



RUSHYDRO GROUP

**Condensed Consolidated Interim
Financial Information (Unaudited)
prepared in accordance with IAS 34**

As at and for the three months ended 31 March 2021

CONTENTS

Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2021 (Unaudited)

Condensed Consolidated Interim Statement of Financial Position.....	1
Condensed Consolidated Interim Income Statement.....	2
Condensed Consolidated Interim Statement of Comprehensive Income.....	3
Condensed Consolidated Interim Statement of Cash Flows.....	4
Condensed Consolidated Interim Statement of Changes in Equity.....	6

Notes to the Condensed Consolidated Interim Financial Information

Note 1.	The Group and its operations.....	7
Note 2.	Summary of financial reporting framework and new accounting pronouncements.....	7
Note 3.	Principal subsidiaries.....	8
Note 4.	Segment information.....	10
Note 5.	Related party transactions.....	13
Note 6.	Property, plant and equipment.....	15
Note 7.	Other non-current assets.....	16
Note 8.	Cash and cash equivalents.....	16
Note 9.	Accounts receivable and prepayments.....	16
Note 10.	Inventories.....	17
Note 11.	Other current assets.....	17
Note 12.	Equity.....	17
Note 13.	Income tax.....	17
Note 14.	Current and non-current debt.....	18
Note 15.	Non-deliverable forward contract for shares.....	18
Note 16.	Other non-current liabilities.....	19
Note 17.	Accounts payable and accruals.....	19
Note 18.	Other taxes payable.....	19
Note 19.	Revenue.....	19
Note 20.	Government grants.....	19
Note 21.	Operating expenses (excluding impairment losses).....	20
Note 22.	Finance income, costs.....	21
Note 23.	Capital commitments.....	21
Note 24.	Contingencies.....	21
Note 25.	Financial instruments and financial risk management.....	22
Note 26.	Fair value of assets and liabilities.....	25
Note 27.	Subsequent events.....	26

	Note	31 March 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	685,013	682,652
Investments in associates and joint ventures		16,700	16,800
Financial assets at fair value through other comprehensive income		513	461
Deferred income tax assets		16,554	16,673
Other non-current assets	7	18,972	19,140
Total non-current assets		737,752	735,726
Current assets			
Cash and cash equivalents	8	38,783	58,291
Income tax receivable		2,536	4,700
Accounts receivable and prepayments	9	63,666	52,195
Inventories	10	31,545	35,149
Other current assets	11	71,316	55,974
Total current assets		207,846	206,309
TOTAL ASSETS		945,598	942,035
EQUITY AND LIABILITIES			
Equity			
Share capital	12	439,289	439,289
Treasury shares	12	(4,613)	(4,613)
Share premium		39,202	39,202
Retained earnings and other reserves		145,508	125,709
Equity attributable to the shareholders of PJSC RusHydro		619,386	599,587
Non-controlling interest		9,974	9,353
TOTAL EQUITY		629,360	608,940
Non-current liabilities			
Non-current debt	14	112,797	129,926
Non-deliverable forward contract for shares	15	12,669	15,025
Deferred income tax liabilities		18,202	17,591
Other non-current liabilities	16	21,578	22,810
Total non-current liabilities		165,246	185,352
Current liabilities			
Current debt and current portion of non-current debt	14	70,790	76,064
Accounts payable and accruals	17	59,028	54,408
Current income tax payable		1,144	819
Other taxes payable	18	20,030	16,452
Total current liabilities		150,992	147,743
TOTAL LIABILITIES		316,238	333,095
TOTAL EQUITY AND LIABILITIES		945,598	942,035

RusHydro Group
Condensed Consolidated Interim Income Statement (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	Three months ended 31 March 2021	Three months ended 31 March 2020
Revenue	19	111,462	106,214
Government grants	20	12,369	11,470
Other operating income		411	303
Operating expenses (excluding impairment losses)	21	(96,755)	(88,302)
Operating profit excluding impairment losses		27,487	29,685
Impairment of financial assets, net		(1,950)	(2,271)
Impairment of property, plant and equipment	6	(42)	(382)
Operating profit		25,495	27,032
Finance income	22	3,801	9,995
Finance costs	22	(2,926)	(5,570)
Share of results of associates and joint ventures		84	38
Profit before income tax		26,454	31,495
Income tax expense	13	(6,025)	(5,587)
Profit for the period		20,429	25,908
Attributable to:			
Shareholders of PJSC RusHydro		19,792	24,656
Non-controlling interest		637	1,252
Earnings per ordinary share for profit attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)		0.0455	0.0584
Weighted average number of shares outstanding – basic and diluted (millions of shares)		435,437	422,437

RusHydro Group
Condensed Consolidated Interim Statement of Comprehensive Income (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	Three months ended 31 March 2021	Three months ended 31 March 2020
Profit for the period		20,429	25,908
Other comprehensive income, net of tax:			
<i>Items that will not be reclassified to profit or loss</i>			
Gain / (loss) arising on financial assets at fair value through other comprehensive income		7	(12)
Total items that will not be reclassified to profit or loss		7	(12)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Accumulated loss on foreign translation reserve recycled to profit or loss	12	-	348
Other comprehensive income		-	49
Total items that may be reclassified subsequently to profit or loss		-	397
Total other comprehensive income		7	385
Total comprehensive income for the period		20,436	26,293
Attributable to:			
Shareholders of PJSC RusHydro		19,799	25,041
Non-controlling interest		637	1,252

	Note	Three months ended 31 March 2021	Three months ended 31 March 2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		26,454	31,495
Depreciation of property, plant and equipment and amortisation of intangible assets	6, 21	7,710	7,027
Loss on disposal of property, plant and equipment, net	21	76	203
Share of results of associates and joint ventures		(84)	(38)
Other operating income		(411)	(303)
Finance income	22	(3,801)	(9,995)
Finance costs	22	2,926	5,570
Impairment of property, plant and equipment	6	42	382
Impairment of financial assets, net		1,950	2,271
Other (income) / loss		(219)	145
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		34,643	36,757
Working capital changes:			
Increase in accounts receivable and prepayments		(12,762)	(16,521)
(Increase) / decrease in other current assets, net of deposits and special funds		(285)	473
Decrease in inventories		3,586	3,052
Increase in accounts payable and accruals, net of dividends payable		4,276	4,539
Increase in other taxes payable		3,603	4,545
Increase in other non-current assets		(52)	(2,653)
Increase in other non-current liabilities		145	3,620
Income tax paid		(2,812)	(3,388)
Net cash generated by operating activities		30,342	30,424
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(9,458)	(9,470)
Proceeds from sale of property, plant and equipment		29	21
Investment in bank deposits and purchase of other investments		(16,757)	(15,810)
Redemption of bank deposits and proceeds from sale of other investments		1,697	1,896
Interest received		973	1,253
Proceeds from sale of subsidiaries, net of disposed cash		40	-
Net cash used in investing activities		(23,476)	(22,110)

RusHydro Group
Condensed Consolidated Interim Statement of Cash Flows (unaudited)
(in millions of Russian Rubles unless noted otherwise)



	Note	Three months ended 31 March 2021	Three months ended 31 March 2020
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	14	13,524	9,647
Proceeds from non-current debt	14	3,394	8,677
Repayment of debt	14	(39,485)	(22,983)
Interest paid		(3,552)	(3,983)
Dividends paid		(6)	(4)
Repayment of lease liabilities		(238)	(200)
Payments on other financial instruments		(11)	-
Payments for non-deliverable forward for shares		-	(360)
Net cash used in financing activities		(26,374)	(9,206)
Effect of foreign exchange differences on cash balances		-	(26)
Decrease in cash and cash equivalents		(19,508)	(918)
Cash and cash equivalents at the beginning of the period		58,291	41,047
Cash and cash equivalents at the end of the period	8	38,783	40,129

RusHydro Group
Condensed Consolidated Interim Statement of Changes in Equity (unaudited)

(in millions of Russian Rubles unless noted otherwise)



	Note	Share capital	Treasury shares	Share premium	Merger reserve	Foreign currency translation reserve	Revaluation reserve on available-for-sale financial assets	Reserve for remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
As at 1 January 2020		426,289	(4,613)	39,202	(135,075)	(382)	358	187	239,698	565,664	4,211	569,875
Profit for the period		-	-	-	-	-	-	-	24,656	24,656	1,252	25,908
Loss arising on financial assets at fair value through other comprehensive income		-	-	-	-	-	(12)	-	-	(12)	-	(12)
Accumulated loss on foreign translation reserve recycled to profit or loss	12	-	-	-	-	348	-	-	-	348	-	348
Other comprehensive income		-	-	-	-	34	-	-	15	49	-	49
Total other comprehensive income		-	-	-	-	382	(12)	-	15	385	-	385
Total comprehensive income		-	-	-	-	382	(12)	-	24,671	25,041	1,252	26,293
Changes in non-controlling interest	12	-	-	-	-	-	-	-	(24)	(24)	24	-
As at 31 March 2020		426,289	(4,613)	39,202	(135,075)	-	346	187	264,345	590,681	5,487	596,168
As at 1 January 2021		439,289	(4,613)	39,202	(135,075)	-	337	632	259,815	599,587	9,353	608,940
Profit for the period		-	-	-	-	-	-	-	19,792	19,792	637	20,429
Loss arising on financial assets at fair value through other comprehensive income		-	-	-	-	-	7	-	-	7	-	7
Total other comprehensive income		-	-	-	-	-	7	-	-	7	-	7
Total comprehensive income		-	-	-	-	-	7	-	19,792	19,799	637	20,436
Other changes		-	-	-	-	-	-	-	-	-	(16)	(16)
As at 31 March 2021		439,289	(4,613)	39,202	(135,075)	-	344	632	279,607	619,386	9,974	629,360

The accompanying notes are an integral part of this Condensed Consolidated Interim Financial Information

Note 1. The Group and its operations

PJSC RusHydro (hereinafter referred to as “the Company”) was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company limited by value of shares and was set up in accordance with Russian regulations.

The primary activities of the Company and its subsidiaries (hereinafter together referred to as “the Group”) are generation and sale of electricity, capacity and heat.

Operating Environment of the Group. The Russian Federation displays certain characteristics of an emerging market. Russia’s economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

On 12 March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. In response to the pandemic, Russian authorities have taken a range of measures to curb the spread and mitigate the impact of COVID-19, such as bans and restrictions on movement, self-isolation, and restrictions on commercial activities, including the closure of businesses. These measures, in particular, have significantly limited economic activity in Russia and have already had and may still have a negative impact on the business, market participants, customers of the Group, as well as on the Russian and global economy for an indefinite period of time.

The Group’s management monitor the development of the economic situation and take necessary measures to ensure sustainability of the Group’s operations.

Future implications of the current economic situation and the measures mentioned above are difficult to predict, and current expectations and estimates of the management may differ from the actual results.

During the three months ended 31 March 2021 no substantial changes to the rules of Russian wholesale and retail electricity and capacity markets, their functioning and price setting mechanisms have been made.

Relations with the Government and current regulation. As at 31 March 2021 the Russian Federation owned 61.73 percent of the total voting ordinary shares of the Company (Note 12) (31 December 2020: 61.73 percent). As at 31 March 2021 PJSC Bank VTB that is controlled by the Russian Federation owned 12.95 percent of the Company’s shares (31 December 2020: 12.95 percent).

The Group’s major customer base includes a large number of entities controlled by, or related to the Government. Furthermore, the Government controls contractors and suppliers, which provide the Group with electricity dispatch, transmission and distribution services, and a number of the Group’s fuel and other suppliers (Note 5).

In addition, the Government influences the Group’s operations through:

- participation of its representatives in the Company’s Board of Directors;
- regulation of tariffs for electricity, capacity and heating;
- approval and monitoring of the Group’s investment programme, including volume and sources of financing.

Economic, social and other policies of the Russian Government could have a material effect on operations of the Group.

Seasonality of business. The demand for the Group’s heat and electricity generation and supply depends on weather conditions and the season. In addition to weather conditions, the electricity production by hydro generation plants depends on water flow in the river systems. In spring and in summer (flood period) electricity production by hydro generation plants is significantly higher than in autumn and in winter. Heat and electricity production by the heat generation assets, to the contrary, is significantly higher in autumn and in winter than in spring and in summer. The seasonal nature of heat and electricity generation has a significant influence on the volumes of fuel consumed by heat generation assets and electricity purchased by the Group.

Note 2. Summary of financial reporting framework and new accounting pronouncements

Basis of preparation. This Condensed Consolidated Interim Financial Information has been prepared in accordance with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the annual Consolidated Financial Statements as at and for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This Condensed Consolidated Interim Financial Information is unaudited. Certain disclosures duplicating information included in the annual Consolidated Financial Statements as at and for the year ended

31 December 2020 have been omitted or condensed.

Significant accounting policies. The accounting policies followed in the preparation of this Condensed Consolidated Interim Financial Information are consistent with those applied in the annual Consolidated Financial Statements as at and for the year ended 31 December 2020 except for income tax which is accrued in the interim periods using the best estimate of the weighted average annual income tax rate that would be applicable to expected total annual profit or loss and changes resulting from the adoption of new standards and interpretations, effective from 1 January 2021.

Certain reclassifications have been made to prior period data to conform to the current period presentation. These reclassifications are not material.

Critical accounting estimates and judgements. The preparation of Condensed Consolidated Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this Condensed Consolidated Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2020 with the exception of changes in estimates that are required in determining the expected weighted average annual income tax rate (Note 13) and judgements in respect of the non-deliverable forward contract for the shares (Note 15).

New standards and interpretations

The Group has adopted all new standards and interpretations that were effective from 1 January 2021. The impact of the adoption of new standards and interpretations has not been significant with respect to this Condensed Consolidated Interim Financial Information.

Apart from new standards and interpretations becoming effective from 1 January 2021 and after that date applicable to the Group as disclosed in the consolidated financial statements as at and for the year ended 31 December 2020, the following amendments were issued:

- Disclosure of Accounting Policies – Amendments to IAS 1 (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Definition of Accounting Estimates – Amendments to IAS 8 (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

These amendments are not expected to affect significantly the Group's consolidated financial statements.

Note 3. Principal subsidiaries

All principal subsidiaries are incorporated and operate in the Russian Federation. Differences between the ownership interest and voting interest held by some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or shares of limited liability companies (LLC).

The Group operates in the three main reportable segments – RusHydro generation, Supply companies, Far East energy companies (Note 4).

The principal subsidiaries are presented below according to their allocation to the reportable segments as at 31 March 2021 and 31 December 2020.

RusHydro generation segment

RusHydro generation segment is represented by the Group's parent company – PJSC RusHydro and its subsidiaries that produce and sell electricity and capacity, as well as hydroelectric power plants under construction.

The main subsidiaries included in RusHydro generation segment are presented below:

		31 March 2021		31 December 2020	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
JSC	Zaramag HS	99.75%	99.75%	99.75%	99.75%
JSC	Nizhne-Bureiskaya HPP	100.00%	100.00%	100.00%	100.00%

Supply companies segment

Supply companies segment includes the Group's subsidiaries which sell electricity to final customers. All the entities included in this segment with the exception of JSC ESC RusHydro have the guaranteeing supplier status and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

		31 March 2021		31 December 2020	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Chuvashskaya Electricity Sales Company	100.00%	100.00%	100.00%	100.00%
JSC	ESC RusHydro	100.00%	100.00%	100.00%	100.00%
PJSC	DEK	94.50%	94.51%	94.50%	94.51%
PJSC	Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	69.40%
PJSC	Ryazanenergosbyt	90.52%	90.52%	90.52%	90.52%

Far East energy companies segment

Far East energy companies segment consists of the Group's subsidiaries that generate and distribute electricity and generate, distribute and sell heat in the Far East region of the Russian Federation and render transportation, construction, repair and other services.

Principal subsidiaries of this segment are presented below:

		31 March 2021		31 December 2020	
		% of ownership	% of voting	% of ownership	% of voting
JSC	Blagoveschensk TPP	100.00%	100.00%	100.00%	100.00%
JSC	DGK	100.00%	100.00%	100.00%	100.00%
JSC	DRSK	94.50%	100.00%	94.50%	100.00%
JSC	RAO ES East	99.98%	99.98%	99.98%	99.98%
JSC	Sakhalin GRES-2	100.00%	100.00%	100.00%	100.00%
JSC	TPP in Sovetskaya Gavan	100.00%	100.00%	100.00%	100.00%
JSC	Ust'-Srednekanskaya HPP named after A. F. Dyakov	99.63%	100.00%	99.63%	100.00%
JSC	Yakutskaya GRES-2	100.00%	100.00%	100.00%	100.00%
PJSC	Kamchatskenergo	98.74%	98.76%	98.74%	98.76%
PJSC	Kolimaenergo	98.76%	98.76%	98.76%	98.76%
PJSC	Magadanenergo*	48.99%	49.00%	48.99%	49.00%
PJSC	Sakhalinenergo	89.96%	89.97%	76.59%	76.60%
PJSC	Yakutskenergo	79.15%	79.16%	79.15%	79.16%

* Control over PJSC Magadanenergo is achieved by the majority of votes on the shareholders meeting because the remaining part of the shares not owned by the Group are distributed among a large number of shareholders the individual stakes of which are insignificant.

Other segments

Other segments include:

- the Group's subsidiaries primarily engaged in research and development related to the utilities industry and construction of hydropower facilities;
- the Group's subsidiaries engaged in repair, upgrade and reconstruction of equipment and hydropower facilities;
- the Group's subsidiaries engaged primarily in hydropower plants construction;
- minor segments which do not have similar economic characteristics.

Principal subsidiaries included in other segments are presented below:

		31 March 2021		31 December 2020	
		% of ownership	% of voting	% of ownership	% of voting
JSC	VNIIG named after B. E. Vedeneev	100.00%	100.00%	100.00%	100.00%
JSC	Gidroremont-VKK	100.00%	100.00%	100.00%	100.00%
JSC	Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
JSC	Lenhydroproject	100.00%	100.00%	100.00%	100.00%
JSC	Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
JSC	Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%

Note 4. Segment information

Operating segments are components of the Group engaged in operations from which they may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Group. The individual financial information of the operating segments, which based on the same principles as the present consolidated financial statements, is available and is regularly reviewed by the chief operating decision maker (CODM) to make operating decisions about resources to be allocated to the segments and the performance of the segments' operating activities.

The CODM analyses the information concerning the Group by the groups of operations which are aggregated in operating segments presented by the following separate reportable segments: RusHydro generation, Supply companies, Far East energy companies and other segments (Note 3). Transactions of other segments are not disclosed as reportable segments based on quantitative indicators for the periods presented.

Management of operating activities of segments is performed with direct participation of individual segment managers accountable to the CODM. Segment managers on a regular basis submit for approval to the CODM results of operating activities and financial performance of segments. The CODM approves the annual business plan at the level of reportable segments as well as analyses actual financial performance of segments. Management bears responsibility for execution of approved plan and management of operating activities at the level of segments.

The segments' operational results are assessed on the basis of EBITDA, which is calculated as operating profit / loss excluding depreciation of property, plant and equipment and amortisation of intangible assets, impairment of property, plant and equipment, impairment of of financial assets, gain / loss on disposal of property, plant and equipment and other non-monetary items of operating income and expenses. This definition of EBITDA may differ from the methods applied by other companies. Management believes that EBITDA represents the most useful means of assessing the performance of ongoing operating activities of the Group's operating segments, as it reflects the earnings trends excluding the impact of the above charges.

Segment information also contains capital expenditures and the amount of debt as these indicators are analysed by the CODM. Intersegment debt balances are eliminated from these disclosures.

Other information provided to the CODM is consistent with the information presented in the Group's consolidated financial statements.

Intersegment sales are carried out at market prices.

Segment information for the three months ended 31 March 2021 and 31 March 2020 and as at 31 March 2021 and 31 December 2020 is presented below.

RusHydro Group
**Notes to the Condensed Consolidated Interim Financial Information
as at and for the three months ended 31 March 2021 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)



Three months ended 31 March 2021	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	36,206	48,003	56,693	3,985	144,887	(33,425)	111,462
<i>including:</i>							
<i>from third parties</i>	31,043	44,420	35,147	852	111,462	-	111,462
<i>sales of electricity and capacity in the retail market</i>	69	37,278	10,618	-	47,965	-	47,965
<i>sales of electricity in the wholesale market</i>	16,498	3,589	1,041	-	21,128	-	21,128
<i>sales of capacity in the wholesale market</i>	14,390	3,390	48	-	17,828	-	17,828
<i>sales of heat and hot water</i>	61	-	18,332	-	18,393	-	18,393
<i>other revenue</i>	25	163	5,108	852	6,148	-	6,148
<i>from intercompany operations</i>	5,163	3,583	21,546	3,133	33,425	(33,425)	-
Government grants	-	30	12,339	-	12,369	-	12,369
Operating expenses (excluding depreciation and other non-monetary items)	(12,869)	(46,870)	(58,605)	(4,101)	(122,445)	33,521	(88,924)
EBITDA	23,337	1,163	10,427	(116)	34,811	96	34,907
Other operating income	5	-	404	2	411	-	411
Depreciation of property, plant and equipment	(3,804)	(84)	(3,571)	(258)	(7,717)	7	(7,710)
Other non-monetary items of operating income and expenses	(330)	(616)	(1,054)	(113)	(2,113)	-	(2,113)
<i>including:</i>							
<i>impairment of property, plant and equipment (impairment) / reversal of financial assets, net</i>	(35)	-	(7)	-	(42)	-	(42)
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	(352)	(569)	(1,033)	4	(1,950)	-	(1,950)
<i>profit / (loss) on disposal of subsidiaries, net</i>	56	9	(14)	(127)	(76)	-	(76)
<i>profit / (loss) on disposal of subsidiaries, net</i>	1	(56)	-	10	(45)	-	(45)
Operating profit / (loss)	19,208	463	6,206	(485)	25,392	103	25,495
Finance income							3,801
Finance costs							(2,926)
Share of results of associates and joint ventures							84
Profit before income tax							26,454
Income tax expense							(6,025)
Profit for the period							20,429
Capital expenditure	3,474	402	5,722	1,166	10,764	-	10,764
31 March 2021							
Non-current and current debt	105,002	6,223	70,966	1,396	183,587	-	183,587

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information
as at and for the three months ended 31 March 2021 (unaudited)

(in millions of Russian Rubles unless noted otherwise)



Three months ended 31 March 2020	RusHydro generation	Supply companies	Far East energy companies	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	35,160	44,553	54,787	8,006	142,506	(36,292)	106,214
<i>including:</i>							
<i>from third parties</i>	31,202	41,058	32,525	1,429	106,214	-	106,214
<i>sales of electricity and capacity in the retail market</i>	82	34,486	9,565	-	44,133	-	44,133
<i>sales of electricity in the wholesale market</i>	20,381	3,006	916	17	24,320	-	24,320
<i>sales of capacity in the wholesale market</i>	10,650	3,298	48	85	14,081	-	14,081
<i>sales of heat and hot water</i>	57	-	16,952	1	17,010	-	17,010
<i>other revenue</i>	32	268	5,044	1,326	6,670	-	6,670
<i>from intercompany operations</i>	3,958	3,495	22,262	6,577	36,292	(36,292)	-
Government grants	-	1	11,469	-	11,470	-	11,470
Operating expenses (excluding depreciation and other non-monetary items)	(10,851)	(42,699)	(56,134)	(8,063)	(117,747)	36,676	(81,071)
EBITDA	24,309	1,855	10,122	(57)	36,229	384	36,613
Other operating income	6	-	1	70	77	-	77
Depreciation of property, plant and equipment	(3,451)	(69)	(3,214)	(353)	(7,087)	60	(7,027)
Other non-monetary items of operating income and expenses	(462)	(894)	(1,166)	(109)	(2,631)	-	(2,631)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(264)	-	(103)	(15)	(382)	-	(382)
<i>impairment of financial assets, net</i>	(265)	(894)	(1,027)	(85)	(2,271)	-	(2,271)
<i>loss on disposal of property, plant and equipment, net</i>	(158)	-	(36)	(9)	(203)	-	(203)
<i>profit on disposal of subsidiaries, net</i>	225	-	-	-	225	-	225
Operating profit / (loss)	20,402	892	5,743	(449)	26,588	444	27,032
Finance income							9,995
Finance costs							(5,570)
Share of results of associates and joint ventures							38
Profit before income tax							31,495
Income tax expense							(5,587)
Profit for the period							25,908
Capital expenditure	4,875	129	5,956	2,401	13,361	-	13,361
31 December 2020							
Non-current and current debt	125,560	6,787	72,592	1,051	205,990	-	205,990

Note 5. Related party transactions

Parties are generally considered to be related if they are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the three months ended 31 March 2021 and 31 March 2020 and as at 31 March 2021 and 31 December 2020 were associates and joint ventures of the Group, government-related entities.

Joint ventures

The Group had the following balances with its joint ventures:

	31 March 2021	31 December 2020
Long-term promissory notes	9,309	9,098
Loans issued	18	17

The Group had the following transactions with its joint ventures:

	Three months ended 31 March 2021	Three months ended 31 March 2020
Sales of electricity and capacity	96	146
Other revenue	6	29
Purchased electricity and capacity	145	128

Associates

The Group had the following balances with its associates:

	31 March 2021	31 December 2020
Trade and other receivables	541	254
Accounts payable	1,793	1,776
Short-term lease liabilities	1,581	1,308
Long-term lease liabilities	1,537	1,729

The value of assets in the form of right of use under lease agreements with associated organizations as at 31 March 2021 to RR 1,967 million (as at 31 December 2020: RR 2,034 million).

The Group had the following transactions with its associates:

	Three months ended 31 March 2021	Three months ended 31 March 2020
Sales of electricity and capacity	477	470
Sales of heat and hot water	501	465
Other revenue	28	29
Interest expense on lease liabilities	66	47

Government-related entities

In the normal course of business the Group enters into transactions with the entities related to the Government.

The Group had transactions during the three months ended 31 March 2021 and 31 March 2020 and balances outstanding as at 31 March 2021 and 31 December 2020 with the government-related banks. All transactions with the banks are carried out at market rates. The Company also entered into a non-deliverable forward contract for its treasury shares and cross-currency and interest rate swap arrangement with PJSC VTB Bank (Notes 11 and 15).

Debt on long-term loans from state-related banks amounted to RR 72,687 million as at 31 March 2021 (as at 31 December 2020: RR 78,819 million), debt on other long-term borrowings from state-related parties amounted to RR 5,669 million as at 31 March 2021 (as at 31 December 2020: RR 5,832 million). Debt on short-term loans from state-related banks amounted to RR 7,048 million as at 31 March 2021 (as at 31 December 2020: RR 5,015 million), debt on other short-term borrowings from state-related parties amounted to RR 2,759 million as at 31 March 2021 (as at 31 December 2020: RR 1,006 million). Effective interest rate range for loans from state-related banks: 5.41 - 7.50 percent.

Outstanding liabilities under lease agreements with government-related parties amounted to RR 3,391 million as at 31 March 2021 (as at 31 December 2020: RR 3,379 million), including the short-term portion of liabilities of RR 735 million as at 31 March 2021 (as at 31 December 2020: RR 682 million). The value of assets in the form of right of use as at 31 March 2021 to RR 2,867 million (as at 31 December 2020: RR 2,874 million). Interest expense on lease obligations with government-related parties for the three months ended 31 March 2021 to RR 69 million (for the three months ended 31 March 2020: RR 75 million).

The Group's sales of electricity, capacity and heat to government-related entities comprised approximately 30 percent of total sales of electricity, capacity and heat for the three months ended 31 March 2021 (for the three months ended 31 March 2020: approximately 20 percent). Sales of electricity and capacity under the regulated contracts are made directly to the consumers, within the day-ahead market (DAM) – through commission agreements with JSC Centre of Financial Settlements (CFS). Electricity and capacity supply tariffs under the regulated contracts and electricity and heating supply tariffs in the non-pricing zone of the Far East are approved by Federal Antimonopoly Service and by regional regulatory authorities of the Russian Federation. On the DAM the price is determined by balancing the demand and supply and such price is applied to all market participants.

During the three months ended 31 March 2021 the Group received government subsidies of RR 12,369 million (for the three months ended 31 March 2020: RR 11,470 million) (Note 20).

Government subsidies receivable comprised RR 2,641 million as at 31 March 2021 (31 December 2020: RR 526 million) (Note 9). Accounts payable on free-of-charge targeted contributions of the Group comprised RR 3,460 million as at 31 March 2021 (31 December 2020: no accounts payable on free-of-charge targeted contributions) (Note 17).

The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 30 percent of total expenses on purchased electricity, capacity and fuel for the three months ended 31 March 2021 (for the three months ended 31 March 2020: approximately 40 percent).

Grid companies services on electricity distribution provided to the Group by government-related entities comprised approximately 80 percent of total electricity distribution expenses for the three months ended 31 March 2021 (for the for the three months ended 31 March 2020: approximately 80 percent). The distribution of electricity is subject to tariff regulations.

Key management of the Group. Key management of the Group includes members of the Board of Directors of the Company, members of the Management Board of the Company, heads of the business subdivisions of the Company and their deputies, key management of subsidiaries of the segment Far East energy companies.

Remuneration to the members of the Board of Directors of the Company for their services in their capacity and for attending Board meetings is paid depending on the results for the period and is calculated based on specific remuneration policy approved by the Annual General Shareholders Meeting of the Company.

Remuneration to the members of the Management Board and to other key management of the Group is paid for their services in full time management positions and is made up of a contractual salary and performance bonuses depending on the results of the work for the period based on key performance indicators approved by the Board of Directors of the Company.

Main compensation for Key management of the Group generally is short-term excluding future payments under pension plans with defined benefits. Pension benefits for key management of the Group are provided on the same terms as for the rest of employees.

Short-term remuneration paid to the key management of the Group for the three months ended 31 March 2021 comprised RR 242 million (for the three months ended 31 March 2020: RR 181 million).

Note 6. Property, plant and equipment

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Right-of-use assets	Total
Balance as at 31 December 2020	110,264	453,391	490,122	177,108	17,053	10,590	1,258,528
Reclassification	2,210	(2,126)	(84)	-	-	-	-
Additions	21	12	1,214	8,600	616	301	10,764
Transfers	113	613	10,385	(11,112)	1	-	-
Disposals of subsidiaries	(112)	(18)	(8)	-	(1)	-	(139)
Disposals and write-offs	(19)	(16)	(192)	(414)	(251)	(63)	(955)
Balance as at 31 March 2021	112,477	451,856	501,437	174,182	17,418	10,828	1,268,198
Accumulated depreciation (including impairment)							
Balance as at 31 December 2020	(53,723)	(246,144)	(240,430)	(21,804)	(10,759)	(3,016)	(575,876)
Reclassification	(3,549)	2,245	1,286	-	18	-	-
Impairment charge	-	(8)	(12)	(22)	-	-	(42)
Depreciation charge	(480)	(2,197)	(4,293)	-	(320)	(395)	(7,685)
Transfers	(17)	(35)	(266)	318	-	-	-
Disposals of subsidiaries	17	6	6	-	1	-	30
Disposals and write-offs	6	3	185	73	79	42	388
Balance as at 31 March 2021	(57,746)	(246,130)	(243,524)	(21,435)	(10,981)	(3,369)	(583,185)
Net book value as at 31 March 2021	54,731	205,726	257,913	152,747	6,437	7,459	685,013
Net book value as at 31 December 2020	56,541	207,247	249,692	155,304	6,294	7,574	682,652

The carrying amounts of the Group's right-of-use assets and the movements during the reporting period are presented in the table below:

	Right-of-use assets				
	Buildings	Facilities	Plant and equipment	Other	Total
Balance as at 31 December 2020	1,884	4,250	1,336	104	7,574
Additions	162	92	23	24	301
Reclassification	937	(207)	(726)	(4)	-
Depreciation charge	(186)	(168)	(34)	(7)	(395)
Disposals and write-offs	(15)	-	-	(6)	(21)
Balance as at 31 March 2021	2,782	3,967	599	111	7,459

Assets under construction represent the expenditures for property, plant and equipment that are being constructed, including power plants under construction, and advances to construction companies and suppliers of property, plant and equipment. As at 31 March 2021 such advances amounted to RR 30,609 million (31 December 2020: RR 31,761 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 1,025 million, the capitalisation rate was 6.80 percent (for the three months ended 31 March 2020: RR 1,774 million, the capitalisation rate was 7.15 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 91 million (for the three months ended 31 March 2020: RR 43 million).

Impairment. Management of the Group considered the market and economic environment in which the Group operates to assess whether any indicators of property, plant and equipment being impaired existed, or that an impairment loss recognised in prior periods may no longer exist or may have decreased. At the reporting date no indicators of significant changes of management's assumptions used to determine the recoverable amounts of cash-generating units as at 31 December 2020 were identified as a result of this analysis.

Based on the same assumptions, the Group recognised an impairment loss in the amount of RR 42 million for the three months ended 31 March 2021 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods (for the three months ended 31 March 2020: RR 382 million).

(in millions of Russian Rubles unless noted otherwise)

Note 7. Other non-current assets

	31 March 2021	31 December 2020
Long-term promissory notes	37,651	37,552
Discount on long-term promissory notes	(12,137)	(12,385)
Expected credit loss allowance for long-term promissory notes	(14,025)	(14,025)
Long-term promissory notes, net	11,489	11,142
VAT recoverable	909	1,168
Goodwill	481	481
Other non-current assets	6,093	6,349
Total other non-current assets	18,972	19,140

Note 8. Cash and cash equivalents

	31 March 2021	31 December 2020
Cash equivalents	19,383	44,553
Cash at bank	19,383	13,723
Cash in hand	17	15
Total cash and cash equivalents	38,783	58,291

Cash equivalents held as at 31 March 2021 and 31 December 2020 comprised short-term bank deposits with original maturities of three months or less.

Note 9. Accounts receivable and prepayments

	31 March 2021	31 December 2020
Trade receivables	75,022	66,176
Expected credit loss allowance for trade receivables	(32,539)	(31,569)
Trade receivables, net	42,483	34,607
VAT recoverable	6,320	6,459
Advances to suppliers and other prepayments	7,945	6,317
Provision for impairment of advances to suppliers and other prepayments	(672)	(704)
Advances to suppliers and other prepayments, net	7,273	5,613
Other receivables	10,394	10,142
Expected credit loss allowance for other receivables	(5,445)	(5,152)
Other receivables, net	4,949	4,990
Government grants receivables	2,641	526
Total accounts receivable and prepayments	63,666	52,195

The Group does not hold any accounts receivable pledged as collateral.

Note 10. Inventories

	31 March 2021	31 December 2020
Fuel	17,646	21,927
Materials and supplies	9,964	10,028
Spare parts	3,706	3,230
Other materials	441	190
Total inventories before provision for impairment	31,757	35,375
Provision for impairment of inventories	(212)	(226)
Total inventories	31,545	35,149

There are no inventories pledged as collateral for borrowings as at 31 March 2021 and as at 31 December 2020.

Note 11. Other current assets

	31 March 2021	31 December 2020
Deposits	57,117	41,331
Special funds	10,860	11,615
Loans issued	3,414	3,321
Expected credit loss allowance for loans issued	(3,383)	(3,291)
Loans issued, net	31	30
Cross currency and interest rate swap	3,198	2,914
Other current assets	110	84
Total other current assets	71,316	55,974

As at 31 March 2021 the balance of special funds in the amount of RR 10,860 million received by the Group to fund construction of generating facilities, is placed to the special accounts of the Federal Treasury of Russia (as at 31 December 2020: RR 11,615 million). These special funds may be used by the Group only upon approval by the Federal Treasury of Russia according to the authorisation procedure, prescribed by the Order of the Ministry of Finance of the Russian Federation No. 213n dated 25 December 2015.

Note 12. Equity

	Number of issued and fully paid ordinary shares (Par value of RR 1.00)
As at 31 March 2021	439 288 905 849
As at 31 December 2020	439 288 905 849

Treasury shares. As at 31 March 2021 treasury shares were represented by 3,852,259,324 ordinary shares in the amount of RR 4,613 million (31 December 2020: 3,852,259,324 ordinary shares in the amount of RR 4,613 million).

Changes in non-controlling interest. For the three months ended 31 March 2020 non-controlling interest increased by RR 24 million due to disposal of negative net assets of a subsidiary of the Group.

Foreign currency translation reserve. For the three months ended 31 March 2020 accumulated loss on foreign translation reserve in amount of RR 348 million related to the translation to the reporting currency of the assets and liabilities of the subsidiary denominated in foreign currency was recycled to profit or loss due to disposal of the subsidiary.

Note 13. Income tax

Income tax expense is recognised based on the management's best estimate as of the reporting date of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional, one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the three months ended 31 March 2021 was 23 percent (for the three months ended 31 March 2020: 18 percent).

	Three months ended 31 March 2021	Three months ended 31 March 2020
Current income tax expense	5,299	4,606
Deferred income tax expense	726	981
Total income tax expense	6,025	5,587

(in millions of Russian Rubles unless noted otherwise)

Note 14. Current and non-current debt

Non-current debt

	31 March 2021	31 December 2020
Eurobonds (RusHydro Capital Markets DAC)	68,035	88,463
<i>in Russian Rubles</i>	50,400	71,425
<i>in Chinese Yuans</i>	17,635	17,038
Bank loans	85,580	91,754
Russian bonds (PJSC RusHydro)	2,966	2,912
Other long-term debt	5,769	5,932
Lease liabilities	9,436	9,250
Total	171,786	198,311
Less current portion of non-current debt	(55,765)	(65,543)
Less current portion of lease liabilities	(3,224)	(2,842)
Total non-current debt	112,797	129,926

Bonds redemption. Eurobonds with a nominal value of RR 20,000 million issued in February 2018 were repaid in February 2021.

Current debt

	31 March 2021	31 December 2020
Bank loans	9,042	6,673
Other short-term debt	2,759	1,006
Current portion of non-current debt	55,765	65,543
Current portion of lease liabilities	3,224	2,842
Total current debt and current portion of non-current debt	70,790	76,064
<i>Reference:</i>		
Interest payable	1,080	1,863

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt. As at 31 March 2021 and 31 December 2020 and during the reporting period the Group met all required covenant clauses of the credit agreements.

Note 15. Non-deliverable forward contract for shares

	The fair value of the forward contract
As at 31 December 2020	15,025
Change in the fair value of the non-deliverable forward contract for shares (Note 22)	(2,356)
As at 31 March 2021	12,669

The table below includes key assumptions made to determine the forward contract's fair value using the Monte-Carlo model:

Key assumptions made to assess the forward contract's fair value	31 March 2021	31 December 2020
Expected term of the forward transaction	3.93 years	4.17 years
Market value of the share	RR 0.8124	RR 0.7871
CB RF key refinancing rate	4.50 percent	4.25 percent
Volatility of shares	27.09 percent	28.75 percent
Risk-free rate	6.55 percent	5.35 percent
Discount rate	6.78 percent	5.96 percent
Expected dividend yield	7.00 percent	7.00 percent

The sensitivity analysis of the fair value of the forward contract to the key assumptions is presented in Note 26.

(in millions of Russian Rubles unless noted otherwise)

Note 16. Other non-current liabilities

	31 March 2021	31 December 2020
Pension benefit obligations	7,783	7,787
Non-current advances received	2,091	3,185
Other non-current liabilities	11,704	11,838
Total other non-current liabilities	21,578	22,810

Note 17. Accounts payable and accruals

	31 March 2021	31 December 2020
Trade payables	27,771	28,306
Settlements with personnel	11,133	10,131
Advances received	10,614	10,329
Accounts payable on free-of-charge targeted contributions	3,460	-
Dividends payable	156	157
Other accounts payable	5,894	5,485
Total accounts payable and accruals	59,028	54,408

All accounts payable and accruals are denominated in Russian Rubles.

Accounts payable on free-of-charge targeted contributions as at 31 March 2021 is the debts to the constituent budgets of the Far East Federal region according to Russian Government Resolution No. 895 "On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region", which stipulates the application of a premium to the price of capacity provided by the Company in the price zones of the wholesale electricity and capacity market with subsequent transfer of the amounts collected to the constituent budgets of the Far East Federal region in the form of free-of-charge targeted contributions.

Note 18. Other taxes payable

	31 March 2021	31 December 2020
VAT	11,970	9,956
Insurance contributions	3,930	3,470
Property tax	3,530	2,439
Other taxes	600	587
Total other taxes payable	20,030	16,452

Note 19. Revenue

	Three months ended 31 March 2021	Three months ended 31 March 2020
Sales of electricity and capacity in the retail market	47,965	44,133
Sales of electricity in the wholesale market	21,128	24,320
Sales of heat and hot water	18,393	17,010
Sales of capacity in the wholesale market	17,828	14,081
Rendering services for electricity transportation	4,440	4,181
Rendering services for connections to the grid	244	434
Other revenue	1,464	2,055
Total revenue	111,462	106,214

Other revenue includes revenue earned from rendering of construction, repairs and other services.

For the three months ended 31 March 2021 the Group's revenue recognised over time comprised RR 109,754 million (for the three months ended 31 March 2020: RR 103,725 million), recognised at a point in time – RR 1,708 million (for the three months ended 31 March 2020: RR 2,489 million).

Note 20. Government grants

In accordance with legislation of the Russian Federation, several companies of the Group are entitled to government subsidies for compensation of the difference between approved economically viable electricity and heat tariffs and actual reduced tariffs and for compensation of losses on purchased fuel, purchased electricity and capacity.

During the three months ended 31 March 2021, the Group received government subsidies of RR 12,369 million (for the three months ended 31 March 2020: RR 11,470 million). The subsidies were received in the following territories: Kamchatsky territory, Sakha Republic (Yakutia), Magadan Region, Chukotka Autonomous Area and other Far East regions.

The total amount of government grants received by the Group companies – guaranteeing suppliers, under the Resolution of the Russian Government No. 895 “On achievement of basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region”, for the three months ended 31 March 2021 was RR 8,155 million (for the three months ended 31 March 2020: RR 7,555 million).

Note 21. Operating expenses (excluding impairment losses)

	Three months ended 31 March 2021	Three months ended 31 March 2020
Fuel expenses	24,303	22,709
Employee benefit expenses (including payroll taxes and pension benefit expenses)	19,879	19,618
Purchased electricity and capacity	18,809	13,407
Grid companies services on electricity distribution	10,672	10,098
Depreciation of property, plant and equipment and amortisation of intangible assets	7,710	7,027
Taxes other than on income	3,444	3,280
Other materials	1,946	1,779
Third parties services, including:		
Purchase and transportation of heat power	1,258	998
Support of electricity and capacity market operation	1,123	1,047
Security expenses	962	951
Repairs and maintenance	953	912
Insurance cost	621	609
Consulting, legal and information expenses	449	501
Rent	179	205
Services of subcontracting companies	132	205
Transportation expenses	116	149
Other third parties services	1,621	2,078
Water usage expenses	1,203	1,241
Social charges	169	253
Travel expenses	152	171
Loss on disposal of property, plant and equipment, net	76	203
Purchase of oil products for sale	72	239
Other expenses	906	622
Total operating expenses (excluding impairment losses)	96,755	88,302

Note 22. Finance income, costs

	Three months ended 31 March 2021	Three months ended 31 March 2020
<i>Finance income</i>		
Change of fair value of non-deliverable forward contract for shares (Note 15)	2,356	4,776
Interest income	968	1,253
Change of fair value of cross-currency and interest rate swap	284	3,689
Income on discounting	156	125
Foreign exchange gain	16	86
Other income	21	66
Total finance income	3,801	9,995
<i>Finance costs</i>		
Interest expense	(2,172)	(1,963)
Foreign exchange loss	(342)	(3,166)
Interest expense on lease liabilities	(183)	(137)
Expense on discounting	(35)	(95)
Other costs	(194)	(209)
Total finance costs	(2,926)	(5,570)

Note 23. Capital commitments

In accordance with consolidated investment programme approved under the consolidated business plan of the Group, as of 31 March 2021 the Group has to invest RR 488,552 million for the period 2021–2025 for reconstruction of the existing and construction of new power plants and grids, including capital commitments for 2021 year in the amount of RR 112,736 million, for 2022 year – RR 109,754 million, for 2023 year – RR 99,871 million, for 2024 year – RR 85,865 million, for 2025 year – RR 80,326 million (31 December 2020: RR 499,010 million for the period 2021–2025).

Note 24. Contingencies

Social commitments. The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services and other social needs in the geographical areas in which it operates. Management believes that there are no material liabilities that should have been recognized at the reporting date.

Insurance. The Group holds limited insurance policies in relation to its assets, operations, public liability or other insurable risks. Accordingly, the Group is exposed for those risks for which it does not have insurance.

Legal proceedings. The Group's subsidiaries are parties to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, upon final disposition, will have a material adverse effect on the financial position and results of the Group.

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management may be challenged by tax authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. The impact of this course of events cannot be assessed with sufficient reliability, but it can be significant in terms of the financial situation and / or the business of the Group. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties.

In 2020 the Company joined the tax monitoring system (a new form of interaction with the tax authorities that does not involve in-house or on-site inspections, as a general rule). Nevertheless, an on-site inspection of the Company can be made with regard to open periods (2018, 2019 and 2020 years). Within the tax monitoring framework, the Company may request a reasoned opinion of the tax authority on certain controversial tax issues. A reasoned opinion is binding on both the tax authorities and the Company.

The Company has agreed with the tax authorities a roadmap for preparing transition to the tax monitoring system of the Group's subsidiaries. Since 2021, PJSC Krasnoyarskenergosbyt entered into tax monitoring. For other subsidiaries of the Group fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessments for controlled transactions (transactions with related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis.

Management has implemented internal controls to be in compliance with this transfer pricing legislation. In case of receipt of a request from tax authorities, the management of the Group will provide documentation meeting the requirements of Art. 105.15 of the Tax Code in respect of the periods that are open for the review of the completeness of tax calculation and payment in accordance with the Chapter 14.5 of the Tax Code.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Changes aimed at countering tax evasions have been added to the Russian tax legislation and became effective from 1 January 2015. Specifically, they introduce new rules for controlled foreign companies and the concept of beneficiary owner of income for the purposes of application of preferential provisions of taxation treaties of the Russian Federation. Also, the new provisions introduce the rules for determining tax residency for foreign legal entities at the place of their actual management (if a foreign company is recognised as a Russian tax resident, the whole amount of such company's income will be subject to taxation in Russia).

The Group takes necessary steps to comply with these changes of the Russian tax legislation. However, there are no sustainable practices yet as to how to apply the new rules; therefore, at present, it does not seem practicable to reliably estimate the probability of claims from Russian tax authorities in relation to the compliance of the Group's companies with these changes and the probability of positive outcome of tax disputes (if any). Tax disputes (if any) may have an impact on the Group's overall financial position and results of operations.

Management of the Group believes that as at 31 March 2021 and as at 31 December 2020 its interpretation of the relevant legislation was appropriate and the Group's tax positions would be sustained.

Environmental matters. The Group companies and their predecessor entities have operated in the utilities industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group companies periodically evaluate their obligations under environmental regulations. The assets retirement obligation comprised RR 1,793 million as at 31 March 2021 (31 December 2020: RR 1,624 million) and was included into other non-current obligations.

Potential liabilities may arise as a result of changes in legislation and regulation, civil litigation or other circumstances. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Note 25. Financial instruments and financial risk management

Financial risks. The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

This Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements; it should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020.

There have been no changes in the Group's risk management policies during the three months ended 31 March 2021.

Presentation of financial instruments by measurement category. The following table provides a reconciliation of classes of financial assets with the measurement categories of IFRS 9 Financial instruments and information about the balance of special funds held on the accounts at the Federal Treasury as at 31 March 2021 and 31 December 2020.

As at 31 March 2021	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Assets				
Other non-current assets (Note 7)	12,325	-	-	12,325
Promissory notes	11,489	-	-	11,489
Long-term receivables	423	-	-	423
Long-term loans issued	413	-	-	413
Financial assets at fair value through profit or loss	-	2	-	2
Financial assets at fair value through other comprehensive income	-	-	513	513
Trade and other receivables (Note 9)	46,944	-	-	46,944
Trade receivables	42,483	-	-	42,483
Other financial receivables	4,461	-	-	4,461
Other current assets (Note 11)	68,008	3,198	-	71,206
Special funds	10,860	-	-	10,860
Deposits	57,117	-	-	57,117
Short-term loans issued	31	-	-	31
Cross currency and interest rate swap	-	3,198	-	3,198
Cash and cash equivalents (Note 8)	38,783	-	-	38,783
Total financial assets	166,060	3,200	513	169,773
Non-financial assets				775,825
Total assets				945,598

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information
as at and for the three months ended 31 March 2021 (unaudited)



(in millions of Russian Rubles unless noted otherwise)

As at 31 December 2020	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Assets				
Other non-current assets (Note 7)	12,037	-	-	12,037
Promissory notes	11,142	-	-	11,142
Long-term receivables	456	-	-	456
Long-term loans issued	439	-	-	439
Financial assets at fair value through profit or loss	-	2	-	2
Financial assets at fair value through other comprehensive income	-	-	461	461
Trade and other receivables (Note 9)	39,047	-	-	39,047
Trade receivables	34,607	-	-	34,607
Other financial receivables	4,440	-	-	4,440
Other current assets (Note 11)	52,976	2,914	-	55,890
Special funds	11,615	-	-	11,615
Deposits	41,331	-	-	41,331
Short-term loans issued	30	-	-	30
Cross currency and interest rate swap	-	2,914	-	2,914
Cash and cash equivalents (Note 8)	58,291	-	-	58,291
Total financial assets	162,351	2,916	461	165,728
Non-financial assets				776,307
Total assets				942,035

As at 31 March 2021 financial liabilities of the Group carried at fair value are represented by the non-deliverable forward contract for shares in the amount of RR 12,669 million (Note 15) (31 December 2020: RR 15,025 million).

All other financial liabilities of the Group are carried at amortised cost and are represented mainly by the current and non-current debt (Note 14), trade payables and other accounts payable (Note 17).

Note 26. Fair value of assets and liabilities

a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The levels in the fair value hierarchy into which the recurring fair value measurements are categorised, are as follows:

31 March 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Equity investments: Financial assets at fair value through profit or loss	2	-	-	2
Equity investments: Financial assets at fair value through other comprehensive income	-	-	513	513
Cross currency and interest rate swap	-	-	3,198	3,198
Total assets requiring recurring fair value measurements	2	-	3,711	3,713
Financial liabilities				
Non-deliverable forward contract for shares	-	-	12,669	12,669
Other short-term liabilities	-	-	117	117
Total liabilities requiring recurring fair value measurements	-	-	12,786	12,786
31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Equity investments: Financial assets at fair value through profit or loss	2	-	-	2
Equity investments: Financial assets at fair value through other comprehensive income	-	-	461	461
Cross currency and interest rate swap	-	-	2,914	2,914
Total assets requiring recurring fair value measurements	2	-	3,375	3,377
Financial liabilities				
Non-deliverable forward contract for shares	-	-	15,025	15,025
Other short-term liabilities	-	-	72	72
Total liabilities requiring recurring fair value measurements	-	-	15,097	15,097

There were no changes in the valuation techniques, inputs and assumptions for recurring fair value measurements during the three months ended 31 March 2021.

As at 31 March 2021 and 31 December 2020 the fair value of the non-deliverable forward contract for shares is determined based on the Monte-Carlo model, taking into account adjustments and using unobservable inputs, and included in Level 3 of fair value hierarchy (Note 15).

The valuation of the Level 3 financial liability and the related sensitivity to reasonably possible changes in unobservable inputs are as follows as at 31 March 2021 and 31 December 2020:

	Fair value	Valuation technique	Significant unobservable/observable inputs	Reasonably possible change	Reasonably possible values	Change of fair value measurement
Financial liability						
As at 31 March 2021						
Non-deliverable forward contract for shares	12,669	Monte-Carlo model	Dividend yield	-2%	5.00 percent	(949)
				+2%	9.00 percent	858
				-20%	RR 0.6499	8,033
				+20%	RR 0.9749	(8,046)
As at 31 December 2020						
Non-deliverable forward contract for shares	15,025	Monte-Carlo model	Dividend yield	-2%	5.00 percent	(1,004)
				+2%	9.00 percent	796
				-20%	RR 0.6297	7,617
				+20%	RR 0.9445	(7,766)

Based on management's assessment, possible changes of unobservable inputs do not have a significant impact on the fair value of the non-deliverable forward contract.

The estimated fair value of the non-deliverable forward contract is significantly influenced by observable inputs, in particular, by the market value of the shares which was RR 0.8124 as at 31 March 2021 (31 December 2020: RR 0.7871) (Note 15).

b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Financial assets carried at amortised cost. The Group considers that the fair value of cash (Level 1 of the fair value hierarchy), cash equivalents and short-term deposits (Level 2 of the fair value hierarchy), short-term accounts receivable (Level 3 of the fair value hierarchy) approximates their carrying value. The fair value of long-term accounts receivable, other non-current and current assets is estimated based on future cash flows expected to be received including expected losses (Level 3 of the fair value hierarchy); the fair value of these assets approximates their carrying value.

Liabilities carried at amortised cost. The fair value of floating rate liabilities approximates their carrying value. The fair value of bonds is based on quoted market prices (Level 1 of the fair value hierarchy). Fair value of the fixed rate liabilities is estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity (Level 3 of the fair value hierarchy).

The fair value of current liabilities carried at amortised cost approximates their carrying value.

As at 31 March 2021 the fair value of bonds exceeded their carrying value by RR 706 million (31 December 2020: the fair value of bonds exceeded their carrying value by RR 2,065 million).

As at 31 March 2021 the carrying value of non-current fixed rate debt was RR 63,421 million and exceeded its fair value by RR 291 million (31 December 2020: the carrying value of non-current fixed rate debt was RR 65,404 million and exceeded its fair value by RR 188 million).

Note 27. Subsequent events

There were no significant subsequent events that can influence the Group's financial position, cash flows or operating results which took place during the period between reporting date and date of signing of the Group's condensed consolidated interim financial information as at and for the three months ended 31 March 2021 prepared in accordance to IFRS.