

Translation from the Russian original

**PJSC “TERRITORIAL GENERATING
COMPANY No. 1” AND ITS SUBSIDIARIES**

Interim Condensed Consolidated
Financial Statements for six months ended
30 June 2021 and Report on Review



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Translation from the Russian original

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of PJSC “Territorial Generating Company No. 1”

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of PJSC “Territorial Generating Company No. 1” (OGRN 1057810153400, Office 54H, Block 2A, Bldg. 16, Dobrolyubova Avenue, Saint-Petersburg, 198188, Russian Federation) and its subsidiaries, which comprise the interim condensed consolidated statement of financial position as at 30 June 2021 and interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2021 (interim financial information). LLC “Gazprom Energoholding” is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Translation from the Russian original

Conclusion

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

The translation is true and correct.

The engagement partner on the review



A.B. Baliakin

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Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: 12006020340

3 August 2021

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

**International Financial
Reporting Standards (IFRS)
Interim Condensed
Consolidated Financial
Statements (unaudited)
and Report on Review**

**30 June 2021
St. Petersburg | 2021**

Contents

Interim Condensed Consolidated Statement of Financial Position	3
Interim Condensed Consolidated Statement of Comprehensive Income	4
Interim Condensed Consolidated Statement of Cash Flows.....	5
Interim Condensed Consolidated Statement of Changes in Equity	6

Notes to the Interim Condensed Consolidated Financial Statements

Note 1. General information	7
Note 2. Basis of preparation	8
Note 3. Summary of Significant Accounting Policies and Accounting Estimates	8
Note 4. Segment information	9
Note 5. Related Parties.....	11
Note 6. Property, Plant and Equipment.....	16
Note 7 Trade and other receivables.....	17
Note 8 Financial assets.....	17
Note 9 Inventories.....	18
Note 10 Cash and Cash Equivalents	18
Note 11 Share capital	18
Note 12 Borrowings.....	18
Note 13 Trade and other payables.....	19
Note 14 Income tax.....	19
Note 15 Other taxes payable	20
Note 16 Revenue.....	21
Note 17 Operating Expenses.....	21
Note 18 Finance Income and Finance Costs	21
Note 19 Basic earnings per share, attributable to the owners of PJSC «TGC-1»	22
Note 20 Commitments	22
Note 21 Fair value of financial instruments	22
Note 22 Events after the Reporting Period.....	23

PJSC TERRITORIAL GENERATING COMPANY №1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Roubles)

	Notes	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	152 227	151 135
Investment property		157	139
Intangible assets		3 748	3 859
Investments in associates		461	436
Trade receivables and prepayments	7	1 075	1 391
Deferred income tax assets	14	278	140
Total non-current assets		157 946	157 100
Current assets			
Inventories	9	3 929	3 728
Trade receivables and prepayments	7	9 860	14 057
Current income tax prepayments		619	49
Cash and cash equivalents	10	3 010	1 036
Financial assets	8	10 634	14 817
Total current assets		28 052	33 687
Total assets		185 998	190 787
EQUITY AND LIABILITIES			
Equity			
Share capital	11	38 543	38 543
Share premium		22 914	22 914
Accumulated earnings and other reserves		71 110	66 803
Equity attributable to the Company's owners		132 567	128 260
Non-controlling interest		12 463	10 698
Total equity and reserves		145 030	138 958
Non-current liabilities			
Borrowings	12	1 600	9 500
Post-employment benefits obligations		1 166	1 166
Trade and other payables	13	544	444
Lease liabilities		4 700	5 245
Deferred tax liabilities	14	10 286	10 228
Total non-current liabilities		18 296	26 583
Current liabilities			
Borrowings	12	8 137	7 747
Trade and other payables	13	11 240	12 897
Current income tax payable		11	747
Other taxes payable	15	1 393	1 557
Lease liabilities		1 891	2 298
Total current liabilities		22 672	25 246
Total liabilities		40 968	51 829
Total equity and liabilities		185 998	190 787

V. E. Vederchik
 Managing Director

«3» August 2021



R. V. Stanishevskaya
 Chief Accountant

«3» August 2021

The accompanying notes on the pages 7-23 are an integral part of these interim condensed consolidated financial statements.

PJSC TERRITORIAL GENERATING COMPANY №1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of Russian Roubles)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
Revenue	16	22 425	19 558	54 928	47 280
Operating expenses	17	(18 534)	(16 509)	(45 349)	(38 550)
Impairment (loss) / gain on financial assets		240	46	(20)	(247)
Operating profit		4 131	3 095	9 559	8 483
Finance income	18	154	100	300	349
Finance costs	18	(261)	(257)	(560)	(613)
Share of profit of associates		4	3	24	19
Profit before income tax		4 028	2 941	9 323	8 238
Income tax expense	14	(725)	(565)	(1 625)	(1 488)
Profit for the period		3 303	2 376	7 698	6 750
Total comprehensive income for the period		3 303	2 376	7 698	6 750
Profit for the period is attributable to:					
Owners of the TGC-1		3 151	2 201	7 420	6 452
Non-controlling interests		152	175	278	298
Total comprehensive income for the period is attributable to:					
Owners of the TGC-1		3 151	2 201	7 420	6 452
Non-controlling interests		152	175	278	298
Earnings per ordinary share for basic profit attributable to owners of the TGC-1 (in Russian Roubles)	19	0.0008	0.0006	0.0019	0.0017

V. E. Vederchik
 Managing Director

«3» August 2021



R. V. Stanishevskaya
 Chief Accountant

«3» August 2021

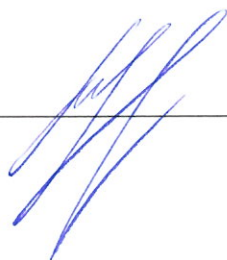
PJSC TERRITORIAL GENERATING COMPANY №1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SIX MONTHS
ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of Russian Roubles)

	Notes	Six months ended 30 June 2021	Six months ended 30 June 2020
Cash flows from operating activities			
Profit before income tax		9 323	8 238
Adjustments for:			
Depreciation and amortisation	17	5 743	5 244
Impairment loss on financial assets		20	247
Impairment gain on non-financial assets		(2)	-
Share of profit of associates		(24)	(19)
Gain on disposals of property, plant and equipment and other assets	17	(213)	(55)
Finance income	18	(300)	(349)
Finance expense	18	560	613
Other non-cash items		(3)	(3)
Operating cash flows before working capital changes		15 104	13 916
Changes in working capital:			
Change in trade receivables and prepayments	7	4 669	3 379
Change in inventories	9	(199)	(322)
Change in trade and other payables	13	(2 804)	(2 437)
Change in other taxes payable	15	(163)	390
Changes in working capital		1 503	1 010
Income taxes paid		(3 010)	(1 636)
Interest paid		(539)	(607)
Net cash from operating activities		13 058	12 683
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(9 508)	(7 618)
Proceeds from sale of property, plant and equipment and other assets		23	43
Repayment of borrowings		4 212	4 500
Interest paid and capitalised		(32)	(59)
Interest received		219	122
Net cash used in (from) investing activities		(5 086)	(3 012)
Cash flows from financing activities			
Proceeds from borrowings		983	233
Repayments of borrowings		(8 504)	(10 101)
Repayments of lease liabilities		(982)	(951)
Proceeds from subsidiary share issue		2 500	3 000
Net cash from financing activities		(6 003)	(7 819)
Effect of exchange rate changes on cash and cash equivalents		5	-
Net increase in cash and cash equivalents		1 974	1 852
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	3 010	2 733

V. E. Vederchik
 Managing Director

«3» August 2021




R. V. Stanishevskaya
 Chief Accountant

«3» August 2021

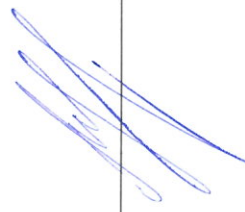


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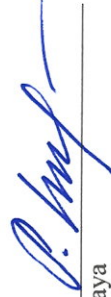
PJSC TERRITORIAL GENERATING COMPANY №1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Roubles)

	Attributable to owners of the Company					Non-controlling interest	Total equity
	Share capital	Share premium	Accumulated earnings	Total	Non-controlling interest		
Balance at 1 January 2020	38 543	22 914	61 295	122 752	8 921	131 673	
Profit for the period	-	-	6 452	6 452	298	6 750	
Comprehensive income for the period	-	-	6 452	6 452	298	6 750	
Transactions with owners	-	-	-	-	-	-	
Dividends declared	-	-	(3 995)	(3 995)	-	(3 995)	
Change in ownership of subsidiary	-	-	1 417	1 417	1 583	3 000	
Balance at 30 June 2020	38 543	22 914	65 169	126 626	10 802	137 428	
Balance at 1 January 2021	38 543	22 914	66 803	128 260	10 698	138 958	
Profit for the period	-	-	7 420	7 420	278	7 698	
Comprehensive income for the period	-	-	7 420	7 420	278	7 698	
Transactions with owners	-	-	-	-	-	-	
Dividends declared	-	-	(4 126)	(4 126)	-	(4 126)	
Change in ownership of subsidiary	-	-	1 013	1 013	1 487	2 500	
Balance at 30 June 2021	38 543	22 914	71 110	132 567	12 463	145 030	

V. E. Vederchik
 Managing Director




R. V. Stanishevskaya
 Chief Accountant



«3» August 2021

«3» August 2021

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 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	
		30 June 2021	31 December 2020
JSC Murmanskaya TPP	production of electric energy and capacity, heat energy, heat capacity	98.8749	98.8536
JSC St Petersburg Heating Grid	transfer and distribution of heat	61.3045	65.5814
LLC TSTP SEVERO-ZAPAD	transfer and distribution of heat	61.3045	65.5814

In six months 2021 JSC St Petersburg Heating Grid received the budget funding of Saint-Petersburg under reconstruction heat grids in the amount of RUB 2 500 million (in six months 2020 the budget funding amounted to RUB 3 000 million). Budget funding resulted to increase in the ownership of Saint-Petersburg for the part of share capital of JSC St Petersburg Heating Grid and reducing of TGC-1 share to 61.3045% as at 30 June 2021 (as at 31 December 2020 – to 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 30 June 2021. 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.

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* (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 of the Company (here in after “Management”) are the Chief operating decision-makers. 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.

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 SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Roubles)

4.1 Financial results of segments

The segment information for three and six months ended 30 June 2021 and 30 June 2020 is as follows:

	TPP of Nevsky branch	HPS of Nevsky branch	St. Petersburg Heating Grid	Kolsky branch	Karelsky branch	Murman- skaya TPP	Unallocated segments	Total segments	Elimina- tions	Adjust- ments	Total
Three months ended 30 June 2021											
Revenue:	13 258	2 102	2 376	3 469	2 127	1 407	13	24 752	(2 843)	516	22 425
<i>including export</i>	-	620	-	353	-	-	-	973	-	-	973
Depreciation of property, plant, equipment	1 350	157	690	198	144	30	7	2 576	-	173	2 749
Reportable segment profit/(loss)	(5)	1 170	137	1 306	518	(106)	(2)	3 018	-	1 113	4 131
Three months ended 30 June 2020											
Revenue:	12 797	1 052	2 477	2 577	1 876	1 428	27	22 234	(2 706)	30	19 558
<i>including export</i>	-	-	-	21	-	-	-	21	-	-	21
Depreciation of property, plant, equipment	1 370	136	647	199	137	28	9	2 526	-	1	2 527
Reportable segment profit/(loss)	(266)	624	389	831	331	531	11	2 451	-	644	3 095
Six months ended 30 June 2021											
Revenue:	36 348	3 889	4 757	7 352	4 847	3 049	25	60 267	(5 776)	437	54 928
<i>including export</i>	-	1 155	-	837	-	-	-	1 992	-	-	1 992
Depreciation of property, plant, equipment	2 698	314	1 382	404	284	60	12	5 154	-	354	5 508
Reportable segment profit/(loss)	3 605	2 157	88	2 448	808	(705)	(3)	8 398	-	1 161	9 559
Six months ended 30 June 2020											
Revenue:	33 338	2 182	4 884	5 261	4 150	3 038	36	52 889	(5 627)	18	47 280
<i>including export</i>	-	33	-	104	-	-	-	137	-	-	137
Depreciation of property, plant, equipment	2 716	264	1 289	389	269	54	15	4 996	-	99	5 095
Reportable segment profit	3 320	1 341	628	1 112	662	648	14	7 725	-	758	8 483

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of Russian Roubles)

Reconciliation of the segment result to operating profit in the interim condensed consolidated statement of comprehensive income for three and six months ended 30 June 2021 and 30 June 2020 is provided as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
<i>Revenue reclassification adjustments</i>	516	30	437	18
Depreciation adjustment	(173)	(1)	(354)	(99)
Impairment (loss) / gain on financial assets	240	46	(20)	(247)
Discounting effect	664	685	1 329	1 373
Other adjustments	(134)	(116)	(231)	(287)
	597	614	724	740
Total adjustments to operating profit	1 113	644	1 161	758

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 and six months ended 30 June 2021 and amounting to RUB 2 545 million and 6 993 million (for three and six months ended 30 June 2020 the revenue of two customers exceeding 10% of the Group's revenue, amounted to RUB 2 985 million and RUB 6 719 million respectively).

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. Loans and borrowings are provided on market terms. Bank deposits are placed on market terms.

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 and six months, ended 30 June 2021 and 30 June 2020 the Group's significant transactions and outstanding balances with Gazprom Group and its associates are detailed below:

Revenue

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Electricity and capacity	158	163	283	362
Heating	84	70	286	206
Other sales	8	9	16	33
Total	250	242	585	601

Operating expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Fuel	5 827	5 566	17 961	15 181
Repairs, maintenance and service	87	172	201	261
Electricity and capacity purchases	41	8	79	21
Security and fire safety	-	6	-	13
Other operating expenses	354	312	627	579
Total	6 309	6 064	18 868	16 055

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of Russian Roubles)

Finance Income and Finance Costs

	Three months ended		Six months ended 30	
	30 June		June	
	2021	2020	2021	2020
Finance income				
Interest income on loans issued	117	76	240	177
Interest income on bank deposits and current bank accounts balances	-	1	1	4
Total finance income	117	77	241	181
Finance costs				
Interest expense on lease	(85)	(112)	(176)	(231)
Interest expense on loans and borrowings	(16)	(15)	(33)	(38)
Total finance costs	(101)	(127)	(209)	(269)

Balances

	30 June 2021	31 December 2020
Short-term financial assets	10 632	14 814
Long-term trade and other receivables and advances	925	955
Short-term trade and other receivables and advances	755	593
Cash and cash equivalents	15	43
Total assets	12 327	16 405
Short-term trade and other payables	3 973	6 185
Long-term lease liabilities	3 161	3 722
Short-term lease liabilities	1 824	2 248
Short-term borrowings and loans	983	1 247
Long-term trade and other payables	463	350
Total liabilities	10 404	13 752

For six months ended 30 June 2021 the dividends declared, due to the direct parent Company (LLC Gazprom energoholding) amounted to RUB 2 137 million (for six months ended 30 June 2020: RUB 2 069 million).

Purchase of non-current and current assets

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
Purchases of property, plant and equipment	2 122	2 587	6 633	3 345
Purchases of materials and other assets	31	11	98	21
Итого	2 153	2 598	6 731	3 366

The advances given to contractors of Gazprom group net of VAT, recognised within the construction in progress balance, amounted to RUB 1 417 million as at 30 June 2021 (as at 31 December 2020: RUB 2 819 million).

(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 and for three and six months ended 30 June 2021 and 30 June 2020:

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of Russian Roubles)

Revenue

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Electricity and capacity	3 587	1 921	7 242	4 463
Heating	5 299	4 949	13 318	11 949
Other sales	30	30	61	53
Total	8 916	6 900	20 621	16 465

Operating expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Water usage	765	707	1 585	1 485
Purchased electricity and capacity	327	78	772	181
Heat transfer	170	313	508	834
Fees of electricity market operators	240	211	485	427
Security and fire safety	231	185	433	349
Repairs, maintenance and service	77	-	77	-
Purchased heat energy	18	10	63	31
Other operating expenses	193	135	460	317
Total	2 021	1 639	4 383	3 624

Finance Income and Finance Costs

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Finance costs				
Interest expense on loans and borrowings	(56)	-	(150)	(72)
Interest expense on lease	(34)	(34)	(69)	(68)
Total finance costs	(90)	(34)	(219)	(140)

Balances

	30 June 2021	31 December 2020
Short-term trade and other receivables and advances	7 608	8 441
Cash and cash equivalents	2 975	972
Long-term trade and other receivables and advances	387	857
Provision for expected credit losses on long-term receivables and prepayments	(250)	(498)
Provision for expected credit losses on short-term receivables and prepayments	(4 971)	(4 172)
Total assets	5 749	5 600
Short-term trade and other payables	3 857	1 244
Short-term borrowings	3 101	4 463
Long-term borrowings	1 600	7 500
Long-term lease liabilities	1 234	1 213
Long-term trade and other payables	81	93
Short-term lease liabilities	44	32
Total liabilities	9 917	14 544

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of Russian Roubles)

Purchase of non-current and current assets

	Three months ended		Six months ended 30	
	30 June		June	
	2021	2020	2021	2020
Purchases of materials and other assets	1 017	392	2 765	1 324
Purchases of property, plant and equipment	92	7	118	35
<i>including capitalized borrowing costs from related parties</i>	16	-	32	5
Total	1 108	399	2 883	1 360

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 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		Six months ended 30	
	30 June		June	
	2021	2020	2021	2020
Sales of electricity and capacity	7 064	5 732	16 656	12 908
Purchases of electricity and capacity	(1 450)	(922)	(3 297)	(2 141)
Total	5 614	4 810	13 359	10 767

Balances

	30 June 2021	31 December 2020
Short-term accounts receivable and advances	688	1 175
Provision for expected credit losses on receivables	(6)	(3)
Total assets	682	1 172
Short-term accounts payable and other liabilities	196	237
Total liabilities	196	237

(c) Transactions with other related parties

Other related parties include 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 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Electricity and capacity	621	-	1 156	33
Heating	15	15	43	40
Other sales	1	1	2	2
Total	637	16	1 201	75

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

(in millions of Russian Roubles)

Operating expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Repairs, maintenance and service	259	263	409	493
Heat transfer	132	130	319	309
Other operating expenses	22	3	25	4
Total	413	396	753	806

Balances

	30 June 2021	31 December 2020
Short-term trade and other receivables and advances	290	138
Total assets	290	138
Short-term trade and other payables	1 597	706
Total liabilities	1 597	706

For six months ended 30 June 2021 the dividends declared, due to Fortum Power and Heat OY amounted to RUB 1 237 million (for six months ended 30 June 2020: RUB 1 177 million).

Purchase of non-current and current assets

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Purchases of property, plant and equipment	73	194	190	372
Purchases of materials and other assets	-	1	-	7
Total	73	195	190	379

(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 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Salaries and bonuses	3	3	8	5
Social taxes and contributions	1	1	2	2
Benefits to the Board of Directors	1	2	2	4
Total	5	6	12	11

As at 30 June 2021 and 31 December 2020 the payables to key management amounted to RUB 1 million.

Remuneration to managing organisation LLC Gazprom energoholding for three and six months ended 30 June 2021 was in the amount of RUB 24 million and 49 million respectively (for three and six months ended 30 June 2020: RUB 27 million).

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

	30 June 2021	31 December 2020
PJSC Gazprom and its subsidiaries	19 928	11 103
Other related parties	824	864
State-controlled entities	270	96
Total	21 022	12 063

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Rubles)

Note 6. Property, Plant and Equipment

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

<i>Initial 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	-	55	-	-	73	6 584	6 712
Disposals	(18)	-	(1)	(3)	(66)	(23)	(111)
Effect of lease agreements modifications	93	-	-	-	-	-	93
Transfers	-	130	727	1 581	1 401	(3 839)	-
Transfer from other accounts	-	-	181	150	45	-	376
Balance as at 30 June 2020	11 447	55 871	47 185	77 436	49 714	23 072	264 725
Balance as at 1 January 2021	11 079	59 250	47 640	77 993	51 920	24 018	271 900
Additions	19	156	-	-	61	6 408	6 644
Disposals	(96)	(11)	(107)	(57)	(90)	(45)	(406)
Effect of lease agreements modifications	102	-	-	-	-	-	102
Transfers	-	320	266	233	1 335	(2 154)	-
Transfer to other accounts	-	-	(1)	-	(23)	-	(24)
Balance as at 30 June 2021	11 104	59 715	47 798	78 169	53 203	28 227	278 216
<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	(703)	(757)	(400)	(1 229)	(2 006)	-	(5 095)
Disposals	6	-	1	2	59	-	68
Transfer from (to) other accounts	-	(19)	(187)	(121)	(23)	42	(308)
Balance as at 30 June 2020	(2 182)	(30 723)	(20 489)	(34 758)	(25 599)	(632)	(114 383)
Balance as at 1 January 2021	(2 909)	(32 422)	(20 917)	(36 476)	(27 444)	(597)	(120 765)
Charge for the period	(663)	(807)	(438)	(1 551)	(2 049)	-	(5 508)
Disposals	33	9	102	57	83	-	284
Impairment loss transferred from construction in progress, plant and equipment	-	(28)	-	(1)	(1)	30	-
Balance as at 30 June 2021	(3 539)	(33 248)	(21 253)	(37 971)	(29 411)	(567)	(125 989)
<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 30 June 2020	9 265	25 148	26 696	42 678	24 115	22 440	150 342
Balance as at 1 January 2021	8 170	26 828	26 723	41 517	24 476	23 421	151 135
Balance as at 30 June 2021	7 565	26 467	26 545	40 198	23 792	27 660	152 227

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Roubles)

The property, plant and equipment include the right-of-use assets in the amount of RUB 7 565 million, primarily related to the land plots, generating equipment 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

	30 June 2021	31 December 2020
Long-term receivables		
Trade receivables	393	678
Other receivables	19	19
Total financial receivables	412	697
Advances to suppliers and prepaid expenses	663	694
Total non-financial receivables	663	694
Total long-term receivables and prepayments	1 075	1 391
Short-term receivables		
Trade receivables	8 507	12 331
Other receivables	135	137
Total financial receivables	8 642	12 468
Advances to suppliers and prepaid expenses	795	1 320
VAT recoverable	296	138
Tax prepayments other than income tax	127	131
Total non-financial receivables	1 218	1 589
Total short-term receivables and prepayments	9 860	14 057

Trade receivables is presented net of allowance for expected credit losses in the amount of RUB 9 185 million and 9 295 million as at 30 June 2021 and 31 December 2020 respectively.

Other receivables is presented net of allowance for expected credit losses in the amount of RUB 126 million and 133 million as at 30 June 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 255 million that was recognised for long-term receivables as at 30 June 2021 (as at 31 December 2020: RUB 657 million)

Note 8 Financial assets

	30 June 2021	31 December 2020
Loans issued (including %)	10 634	14 817
Total short-term financial assets	10 634	14 817

As at 30 June 2021 loans issued thousand are mainly presented by the loan issued PJSC Gazprom in the amount of RUB 10 632 million with the interest rate from 4.67 to 5.83%. (as at 31 December 2020: RUB 14 814 million with the interest rate from 4.36 to 4.98%).

As at 30 June 2021 the financial asset and provision for impairment loss were written off in the amount of RUB 30 million. The provision for impairment of financial assets was RUB 30 million as at 31 December 2020.

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Roubles)

Note 9 Inventories

	30 June 2021	31 December 2020
Fuel	2 453	2 644
Raw materials and other supplies	1 006	761
Spare parts	466	319
Other inventories	4	4
Total inventories	3 929	3 728

As at 30 June 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 30 June 2021 and 31 December 2020.

Note 10 Cash and Cash Equivalents

	30 June 2021	31 December 2020
Cash in bank and in hand	3 010	1 036
Total cash and cash equivalents	3 010	1 036

As at 30 June 2021 cash and cash equivalents comprise restricted cash in the amount of RUB 2 971 million, provided by Saint-Petersburg as a budget funding of investment program for JSC St Petersburg Heating Grid (as at 31 December 2020: RUB 966 million).

Note 11 Share capital

Share capital and share premium

As at 30 June 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.

Dividends

On 18 June 2021 the Annual General Shareholders' Meeting of the PJSC TGC-1 made the decision to pay dividends for the results of Group's activity for 2020. The amount of declared dividends on the issuer shares was RUB 0.001070552 per share, total amount of dividends is RUB 4 126 million.

On 22 June 2020 the Annual General Shareholders' Meeting of the PJSC TGC-1 made the decision to pay dividends for the results of Group's activity for 2019. The amount of declared dividends on the issuer shares was RUB 0.001036523 per share, total amount of dividends is RUB 3 995 million.

Note 12 Borrowings

	30 June 2021	31 December 2020
Long-term borrowings		
Bank borrowings	1 600	7 500
Bonds	-	2 000
Total long-term borrowings	1 600	9 500
Short-term borrowings		
Bank borrowings	4 083	5 710
Current portion of long-term bank borrowings	1	-
Current portion of long-term bonds	4 053	2 037
Total short-term borrowings	8 137	7 747

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Roubles)

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

	Currency	Contractual interest rate	Maturity	30 June 2021	31 December 2020
Bank borrowings					
PJSC Sberbank RF	RUB	CR CB RF+1.15%	2021	3 100	3 100
PJSC Sberbank RF	RUB	CR CB RF+2.5%	2021-2022	1 601	8 863
Gazprombank JSC	RUB	6.8-7.75%	2021	983	1 246
Bonds					
Bonds 03	RUB	CPI+1.5%	2021	2 005	2 004
Bonds 04	RUB	CPI+1.5%	2021-2022	2 048	2 034
Total				9 737	17 247

The Group is required to comply with certain covenants related to borrowings. The Group complied with these covenants as at 30 June 2021 and as at 31 December 2020.

Note 13 Trade and other payables

	30 June 2021	31 December 2020
Long-term payables		
Trade payables	544	444
Total financial payables	544	444
Total long-term payables and other liabilities		
Trade payables	2 303	5 161
Payables for purchase of property, plant and equipment	2 137	5 258
Other payables	4 394	232
Total financial payables	8 834	10 651
Contractual liabilities	1 754	1 591
Other payables	652	655
Total non-financial payables	2 406	2 246
Total short-term payables and other liabilities	11 240	12 897

Note 14 Income tax

Income tax expense comprises the following:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Current income tax charge	(594)	(196)	(1 716)	(1 019)
Income tax return for prior periods	11	-	11	-
Deferred income tax charge	(142)	(369)	80	(469)
Total income tax expense	(725)	(565)	(1 625)	(1 488)

Tax effects of taxable and deductible temporary differences for six months ended 30 June 2021 and for six months ended 30 June 2020 are as follows:

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Roubles)

	1 January	Recognised in profit or losses	30 June
Six months ended 30 June 2021			
Property, plant and equipment	(12 283)	218	(12 065)
Intangible assets	14	(1)	13
Trade and other receivables	636	(149)	487
Trade and other payables	53	13	66
Employee benefit liabilities	203	-	203
Lease liabilities	1 292	(178)	1 114
Tax losses carried forward	-	176	176
Other	(3)	1	(2)
Total	(10 088)	80	(10 008)
Six months ended 30 June 2020			
Property, plant and equipment	(12 577)	(141)	(12 718)
Intangible assets	12	-	12
Trade and other receivables	768	(370)	398
Trade and other payables	49	34	83
Employee benefit liabilities	202	-	202
Lease liabilities	1 528	(64)	1 464
Tax losses carried forward	-	77	77
Other	6	(5)	1
Total	(10 012)	(469)	(10 481)

Deferred income tax assets and liabilities were measured at the following tax rates as at 30 June 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:

	30 June 2021	31 December 2020
Deferred income tax assets	278	140
Deferred income tax liabilities	(10 286)	(10 228)
Deferred income tax liabilities, net	(10 008)	(10 088)

Note 15 Other taxes payable

	30 June 2021	31 December 2020
VAT payable	706	899
Employee taxes	310	282
Property tax	308	292
Other taxes	69	84
Total	1 393	1 557

PJSC TERRITORIAL GENERATING COMPANY №1
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX
MONTHS ENDED 30 JUNE 2021 (UNAUDITED)
(in millions of Russian Roubles)

Note 16 Revenue

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Electricity and capacity	12 530	10 915	28 749	24 564
Heating	9 651	8 255	25 693	22 043
Other sales	244	388	486	673
Total	22 425	19 558	54 928	47 280

For six months ended 30 June 2021 the Group received the grants from St. Petersburg and Murmansk regional budgets, included in revenue from heating sale, for a total amount of RUB 2 355 million (for six months ended 30 June 2020: RUB 1 238 million).

Note 17 Operating Expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Fuel	7 195	6 386	21 624	17 648
Depreciation and amortization	2 864	2 602	5 743	5 244
Employee benefits	2 486	2 367	5 078	4 934
Purchased electricity and capacity	1 925	900	4 334	2 450
Water usage	771	746	1 585	1 562
Repairs, maintenance and service	833	663	1 506	1 375
Heat transfer	474	458	1 266	1 186
Taxes other than income tax	467	434	927	864
Purchased heat energy	177	209	663	596
Security and fire safety	328	288	605	534
Fees of electricity market operators	241	212	487	429
Other materials	206	312	380	458
(Gain)/loss on disposal of property, plant and equipment and other non-current assets	(85)	12	(213)	(55)
Other operating expenses	652	920	1 364	1 325
Total operating expenses	18 534	16 509	45 349	38 550

Note 18 Finance Income and Finance Costs

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Finance income				
Interest income on loans issued	118	76	241	177
Effect of discounting of financial instruments	27	20	41	163
Exchange differences income	2	-	10	-
Interest income on bank deposits and current bank accounts balances	7	4	8	9
Total finance income	154	100	300	349
Finance costs				
Interest expense on borrowings	(144)	(119)	(320)	(331)
Interest expense on lease	(127)	(154)	(262)	(317)
Exchange differences expenses	(4)	-	(5)	-
Effect of discounting of financial instruments	(2)	(12)	(5)	(24)
Total finance costs	(277)	(285)	(592)	(672)
Net of capitalized borrowing costs related to qualified assets	16	28	32	59
Total finance costs net of capitalised borrowing costs	(261)	(257)	(560)	(613)

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 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Issued shares (thousand of pieces)	3 854 341,417	3 854 341,417	3 854 341,417	3 854 341,417
Weighted average number of ordinary shares (thousand of pieces)	3 854 341,417	3 854 341,417	3 854 341,417	3 854 341,417
Profit for the period attributable to owners of PJSC "TGC-1" (in RUB mln)	3 151	2 201	7 420	6 452
Earnings per ordinary share attributable to the owners of PJSC "TGC-1" after tax – basic – in Russian Roubles	0.0008	0.0006	0.0019	0.0017

There are no dilutive financial instruments outstanding in the Group as at 30 June 2021 and 31 December 2020.

Note 20 Commitments

As at 30 June 2021, the Group had outstanding contractual commitments relating to the construction and purchase of property, plant and equipment in the amount of RUB 23 827 million including VAT (31 December 2020: RUB 13 997 million).

Note 21 Fair value of financial instruments

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

Financial instruments in Level 1

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

Financial instruments in Level 2

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

Financial instruments in Level 3

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

There was no change in the fair value measurement methods attributed to Level 2 and Level 3 for three and six months ended 30 June 2021 (31 December 2020: there was no change). There were no transfers between levels for three and six months ended 30 June 2021 (31 December 2020: there were no transfers).

As at 30 June 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 197 million.

During the period between reporting date and signing date, the Group repaid borrowings for a total amount of RUB 325 million.