

# **Sistema PJSFC**

Financial Statements for 2020  
and Independent Auditor's Report  
(Translated from original in Russian –  
Unofficial Translation)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Sistema Public Joint Stock Financial Corporation

### Opinion

We have audited the accompanying financial statements of Sistema Public Joint Stock Financial Corporation (hereinafter, "the Company"), which comprise:

- Balance sheet as of 31 December 2020;
- Statement of financial results for 2020;
- Appendices to the balance sheet and statement of financial results:
  - Statement of changes in equity for 2020;
  - Statement of cash flows for 2020;
  - Notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for 2020 in accordance with Russian accounting and financial reporting standards ("RASs").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
<p><b>Measurement of the impairment of investments the current market value of which cannot be determined</b></p> <p>This matter was determined as a key audit matter because the amount of investments the current market value of which cannot be determined as at 31 December 2020 is significant, and management is required to make complex and subjective judgements when checking the existence of a steady decrease in the value of investments and assessing the need for recognising sustainable impairment and calculating its amount.</p> <p>See Notes 2.5 and 4 to the financial statements.</p>	<p>We obtained an understanding of the procedures and controls of the Company related to assessing the indicators of a steady decrease in the value of investments and making provisions for the impairment of the investments whose current market value cannot be determined, as well as the evaluation methodology used by the Company.</p> <p>We reviewed the Company's analysis of the indicators of a sustainable decrease in the value of investments and its calculation of the provision for such impairment applied when such indicators are identified. On a sample basis, we reviewed the Company's approach to determining the estimated value of investments. Depending on the circumstances, our procedures included assessment of the management's approach to determining the estimated value of investments and testing underlying data, or independent calculation of an estimate or a range on the basis of all available information for selected investments and its comparison with the estimated value determined by the Company.</p> <p>We also validated the disclosure of such investments in the notes to the financial statements prepared by the Company.</p>

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and the quarterly report, but does not include the financial statements and our auditor's report thereon. The annual report and the quarterly report are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report and the quarterly report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of financial statements in accordance with RASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless a law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The Russian original signed by

Vladimir Biryukov,  
Engagement partner

31 March 2021

The following financial statements were prepared for use in the Russian Federation in accordance with accounting principles and financial reporting practices generally accepted in the Russian Federation and are not intended to present the financial position and results of operations of the audited entity in accordance with accounting principles and practices generally accepted in any other jurisdiction.

Company: Sistema PJSC

Certificate of State Registration No. 025.866 issued by the Moscow Registration Chamber on 16 July 1993.

Primary state registration number: 1027700003891

Certificate of registration in the Unified State Register No.77 011222220 issued on 11 November 2002 by the Moscow Inter-District Inspectorate of the Russian Federal Tax Service No.46

Location: Moscow, 125009, 13/1 Mokhovaya St.

Independent Auditor: AO Deloitte & Touche CIS

Certificate of state registration No.018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary state registration number: 1027700425444

Certificate of registration in the Unified State Register No. 77 004840299 issued on 13 November 2002 issued by Moscow Inter-District Inspectorate of the Russian Federal Tax Service No.39.

Member of self-regulated organisation of auditors Association Sodruzhestvo, ORNZ 12006020384.

**Balance sheet  
as of 31 December 2020**

UNOFFICIAL TRANSLATION

Organisation **SISTEMA PUBLIC JOINT STOCK FINANCIAL CORPORATION**  
 Taxpayer identification number \_\_\_\_\_  
 Type of economic activity **Investments in securities**  
 Business entity type / form of ownership  
**Public joint-stock company** / **Private ownership**  
 Measure unit: thousand roubles  
 Location (address)

OKUD form \_\_\_\_\_  
 Date (day, month, year)

OKPO **27987276**  
 INN **7703104630**  
 OKVED 2 **64.99.1**  
 OKOPF / OKFS **12247** **16**  
 OKEI **384**

Codes		
0710001		
31	12	2020
27987276		
7703104630		
64.99.1		
12247	16	
384		

**13/1 Mokhovaya St., Moscow, 125009 Russia**

Financial statements are subject to mandatory audit ☒ YES ☐ NO

Name of audit firm/full name of individual auditor  
**AO Deloitte & Touche CIS**

Taxpayer identification number of audit firm/individual auditor

INN 7703097990

Principal State Registration Number of audit firm/individual auditor

OGRN 1027700425444

Notes	Item description	Code	As of 31 December 2020	As of 31 December 2019	As of 31 December 2018
	<b>ASSETS</b>				
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	27,274	24,803	23,676
	R&D results	1120	-	-	-
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
	Fixed assets	1150	1,349,323	1,400,480	1,489,437
	including:				
	Buildings	11501	1,066,473	1,112,983	1,198,546
	Other fixed assets	11502	278,923	286,899	290,297
	Fixed assets construction	11503	3,927	598	594
	Income-bearing investments in tangible assets	1160	-	-	-
4	Investments	1170	520,151,348	371,761,410	338,423,233
	including:				
4.1	Units in mutual funds	11701	2,041,518	978,727	945,726
4.2	Shares and equity interests	11702	506,091,609	370,782,683	336,803,546
4.3	Debt securities	11703	11,039,201	-	-
4.4	Loans granted	11704	979,020	-	-
	Derivative financial instruments	11705	-	-	673,961
	Deferred tax assets	1180	31,148,299	16,052,235	15,601,554
	including:				
	Provisions	11801	6,849,489	7,058,492	6,143,922
	Prepaid expenses	11802	24,237,604	8,942,663	9,412,928
	Other non-current assets	1190	-	-	-
	Total for section I	1100	552,676,244	389,238,928	355,537,900
	<b>II. CURRENT ASSETS</b>				
	Inventories	1210	-	52,043	37,589
	including:				
	Materials	12101	-	52,043	37,589
	Input VAT	1220	4,013	2,311	4,983
	Accounts receivable	1230	11,089,162	13,586,049	4,633,148
	including:				
	Settlements with suppliers and contractors	12301	137,691	85,347	82,360
	Settlements with buyers and customers	12302	450	1,100	212
	Settlements in respect of taxes and levies	12303	9,077	10,206	4,321
	Settlements in respect of social insurance and social security	12304	20,833	17,098	12,957
	Settlements with employees	12305	711	4,166	1,240
	Settlements with various debtors and creditors	12306	10,485,124	5,058,698	4,531,132
	Non-interest bearing notes	12307	-	-	926
	Settlements in respect of dividends and other income due	12308	435,276	8,409,434	-
4	Investments (excluding cash equivalents)	1240	44,189,263	43,369,603	43,442,446
	including:				
4.3	Debt securities	12401	-	-	1,067,593
4.4	Loans granted	12402	44,189,263	43,369,603	39,852,568
	Bank deposits	12403	-	-	308,000
	Derivative financial instruments	12404	-	-	2,214,285
	Cash and cash equivalents	1250	3,238,367	2,767,349	4,518,707
	including:				
	Cash on hand	12501	383	397	303
	Operating accounts	12502	2,138,977	115,015	2,705,906
	Foreign currency accounts	12503	1,057,208	117,026	1,562,907
	Other special accounts	12504	8,006	6,657	220,623
	Bank deposits and cash equivalents	12505	33,793	2,528,255	28,969
	Other current assets	1260	54,240	91,649	126,111
	including:				
	Prepaid expenses	12601	53,650	90,268	125,077
	Total for section II	1200	58,575,045	59,869,004	52,762,984
	<b>BALANCE</b>	1600	611,251,289	449,107,932	408,300,884

Notes	Item description	Code	As of 31 December 2020	As of 31 December 2019	As of 31 December 2018
	<b>EQUITY AND LIABILITIES</b>				
	<b>III. EQUITY AND RESERVES</b>				
	Authorised capital	1310	868,500	868,500	868,500
	Treasury stock	1320	-	-	-
	Revaluation of non-current assets	1340	305,089	273,847	273,847
	including:				
	Revaluation of fixed assets	13401	305,089	273,847	273,847
	Additional capital (without revaluation)	1350	37,708,280	37,708,280	37,708,280
	Reserve funds	1360	43,425	43,425	43,425
	including:				
	Statutory reserves	13601	43,425	43,425	43,425
	Retained earnings	1370	333,667,598	194,085,054	115,130,089
	Total for section III	1300	372,592,892	232,979,106	154,024,141
	<b>IV. LONG-TERM LIABILITIES</b>				
6	Borrowings	1410	167,269,347	170,123,521	156,745,171
	including:				
	Credits	14101	47,270,000	100,070,000	122,628,531
	Debt securities	14102	119,999,347	70,053,521	34,116,640
	Deferred tax liabilities	1420	31,323,531	5,578,490	4,494,089
	including:				
	Investments	14201	31,262,700	4,416,406	4,421,543
	Provisions	1430	-	-	8,096,798
	Other liabilities	1450	-	2,634,154	-
	including:				
	Settlements with various debtors and creditors	14501	-	2,634,154	-
	Total for section IV	1400	198,592,878	178,336,165	169,336,058
	<b>V. SHORT-TERM LIABILITIES</b>				
6	Borrowings	1510	30,386,750	18,743,471	64,417,916
	including:				
	Credits	15101	18,000,000	-	1,042,059
	Loans	15102	-	-	34,735,300
	Interest on credits	15103	65,347	116,030	201,502
	Interest on loans	15104	-	-	294,903
	Debt securities (promissory notes, bonds, etc.) issued	15105	10,000,000	16,500,000	26,700,000
	Interest on debt securities (promissory notes, bonds, etc.) issued	15106	2,321,403	2,127,441	1,444,152
	Accounts payable	1520	7,780,787	7,115,111	7,932,088
	including:				
	Settlements with suppliers and contractors	15201	74,763	56,181	56,747
	Settlements with buyers and customers	15202	85	70	32
	Settlements in respect of taxes and levies	15203	6,812	17,902	27,176
	Settlements in respect of social insurance and social security	15204	1,544,817	188,144	30,096
	Settlements with employees	15205	412	562	650
	Dividends payable	15206	3,213,720	4,213,796	4,213,722
	Settlements with various debtors and creditors	15207	2,940,179	2,638,456	3,603,664
	Deferred revenue	1530	6,288	1,325	-
7	Provisions	1540	1,891,694	11,932,754	12,590,681
	Other liabilities	1550	-	-	-
	Total for section V	1500	40,065,519	37,792,661	84,940,685
	<b>BALANCE</b>	1700	611,251,289	449,107,932	408,300,884

The Russian original is signed by

Vice President for Finance (CFO) of  
Sistema PJSC  
Chief Accountant

Vladimir Travkov  
Irina Borisenkova

31 March 2021

**Statement of Financial Results  
for January–December 2020**

Organisation **SISTEMA PUBLIC JOINT STOCK FINANCIAL CORPORATION**

Taxpayer identification number

Type of economic activity **Investments in securities**

Business entity type / form of ownership

**Public joint-stock company** / **Private ownership**

Measure unit: thousand roubles

OKUD form  
Date (day, month, year)

OKPO

INN

OKVED 2

OKOPF / OKFS

OKEI

Codes		
0710002		
31	12	2020
27987276		
7703104630		
64.99.1		
12247	16	
384		

Notes	Item description	Code	for January - December 2020	for January - December 2019
	Revenue	2110	29,438,119	44,947,796
	including:			
	Equity holdings in other companies	21101	29,411,720	44,931,482
	Cost of sales	2120	-	-
	Gross profit (loss)	2100	29,438,119	44,947,796
	Selling expenses	2210	-	-
8	Administrative expenses	2220	(16,245,675)	(10,349,809)
	including:			
	Payroll and social security contributions	22201	(14,659,964)	(9,214,685)
	Profit (loss) from sales	2200	13,192,444	34,597,987
	Income from shareholdings	2310	-	-
	Interest income	2320	4,874,944	6,087,299
6	Interest expense	2330	(16,443,774)	(19,409,648)
	Other income	2340	183,801,592	118,021,673
	including:			
	Income from sale of fixed assets	23401	2,952	2,128
	Income from sale of property rights except rights of claim	23402	21,155	173,761
	Income from sale of securities	23403	34,692,028	63,817,033
4.6	Income from reverse of allowances	23404	1,368,308	3,717,921
	Foreign exchange gains	23405	3,909,389	1,805,589
5	Revaluation of financial investments	23406	143,651,773	47,520,102
	Sale (purchase) of foreign currency	23407	6,573	-
	Other expenses	2350	(30,373,827)	(56,163,444)
	including:			
	Expenses related to sale of fixed assets	23501	(18)	(25)
	Expenses related to sale of property rights except rights of claim	23502	(21,155)	(745,874)
	Expenses related to sale of securities	23503	(25,444,778)	(39,219,426)
	Expenses related to allowances	23504	(1,786,314)	(6,053,656)
	Expenses related to borrowings	23505	(1,075,980)	(769,473)
	Sale (purchase) of foreign currency	23506	-	(128,246)
	Expenses related to derivative securities	23507	(169,387)	(2,699,489)
7	Expenses related to recognised provisions	23508	(1,511,476)	-
	Expenses related to contributions to subsidiaries	23509	(7,154)	(5,451,053)
	Profit (loss) before tax	2300	155,051,379	83,133,867
9	Income tax	2410	(17,664,165)	2,277,134
	including:			
	Current income tax	2411	-	(9,544)
	Deferred income tax	2412	(17,664,165)	2,286,678
	Other	2460	3,449,830	(5,394,536)
	Taxes payable in respect of dividends and other income due	24601	(3,570,281)	(2,474,137)
	Write-off and reverse of deferred tax assets and liabilities	24602	7,020,111	(2,920,399)
	Net income (loss)	2400	140,837,044	80,016,465



Notes	Item description	Code	for January - December 2020	for January - December 2019
	Gain from revaluation of non-current assets not included in the net income (loss) for the period	2510	39,053	-
	Gain from other operations not included in the net income (loss) for the period	2520	-	-
	Income tax from operations the result of which is not included in the net income (loss) for the period	2530	(7,811)	-
	Gross financial result for the period	2500	140,868,286	80,016,465
	<b>FOR REFERENCE</b>			
	Basic earnings / (loss) per share (in roubles)	2900	14.6	8.3
	Diluted earnings/ (loss) per share (in roubles)	2910	14.6	8.3

The Russian original is signed by

Vice President for Finance

(CFO) of Sistema PJSC

Chief Accountant

Vladimir Travkov

Irina Borisenkova

31 March 2021

# Statement of Changes in Equity for January-December 2020

Organisation **SISTEMA PUBLIC JOINT STOCK FINANCIAL CORPORATION**

Taxpayer identification number

Type of economic activity **Investments in securities**

Business entity type / form of ownership

**Public joint-stock company** / **Private ownership**

Measure unit: thousand roubles

	Codes		
OKUD form	0710004		
Date (day, month, year)	31	12	2020
OKPO	27987276		
INN	7703104630		
OKVED 2	64.99.1		
OKOPF / OKFS	12247	16	
OKEI	384		

## 1. Changes in equity

Item description	Code	Authorised capital	Treasury stock	Additional paid-in capital	Reserve capital	Retained earnings	Total
Equity as of 31 December 2018	3100	868,500	-	37,982,127	43,425	115,130,089	154,024,141
2019							
Equity increase, total:	3210	-	-	-	-	80,016,465	80,016,465
including:							
net income	3211	X	X	X	X	80,016,465	80,016,465
Equity decrease, total:	3220	-	-	-	-	(1,061,500)	(1,061,500)
including:							
dividends	3227	X	X	X	X	(1,061,500)	(1,061,500)
Equity as of 31 December 2019	3200	868,500	-	37,982,127	43,425	194,085,054	232,979,106
2020							
Equity increase, total:	3310	-	-	31,242	-	140,837,044	140,868,286
including:							
net income	3311	X	X	X	X	140,837,044	140,837,044
revaluation of assets	3312	X	X	31,242	X	-	31,242
Equity decrease, total:	3320	-	-	-	-	(1,254,500)	(1,254,500)
including:							
dividends	3327	X	X	X	X	(1,254,500)	(1,254,500)
Equity as of 31 December 2020	3300	868,500	-	38,013,369	43,425	333,667,598	372,592,892

**2. Adjustments resulting from changes in the accounting policy and correction of errors**

Item description	Code	As of 31 December 2018	Changes in equity for 2019		As of 31 December 2019
			in respect of net income (loss)	in respect of other factors	
<b>Equity, total</b>					
before adjustments	3400	153,211,126	79,089,695	(1,061,500)	231,239,321
adjustment resulting from:					
changes in the accounting policy	3410	813,015	926,770	-	1,739,785
correction of errors	3420	-	-	-	-
adjusted value	3500	154,024,141	80,016,465	(1,061,500)	232,979,106
including:					
retained earnings					
before adjustments	3401	114,248,636	79,089,695	(1,061,500)	192,276,831
adjustment resulting from:					
changes in the accounting policy	3411	881,453	926,770	-	1,808,223
correction of errors	3421	-	-	-	-
adjusted value	3501	115,130,089	80,016,465	(1,061,500)	194,085,054
additional capital					
before adjustments	3402	38,050,565	-	-	38,050,565
adjustment resulting from:					
changes in the accounting policy	3412	(68,438)	-	-	(68,438)
correction of errors	3422	-	-	-	-
adjusted value	3502	37,982,127	-	-	37,982,127

**3. Net assets**

Item description	Code	As of 31 December 2020	As of 31 December 2019	As of 31 December 2018
Net assets	3600	372,599,180	232,980,431	154,024,141

The Russian original is signed by

Vice President for Finance

(CFO) of Sistema PJSC

Vladimir Travkov

Chief Accountant

Irina Borisenkova

31 March 2021

**Statement of Cash Flows  
for January-December 2020**

Organisation **SISTEMA PUBLIC JOINT STOCK FINANCIAL CORPORATION**

Taxpayer identification number

Type of economic

activity **Investments in securities**

Business entity type / form of ownership

**Public joint-stock company** / **Private ownership**

Measure unit: thousand roubles

OKUD form

Date (day, month, year)

OKPO

INN

OKVED 2

OKOPF / OKFS

OKEI

	Codes		
	0710005		
m	31	12	2020
r)	27987276		
D	7703104630		
N	64.99.1		
2	12247	16	
S	384		
El			

Item description	Code	for January-December 2020	for January - December 2019
<b>Cash flow from operating activities</b>			
Total cash inflows	4110	34,751,575	35,476,095
including:			
proceeds from sale of products, goods, works and services	4111	32,261	33,362
dividends	4114	34,414,593	34,044,535
other receipts	4119	304,721	1,398,198
Total cash outflows	4120	(35,761,860)	(30,637,682)
including:			
payments to suppliers (contractors) for raw and consumable materials, works and services	4121	(2,046,224)	(1,765,116)
remuneration to employees	4122	(16,140,467)	(8,882,796)
payments of interest on borrowing	4123	(16,292,821)	(18,795,579)
income tax	4124	(8,643)	(11,797)
other payments	4129	(1,273,705)	(1,182,393)
Net cash flow from/(used in) operating activities	4100	(1,010,285)	4,838,413
<b>Cash flow from investing activities</b>			
Total cash inflows	4210	45,875,878	96,415,640
including:			
proceeds from sale of non-current assets (except for investments)	4211	3,808	2,570
proceeds from sale of shares and equity interests in other companies	4212	26,464,614	62,804,570
proceeds from repayment of loans and sale of debt securities (rights to claim cash payments from other parties)	4213	16,191,165	28,780,903
dividends, interest on investments in debt securities and loans, and similar proceeds from shareholding in other companies	4214	3,216,291	4,512,401
proceeds from bank deposits	4215	-	308,000
other receipts	4219	-	7,197
Total cash outflows	4220	(50,248,980)	(71,684,074)
including:			
payments related to acquisition, creation, modernisation, reconstruction and preparation for use of non-current assets	4221	(112,358)	(76,355)
payments related to acquisition of shares and equity interests in other companies	4222	(34,072,269)	(32,884,057)
payments related to acquisition of debt securities (rights to claim cash payments from other parties), provision of loans to other parties	4223	(15,867,962)	(33,115,645)
contributions to assets of other companies	4225	(7,154)	(5,451,053)
other payments	4229	(189,237)	(156,965)
Net cash flow from/(used in) investing activities	4200	(4,373,102)	24,731,565

Item description	Code	for January-December 2020	for January - December 2019
<b>Cash flow from financial activities</b>			
Total cash inflows	4310	116,683,368	86,491,621
including:			
receipt of credits and loans	4311	54,860,000	43,740,000
proceeds from issue of bonds, promissory notes, other debt securities, etc.	4314	61,812,976	42,670,166
other receipts	4319	10,392	81,455
Total cash outflows	4320	(111,044,554)	(117,740,775)
including:			
dividends and other income distribution payments to owners (shareholders)	4322	(2,254,058)	(1,061,134)
payments (redemption) of promissory notes and other debt securities; repayment of credits and loans	4323	(108,610,530)	(116,096,022)
other payments	4329	(179,966)	(583,619)
Net cash flow from/(used in) financial activities	4300	5,638,814	(31,249,155)
<b>Net cash flow for the reporting period</b>	4400	255,427	(1,679,177)
<b>Opening balance of cash and equivalents</b>	4450	2,767,349	4,518,707
<b>Closing balance of cash and equivalents</b>	4500	3,238,367	2,767,349
Effect of changes in foreign exchange rates against the rouble	4490	215,591	(72,181)

The Russian original is signed by

Vice President for Finance

(CFO) of Sistema PJSFC

Vladimir Travkov

Chief Accountant

Irina Borisenkova

31 March 2021

## NOTES TO THE FINANCIAL STATEMENTS OF SISTEMA PJSFC FOR 2020

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### 1. GENERAL INFORMATION

Sistema Public Joint Stock Financial Corporation, hereinafter referred to as the “Company”, was registered by the Moscow Registration Chamber on 16 July 1993 (State Registration Certificate No. 025.866).

The Company was included in the Unified State Register of Legal Entities under the primary state registration number (OGRN) 1027700003891.

Full name of the Company in the Russian language: **Публичное акционерное общество “Акционерная финансовая корпорация “Система”**.

Short name of the Company in the Russian language: ПАО АФК “Система”.

Full name of the Company in the English language: Sistema Public Joint Stock Financial Corporation.

Short name of the Company in the English language: Sistema PJSFC.

Legal and actual address: 13/1 Mokhovaya St., Moscow, 125009, Russian Federation.

The controlling shareholder of the Company is Vladimir Petrovich Evtushenkov. Some of the senior executives and members of the Board of Directors of the Company are minority shareholders. Shares of the Company are traded on London Stock Exchange in the form of depositary receipts and on Moscow Exchange.

The main type of the Company’s business activities is equity holdings in other companies.

The Company operates in accordance with the Civil Code of the Russian Federation, Federal Law “On Joint-Stock Companies” and other laws and regulations of the Russian Federation and the Company’s Charter.

The average number of the Company’s employees in 2020 and 2019 was 275 and 274 people, respectively.

JSC Reestr is the company in charge of keeping records on the rights to securities.

### 2. ORGANISATION OF FINANCIAL ACCOUNTING

The Company’s financial statements are prepared in accordance with the current Russian financial accounting and reporting rules.

The Company’s accounting process was organised in compliance with the requirements of the Russian accounting regulations, the rules and regulations issued by the Ministry of Finance of the Russian Federation and by the regulatory authorities entitled to issue accounting regulations in accordance with federal laws.

In 2020, the accounting process was conducted in accordance with the procedures set forth in the Accounting Policy of the Company approved by the President’s Order No. У-104/19 dated 31 December 2019.

### **2.1. *Applicability of the going concern assumption***

The financial statements of the Company are prepared by the Company's management on the basis of the assumption that the Company will continue its operations in the foreseeable future and that the Company does not have any intention or need to be liquidated or significantly reduce its operations and, therefore, all the liabilities of the Company will be settled in due course.

### **2.2. *Chart of accounts***

The Company has developed and is using a chart of accounts based on a standard chart of accounts for companies approved by the Ministry of Finance of the Russian Federation on 31 October 2000 with order No. 94n, and is using sub-accounts making it possible to ensure that its financial statements are consistent with the accounting and tax regulations and standards of the Russian Federation.

### **2.3. *Stocktaking***

Stocktaking is conducted in accordance with the "Methodological guidelines on the stocktaking of assets and financial liabilities" approved by the Ministry of Finance of the Russian Federation on 13 June 1995 with Order No. 49.

The stocktaking of assets and liabilities was conducted as of 31 December 2020 with the exception of the stocktaking of intangible assets, fixed assets, valuables and inventories, investments in fixed assets, settlements with buyers and customers, and settlements with suppliers and contractors, which was conducted as of 1 December 2020.

### **2.4. *Foreign currency assets and liabilities***

The accounting of foreign currency transactions is done on the basis of the official rouble rate set by the Central Bank of Russia (CB RF) and valid as of the date of the relevant transaction.— Assets and liabilities with values denominated in foreign currencies are recorded as amounts estimated on the basis of the official rouble rate set by CB RF and valid as of 31 December 2020, 2019, and 2018.

The rules and procedures for accounting for foreign currency assets and liabilities are set out in Accounting Standard (PBU) 3/2006 "Accounting for foreign currency assets and liabilities". In accordance with Accounting Standard (PBU) 3/2006, foreign currency assets and liabilities must be converted to roubles as of:

- the last date of the reporting month;
- the date of the relevant transaction.

Foreign exchange differences are presented in the statement of financial results in other income and expenses on a net basis.

### **2.5. *Accounting for investments***

The initial measurement of investments acquired for a consideration is recognised as the total amount of expenses incurred in the course of their acquisition less VAT and other recoverable taxes (unless otherwise required by Russian law governing taxes and duties).

The initial measurement of investments acquired under contracts envisaging fulfilment of obligations in a non-monetary form is recognised as the value of the assets transferred or due to be transferred by the Company. The value of the assets transferred or due to be transferred is determined based on the market value.

Investments the current market value of which may be reliably determined are recorded in the financial statements at their current market value and adjusted on a quarterly basis. The difference between the current assessed market values of investments as of the reporting date and their previous values is recognised as other income and expenses on a net basis.

Such revaluation of investments the current market value of which may be reliably measured is performed on the last date of the reporting quarter. Should the last day of the quarter not be a business day, the revaluation is performed on the last trading day in such quarter.

If securities of any issuer owned by the Company are traded on several stock exchanges, the Company determines their current market value based on the trading statistics of the New York Stock Exchange or NASDAQ. If such securities are not listed on the New York Stock Exchange or NASDAQ, the Company determines their current market value based on the trading statistics of London Stock Exchange. If such securities are not listed on any international stock exchanges, the Company determines their current market value based on the trading statistics of Moscow Exchange.

Investments the current market value of which may not be reliably determined are presented in the financial statements at their historical cost.

Valuation methods used for the disposal of investments:

- Investments in the form of non-issue grade securities, contributions in authorised (share) capitals of other companies (with the exception of the shares of joint-stock companies), accounts receivable acquired as a result of assignment, contributions of the Company under simple partnership agreement, loans and deposits in lending organisations granted to other companies are estimated at their initial acquisition value at the time of disposal;
- Investments in issue-grade securities with no current market price determined are estimated on a FIFO basis at the time of their disposal;
- Investments the current market value of which is determined are estimated at disposal at the value of the last valuation performed.

As of 31 December of each reporting year, if there are any indicators of impairment of investments, an impairment review is conducted and, if necessary, allowance is made in the accounts for the impairment of investments in accordance with Accounting Standard (PBU) 19/02 "Accounting for financial investments". Allowance is recorded if the review confirms that there is a sustainable and significant reduction in the value of investments, which falls below the amount of financial benefits that the Company expects to receive from these investments.

## **2.6. Revenue recognition**

The Company's income, depending on its nature, source and business area, is divided into:

- income from ordinary business;
- other income.



The Company recognises the following types of income as revenue from operating activities:

- equity holdings in other companies (organisations) resulting in receipt of dividends;
- leasing of its assets;
- providing guarantees for the liabilities of third parties to their creditors.

The types of income resulting from the following are recognised by the Company as “other income”:

- revaluation of listed shares (on a net basis);
- sale / (purchase) of foreign currency (on a net basis);
- foreign exchange differences (on a net basis);
- derivative financial instruments (on a net basis);
- redemption of debt securities;
- sales of shares, interests and stakes;
- sales of fixed assets, intangible assets and materials;
- other operations.

Income from shareholdings in other companies (organisations) resulting in the generation of dividends is recorded in the accounts as of the date of the passing of decision by a general meeting of shareholders of an issuer on dividend payout.

Interest and discount (including coupon yield) on investments, provided that the conditions set in Accounting Standard (PBU) 9/99 “Income of Organisation” are met, are recognised as income as of the date of the Company obtaining the right to them, and:

- interest (discount) payable on debt securities is accrued at the end of the reporting period (month);
- interest (discount) on “after sight” promissory notes is accrued from the date of acquisition of the promissory note within a year from the date of the promissory note;
- interest (discount) on “after sight but not earlier than” promissory notes is accrued from the date of acquisition of the promissory note within the period before the stipulated “not earlier than” date plus one year.

## **2.7. Accounting for expenses**

The Company’s expenses, depending on their nature, source and business area, are divided into:

- expenses from operating activities;
- other expenses.

Selling and administrative expenses are fully recognised in the Statement of Financial Results in the period of their recognition as expenses from operating activities.

Expenses resulting from the following are recognised by the Company as “other expenses”:

- revaluation of listed shares (on a net basis);
- sale (purchase) of foreign currency (on a net basis);
- foreign exchange differences (on a net basis);

- derivative financial instruments (on a net basis);
- sales of shares, interests and stakes (on a net basis against income from the recovery of related allowances);
- sale, disposal and other write-offs of fixed assets and other assets not specified above, other than cash, goods or products;
- allocations to allowances made in accordance with accounting standards;
- granting free-of-charge financial aid;
- fines and penalties for violation of contract terms;
- accounts receivable whose limitation period expired and other bad debts;
- other operations.

In case of sale of shares, interests, stakes and/or units in respect of which any impairment allowances were made in the previous periods, the amount of income from the recovery of such allowances is deducted from the amount of expenses from the sale of such shares, interests, stakes and/or units.

## **2.8. Accounting for loans and credits**

Expenses related to liabilities under received loans and credits include:

- interest charged on the amount of the loan (credit) payable to the lender (creditor) in the amount and on the terms specified in loan (credit) agreements;
- additional loan and credit expenses.

Additional loan and credit expenses include:

- amounts payable for informational and consulting services;
- amounts payable for the appraisal of loan (credit) agreements;
- other expenses directly related to obtaining loans (credits).

Additional loan and credit expenses are recorded as part of other expenses as incurred.

Interest payable to a lender (creditor) is evenly included in other expenses irrespective of the payment terms stipulated in loan (credit) agreements.

## **2.9. Accounting for allowances and provisions**

**Allowances.** Accounts include charges for the following types of allowances:

- for impairment of investments (annual);
- for doubtful debts (quarterly).

The following procedure is used for creating allowances:

**Allowances for impairment of investments** are created at the end of the year for the amount of the difference between the carrying value and the estimated value of the investments for which it is not required to determine their current market value and the review of which confirmed a sustainable fall in value below the value of economic benefits that the Company expects to receive from such investments. Depending on the circumstances and information available, the Company determines an estimated value by engaging an independent appraiser or by using the net assets method and factoring in the estimated probability of investment recovery.

**Allowances for doubtful debt** are made for the following types of debt:

- doubtful debts of buyers and customers for provided services;
- doubtful debts of other debtors.

Doubtful debts are the accounts receivable of the Company that are neither settled within the timeframes stipulated in the relevant agreement nor secured by any guarantees. Accounts receivable may also be recognised as doubtful debt before they are due if an impairment provision has been made with regard to the related investment (loan, debt security, deposit, etc.).

**Provisions.** The Company's accounts and reports include the following types of provisions:

- payment of quarterly and annual remuneration;
- payment of compensation for unused leaves;
- agreements the unavoidable costs of which exceed proceeds expected from their execution.

Income/(loss) from allowances and provisions is reported in the Statement of Financial Results under "Other income" and "Other expenses" on a net basis.

## **2.10. Deferred income tax**

In accordance with Accounting Standard (PBU) 18/02 "Accounting for income tax estimates", the Company's accounts and reports reflect a deferred income tax (deferred tax assets and deferred tax liabilities), i.e. amounts that may influence the amount of the current income tax in subsequent reporting periods.

Income tax is calculated in compliance with the Russian Tax Code.

- Tax rate on dividends received from subsidiaries in which the Company has continuously held at least 50% over at least 365 calendar days, equals 0%;
- Tax rate on other dividends equals 13%.
- Tax rate on sale of shares and stakes in Russian companies which the Company has continuously held for five years as of the sale date, subject to meeting the conditions stipulated by article 284.2 of the Russian Tax Code, is 0%;
- Tax rate on income in the form of accumulated coupon yields on government and municipal securities as well as some corporate debt instruments equals 15%;
- Tax rate on other types of income is 20%.

The Company recognises deferred tax assets in the reporting period in which the deductible timing differences arise, provided that there is a probability that the Company will receive taxable income in subsequent reporting periods. Deferred tax assets are recorded in the financial statements taking into account all deductible timing differences, except in case there is a probability that a deductible timing difference will not be reduced or fully eliminated in subsequent reporting periods.

Income tax overpayments are not included in deferred tax assets (in the balance sheet, they are recorded as "Other accounts receivable").

### 3. ADJUSTMENT OF COMPARATIVE FINANCIAL INFORMATION

Pursuant to the new version of Accounting Standard (PBU) 18/02 “Accounting for income tax estimates” approved by the Russian Finance Ministry’s decree No 236n dated 20 November 2018, effective from 2020, the Company adjusted the amount of deferred tax assets and liabilities as of 31 December 2019 and 31 December 2018 in relation to the revaluation of fixed assets, investments and allowances, as a result of which historical values were adjusted as follows:

Balance sheet	(RUB thousand)		
	As of 31 December 2019		
	Initial value	Adjusted value	Deviation
Deferred tax assets	9,847,717	16,052,235	6,204,518
<b>Total effect on non-current assets</b>			<b>6,204,518</b>
Revaluation of non-current assets	342,285	273,847	(68,438)
Retained earnings	192,276,831	194,085,054	1,808,223
<b>Total effect on equity</b>			<b>1,739,785</b>
Deferred tax liabilities	1,113,757	5,578,490	4,464,733
<b>Total effect on long-term liabilities</b>			<b>4,464,733</b>

Balance sheet	(RUB thousand)		
	As of 31 December 2018		
	Initial value	Adjusted value	Deviation
Deferred tax assets	10,318,669	15,601,554	5,282,885
<b>Total effect on non-current assets</b>			<b>5,282,885</b>
Revaluation of non-current assets	342,285	273,847	(68,438)
Retained earnings	114,248,636	115,130,089	881,453
<b>Total effect on equity</b>			<b>813,015</b>
Deferred tax liabilities	24,219	4,494,089	4,469,870
<b>Total effect on long-term liabilities</b>			<b>4,469,870</b>

Statement of Financial Results	(RUB thousand)		
	For January-December 2019		
	Initial value	Adjusted value	Deviation
Income tax incl.	1,350,364	2,277,134	926,770
Deferred income tax	1,359,908	2,286,678	926,770
<b>Total effect on net income and total financial result of the period</b>			<b>926,769</b>
Basic earnings / (loss) per share (in roubles)	8.2	8.3	0.1
Diluted earnings/ (loss) per share (in roubles)	8.2	8.3	0.1

## 4. INVESTMENTS

### 4.1. Units in mutual funds

Investments in units in mutual funds as of 31 December 2020, 2019 and 2018 are presented as follows:

	(RUB thousand)		
	31 December		
	2020	2019	2018
Closed-end mutual fund "Kreditny 1" managed by LLC Nadezhnoye Upravleniye	2,315,083	2,315,083	2,315,083
Combined closed-end mutual fund Investments 1 managed by MC LLC Sistema Capital	1,020,984	-	-
Other	196,688	195,602	195,602
Less allowance for impairment	(1,491,237)	(1,531,958)	(1,564,959)
<b>Total</b>	<b>2,041,518</b>	<b>978,727</b>	<b>945,726</b>

### 4.2. Shares and equity interests

Investments in the shares and equity interests of subsidiaries and associates as of 31 December 2020, 2019, and 2018 are presented as follows:

	(RUB thousand)		
	31 December		
	2020	2019	2018
PJSC MTS (i), (Note 5)	209,819,347	199,396,517	154,319,205
Ozon Holdings PLC (ii), (Note 5)	161,352,689	18,386,714	-
Sistema Asia Pte.Ltd	70,282,093	70,282,093	70,282,093
JSC Business Nedvizhimost	34,024,181	33,966,227	33,966,227
LLC Sistema Telecom Assets (iii)	24,426,487	11,026,487	8,663,340
JSC RTI (iv)	22,944,442	22,944,442	22,944,442
LLC ITS (v)	20,033,806	20,033,806	16,536,569
Sistema Smart Technologies Limited	19,357,845	19,357,845	19,357,845
JSC Steppe AgroHolding	17,200,030	17,200,030	17,200,030
Sistema Finance S.A. (vi)	16,272,703	20,753,907	20,753,907
JSC Medsi Group	14,354,434	14,459,192	14,511,370
LLC GK Segezha	6,781,238	6,781,238	7,527,006
Cosmos Hotel Group (LLC) (vii)	5,590,065	5,590,065	-
East-West United Bank S.A.	4,940,781	4,940,781	4,940,781
JSC Sitronics	2,556,256	2,556,256	2,556,256
JSC Sistema Venture Capital	2,423,756	2,423,756	2,423,756
FCD Projects Pte.Ltd (viii), (Note 4.4)	-	43,595,908	43,595,908
PJSC Detsky Mir (Note 5)	-	24,942,067	34,843,662
JSC Leader Invest (ix)	-	-	13,147,941
PJSC MTS Bank (x)	-	-	10,022,282
PJSC Mikron (xi)	-	-	8,100,880
Other	4,983,717	5,355,806	6,975,314
Less allowance for impairment	(131,252,261)	(173,210,454)	(175,865,268)
<b>Total</b>	<b>506,091,609</b>	<b>370,782,683</b>	<b>336,803,546</b>

- (i) In September 2020, 319,868,641 shares in MTS owned by the Company were fully released from pledge created under a bank credit issued to the Company in 2018;
- (ii) In 2019, the Company acquired 21.9% of shares in Ozon Holdings Limited from its subsidiary MTS and minority shareholders. The Company further increased its direct shareholding in Ozon Holdings Limited to 31.3% through a conversion of loans issued by the Company to Ozon Holdings Limited. For changes that took place in 2020 see Note 5.
- (iii) In December 2020, the Company made an additional contribution to the authorised capital of LLC Sistema Telecom Assets in an amount of RUB 13.4 billion. As of 31 December 2020, the above changes in the authorised capital were not registered.
- In December 2019, the Company made an additional contribution to the authorised capital of LLC Sistema Telecom Capital in an amount of RUB 2.4 billion.

- (iv) Shares in RTI were pledged to secure debt obligations of the Company's related parties.
- (v) In December 2019, the Company made an additional contribution of RUB 3.5 billion in total to the authorised capital of LLC ITS through a conversion of a loan issued by the Company to LLC ITS, which caused the Company's direct ownership in LLC ITS to increase to 96.33%.
- (vi) In November 2020, the share capital of Sistema Finance S.A. was reduced by EUR 135 million (RUB 12,327 million) through a partial redemption of the shares in Sistema Finance S.A. owned by the Company. As a result of the transaction, the Company received a EUR 118 million (RUB 10,365 million) worth of bonds issued by SCP Group Holdings S.A. and EUR 12 million (RUB 1,077 million) in cash, and also recognised RUB 7,846 million in other income on the disposal of shares. As of 31 December 2020, outstanding receivables from Sistema Finance S.A. were EUR 4.8 million (RUB 435 million).
- (vii) In December 2019, the Company made a contribution to the authorised capital of LLC Cosmos Hotel Group in a total amount of RUB 5.6 billion, which represents 58.3% of the authorised capital of LLC Cosmos Hotel Group.
- (viii) In 2020, the voluntary liquidation of FCD Projects Pte.Ltd was completed, with the Company taking over the receivables of FCD Projects Pte.Ltd to a total value of USD 55,963 thousand (RUB 3,411 million) under several loan and other agreements. The company recognised RUB 1,356 million in other income resulting from the netting of expenses from disposal of shares against the income from the reversal of an allowance created earlier.
- (ix) In 2019, the Company sold its stake in JSC Leader Invest to ETALON GROUP PLC. As a result of the sale, the Company recognised other income in the amount of RUB 29.4 billion and other expenses in the amount of RUB 13.2 billion. On the same date, a subsidiary of the Company acquired 25% of shares in ETALON GROUP PLC for USD 226.6 million (RUB 15 billion).
- (x) In 2019, the Company sold its stake in PJSC MTS Bank to Mobile TeleSystems B.V., a 100% subsidiary of PJSC MTS. As a result of the sale, the Company recognised other income in the amount of RUB 12.5 billion and other expenses in the amount of RUB 10 billion.
- (xi) In 2019, the Company transferred its stake in PJSC Mikron to its subsidiary as part of a transaction envisaging Sistema Group's participation in the authorised capital of LLC Element. As a result of the sale, the Company recognised other income in the amount of RUB 5.45 billion.

#### 4.3. Debt securities

Debt securities as of 31 December 2020, 2019 and 2018 are presented as follows:

(RUB thousand)					
	Maturity	Interest Rate	31 December		
			2020	2019	2018
<b>EUR-denominated:</b>					
bonds issued by SCP Group Holdings S.A.(i)	30.09.2030	-	10,736,796	-	-
			10,736,796	-	-
<b>RUB-denominated:</b>					
Promissory notes issued by CJSC RTI Microelectronics (ii)	ASNE 01.01.2027	11.0%	3,360,291	3,360,291	3,360,291
FLB, issue 26212 (Management Company Sistema Capital)	15.05.2019	6.7%	-	-	1,067,593
Other			302,405	-	-
Allowance for impairment			(3,360,291)	(3,360,291)	(3,360,291)
<b>Total</b>			<b>11,039,201</b>	<b>-</b>	<b>1,067,593</b>
Long-term			11,039,201	-	-
Short-term			-	-	1,067,593
<b>Total</b>			<b>11,039,201</b>	<b>-</b>	<b>1,067,593</b>

Note: ASNE means "after sight, but not before"

FLB means "federal loan bonds"

- (i) In December 2020, the Company received from Sistema Finance S.A 9,891,930 asset-backed bonds issued by SCP Group Holdings S.A. with a nominal value of EUR 10 each. The redemption value of the bonds will be the fair value of their immediate underlying assets, or 790 notes issued by AIV S.A. under International Securities Identification Number (ISIN) XS1873223918, where real estate in Europe is the ultimate underlying asset.
- (ii) Promissory notes issued by CJSC RTI Microelectronics were pledged to secure the debt obligations of the Company's related parties.

#### 4.4. Loans granted

Loans granted as of 31 December 2020, 2019 and 2018 are presented as follows:

			(RUB thousand)		
	Maturity	Interest rate	31 December		
			2020	2019	2018
<b>USD-denominated:</b>					
Sistema Finance S.A.	OD	4.50%	16,984,901	-	-
Sistema Asia Pte.Ltd (i)	Expired	2.5-2.6%	1,229,221	-	-
Other			53,560	-	-
Capgrowth investments Limited	OD		-	13,746,161	-
Sistema Holding Ltd.	OD		-	292,504	1,736,765
			18,267,682	14,038,665	1,736,765
<b>RUB-denominated:</b>					
JSC Sistema Invest	OD	8.50%	13,305,000	14,266,000	16,431,000
LLC Sistema Telecom Assets	OD	10.50%	8,585,739	5,117,863	5,367,410
JSC Sistema Venture Capital	OD	10.50%	4,799,723	4,692,723	3,457,243
JSC Sistema Invest	27.06.2022	8.20%	979,000	-	-
JSC Sistema Finance	OD	9.50%	1,000	2,567,000	4,050,000
JSC Steppe AgroHolding	OD	9.00%	20	2,106,460	2,106,460
LLC Sistema Hotel Management			-	-	4,521,156
JSC Mosdachrest			-	-	1,600,000
Other			1,433,998	1,552,993	3,849,104
Allowance for impairment			(2,203,879)	(972,101)	(3,266,570)
			26,900,601	29,330,938	38,115,803
<b>Total</b>			<b>45,168,283</b>	<b>43,369,603</b>	<b>39,852,568</b>
Long-term			979,020	-	-
Short-term			44,189,263	43,369,603	39,852,568
<b>Total</b>			<b>45,168,283</b>	<b>43,369,603</b>	<b>39,852,568</b>

Note: OD means "on demand".

- (i) As a result of a voluntary liquidation of FCD Projects Pte.Ltd, the Company took over the ownership of the receivables of FCD Projects Pte. Ltd, which had matured in December 2018.

#### 4.5. Bank deposits

Bank deposits as of 31 December 2020, 2019 and 2018 are presented as follows:

	(RUB thousand)		
	31 December		
	2020	2019	2018
<b><i>RUB-denominated:</i></b>			
LLC Vneshprombank	909,153	909,153	909,153
PJSC MTS Bank	-	-	308,000
Allowance for impairment	(909,153)	(909,153)	(909,153)
	-	-	308,000
<b>Total</b>	-	-	<b>308,000</b>
Long-term	-	-	-
Short-term	-	-	308,000
<b>Total</b>	-	-	<b>308,000</b>

#### 4.6. Allowance for impairment of investments

The data on allowances for impairment of investment and the amount of allowances made and used in 2020 and 2019 are presented as follows:

	As of 31 December 2018	Allowance created / (recovered)	Allowance used	As of 31 December 2019	Allowance created / (recovered)	Allowance used	(RUB thousand) As of 31 December 2020
<b>Units in mutual funds</b>							
CEIF Creditniy 1	1,564,959	(33,001)	-	1,531,958	(40,721)	-	1,491,237
	<b>1,564,959</b>	<b>(33,001)</b>	<b>-</b>	<b>1,531,958</b>	<b>(40,721)</b>	<b>-</b>	<b>1,491,237</b>
<b>Shares and equity interests</b>							
Sistema Asia Pte.Ltd	66,657,159	-	-	66,657,159	-	-	66,657,159
JSC RTI	22,944,442	-	-	22,944,442	-	-	22,944,442
LLC ITS	16,030,061	4,003,745	-	20,033,806	-	-	20,033,806
Sistema Smart Technologies Limited	17,852,683	1,176,301	-	19,028,984	-	-	19,028,984
FCD Projects Pte. Ltd	41,537,423	-	-	41,537,423	-	(41,537,423)	-
PJSC MIKRON	8,100,880	-	(8,100,880)	-	-	-	-
Other	2,742,620	266,190	(170)	3,008,640	42,468	(463,238)	2,587,870
	<b>175,865,268</b>	<b>5,446,236</b>	<b>(8,101,050)</b>	<b>173,210,454</b>	<b>42,468</b>	<b>(42,000,661)</b>	<b>131,252,261</b>
<b>Loans granted</b>							
Sistema Asia Pte.Ltd	-	-	-	-	1,229,221	-	1,229,221
Other	3,266,570	144,000	(2,438,469)	972,101	14,000	(11,443)	974,658
	<b>3,266,570</b>	<b>144,000</b>	<b>(2,438,469)</b>	<b>972,101</b>	<b>1,243,221</b>	<b>(11,443)</b>	<b>2,203,879</b>
<b>Debt securities</b>							
CJSC RTI Microelectronics	3,360,291	-	-	3,360,291	-	-	3,360,291
	<b>3,360,291</b>	<b>-</b>	<b>-</b>	<b>3,360,291</b>	<b>-</b>	<b>-</b>	<b>3,360,291</b>
Deposits	909,153	-	-	909,153	-	-	909,153
<b>Total</b>	<b>184,966,241</b>	<b>5,557,235</b>	<b>(10,539,519)</b>	<b>179,983,957</b>	<b>1,244,969</b>	<b>(42,012,104)</b>	<b>139,216,822</b>

In 2020 and 2019, the Company made allowances for the impairment of certain investments in shares and units in mutual funds due to a significant deviation of the estimated value of stakes held by the Company from their carrying value. The estimated value was determined based on the information on net assets of investment targets taking into account the estimated probability of return of investments.

As a result of the netting of investment disposal transactions for which allowances had been previously made against transactions where any allowances for the impairment of investments were created, recovered, or used, in 2020 the Company recognised other income in an amount of RUB 1,123,270 thousand.

The company also created an allowance for interest receivable on loans issued, debt securities purchased, and bank deposits held, in a total amount of RUB 2,017,482 thousand as of 31 December 2020 and RUB 1,492,810 thousand as of 31 December 2019.



## 5. LISTED SECURITIES

The carrying value of the Company's investments in securities that have a market value as of 31 December 2020, 2019 and 2018 is presented as follows:

	(RUB thousand)			
	PJSC MTS	OZON Holdings PLC	PJSC Detsky Mir	Other
<b>Balance as of 31 December 2018</b>				
Number of shares	634,674,257	n/a	385,012,844	n/a
Market price per share, RUB	243.15	n/a	90.5	n/a
	<b>154,319,205</b>	<b>n/a</b>	<b>34,843,662</b>	<b>1,067,593</b>
Revaluation	45,077,312	n/a	2,442,791	-
Disposal	-	n/a	(12,344,386)	(1,067,593)
<b>Balance as of 31 December 2019</b>				
Number of shares	634,674,257	n/a	246,658,096	n/a
Market price per share, RUB	314.17	n/a	101.12	n/a
	<b>199,396,517</b>	<b>n/a</b>	<b>24,942,067</b>	-
<b>IPO</b>				
Number of shares at IPO start	-	50,493,551	-	-
Carrying value of shares at IPO start	-	22,084,564	-	-
Revaluation	10,422,830	134,175,128	(946,185)	-
Acquisition	-	5,092,997	-	-
Disposal	-	-	(23,995,882)	-
<b>Balance as of 31 December 2020</b>				
Number of shares	634,674,257	52,743,551	n/a	-
Market price per share, RUB	330.59	3,059.19	n/a	-
	<b>209,819,347</b>	<b>161,352,689</b>	-	-

**Ozon Holdings PLC** – In November 2020, Ozon Holdings PLC (formerly Ozon Holdings Limited, hereinafter “Ozon”) conducted an initial public offering of American depositary shares on NASDAQ and procured the listing of such American depositary shares on Moscow Exchange.

Concurrently with the IPO, the Company purchased a USD 67.5 million (RUB 5,093 million) worth of American depositary shares in Ozon at the price per ADS equal to the initial public offering price per ADS.

Earlier in 2020, the Company had acquired a RUB 3.7 billion worth of shares in Ozon through subscription and debt conversion.

The Company's direct ownership interest in Ozon after the IPO and the acquisition of American depositary receipts and shares in Ozon totalled 25.89%.

**PJSC Detsky Mir** – In November 2019, in the course of a secondary public offering of PJSC Detsky Mir on Moscow Exchange, the Company sold 137,827,948 shares. The offering price was RUB 91 per share. As a result of the offering, the company recorded RUB 12,542,343 thousand in income line 23403 “Income from sale of securities” and RUB 12,297,903 thousand in income line 23503 “Expenses related to sale of securities”. The Company's shareholding in PJSC Detsky Mir decreased to 33.38%.

In June and September 2020, the Company sold its entire ownership interest in PJSC Detsky Mir in a public offering. As a result of the offering, the company recorded RUB 25,801,196 thousand in income line 23403 "Income from sale of securities" and RUB 24,397,258 thousand in income line 23503 "Expenses related to sale of securities".

Gain on revaluation of investments for which the market value was determined amounted to RUB 143,651,773 thousand in 2020 and RUB 47,520,102 thousand in 2019.

## 6. BORROWINGS

The repayment terms of key types of borrowings as of 31 December 2020 are presented as follows:

	up to 1 year	1 - 5 years	Over 5 years	(RUB thousand) Total
Bond issues	10,000,000	119,999,347		129,999,347
Credits	18,000,000	47,270,000	-	65,270,000
<b>Total</b>	<b>28,000,000</b>	<b>167,269,347</b>	<b>-</b>	<b>195,269,347</b>

Outstanding balances of credits are recorded as follows:

		31 December		
	Maturity	2020	2019	2018
Bank 1	26.11.2024	24,000,000	24,000,000	-
Bank 1 (i)	25.11.2025	13,590,000	46,750,000	-
Bank 1	27.12.2021	11,000,000	-	-
Bank 4	22.12.2021	7,000,000	-	-
Bank 1	18.12.2023	3,320,000	3,320,000	-
Bank 4	30.09.2025	2,700,000	-	-
Bank 4	05.11.2025	2,060,000	-	-
Bank 4	06.10.2025	1,600,000	-	-
Bank 2	-	-	15,000,000	15,000,000
Bank 3	-	-	6,000,000	-
Bank 4	-	-	5,000,000	-
Bank 4	-	-	-	15,000,000
Bank 5	-	-	-	10,420,590
Bank 1 (i)	-	-	-	59,250,000
Bank 1	-	-	-	24,000,000
<b>Total</b>		<b>65,270,000</b>	<b>100,070,000</b>	<b>123,670,590</b>

- (i) Before September 2020, the Company pledged 319,868,641 ordinary registered uncertified shares in PJSC MTS to secure the Company's obligations under a bank credit. In September 2020, the shares were released from pledge.

With certain exclusions, debt obligations include provisions that limit the ability of the Company and its subsidiaries to borrow funds, carry out merger or consolidation with another entity or transfer its property and assets to another entity, to conduct certain types of reorganisation or make certain changes to the Company's shareholding structure. If the Company fails to comply with the obligations specified above within the time period provided for the filing of a notification of breach of obligations and remediation of such breaches, creditors are entitled to demand immediate repayment of their loans. Besides, the Company's credit agreements are subject to cross-default clauses of other credit agreements held by the Company.

Outstanding balances of bonds are presented as follows:

		(RUB thousand)		
		31 December		
	Maturity	2020	2019	2018
Bonds Reg. no. 4B02-17-01669-A-001P	02.06.2025*	14,000,000	-	-
Bonds Reg. no. 4B02-12-01669-A-001P	29.10.2024*	10,000,000	10,000,000	-
Bonds Reg. no. 4B02-15-01669-A-001P	02.09.2024*	10,000,000	-	-
Bonds Reg. no. 4B02-13-01669-A-001P	22.05.2024*	15,000,000	-	-
Bonds Reg. no. 4B02-08-01669-A-001P	28.04.2024*	243,611	243,611	15,000,000
Bonds Reg. no. 4B02-05-01669-A-001P	16.02.2024*	10,000,000	10,000,000	10,000,000
Bonds Reg. no. 4B02-04-01669-A-001P	03.11.2023*	6,500,000	6,500,000	6,500,000
Bonds Reg. no. 4B02-11-01669-A-001P	24.07.2023*	10,000,000	10,000,000	-
Bonds Reg. no. 4B02-14-01669-A-001P	19.04.2023*	10,000,000	-	-
Bonds Reg. no. 4B02-16-01669-A-001P	06.03.2023*	5,000,000	-	-
Bonds Reg. no. 4B02-10-01669-A-001P	30.09.2022*	10,000,000	10,000,000	-
Bonds Reg. No. 4B02-01-01669-A-001P	05.04.2022*	4,813,323	4,809,910	2,616,640
Bonds Reg. no. 4B02-06-01669-A-001P	01.04.2022*	10,625,439	15,000,000	15,000,000
Bonds Reg. no. 4B02-09-01669-A-001P	02.03.2022*	3,816,974	10,000,000	-
Bonds Reg. no. 4B02-07-01669-A-001P	29.01.2021*	10,000,000	10,000,000	10,000,000
Bonds Reg. no. 4B02-02-01669-A-001P	-	-	-	1,700,000
<b>Total</b>		<b>129,999,347</b>	<b>86,553,521</b>	<b>60,816,640</b>

\* date of irrevocable offer. The Company has an unconditional obligation to repurchase the bonds at nominal value if required by bond holders after the announcement of the next coupon. Such bonds are disclosed as liabilities with maturity in the reporting period in which the put option can be exercised, without taking into account the Company's expectations regarding the intentions of bond holders.

Outstanding loan balances are presented as follows:

		(RUB thousand)		
		31 December		
	Maturity	2020	2019	2018
Sistema International Funding S.A.	-	-	-	34,735,300
<b>Total</b>		<b>-</b>	<b>-</b>	<b>34,735,300</b>

In May 2012, Sistema International Funding S.A., incorporated under the laws of Luxembourg, issued a USD 500 million worth of interest-bearing certified Eurobonds maturing in 2019 with a coupon rate of 6.95% per annum. The Company received this amount from Sistema International Funding S.A. on similar terms.

In May 2019, the Company repaid the loan received from Sistema International Finance S.A., and Sistema International Funding S.A. redeemed the seven-year Eurobond issue.

Interest accrued on borrowings in 2020 and 2019 totalled RUB 16,443,774 thousand and RUB 19,409,648 thousand, respectively.

As of 31 December 2020, the Company has access to RUB 137 billion in committed credit facilities.

## 7. PROVISIONS

Changes of provisions in 2020 and 2019 are presented as follows:

	(RUB thousand)			
	Under agreements	For payment of bonuses	For payment for unused leaves	Total
<b>Balance as of 31 December 2018</b>	<b>16,218,787</b>	<b>3,861,504</b>	<b>607,188</b>	<b>20,687,479</b>
Increase of provisions	-	3,534,191	962,721	4,496,912
Reverse of unused provisions	(1,146,823)	-	-	(1,146,823)
Use of provisions	-	(3,861,504)	(397,679)	(4,259,183)
Use of provisions for reducing short-term receivables	(7,845,631)	-	-	(7,845,631)
<b>Balance as of 31 December 2019</b>	<b>7,226,333</b>	<b>3,534,191</b>	<b>1,172,230</b>	<b>11,932,754</b>
Increase of provisions	-	280,432	854,948	1,135,380
Reverse of unused provisions	(1,511,476)	-	-	(1,511,476)
Use of provisions	-	(3,534,191)	(415,916)	(3,950,107)
Use of provisions for reducing short-term receivables	(5,714,857)	-	-	(5,714,857)
<b>Balance as of 31 December 2020</b>	<b>-</b>	<b>280,432</b>	<b>1,611,262</b>	<b>1,891,694</b>
Long-term	-	-	-	-
Short-term	-	280,432	1,611,262	1,891,694
<b>Total</b>	<b>-</b>	<b>280,432</b>	<b>1,611,262</b>	<b>1,891,694</b>

## 8. OPERATING EXPENSES

Breakdown of operating expenses by cost item in 2020 and 2019 is presented as follows:

	(RUB thousand)	
	2020	2019
Payroll expenses	12,636,370	7,928,251
Social security charges	2,023,595	1,286,434
Depreciation	187,265	177,925
Cost of materials	23,905	25,732
Other expenses	1,374,540	931,467
<b>Total</b>	<b>16,245,675</b>	<b>10,349,809</b>

## 9. INCOME TAX

Changes of the income tax for 2020 and 2019 are presented as follows:

	2020	(RUB thousand) 2019
<b>Income before tax</b>	<b>155,051,379</b>	<b>83,133,867</b>
Including		
dividends taxed at 0%	9,753,200	16,498,441
dividends taxed at 13%	19,857,839	28,429,666
tax base taxed at 0%	11,175,568	7,181,694
tax base taxed at 15%	-	6,079
tax base taxed at 20%	114,264,772	31,017,987
<b>Theoretical income tax expense</b>	<b>25,332,898</b>	<b>9,771,873</b>
Permanent tax gains	(4,098,452)	(9,574,870)
<b>Income tax</b>	<b>(17,664,165)</b>	<b>2,277,134</b>
Current income tax	-	(9,544)
including controlled foreign entities	-	(8,632)
transactions taxed at 15%	-	(912)
Deferred income tax	(17,664,165)	2,286,678
including tax loss of the reporting period	8,283,031	2,448,524
receivable dividends	-	(1,093,501)
revaluation of listed investments	(26,835,026)	-
other	887,830	931,655
<b>Tax on income in form of dividends</b>	<b>(3,570,281)</b>	<b>(2,474,137)</b>
<b>Write-off and reverse of deferred assets and liabilities</b>	<b>7,020,111</b>	<b>(2,920,399)</b>
including reverse of previously unrecognised / (non-recognition of)		
deferred tax assets with regard to tax losses carried forward	7,000,000	(2,800,000)

Based on the analysis of the probability of DTA being used in respect of tax losses in the medium term, in 2019 the Company did not recognise a part of the DTA in the amount of RUB 2,800,000 thousand, and in 2020 reversed part of the previously unrecognised deferred tax asset in the amount of RUB 7,000,000 thousand.

## 10. BOARD OF DIRECTORS AND MANAGEMENT BOARD

Members of the Board of Directors in 2020:

Vladimir Evtushenkov	Chairman of the Board of Directors, non-executive director, chairman of the Strategy Committee
Anna Belova	Deputy Chair of the Board, Independent director, chair of the Investor Relations and Dividend Policy Committee
Andrey Dubovskov	Deputy Chair of the Board from 20 April 2020, chair of the Ethics & Control Committee from 27 June 2020, President & director until 19 April 2020
Sergey Boev	Non-executive director (member of the Board of Directors until 27 June 2020)
Felix Evtushenkov	Non-executive Director
Ron Sommer	Non-executive Director
Robert Kocharyan	Independent director, chair of the Nomination, Remuneration & Corporate Governance Committee
Jeannot Krecké	Independent director, chair of the Ethics & Control Committee (member of the Board of Directors until 27 June 2020)
Roger Munnings	Independent director, chair of the Audit, Finance and Risks Committee

Vladimir Chirakhov	Director (member of the Board of Directors from 27 June 2020), President from 20 April 2020
Anatoly Chubais	Independent director (member of the Board of Directors from 27 June 2020)
Mikhail Shamolin	Non-Executive Director
Etienne Schneider	Independent director (member of the Board of Directors from 27 June 2020)
David Iakobachvili	Independent Director

#### Members of the Management Board in 2020:

Vladimir Chirakhov	President from 20 April 2020, chair of Management Board (member of the Management Board from 20 April 2020)
Andrey Dubovskov	President until 19 April 2020, chair of the Management Board (member of the Management Board from 19 April 2020)
Sergey Egorov	Managing Partner
Alexey Katkov	Managing Partner
Leonid Monosov	Managing Partner (member of the Management Board from 17 May 2020)
Oleg Mubarakshin	Managing Partner
Leonid Petukhov	Managing Partner (member of the Management Board from 18 December 2020)
Vsevolod Rozanov	Managing Partner
Artyom Sirazutdinov	Managing Partner
Ali Uzdenov	Managing Partner
Maxim Yanpolsky	Managing Partner (member of the Management Board until 16 May 2020)
Igor Alyoshin	Vice President for Security
Artyom Zasursky	Vice President for Strategy
Igor Kozlov	Vice President for IT (member of the Management Board from 13 July 2020)
Svetlana Matveyeva	Vice President for HR
Andrey Pilipenko	Vice President for GR (member of the Management Board until 16 May 2020)
Vladimir Travkov	Vice President for Finance
Joshua Blair Tulgan	Vice President for External Relations (member of the Management Board until 16 May 2020)
Sergey Shishkin	Vice President for Corporate Governance and Legal Matters

The total amount of remuneration paid to the members of the Board of Directors and Management Board for 2020 and 2019 (including compulsory retirement and health insurance contributions) is presented as follows:

	2020	(RUB thousand) 2019
Short-term bonuses	6,363,829	4,383,340
including stock plans	2,856,572	-
Long-term bonuses	-	-
Contributions to compulsory pension, health insurance, and social security funds	962,182	645,945
<b>Total</b>	<b>7,326,011</b>	<b>5,029,285</b>

## 11. RELATED PARTIES

The Company's related parties are its subsidiaries and associates and the key management of the Company and its subsidiaries and associates.

### 11.1. Investments

	31 December		
	2020	2019	2018
(RUB thousand)			
<b>Shares and equity interests</b>			
Subsidiaries	475,339,978	499,816,107	511,678,192
Associates	161,889,735	43,865,827	679,249
Other related parties	3,000	3,000	3,170
Less allowance for impairment	(131,252,227)	(173,013,372)	(175,668,186)
<b>TOTAL</b>	<b>505,980,486</b>	<b>370,671,562</b>	<b>336,692,425</b>
<b>Debt securities</b>			
Subsidiaries	3,662,695	3,360,291	3,360,291
Other related parties	10,736,796	-	-
Less allowance for impairment	(3,360,291)	(3,360,291)	(3,360,291)
<b>TOTAL</b>	<b>11,039,200</b>	<b>-</b>	<b>-</b>
<b>Loans granted</b>			
Subsidiaries	46,541,504	42,960,966	40,259,818
Associates	807,158	1,388,049	807,158
Other related parties	14,000	11,444	2,042,663
Less impairment allowance	(2,194,379)	(962,601)	(3,257,071)
<b>TOTAL</b>	<b>45,168,283</b>	<b>43,397,858</b>	<b>39,852,568</b>
<b>Bank deposits</b>			
Subsidiaries	-	-	308,000
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>308,000</b>
<b>Total</b>	<b>562,187,969</b>	<b>414,069,420</b>	<b>376,852,993</b>

### 11.2. Transactions and settlement balance by group of related parties

#### Interest expenses from loans

	2020	2019
(RUB thousand)		
Subsidiaries	295,086	365,195
<b>Total</b>	<b>295,086</b>	<b>365,195</b>

#### Interest income

	2020	2019
(RUB thousand)		
Subsidiaries	4,381,191	4,805,527
Associates	236,142	676,885
Other related parties	175	3,586
<b>Total</b>	<b>4,617,508</b>	<b>5,485,998</b>

**Purchase of securities, property rights, goods, work and services**

	Type of transaction	2020	(RUB thousand) 2019
Subsidiaries	Purchase of shares, interests and stakes	14,899,868	19,351,950
Associates	Purchase of shares, interests and stakes	8,788,957	11,529,152
Subsidiaries	Acquisition of goods, works and services	423,157	364,653
Associates	Acquisition of goods, works and services	384	391
Other related parties	Acquisition of goods, works and services	52,679	225,730
<b>Total</b>		<b>24,165,045</b>	<b>31,471,876</b>

**Sale of securities, property rights, goods, work and services**

	Type of transaction	2020	(RUB thousand) 2019
Subsidiaries	Sale of shares, interests and stakes	654,250	20,311,885
Associates	Sale of shares, interests and stakes	142,671	29,422,408
Key executives	Sale of shares, interests and stakes	248,318	504,439
Subsidiaries	Sale of goods, works and services	14,672	14,616
Associates	Sale of goods, works and services	10,000	133
Other related parties	Sale of goods, works and services	927	831
Subsidiaries	Sale of other property rights	21,155	-
Subsidiaries	Sale of other property	-	15
<b>Total</b>		<b>1,091,993</b>	<b>50,254,327</b>

**Other transactions**

	Type of transaction	2020	(RUB thousand) 2019
Associates	Transfer of non-monetary assets to authorised capital	-	1,477,135
Subsidiaries	Contribution to property	7,154	5,451,053
Subsidiaries	Other transactions	19,660	1,138
Other related parties	Other transactions	3,850	3,119
<b>Total</b>		<b>30,664</b>	<b>6,932,445</b>

**Dividends paid and received**

	Dividends received		Dividends paid	
	2020	2019	2020	2019
Subsidiaries	28,959,826	41,958,522	-	-
Associates	451,894	2,972,960	-	-
Direct shareholders	-	-	816,406	688,587
<b>Total</b>	<b>29,411,720</b>	<b>44,931,482</b>	<b>816,406</b>	<b>688,587</b>



**Accounts receivable**

(RUB thousand)

	31 December		
	2020	2019	2018
<b>Sale of goods, work, services, property rights</b>			
Subsidiaries	3,361,734	86,754	104,792
Associates	8,216	8,376	-
Other related parties	-	57	115
<b>Purchase of goods, work, services, property rights</b>			
Subsidiaries	41,923	6,074	7,273
Associates	34	34	27
Other related parties	2,933	2,227	3,897
<b>Issuing non-interest-bearing loans and promissory notes</b>			
Subsidiaries	49,796	49,796	49,796
Associates	-	926	926
Other related parties	-	659	659
<b>Interest on issued loans and notes received</b>			
Subsidiaries	8,533,155	5,994,848	5,043,149
Associates	484,295	363,221	242,147
Other related parties	168	69	162,980
<b>Dividends and similar income receivable</b>			
Subsidiaries	754,906	8,729,064	319,630
Associates	-	-	-
Other related parties	-	-	-
<b>Bad debt allowance</b>	<u>(2,433,077)</u>	<u>(1,893,813)</u>	<u>(1,528,343)</u>
<b>Total</b>	<u><b>10,804,082</b></u>	<u><b>13,348,292</b></u>	<u><b>4,407,048</b></u>

**Accounts payable**

(RUB thousand)

	31 December		
	2019	2019	2018
<b>Sale of goods, work, services, property rights</b>			
Subsidiaries	32	32	32
Associates	-	-	-
Other related parties	-	22	-
<b>Purchase of goods, work, services, property rights</b>			
Subsidiaries	2,969,544	5,276,445	18,095
Associates	337	153	-
Other related parties	5,941	5,659	4,834
<b>Dividends payable</b>			
Majority shareholder	<u>3,213,004</u>	<u>4,213,004</u>	<u>4,213,004</u>
<b>Total</b>	<u><b>6,188,858</b></u>	<u><b>9,495,315</b></u>	<u><b>4,235,965</b></u>

Due dates on settlements with related parties for the acquisition or sale of goods, property, work or services usually do not exceed 90 days and are performed via bank transfer. Settlements on transactions with related parties in respect of the receipt and issue of loans are performed by bank transfer; the conditions and terms of such settlements are disclosed in corresponding notes.

**Cash flows**

	<b>2020</b>	<b>(RUB thousand) 2019</b>
<b>Cash flow from operating activities</b>		
Proceeds from sale of products, goods, works and services	19,414	32,546
Dividends	34,414,593	34,044,535
Other receipts	130,861	413,680
Payments for goods, works and services	(738,386)	(601,500)
Payment of interest on borrowing	(283,126)	-
Other payments	(89,402)	(32,918)
<b>Cash flow from investing activities</b>		
Proceeds from sale of non-current assets and other property	-	18
proceeds from sale of shares and equity interests in other companies	390,990	50,238,732
Proceeds from repayment of loans and sale of debt securities	16,191,165	27,699,885
Interests on investments in debt securities	2,960,538	4,296,615
Other receipts	-	4,495
Payments related to acquisition, creation, modernisation, reconstruction and preparation for use of non-current assets	(38,532)	(39,501)
Payments related to acquisition of shares and equity interests in other companies	(25,333,374)	(20,119,217)
Payments related to the issue of loans	(15,867,962)	(33,115,645)
Contributions to assets of other organisations	(7,154)	(5,451,053)
<b>Cash flow from financial activities</b>		
Dividends	(816,406)	(688,335)

**12. BASIC AND DILUTED (LOSS)/EARNINGS**

Basic and diluted (loss)/earnings for 2020 and 2019 totalled:

	<b>2020</b>	<b>2019</b>
Basic and diluted earnings/(loss), RUB thousand	140,868,286	80,016,465
Weighted average number of ordinary shares in circulation	9,650,000,000	9,650,000,000
<b>Basic and diluted earnings / (loss) per share, RUB</b>	<b>14.6</b>	<b>8.3</b>

**13. CONTINGENT LIABILITIES****Operating environment**

The Russian market is subject to different risks than more developed markets, including economic, political, social, legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, new laws and legal enactments passed, and changes in the country's political situation.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Starting from 2014, sanctions have been imposed in several packages by the US and the EU on certain Russian officials, businessmen and companies. In 2020 alone, the US imposed 47 packages of restrictions applying to certain Russian officials, businessmen and companies. This led to reduced access of Russian businesses to international capital markets.

In March 2020, global oil prices plunged by over 40%, which resulted in an immediate depreciation of the Russian rouble against the main currencies.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in the announcement of a pandemic status by the World Health Organisation in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving, it may have a significant effect on the business of many companies across a wide range of sectors, including but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy.

### **Guarantees and sureties**

As of 31 December 2020, the Company acted as a guarantor, surety and pledger for borrowings in the amount of RUB 15,338,403 thousand.

### **Taxation**

Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Company may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. However, tax authorities may have different interpretations of current tax law, and the effects on the financial statements could be significant.

### **Other**

In the ordinary course of business, the Company is a party to various legal proceedings, and subject to claims, certain of which relate to the developing markets and evolving regulatory environments in which the Company and its subsidiaries operate. The Company's management believes that the outcome of such court proceedings will not have a material negative impact on the Company's financial position, financial performance or liquidity.

## **14. RISK MANAGEMENT POLICY**

The Company's business risks and risk management policy are disclosed in the quarterly report.

**15. EVENTS AFTER THE REPORTING DATE****Coupon payment on registration exempt bonds**

On 20 January 2021, the Company made the second coupon payment on registration exempt bonds (issue 001P-14) in the amount of RUB 158.3 million.

On 25 January 2021, the Company made the third coupon payment on registration exempt bonds (issue 001P-11) in the amount of RUB 468.7 million.

On 29 January 2021, the Company made the sixth coupon payment on registration exempt bonds (issue 001P-07) in the amount of RUB 498.6 million.

**Issue of registration exempt bonds**

On 03-04 February 2021, the Company purchased 2,803,920 registration exempt bonds (series 001P-07) at 100% par value to a total amount of RUB 2,804 million under put options embedded in such bonds. On the day such put options were exercised, the Company made a secondary offering of the bonds at 99.55% of par value.

On 01 March 2021, the Company floated series 001P-18 registration exempt bonds to a total value of RUB 5 billion puttable in 2.75 years with a coupon rate of 6.9% p.a. and series 001P-19 registration exempt bonds to a total value of RUB 12.5 billion puttable in 4 years with a coupon rate of 7.35% p.a.

**Sale of shares in JSC Business Nedvizhimost**

On 15 March 2021, the Company sold 122,196 ordinary registered shares in JSC Business Nedvizhimost (with a carrying value of RUB 4,345 million as of 31 December 2020) to JSC MosDachTrest for RUB 6.2 billion.

The Russian original signed by

Vice President for Finance (CFO)  
of Sistema PJSC

Vladimir Travkov

Chief Accountant

Irina Borisenkova

31 March 2021