 773
Purchasing electrical energy and heat for own requirements	16 504	14 346	84 996	79 118
Other material expenses	492 964	450 364	1 400 783	1 324 545
<i>Works and services of production nature, including</i>				
Services for electric power transmission	5 173 177	4 336 013	15 124 915	14 218 519
Repair services and technical maintenance	200 040	611 991	592 455	1 322 227
Other works and services of production nature	85 357	18 333	236 287	52 767
Taxes and dues except income tax	182 637	160 728	535 851	484 215
Short-term lease	9 046	813	19 279	3 508
Insurance	21 640	18 958	65 442	57 274
<i>Other outsourced services, including:</i>				
Communication services	8 322	20 209	53 285	55 502
Security	59 560	51 422	177 481	152 801
Consulting, legal and auditing services	2 525	16 999	16 601	30 665
Expenses for software and maintenance	25 627	23 782	69 436	65 266
Transport services	708	605	2 335	3 336
<i>Other services, including,</i>				
Expenses for energy service agreements	152 994	321 214	815 137	829 726
Other outsourced services	165 023	86 050	359 460	241 398
Reserves	28 218	71 588	136 074	216 531
<i>Other expenses, including</i>				
Business expenses	27 586	44 270	52 124	123 493
Expenses for services for implementation, operation and development of UES	31 568	31 713	87 351	87 150
Expenses recognized in the form of penalties, fines and forfeits for breach of contract	92 603	(92 135)	433 849	27 117
Other operational services	73 724	288 154	225 934	531 959
	11 856 064	10 528 457	36 022 739	32 910 750

11 Finance Income and Expenses

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Finance income				
Interest income on loans issued, bank deposits and bills and bank account balance	4 502	13 209	23 932	39 588
Interest income on assets associated with liabilities for employee benefits	-	-	22 820	-
The effect from initial discounting of financial liabilities	1	933	884	3 928
Amortization of discount of financial assets	463	1 491	2 885	3 759
Other financial income	162	-	162	-
	5 128	15 633	50 683	47 275

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Finance expenses				
Interest expenses for financial liabilities measured at amortized cost	405 498	475 599	1 193 567	1 322 477
Interest expenses for lease liabilities	122 813	24 528	384 224	70 801
Interest expenses for long-term liabilities for employee benefits	10 575	8 385	32 972	27 170
The effect from initial discounting of financial assets	21	-	87	7 856
Amortization of discount of financial liabilities	537	513	1 969	2 032
Other finance expenses	-	759	-	20 820
	539 444	509 784	1 612 819	1 451 156

12 Income tax

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Current income tax				
Accrued of current tax	(23 733)	(324 156)	(31 170)	(324 156)
Tax adjustment for the prior periods	83 399	(36)	83 563	(36)
Total current income tax	59 666	(324 192)	52 393	(324 192)
Deferred income tax	(370 040)	(246 001)	(330 900)	(476 598)
Current income tax expense	(310 374)	(570 193)	(278 507)	(800 790)

Income tax, included in the structure of other comprehensive income:

	Three months ended September 30, 2020			Nine months ended September 30, 2020		
	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Revaluation of pension liabilities for the programmes with fixed payments	15 861	(3 172)	12 689	-	-	-
	15 861	(3 172)	12 689	-	-	-
	Three months ended September 30, 2019			Nine months ended September 30, 2019		
	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Revaluation of pension liabilities for the programmes with fixed payments	(24 715)	4 943	(19 772)	(85 775)	17 155	(68 620)
	(24 715)	4 943	(19 772)	(85 775)	17 155	(68 620)

In 2020 and 2019, income tax rate was 20 percent, officially established by the Russian legislation.

Income tax expenses are recorded based on the best assessment as at reporting date by the management of the weighted-average expected income tax rate for the full financial year.

Profit (loss) before tax associated with income tax expense, as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Profit/(loss) before tax	1 437 794	1 913 694	(221 858)	1 914 538
Theoretic cost amount of income tax at 20% rate	(287 559)	(382 739)	44 372	(382 908)
The effect of lower rate usage				
Tax effects from sections, untaxed and non -deductible for tax purposes	(106 542)	(187 418)	(406 442)	(417 846)
Corrections on previous years	83 727	(36)	83 563	(36)
	(310 374)	(570 193)	(278 507)	(800 790)

13 Fixed Assets

	Real estate and buildings	Transmission networks	Electric power transmission equipment	Other	Construction in progress	Total
<i>Initial /deemed cost</i>						
As at January 1, 2019	8 078 303	39 375 396	17 999 307	7 961 187	11 312 191	84 726 384
Reclassification between groups	(2 211)	(1 506)	2 797	920	-	-
Receipts	575	5 531	67 483	115 501	3 654 626	3 843 716
Entry into operation	1 633 704	4 093 435	2 416 689	545 854	(8 689 682)	-
Disposal	(3 149)	(6 639)	(1 590)	(16 722)	(660 298)	(688 398)
As at September 30, 2019	9 707 222	43 466 217	20 484 686	8 606 740	5 616 837	87 881 702
<i>Accumulated depreciation and impairment</i>						
As at January 1, 2019	(2 890 092)	(12 341 674)	(7 942 339)	(5 602 190)	(78 302)	(28 854 597)
Reclassification between groups	1 149	391	(1 226)	(314)	-	-
Introduction into fixed asset structure (loss carryforward due to impairment)	-	(1 046)	(307)	-	1 353	-
Accumulated depreciation	(234 511)	(1 308 327)	(760 389)	(407 651)	-	(2 710 878)
Disposal	1 873	4 046	1 337	11 875	-	19 131
As at September 30, 2019	(3 121 581)	(13 646 610)	(8 702 924)	(5 998 280)	(76 949)	(31 546 344)
<i>Carrying amount</i>						
As at January 1, 2019	5 188 211	27 033 722	10 056 968	2 358 997	11 233 889	55 871 787
As at September 30, 2019	6 585 641	29 819 607	11 781 762	2 608 460	5 539 888	56 335 358
<i>Initial /deemed cost</i>						
As at January 1, 2020	9 857 128	45 731 587	21 500 947	8 942 530	3 702 815	89 735 007
Reclassification between groups	(4 586)	5 424	-	(838)	-	-
Receipts	312	23 720	42 649	17 679	3 365 742	3 450 102
Entry into operation	243 654	1 465 400	371 403	450 513	(2 530 970)	-
Disposal	(2 359)	(6 917)	(14 792)	(13 780)	(16 570)	(54 418)
As at September 30, 2020	10 094 149	47 219 214	21 900 207	9 396 104	4 521 017	93 130 691
<i>Accumulated depreciation and impairment</i>						
As at January 1, 2020	(3 207 102)	(14 098 992)	(8 986 012)	(5 964 288)	(71 282)	(32 327 676)
Reclassification between groups	2 853	(3 004)	-	151	-	-
Introduction into fixed asset structure (loss carryforward due to impairment)	(877)	(141)	(360)	(534)	1 912	-
Accumulated depreciation	(261 444)	(1 567 125)	(872 568)	(478 847)	-	(3 179 984)
Disposal	1 174	2 367	17 045	10 998	107	31 691
As at September 30, 2020	(3 465 396)	(15 666 895)	(9 841 895)	(6 432 520)	(69 263)	(35 475 969)
<i>Carrying amount</i>						
As at January 1, 2020	6 650 026	31 632 595	12 514 935	2 978 242	3 631 533	57 407 331
As at September 30, 2020	6 628 753	31 552 319	12 058 312	2 963 584	4 451 754	57 654 722

For the nine months ended on September 30, 2020, capitalized interests amounted to 44 392 thousands rubles, including capitalized interests by leasing contracts, regulated by IFRS 16 – Leases 1 289 thousands rubles (for the nine months ended on September 30, 2019 amounted to 357 402 thousand rubles), capitalization rate amounted to 7,17% (for the nine months ended on September 30, 2019 amounted to 7,99%).

For the nine months ended on September 30, 2020, depreciation was capitalized into the value of the facilities of investment building amounting to 9 704 thousand rubles (for the nine months ended on September 30, 2019 amounted to 4 099 thousand rubles).

14 Intangible Assets

	Software	Certificates, licenses and patents	R&D	Other	Total
<i>Initial cost</i>					
As at January 1, 2019	505 189	5 295	40 934	36 169	587 587
Reclassification between groups	-	-	7 500	(7 500)	-
Receipts	30 618	1 876	28 500	48 531	109 525
Disposal	-	-	(48 478)	(8 351)	(56 829)
As at September 30, 2019	535 807	7 171	28 456	68 849	640 283
<i>Accumulated amortization and impairment</i>					
As at January 1, 2019	(318 369)	(5 295)	-	(15 102)	(338 766)
Reclassification between groups	-	-	-	-	-
Accumulated amortization	(64 339)	(128)	-	(4 770)	(69 237)
Disposal	-	-	-	8 298	8 298
As at September 30, 2019	(382 708)	(5 423)	-	(11 574)	(399 705)
<i>Carrying amount</i>					
As at January 1, 2019	186 820	-	40 934	21 067	248 821
As at September 30, 2019	153 099	1 748	28 456	57 275	240 578
<i>Initial cost</i>					
As at January 1, 2020	652 801	7 171	14 500	78 195	752 667
Receipts	18 407	1 846	-	-	20 253
Disposal	-	-	-	-	-
As at September 30, 2020	671 208	9 017	14 500	78 195	772 920
<i>Accumulated amortization and impairment</i>					
As at January 1, 2020	(403 576)	(5 895)	-	(17 319)	(426 790)
Accumulated amortization	(71 136)	(2 131)	-	(16 622)	(89 889)
Disposal	-	-	-	-	-
As at September 30, 2020	(474 712)	(8 026)	-	(33 941)	(516 679)
<i>Carrying amount</i>					
As at January 1, 2020	249 225	1 276	14 500	60 876	325 877
As at September 30, 2020	196 496	991	14 500	44 254	256 241

For the nine months ended on September 30, 2020, the sum of amortization of intangible assets capitalized in the value of capital construction facilities in the amount of 823 thousand rubles (for the nine months ended on September 30, 2019, the sum of amortization of intangible assets capitalized in the value of capital construction facilities in the amount of 79 thousand rubles).

Other intangible assets include circuit diagrams, programs to calculate the protection of high-voltage electric transmission lines and electrical substations from lightning overvoltages, lightning strikes, results of R&D

works in the amount of 44 254 thousand rubles as at September 30, 2020 (as at September 30, 2019 amounted to 57 275 thousand rubles).

15 Right-of-use Assets

	Land and buildings	Transmission networks	Electric power transmission equipment	Other	Total
<i>Initial cost</i>					
As at January 1, 2019	529 699	18 906	562 801	8 858	1 120 264
Receipts	69 596	-	2 253	8 485	80 334
Modification of terms under lease agreements	4 922	1 313	(13 644)	125	(7 284)
Disposal or termination of lease agreements	(15 108)	(7 341)	(344)	(2 362)	(25 155)
As at September 30, 2019	589 109	12 878	551 066	15 106	1 168 159
<i>Accumulated depreciation and impairment</i>					
As at January 1, 2019	-	-	-	-	-
Accumulated depreciation	(23 285)	(3 343)	(99 815)	(2 380)	(128 823)
Modification of terms under lease agreements	795	91	283	6	1 175
Disposal or termination of lease agreements	464	602	45	324	1 435
As at September 30, 2019	(22 026)	(2 650)	(99 487)	(2 050)	(126 213)
<i>Carrying amount</i>					
As at January 1, 2019	529 699	18 906	562 801	8 858	1 120 264
As at September 30, 2019	567 083	10 228	451 579	13 056	1 041 946
<i>Initial cost</i>					
As at January 1, 2020	581 969	14 704	558 753	7 789	1 163 215
Receipts	1 702 340	2 766 824	1 033 910	365 940	5 869 014
Modification of terms under lease agreements	74 476	498	101	-	75 075
Disposal or termination of lease agreements	(10 255)	(1 328)	(2 256)	(385)	(14 224)
As at September 30, 2020	2 348 530	2 780 698	1 590 508	373 344	7 093 080
<i>Accumulated depreciation and impairment</i>					
As at January 1, 2020	(32 455)	(3 804)	(133 505)	(1 587)	(171 351)
Accumulated depreciation	(288 960)	(416 723)	(255 364)	(55 909)	(1 016 956)
Modification of terms under lease agreements	857	-	-	-	857
Disposal or termination of lease agreements	2 569	305	527	37	3 438
As at September 30, 2020	(317 989)	(420 222)	(388 342)	(57 459)	(1 184 012)
<i>Carrying amount</i>					
As at January 1, 2020	549 514	10 900	425 248	6 202	991 864
As at September 30, 2020	2 030 541	2 360 476	1 202 166	315 885	5 909 068

16 Other Financial Assets

Financial assets at fair value through other comprehensive income are non-quoted securities at fair value (level 3 in the fair value hierarchy).

Explanatory notes to the Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2020 (unaudited) (in thousands Russian rubles, if not otherwise mentioned)

	September 30, 2020	December 31, 2019
Non-current assets		
Financial assets, measured at fair value, changes of which are recorded through other comprehensive income:	1	1
<i>investments in unquoted equity instruments</i>	1	1
	1	1

17 Trade and Other Accounts Receivable

	September 30, 2020	December 31, 2019
Trade and other accounts receivable long-term		
Trade accounts receivable	667	285
Provision for expected credit losses on trade accounts receivable	-	-
Other accounts receivable	12 929	11 058
Provision for expected credit losses on other accounts receivable	-	-
	13 596	11 343
Trade and other accounts receivable short-term		
Trade accounts receivable	9 552 229	7 655 769
Provision for expected credit losses on trade accounts receivable	(906 706)	(1 057 167)
Other accounts receivable	1 129 957	1 185 766
Provision for expected credit losses on other accounts receivable	(718 884)	(717 423)
	9 056 596	7 066 945

Information on balances with related parties is disclosed in Note 30.

18 Advances Issued and Other Assets

	September 30, 2020	December 31, 2019
Non-current		
Advances issued	2 491	4 436
Provision for impairment of advances issued	-	-
VAT for advances issued	685	685
	3 176	5 121
Current		
Advances issued	33 852	45 760
Provision for impairment of advances issued	(9 384)	(13 313)
VAT recoverable	6 726	8 030
VAT for advances received, and Vat for advances, issued for fixed asset acquisition	11 284	431
Prepaid taxes, except income tax	11 984	7 063
	54 462	47 971

Information on balances with related parties is disclosed in Note 30.

19 Cash and Cash Equivalents

	September 30, 2020	December 31, 2019
Cash at bank and in hand	963 519	1 716 085
Cash equivalents	58 467	-
	1 021 986	1 716 085

Explanatory notes to the Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2020 (unaudited) (in thousands Russian rubles, if not otherwise mentioned)

	Rating	Rating agency	September 30, 2020	December 31, 2019
Federal Treasury Department in Krasnodar Region*	-	-	579 268	579 268
PJSC Sberbank*	AAA(RU)	ACRA	327 885	44 154
Russian Agricultural Bank*	AA(RU)	ACRA	34 660	-
VTB Bank (PJSC)*	ruAAA	Expert RA	20 665	900
Bank GPB (JSC)*	ruAA+	Expert RA	428	1 082 059
Promsvyazbank*	ruAA	Expert RA	170	-
SMP Bank	ruA-	Expert RA	40	-
JSC AB «ROSSIYA»	A+(RU)	ACRA	1	9 009
Russian Regional Development Bank*	Ba2	Moody's	3	670
Mosoblbank PJSC	-	-	-	6
Other banks	-	-	370	-
Cash in hand	-	-	29	19
			963 519	1 716 085

* Government-related banks.

Cash equivalents include short-term investments in bank deposits:

	Interest rate on September 30, 2020	Rating	Rating agency	September 30, 2020	December 31, 2019
VTB Bank (PJSC)*	3,93% - 3,93%	ruAAA	Expert RA	56 467	-
PJSC Sberbank*	2,05% - 2,05%	AAA(RU)	ACRA	2 000	-
				58 467	-

As at September 30, 2020 and December 31, 2019, all cash balance and cash equivalents are in rubles.

20 Charter Capital

(a) Charter capital

Per share	Ordinary shares	
	September 30, 2020	December 31, 2019
Nominal value per share	100 rub.	100 rub.
In circulation as at January 1 of the reporting period	334 657 837	303 793 350
In circulation at the end of year and fully paid	334 657 837	334 657 837

(b) Ordinary shares

In accordance with the Articles of Association as at January 1, 2020, the Charter capital of the Company amounted to 30 379 335 000 rubles and it is divided in 303 793 350 units of ordinary registered uncertified shares at nominal value of 100 (one hundred) rubles per share.

On July 18, 2019 the Bank of Russia carried out the official registration of secondary equity offering in the quantity of 37 477 392 units, 30 864 487 units of which were floated.

On November 28, 2019 the relevant extract of the Bank of Russia from the register of securities was received. According to the present extract, 334 657 837 units of the ordinary shares of PJSC «Kubanenergo» at nominal value of 100 (one hundred) rubles per share are in circulation at the moment. The total make at nominal value amounted to 33 465 783 700 rubles.

The State registration of such amendments to the Articles of Association of the Company was carried out on July 15th, 2020.

(c) Dividends

The basis for distribution of the Company's profit to shareholders is defined by Russian legislation as net profit according to the data of accounting statements prepared in accordance with Russian Accounting Standards and preparation of reporting in the Russian Federation.

The Annual General Meeting of Shareholders was held on May 29, 2020 and the decision was made to pay dividends on outstanding shares of the Company following the results of financial and operational activities of PJSC «Kubanenergo» for 2019 amounted to 636 914 thousand rubles (Minutes of the Annual General Meeting of Shareholders of May 29, 2020 No. 43). The amount of dividends amounted to 1,90318 rubles per one ordinary share of the Company.

For the nine months ended on September 30, 2020, dividends that were paid to the Company's owners amounted to 636 843 thousand rubles, including dividends for 2019 year that were paid to PJSC Rosseti – 595 146 thousand rubles (for the nine months ended on September 30, 2019, dividends that were paid to the Company's owners amounted to 143 642 thousand rubles, including dividends for 2018 year that were paid to PJSC Rosseti – 133 262 thousand rubles).

As for September 30, 2020, the amount of dividends for 2016, unclaimed and included in retained earnings, is in amount of 249 thousand rubles (as of September 30, 2019, the amount of unclaimed dividends for 2015 included in retained earnings is 518 thousand rubles).

(d) Additional issue of securities

On April 17, 2019 the Annual Extraordinary General Meeting of Shareholders of PJSC «Kubanenergo» (Minutes of April 19, 2019 No. 41) passed a resolution concerning the increasing of charter capital of the Company by the way of outstanding supplement shares by public subscription in the quantity of 37 477 392 units (thirty seven million four hundred and seventy-seven thousand three hundred and ninety two units). The offering price per one ordinary registered uncertified share (for people on the list holding the preemptive right to purchase outstanding supplement shares) amounted to 100 rubles (one hundred rubles).

On June 14, 2019 the Board of Directors of PJSC «Kubanenergo» upheld the decision on additional issue and securities prospectus of the Company (Minutes of June 17, 2019 No. 347/2019).

On June 18, 2019 the Bank of Russia carried out the official registration of additional issue and securities prospectus of the Company (State Registration Number 1-02-00063-A of July 18, 2019).

The payment for supplement shares was made in cash.

The shareholders contributed 3 086 449 thousand rubles to the charter capital of the Company and these monetary resources were considered to be a reserve for capital stock issues as a part of the capital.

The stock floatation of the additional issue was completed by the Group on October 23, 2019. The quantity of shares actually floated amounted to 30 864 487.

The State registration of such amendments to the Articles of Association of the Company was carried out on July 15th, 2020.

21 Earnings per Share

Calculation of earnings per share for the nine months ended on September 30, 2020 and September 30, 2019 is based on earnings that are payable to the ordinary shareowners and weighted average number of common shares outstanding.

The Company doesn't have the dilutive finance facilities.

<i>In thousands of shares</i>	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Ordinary shares as at January 1	334 658	303 793	334 658	303 793
The effect of stock floatation	-	30 081	-	30 081
Weighted average number of shares for the period ended on September 30	334 658	333 874	334 658	333 874

Explanatory notes to the Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2020 (unaudited) (in thousands Russian rubles, if not otherwise mentioned)

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Weighted average number of shares outstanding for the period ended on September 30 (in thousands of units)	334 658	333 874	334 658	333 874
Profit/(loss) for period which is payable to Company owners	1 127 420	1 343 501	(500 365)	1 113 748
Profit/(loss) per share – basic and diluted (in Russian rubles)	3,37	4,02	(1,50)	3,34

22 Borrowings

	September 30, 2020	December 31, 2019
Long-term liabilities		
Unsecured loans and borrowings	18 981 784	19 432 911
Unsecured bonds	-	3 600 000
Lease liabilities	6 265 666	1 063 418
By deducting: current portion of long-term lease liabilities	(1 264 137)	(174 536)
By deducting: current portion of long-term loan liabilities	(200 000)	-
By deducting: current portion of long-term unsecured bonds	-	(3 600 000)
	23 783 313	20 321 793
Short-term liabilities		
Unsecured loans and borrowings	5 478 691	52 592
Current portion of long-term lease liabilities	1 264 137	174 536
Current portion of long-term loan liabilities	200 000	-
Current portion of long-term unsecured bonds	-	3 600 000
	6 942 828	3 827 128
Including:		
Interest on loans and borrowings payable	75 047	19 652
Interest on unsecured bonds payable	-	32 940
	75 047	52 592

Long-term and short-term loans and borrowings liabilities, bonds liabilities as at September 30, 2020 and December 31, 2019 amounted to 24 460 475 thousand rubles and 23 085 503 thousand rubles as relevant (except long-term and short-term lease liabilities).

As at September 30, 2020 and December 31, 2019, long-term and short-term lease liabilities amounted to 6 265 666 thousand rubles and 1 063 418 thousand rubles as relevant

As at September 30, 2020 and December 31, 2019, all loans and borrowings balances are denominated in rubles.

For the nine months ended on September 30, 2020, the Group took out the following bank loans:

	Effective interest rates	Repayment periods	Nominal value
Unsecured bank loans *	7,25 %-7,40 %	2022-2023 гг.	24 377 216
Unsecured bank loans	KC+1,70% - KC +2,48 %	2022-2023 гг.	14 058 394
Unsecured loans and borrowings	6,0 %- 7,07%	2020-2025 гг.	6 800 000
Other unsecured loans and borrowings	12,0 %-12,0 %	2020-2020 гг.	1 700
			45 237 310

* Loans and borrowings from state-controlled entities.

For the nine months ended September 30, 2020, the Group repaid the following bonded and bank loans:

	Nominal value
Loans and borrowings from state-controlled entities	40 283 107
Other loans and borrowings	1 700
Bonded loans	3 600 000
	43 884 807

As at September 30, 2020, the sum of available line of open but untapped credits of the Group amounted to 37 514 027 thousand rubles (as at December 31, 2019 amounted to 20 850 089 thousand rubles).

The Group has an opportunity to involve the additional financing within the relevant credit lines in order to

carry out short-term obligations.

The Group does not use hedging instruments to manage interest rate risk.

Information on exposure of the Group to interest rate risk is disclosed in Note 27.

23 Trade and Other Accounts Payable

	September 30, 2020	December 31, 2019
Long-term debt		
Trade accounts payable	101 647	103 725
Other accounts payable	-	368
	101 647	104 093
Short-term debt		
Trade accounts payable	5 069 747	5 120 393
Other accounts payable and accrued costs	562 171	592 588
Payables to employees	719 826	1 036 148
Dividends payable	275	453
	6 352 019	6 749 582

24 Taxes Payable except Income tax

	September 30, 2020	December 31, 2019
VAT	865 151	418 872
Property tax	164 880	173 921
Social security contributions	125 225	157 424
Other taxes payable	52 096	58 945
	1 207 352	809 162

25 Advances Received

	September 30, 2020	December 31, 2019
Long-term		
Advances for services of technological connection to electric networks	1 772 791	880 900
	1 772 791	880 900
Short-term		
Advances for services of technological connection to electric networks	1 447 740	1 537 903
Other advances received	113 618	37 538
	1 561 358	1 575 441

26 Reserves

	2020	2019
Balance as at January 1	726 472	788 366
Increase for the period	192 112	319 635
Decrease due to provision recovery	(56 207)	(104 670)
Release of provisions	(260 100)	(304 860)
Capitalized	12 675	28 001
Balance as at September 30	614 952	726 472

Reserves are mainly relate to legal lawsuits and claims that are made against the Group regarding the core activities.

27 Financial Risk and Capital Management

In the course of its business activity the Group is exposed to a variety of financial risks, including but not limited to: market risk (currency risk, interest rate risks, and price risk), credit risk, and liquidity risk.

Goals and policy of the Group in respect of financial risk and capital management, and method for determining the fair value correspond to those ones which were disclosed in the consolidated financial statements for the year ended December 31, 2019.

The Group's Management takes measures of the efficient character to ensure the sufficiency of financial resources (liquidity) from operating activity in order to finance high interest objects of the investment

programs, as well as measures to keep a record of short-term and long-term borrowings available as at reporting date. The Group's Management carries out activities aimed to the optimization of the structure of debt capital, ensuring of the presence of accessible credit limits, liquidity cushion in the form of bank account balances and short-term financial investments, and quality control of receivable financial security (banker guarantees).

(a) Credit risk

The carrying value of financial assets reflects the maximum value of credit risk of the Group. The maximum level of credit risk as at reporting date amounted to:

	Carrying value	
	September 30, 2020	December 31, 2019
Trade and other accounts receivable (less the provision for expected credit losses)	9 070 192	7 078 288
Cash and cash equivalents	1 021 986	1 716 085
	<u>10 092 178</u>	<u>8 794 373</u>

The maximum level of the credit risk as to trade accounts receivable in groups of the buyers amounted to:

	September 30, 2020		December 31, 2019	
	Total nominal value	Provision for expected credit losses	Total nominal value	Provision for expected credit losses
Buyers of services for transmission of energy	9 231 992	(867 875)	7 352 026	(1 014 606)
Buyers of services for technological connection to electric networks	36 795	(31 201)	66 105	(38 185)
Other buyers	284 109	(7 630)	237 923	(4 376)
	<u>9 552 896</u>	<u>(906 706)</u>	<u>7 656 054</u>	<u>(1 057 167)</u>

Classification of trade and other accounts receivable according to the statute of limitations is outlined below:

	September 30, 2020		December 31, 2019	
	Total nominal value	Provision for expected credit losses	Total nominal value	Provision for expected credit losses
Undue debts	5 365 669	(114)	5 715 353	(151 662)
Overdue by less than 3 months	2 350 751	(6 154)	885 831	(4 104)
Overdue by more than 3 months and less than 6 months	58 307	(9 180)	254 785	(67 973)
Overdue by more than 6 months and less than a year	723 816	(85 500)	565 275	(128 105)
Overdue for a certain period more than a year	2 197 239	(1 524 642)	1 431 634	(1 422 746)
	<u>10 695 782</u>	<u>(1 625 590)</u>	<u>8 852 878</u>	<u>(1 774 590)</u>

The dynamics of reserves for expected credit losses of trade and other accounts receivable are outlined below:

	2020	2019
Balance as at January 1	<u>1 774 590</u>	<u>1 722 985</u>
Increase in provision for the period	108 603	352 822
Reversal of the amounts of reserve for a period	(239 110)	(277 074)
Amounts of trade and other accounts receivable written-off out of the previous accrued reserve	(18 493)	(24 143)
Balance as at September 30	<u>1 625 590</u>	<u>1 774 590</u>

(b) Liquidity risk

Liquidity risk is a risk when the Group is unable to fulfil its financial liabilities at maturity date of liabilities redemption.

Management of liquidity risk involves maintaining sufficient cash and the availability of financial resources by securing credit lines. The Group adheres to a balanced model of financing working capital by using both short-term and long-term sources. Temporary free funds are invested in the short-term financial instruments such as bank deposits.

The Group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's image. This approach is used to analyze payment dates associated with financial assets, and also to forecast cash flows from operating activities.

Information on contract periods of repayment of financial liabilities, taking into account the anticipated interest payments and excluding the influence of offsetting, is outlined below. In relation to cash flows included in the analysis of repayment periods, it is not assumed that they may arise significantly earlier in time or in significantly different amounts:

September 30, 2020	Carrying value	Contractual Cash Flows	Up to 1 year	From 1 year to 2 years	From 2 years to 3 years	From 3 years to 4 years	From 4 years to 5 years	Above 5 years
Non-derivative financial liabilities								
Loans and borrowings	24 460 475	26 749 924	6 565 208	624 316	18 006 100	98 980	1 455 320	-
Lease liabilities	6 265 666	8 566 298	1 798 962	1 639 839	1 541 792	1 467 618	426 361	1 691 726
Trade and other accounts payable	6 453 666	6 603 408	6 497 462	12 969	3 438	3 575	3 718	82 246
	37 179 807	41 919 630	14 861 632	2 277 124	19 551 330	1 570 173	1 885 399	1 773 972
December 31, 2019								
Non-derivative financial liabilities								
Loans and borrowings	19 452 563	23 038 199	1 492 123	9 444 657	12 101 419	-	-	-
Bonded loans	3 632 940	3 664 872	3 664 872	-	-	-	-	-
Lease liabilities	1 063 418	2 349 838	238 737	236 708	231 066	91 049	55 021	1 497 257
Trade and other accounts payable	6 853 222	6 855 302	6 750 302	9 255	3 806	3 575	3 718	84 646
	31 002 143	35 908 211	12 146 034	9 690 620	12 336 291	94 624	58 739	1 581 903

(c) Fair and carrying value

Carrying value of financial instruments of the Group is equivalent to their fair value respectively. The additional disclosure is not required.

Interest rate used for discounting of the expected cash flow on long-term and short-term borrowings for the purpose of determination of disclosed fair value as at September 30, 2020 amounted to 5,95% - 7,40% (as at December 31, 2019 amounted to 7,70%-7,75%).

Interest rate used for discounting of the expected cash flow on long-term accounts receivable for the purpose of determination of disclosed fair value as at September 30, 2020 amounted to 7,42% – 9,01% (as at December 31, 2019 amounted to 7,70%-7,75%).

Interest rate used for discounting of the expected cash flow on long-term accounts payable for the purpose of determination of disclosed fair value as at September 30, 2020 amounted to 7,42% – 9,01% (as at December 31, 2019 amounted to 9,17%-9,98%).

For the nine months ended on September 30, 2020 and the nine months ended September 30, 2019, there were no transfers between levels of the fair value hierarchy.

Reconciliation of carrying value of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income at the beginning and the end of the reporting period is outlined below:

	Financial assets measured at fair value through other comprehensive income
As at January 1, 2020	1
Purchase	–
Sale	–
Changes in fair value recognized as a part of other comprehensive income	–
Changes in fair value recognized as a part of profit or loss	–
As at September 30, 2020	1

28 Capital Contractual Commitments

The sum of capital liabilities of the Group under the contracts for purchasing and construction of fixed assets amounted to 2 076 461 thousand rubles including VAT as at September 30, 2020 (as at December 31, 2019 amounted to 2 099 864 thousand rubles including VAT).

29 Contingent Liabilities

(a) Insurance

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

(b) Contingent tax liabilities

Russian tax legislation is subject to varying interpretation when being applied to the transactions and activities of the Group. Consequently, the management's interpretation of tax legislation and the formal documentation may be successfully challenged by the relevant regional or federal authorities. Russian tax administration gradually strengthens. In particular, there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Tax inspections may cover three calendar years prior to the year of the decision on the tax inspection. Under certain circumstances reviews may cover longer periods.

Russian tax authorities shall have the right to charge additional tax liabilities and penal sanctions in accordance with rules established by the legislation on transfer-pricing provided that the price/profitability in the controlled transactions differs from the market level. The list of controlled transactions mainly includes those transactions concluded between the affiliated persons.

Since the beginning of January 1st, 2019, the control over transfer-pricing for a considerable part of transactions in Russia has been cancelled. However, the release from price controls may not apply to all transactions concluded in the internal market. However, in the case of additional charges, the cross-adjustment mechanism of tax liabilities can be used in compliance with the specified requirements of the legislation. The intragroup transactions that have been out of control of transfer pricing methods starting with 2019 can be checked by the territorial tax authorities concerning the gaining of unjustified tax benefit, and the transfer pricing methods may be used to determine the amount of additional charges. The Federal executive body commissioner for control and supervision in the sphere of taxes and dues, may carry out a control of prices/profitability in the controlled transactions and in the case of disagreement with the prices used by the Group in such transactions, shall have the right to charge additional tax liabilities if the Group is unable to substantiate the market character of pricing in such transactions by submitting documentation on transfer pricing in accordance with the requirements of the legislation.

With the further development of the practice of applying the tax rules on property tax, the tax authorities and courts may challenge the criteria the Group uses for assigning the property to movable or immovable property. The Group's Executive Board does not eliminate the risk of resource outflow; however, the impact of the events cannot be estimated with sufficient measure of reliability.

According to Executive Board opinion, the applicable legislative provisions were correctly interpreted and the position "Group" may be well-reasoned and secured with regard to tax compliance.

(c) Legal proceedings

The Group is party to a number of legal proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business.

In the opinion of the Executive Board, 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 interim condensed financial statements.

(d) Environmental commitments

The Group has been operating in the power industry in the Russian Federation for many years. The environmental legislation of the Russian Federation continues to evolve and responsibilities of the authorized state bodies supervising its observance are being reconsidered. Potential environmental commitments arising as a result of a change in interpretation of the existing regulations, civil litigation or changes in legislation cannot be assessed. The management believes, that under the existing control system and legislation, there are no probable liabilities, which may have a material adverse effect on the Group's financial position, results of operations or cash flows.

30 Related-Party Transactions

(a) Control relationship

Related parties include shareholders, affiliates and entities under common ownership and control with the Group, members of the Board of Directors and the key management personnel of the Company. Rosseti PJSC had control over the company as at September 30, 2020 and December 31, 2019. The Government represented by the Federal Agency for Property Management holding the majority shares of Rosseti PJSC is the ultimate controlling party

(b) Transactions with the parent company, its affiliated and associated companies

Transactions with the parent company, its affiliated and associated companies include transactions with Rosseti PJSC and its affiliates and associated companies:

	Transaction amount				Carrying value	
	Three months ended September 30		Nine months ended September 30		September 30, 2020	December 31, 2019
	2020	2019	2020	2019		
Revenue, other income, finance income						
Other revenue	297	297	889	889	-	-
The enterprises are under common control of the parent company						
Lease	1 126	37	3 325	58	37	4
Other revenue	16	21 463	30 670	51 816	111 297	86 818
Interest income	162	-	162	-	-	-
	<u>1 601</u>	<u>21 797</u>	<u>35 046</u>	<u>52 763</u>	<u>111 334</u>	<u>86 822</u>
Operating expenses, finance expenses						
Parent company						
Expenses for UES organization and development services	31 568	31 713	87 351	87 150	23 683	-
Other work and services of production nature	5 413	3 818	16 240	11 454	1 409	1 409
Other expenses	-	1 595	-	4 786	-	23 208
Interest expense on lease	37	-	116	-	-	-
Interest expenses for financial liabilities measured at amortized cost	82 479	203 008	124 958	602 322	75 054	32 940
The enterprises are under common control of the parent company						
Services for electric power transmission	1 950 784	2 158 671	5 737 104	6 371 851	424 800	854 915
Services for technological connection to electric networks	-	-	3 491	36	-	5 645
Repair services and technical maintenance	440	-	1 320	-	528	-
Short-term lease	26	61	45	127	7	12
Other expenses	32 414	118 097	43 488	118 097	95 907	81 238
Interest expense for lease liabilities	3 596	-	11 281	-	-	-
Interest expenses for financial liabilities measured at amortized cost	-	759	-	20 820	-	-
	<u>2 106 757</u>	<u>2 517 722</u>	<u>6 025 394</u>	<u>7 216 643</u>	<u>621 388</u>	<u>999 367</u>
Construction and installation jobs capitalized	1 012	26 131	20 112	116 318	118 713	131 557
	<u>2 107 769</u>	<u>2 543 853</u>	<u>6 045 506</u>	<u>7 332 961</u>	<u>740 101</u>	<u>1 130 924</u>

	Carrying value	
	September 30, 2020	December 31, 2019
Parent company		
Loans and borrowings	6 800 000	3 600 000
Lease liabilities	1 731	1 947
The enterprises are under common control of the parent company		
Advances issued	2 491	4 436
Lease liabilities	191 936	800
Advances received	76	76
	6 996 234	3 607 259

As at September 30, 2020, the liability owed to the parent company in paying dividends is absent (as at December 31, 2019, the liability owed to the parent company in paying dividends is absent).

(c) Transactions with key management personnel

For the purposes of preparing these consolidated financial statements, the Group identifies the members of the Board of Directors and members of the Management of PJSC «Rosseti Kuban» as the key management personnel.

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Short-term employee benefits	79 791	43 916	161 688	85 818
Post-employment benefits and other long-term benefits (including Pension Plans)	-	134	-	164
	79 791	44 050	161 688	85 982

As September 30, 2020, the current value of liabilities according to the programs with fixed payments recorded in the Consolidated Statement of Financial Position, includes the liabilities in relation to key managerial personnel amounting to 0 thousand rubles (as at December 31, 2019 amounting to 0 thousand rubles).

(e) Transactions with the government-related entities

In the course of its operating activities, the Group is engaged in many transactions with government-related entities. These transactions are carried out in accordance with regulated tariffs or based on market prices.

Revenue from government-related entities amounted to 0,49% and 1,21% of total revenues of the Group for the three and nine months ended September 30, 2020 (for the three and nine months ended September 30, 2019 amounted to 1,80% and 1,86%), including 0,53% and 1,00% of revenue from electric power transmission (for the three and nine months ended September 30, 2019 amounted to 0,47% and 0,92%).

Expenses for electric power transmission to the government-related entities (including offset against technological losses) amounted to 8,35 % and 4,79% of total expenses for electric power transmission for the three and nine months ended September 30, 2020 (for the three and nine months ended September 30, 2019 amounted to 4,54% and 10,8%).

Interests accrued on loans and borrowings from government-related banks for the three and nine months ended September 30, 2020 amounted to 78,32% and 91,57% of the total amount of interest accrued (for the three and nine months ended September 30, 2019 amounted to 100,00% and 100,00%).

Interest accrued on deposits and on current account balances in banks associated with the state for the three and nine months ended 30 September 2020 amounted to 100,00% and 99,66% of the total amount of accrued interest (for the three and nine months ended 30 September 2019: 100,00% and 67,17%).

As at September 30, 2020, the cash balance and cash equivalents placed in government-related banks accounts amounted to 383 811 thousand rubles (as at December 31, 2019 amounted to 1 127 783 thousand rubles), also the cash balance and cash equivalents placed in FTD in Krasnodar Region accounts amounted to 579 268 thousand rubles (as at December 31, 2019 amounted to 579 268 thousand rubles).

Information on loans and borrowings received from government-related banks is disclosed in Note 22.

As at September 30, 2020, the lease liabilities of government-related entities (as a part of borrowings) amounted to 5 677 787 thousand rubles (as at December 31, 2019 amounted to 472 171 thousand rubles).

31 Subsequent Events

On October 23, 2020, before the signing date of Interim Condensed Consolidated Financial Statements, the Company raised borrowed funds by entering into agreement No. 375 ю/407/30-2к dated April 29, 2020 with a branch of the Russian Regional Development Bank. The borrowing amount is 159 095 thousand rubles.

The aim of the borrowings is financing investment activities.

The purpose of the loan is to replenish working capital, financing investment activities, refinance the debt portfolio and other purposes.

For the period from 01.01.2020 to 12.11.2020, loans were repaid at the expense of temporarily available funds in order to reduce interest expenses in the amount of 900 000 thousand rubles.