

**MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL POSITION, FINANCIAL PERFORMANCE
AS AT AND FOR THE THREE MONTHS ENDED
MARCH 31, 2021**

Note

Current report is a review of financial position and performance of PJSC RusHydro (“RusHydro” or the “Company”) and its subsidiaries (jointly referring to as “RusHydro” or “the Group” and must be read in conjunction with consolidated financial reports of RusHydro Group for the respective periods, prepared in accordance with IFRS.

In addition, the report contains information pertaining to mid-term and long-term plans and intentions of the Group. The plans and intentions in their nature are forward-looking statements and actual implementation of plans and intentions is affected by a number of economic, political and legal factors, outside control by the Company (such as international financial and economic situation, situation in key markets, changes in taxation, customs and environmental legislations, etc.). Hence, actual performance could differ materially from forecasts, contained in the report.

All ruble-denominated sums are in millions, unless noted otherwise. The figures are rounded, but specific indicators are calculated based on actual values before rounding.

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1. The Group and its operations

The Group's principal business operations are generation and sales of electricity and capacity as well as generation and sales of heat. As of March 31, 2021 installed electric capacity of the Group companies stood at 38.0 GW¹, installed heat capacity – 18,984.4 Gcal/h.

Operating segments

The Group operates in the three key segments:

- 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;
- 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;
- 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.

Operations of other segments are not subject to disclosure as separate reportable segments due to lack of materiality.

As of March 31, 2021 RusHydro Group includes for purposes of consolidation under IFRS PJSC RusHydro and 70 subsidiaries. Fifteen companies are associated entities or joint ventures for the Group. In the first quarter of 2021, the Group composition was optimized by 4 subsidiaries (liquidation of non-functioning company):

- On 25.01.2021 JSC Hydroproject-Service has been terminated;
- On 05.02.2021 JSC DUZ has been terminated;
- On 18.02.2021 RusHydro International B.V. has been terminated;
- On 20.02.2021 participation of the Group in shared capital of JSC Rodnik Zodorovya has been terminated following sale of 100% share.

Relations with the Government

As at March 31, 2021, The Russian Federation, as represented by the Federal Agency for State Property Management owned 61.73 percent of the total ordinary shares of the Company; PJSC VTB Bank that is controlled by the Russian Federation owned 12.95 percent of the Company's shares².

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.

Key customers receiving electricity and heat generated by the Group include significant number of entities, controlled by the government or associated with the government. In addition, the government controls Group's suppliers, providing services of dispatching, transmission and distribution of

¹ Including capacity of Boguchanskaya HPP, operated jointly with UC RUSAL

² Data including additional share issue number 1-01-55038-E-043D from 28.07.2018

electricity, as well as a number of suppliers of fuel and other suppliers.

In addition, the Government affects the Group's operations through:

- participation of its representatives in the Company's Board of Directors;
- regulation of tariffs for electricity, capacity and heat;
- approval of the Group's investment program, volume and sources of financing, and control over its implementation.

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

2. Review of key events and performance indicators

Key events since January 2021

- The Board of Directors appointed Victor Khmarin as Chairman of the Management Board, General Director of the Company;
- The Board of Directors appointed Roman Berdnikov and Nikolay Karpukhin to the company's Management Board. Simultaneously, the Board terminated the powers of Sergei Vasilyev, Andrey Kazachenkov and Bayrta Perveyeva and reduced the composition of RusHydro's Management Board to 5 members;
- PJSC RusHydro and PJSC Polyus have signed a bilateral power purchase agreement for clean electricity produced by Sayano-Shushenskaya HPP.

Events after the reporting date

- JSC Chukotnergo, a subsidiary of PJSC RusHydro has completed of conversion of Anadyrskaya CHPP from coal to natural gas, significantly reducing the impact on the environment and improving the company's ESG profile.

Key financial results of 1Q 2021

	1Q 2021	1Q 2020	chg.	chg., %
Revenue	123,831	117,684	6,147	5.2%
Operating expenses	96,755	88,302	(8,453)	-9.6%
Other operating income	411	303	108	35.6%
Operating profit ³	27,487	29,685	(2,201)	-7.4%
EBITDA⁴	34,907	36,613	(1,706)	-4.7%
Net profit	20,429	25,908	(5,479)	-21.1%
Net profit (adj.) ⁵	19,940	23,431	(3,491)	-14.9%

³ Operating profit is calculated as the difference between revenue, other operating income and operating expenses.

⁴ EBITDA is calculated as operating profit/loss excluding depreciation of property, plant and equipment, amortisation of intangible assets, income arising from the change in fair value of financial assets measured through profit or loss, impairment of property, plant and equipment, impairment of financial assets, profit / loss on disposal of property, plant and equipment and other non-cash items of operating income and expenses.

⁵ Net profit is adjusted for the effects of recognition of financial income/expense arising from the change in fair value of non-deliverable forward contract, impairment of fixed assets, impairment of financial assets, profit / loss on disposal of property, plant and equipment, as well as other non-cash items of operating income and expenses.

- Financial results reflected decrease of electricity output on the back of normalization water inflows to the majority of reservoirs of the HPPs. Decrease of output is compensated by increase in spot market prices.
- Total revenue in the first quarter of 2021 increased by 5.2% and reached RUB 123,831 mn.
- EBITDA decreased by 4.7% to RUB 34,907 mn.
- Operating expenses increased by 9.6% mostly on the back of fuel costs and purchased electricity and capacity.
- Net profit for the period – RUB 20,429 mn (-21.1%); adjusted net profit – RUB 19,940 mn (-14.9% y-o-y).

3. Operating results

3.1 Review of operating and electricity retail results

Electricity production of RusHydro Group, GWh

	1Q 2021	1Q 2020	chg., %
Center of Russia	7,910	12,373	-36.1%
South of Russia and Northern Caucasus	1,185	1,269	-6.6%
Siberia	5,722	6,047	-5.4%
Total for the price zones	14,817	19,688	-24.7%
Far East	4,314	4,368	-1.2%
RAO ES East	9,366	8,787	6.6%
Total	28,496	32,843	-13.2%
incl. by HPPs, PSHPPs ⁶	19,950	24,768	-19.5%
incl. by TPPs	8,436	7,958	5.1%
incl. by alt. renewables	110	116	-5.6%
<i>Boguchanskaya HPP</i>	<i>5,087</i>	<i>4,636</i>	<i>9.7%</i>

The underlying factors of the production change in 2020 were:

- water inflows to the reservoirs of the Volga-Kama cascade, Siberia and the Far East at the normal level or slightly above, yet below last year's level;
- water inflows to the reservoir of Chirkeyskaaya HPP at the normal level;
- increase of electricity consumption in the Far East by 6.1%
- increase of heat output in the Far East driven by weather conditions.

Total electricity generated by RAO ES East subgroup in the first quarter of 2021 amounted to 9,366 GWh, an increase of 6.6% as compared to the first quarter last year. The main driver behind the production increase was growth of electricity consumption in the region by 6.1% to 8,235 GWh.

Heat output by thermal plants of Far East energy companies segment, ths. GCal

	'000 GCal	1Q'21	1Q'20	chg., %
JSC DGK, incl.		8,893	8,219	8.2%
Primorye power system		1,840	1,676	9.8%
Khabarovsk power system		5,068	4,799	5.6%
Amur power system		1,101	981	12.2%

⁶ Includes generation by HPPs of PJSC RusHydro, Kolymskaya HPP and Viluyskie HPPs, part of Far East energy companies.

South-Yakutsk power district	885	763	15.9%
JSC RAO ES East (CHP Vostochnaya)	366	353	3.5%
PJSC Yakutskenergo	1,166	1,068	9.1%
UES of East	10,424	9,641	8.1%
Yakutsk power system, incl.	606	515	17.6%
JSC Sakhaenergo	28	29	-3.9%
JSC Teploenergoservice	578	487	18.9%
Kamchatka power system, incl.	751	761	-1.3%
PJSC Kamchatskenergo	719	731	-1.6%
JSC KSEN	32	30	4.6%
Magadan power system	493	474	4.0%
Chukotka AO power system	148	160	-7.7%
Sakhalin power system	558	570	-2.1%
Total isolated power systems	2,556	2,481	3.0%
TOTAL	12,980	12,246	7.1%

Heat output by thermal plants of RAO ES East Subgroup in the first quarter of 2021 increased by 7.1% to 12,980 GCal as compared to the corresponding period of 2020 due to lower air temperatures in the regions of presence of JSC DGK, PJSC Yakutskenergo and JSC Chukotenergo.

Electricity output by RusHydro Group's electricity retail companies, GWh

	1Q'21	1Q'20	chg., %
PJSC Krasnoyarskenegosbyt	3,552	3,342	6.3%
JSC Chuvashskaya Electricity Sales Company	981	911	7.7%
PJSC Ryazanenergosbyt	683	648	5.4%
JSC ESC RusHydro	362	471	-23.2%
PJSC DEK	6,888	6,575	4.8%
Total ESC RusHydro subgroup	12,467	11,947	4.4%
<i>Isolated energy systems (for reference)</i>	<i>2,577</i>	<i>2,491</i>	<i>3.4%</i>
Total by Group	15,044	14,438	4.2%

Total electricity output by RusHydro Group's energy retail companies in 1Q 2021 increased by 4.2% to 15,044 GWh as compared to 1Q 2020. The increase came on the back of climate factor as the average temperature in the first quarter of 2021 was below that of the first quarter of 2020.

Total electricity output by RusHydro's companies located in the isolated energy systems in the Far East Federal District amounted to 2,577 GWh in 1Q 2021, an increase of 3.4% as compared to the same period last year.

3.2 Market overview

The Group sells electricity and capacity on the wholesale electricity and capacity market and, via retail suppliers of electricity market at the retail electricity market in the United energy system of the Russian Federation and five isolated energy zones of the Far East of the Russian Federation.

PJSC RusHydro and its subsidiaries (PJSC DEK, PJSC Krasnoyarskenegosbyt, JSC Chuvashskaya Electricity Sales Company, PJSC Ryazanenergosbyt, PJSC Peredvizhnaya Energetika) have status of suppliers on the wholesale electricity and capacity market of Russian Federation and are selling electricity and capacity in accordance with the rules of the wholesale electricity and capacity market,

forming significant part of the total revenue of the Group.

Operations of the Group in the Far East are vertically integrated and are subject of full tariffs regulation. Overview of the key volume and price indicators of PJSC RusHydro's generating branches and subsidiaries in the price zones of the wholesale electricity and capacity market are presented below. Information on operations and sales of the generating and retail companies of RAO ES East subgroup and sales of the retail companies of Supply companies is presented in Section 3.1.

Sales on wholesale electricity and capacity market

	1Q 2021	1Q 2020	chg.	chg., %
Total volume, kWh, including	20,218	24,235	(4,791)	-28.5%
regulated electricity contracts	5,822	5,785	152	12.0%
day-ahead-market	12,004	16,796	596	165.6%
balancing market	1,413	1,262	(11)	-34.0%
unregulated bilateral contracts	955	360	887	4.0%
retail market	21	32	549	6.5%
Capacity, MW, including	22,945	22,058	531	10.2%
regulated contracts (capacity)	8,936	8,387	(470)	-5.8%
capacity auctions (KOM)	5,725	5,194	277	73.3%
unregulated bilateral contracts	7,629	8,099	(4,791)	-28.5%
capacity delivery contracts (DPM)	655	378	152	12.0%

Electricity

Decrease in electricity production and net output in the reporting period as compared to the corresponding period of 2020 by 18.3% and 19.1% respectively is driven by the following factors:

- Water inflows to the main reservoirs of the Volga-Kama cascade, reservoirs in Siberia and in the Far East at the normal level or slightly above;
- Water inflows to Chirkeyskoye reservoir at the normal level.

Decrease in electricity sales on day-ahead-market (spot market) by 28.5% is driven by lower HPP electricity production against the corresponding period of 2020 in price zones.

Increase of electricity sales by regulated electricity contracts and quadrilateral agreements in non-price zones of wholesale regulated electricity market in non-price zone by 0.6% is volume driven.

Increase of electricity sales by regulated electricity contracts by 12.0% is driven by System Operator's regulations ensuring reliability of UES.

Increase of electricity sales on day-ahead-market by 165% is driven by electricity sales from Sayano-Shushenskaya HPP to JSC Vitinenergoby (Polyus Group) as well as bilateral agreements in non-price zone.

Capacity

Increase of capacity sales through regulated electricity contracts by 6.5% came on the back of volume growth under regulated contracts including capacity supply from Vladivostokskaya CHPP-2 since 01.01.2021.

Increase of capacity sales through capacity auctions (KOM) by 10.2% as well as decrease of capacity sales through regulated contracts by 5.8% is driven by volume mix between capacity auctions and regulated contracts as well as change in consumer structure.

Increase of capacity sales under capacity delivery agreements (DPM) by 73.3% is driven by commissioning of Zaramagskaya HPP-1 and other facilities under DPM For renewables contracts.

Price parameter on wholesale electricity and capacity market

	1Q 2021	1Q 2020	chg.	chg., %
Average selling price electricity/capacity, RUB/MWh	2,253	1,848	405	21.9%
Electricity (RUB/MWh), including	922	881	41	4.7%
regulated electricity contracts	227	28	200	724.7%
day-ahead-market	1,250	1,154	96	8.3%
balancing market	1,282	1,111	172	15.5%
unregulated bilateral contracts	458	857	(400)	-46.6%
retail market	2,660	2,563	97	3.8%
Capacity (RUB/MW/month), including	390,920	354,418	36,503	10.3%
regulated contracts (capacity)	131,936	150,755	(18,820)	-12.5%
capacity auctions (KOM)	861,990	876,291	(14,301)	-1.6%
unregulated bilateral contracts	166,375	141,981	24,394	17.2%
capacity delivery contracts (DPM)	2,421,324	2,253,469	167,855	7.4%

Electricity

Increase in selling price (tariff) under regulated contracts in price zones the average selling price in non-price zones including quadrilateral contracts by 724.7% is driven by tariff growth and sales of electricity from Vladivostokskaya CHPP-2 since 01.01.2021.

Actual selling price on day-ahead-market increased by 8.3% following increase of spot market prices in the reporting period.

Increase of selling price on the balancing market by 15.5% came on the back of reallocation of electricity volume by hour-days following orders of the System Operator.

Increase in selling price on the retail market by 3.8% is driven by increase of non-regulated price of electricity on the wholesale market.

Decrease in selling price under unregulated bilateral contracts by 46.6% is driven by increase of electricity supply under bilateral contracts in non-price zones, where the Federal Antimonopoly Service sets tariffs.

Capacity

Increase of electricity price under unregulated bilateral contracts came on the back of tariff increase and indexation of KOM price

Decrease of capacity price under KOM by 1.6% came on the back of distribution of surcharge to capacity price.

Increase of selling price under capacity delivery contracts by 7.4% came on the back of commissioning of Zaramagskaya HPP-1 and new facilities under DPM for renewables agreements.

4. Financial review

4.1. Key indicator of financial position and performance

Key indicators of financial position

ASSETS	31.03.2021	31.12.2020	chg.	chg., %
Non-current assets				
Property, plant and equipment	685,013	682,652	2,361	0.3%
Investments in associates and joint ventures	16,700	16,800	(100)	-0.6%
Financial assets at fair value through other comprehensive income	513	461	52	11.3%
Deferred income tax assets	16,554	16,673	(119)	-0.7%
Other non-current assets	18,972	19,140	(168)	-0.9%
Total non-current assets	737,752	735,726	2,026	0.3%
Current assets				
Cash and cash equivalents	38,783	58,291	(19,508)	-33.5%
Income tax receivable	2,536	4,700	(2,164)	-46.0%
Accounts receivable and prepayments	63,666	52,195	11,471	22.0%
Inventories	31,545	35,149	(3,604)	-10.3%
Other non-current assets	71,316	55,974	15,342	27.4%
Total current assets	207,846	206,309	1,537	0.7%
TOTAL ASSETS	945,598	942,035	3,563	0.4%

As of March 31, 2021, the Group's assets increased by RUB 3,563 mn or 0.4% to RUB 945,598 mn against the comparable figure as at December 31, 2020. Change in assets is primarily attributable to:

- increase in property, plant & equipment following execution of the Group's investment program;
- increase in other non-current assets following increase of cash and cash equivalents on the back of increase of cash on deposits maturing in over 90 days with simultaneous decrease of cash and cash equivalents;
- increase of accounts receivable (increase of trade accounts receivable on wholesale electricity and capacity market and regions' liabilities on transfer of government subsidies and advance payments to insurance companies).

LIABILITIES	31.03.2021	31.12.2020	chg.	chg., %
Non-current liabilities				
Non-current debt	112,797	129,926	(17,129)	-13.2%
Non-deliverable forward contract for shares	12,669	15,025	(2,356)	-15.7%
Deferred income tax liabilities	18,202	17,591	611	3.5%
Other non-current liabilities	21,578	22,810	(1,232)	-5.4%
Total non-current liabilities	165,246	185,352	(20,106)	-10.8%
Current liabilities				
Current debt and current portion of non-current debt	70,790	76,064	(5,274)	-6.9%
Accounts payable and accruals	59,028	54,408	4,620	8.5%
Accounts payable on income tax	1,144	819	325	39.7%
Other taxes payable	20,030	16,452	3,578	21.7%
Total current liabilities	150,992	147,743	3,249	2.2%
TOTAL LIABILITIES	316,238	333,095	(16,857)	-5.1%

As at the end of the reporting period the Group's liabilities decreased by RUB 16,857 mn or 5.1% to RUB 316,238 mn as compared to December 31, 2020.

The structure of liabilities has changed accordingly - increase of current debt and current portion of non-current debt and decrease of non-current debt:

- Eurobonds issued in February 2018 in the amount of RUB 20,000 mn were redeemed
- Eurobonds issued in November 2018 in the amount of RUB 15,000 mn were classified as current portion of non-current debt

The fair value of the non-deliverable forward contract, recognized under the terms of transaction with PJSC VTB Bank, decreased from RUB 15,025 mn (as of December 31, 2020) to RUB 12,669 mn (as of March 31, 2021). The main reason of the change in fair value of the forward contract is the local dynamics in the change of market price of RusHydro's shares in the reporting period.

Increase in accounts payable and accruals by RUB 4,620 mn is driven by increase in accounts payable on gratuitous special purpose contributions – liability before the Far East Federal District's regions in accordance with Resolution of the Russian Government No. 895 "On reaching basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region" in the amount of RUB 3,640 mn.

Financial performance indicators

Revenue and government grants

	1Q 2021	1Q 2020	chg.	chg., %
Electricity sales	77,248	76,008	1,240	1.6%
<i>Incl. grants as per Resolution of the Russian Gov't No. 895</i>	<i>8,155</i>	<i>7,555</i>	<i>600</i>	<i>7.9%</i>
Heat and hot water sales	18,393	17,010	1,383	8.1%
Capacity sales	17,828	14,081	3,747	26.6%
Other sales	6,148	6,670	(522)	-7.8%
Other government grants	4,214	3,915	299	7.6%
Total revenue	123,831	117,684	6,147	5.2%

Electricity and capacity sales in RusHydro generation segment remains the main driver in total revenue growth in 2020.

Electricity sales⁷

	1Q 2021	1Q 2020	chg.	chg., %
RusHydro generation	16,567	20,463	(3,896)	-19.0%
Supply companies	40,867	37,492	3,375	9.0%
Far East energy companies	19,814	18,036	1,778	9.9%
Other	-	17	(17)	-100.0%
Total electricity sales	77,248	76,008	1,240	1.6%

Revenue from sale of electricity in the first quarter of 2021 increased by RUB 1,240 mn or 1.6% against the first quarter of 2020 and amounted to RUB 77,248 mn.

Electricity sales by RusHydro generation segment in 1Q 2021 decreased by RUB 3,896 mn or 19.0% on the back of decrease of electricity production by hydropower plants.

Electricity sales by supply companies in 1Q 2021 increased by RUB 3,375 mn or 9.0% against 1Q 2020 following increase in volume and price.

Electricity sales by Far East energy companies segment in 1Q 2021 increased by RUB 1,778 mn or 9.9% following volume and tariff growth aided by increased subsidies.

⁷ Revenue from sales of electricity is given jointly with the amount of government grants, received by the Group's companies 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"

Sales of heat and hot water

The Group is involved in sales of heat and hot water via thermal power plants of Far East energy companies segment.

Revenue from sales of heat and hot water in 1Q 2021 increased by RUB 1,383 mn or 8.3% against 1Q 2020 from RUB 17,010 mn to RUB 18,393 mn. The change is primarily driven by higher heat tariffs and increase in output.

Capacity sales

	1Q 2021	1Q 2020	chg.	chg., %
PJSC RusHydro	14,390	10,650	3,740	35.1%
PJSC DEK	3,391	3,298	93	2.8%
Other	47	133	(86)	-64.7%
Total capacity sales	17,828	14,081	3,747	26.6%

Revenue from sales of capacity in 2020 against the same period last year increased by RUB 12,238 mn or 25.4% from RUB 48,177 mn to RUB 60,415 mn.

Increase in revenue from sales of capacity primarily driven by volume growth from capacity supply agreements (DPM) following commissioning of Zaramagskaya HPP-1, Verkhnebalkarskaya small HPP and Ust-Dzhegutinskaya small HPP.

Other revenue

Other revenue includes revenue from electricity transmission, from connection to grid, construction, repair and other services.

Other revenue in 1Q 2021 decreased by RUB 522 mn or 7.8% from RUB 6,670 to RUB 6,148 mn following decrease of construction and repairs due to halt in railway transportation and decrease in volume of fuel supplied with consequent decrease in revenue from technical connection to grids.

Other government grants⁸

Several companies of the Group under a number of resolutions of the Russian Government are entitled to other government grants for reimbursement of difference between approved and economically justified electricity and heat tariffs, as well as compensation of fuel expenses and cost of purchased electricity.

⁸ Except for the grants, received by the Group's companies 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"

In 1Q 2021, the Group received other government grants of RUB 4,214 mn (against RUB 3,915 mn in 1Q 2020). The grants were received in the following regions: Kamchatka, Republic Sakha (Yakutia), Magadan region, Chukotka autonomous region and Sakhalin.

Operating expenses

	1Q 2021	1Q 2020	chg.	chg., %
Fuel expenses	24,303	22,709	1,594	7.0%
Employee benefit expenses (incl. pensions)	19,879	19,618	261	1.3%
Purchased electricity and capacity	18,809	13,407	5,402	40.3%
Grid company services on electricity distribution	10,672	10,098	574	5.7%
Depreciation	7,710	7,027	683	9.7%
Third party services	7,414	7,655	(241)	-3.1%
Taxes, other than on income	3,444	3,280	164	5.0%
Other materials	1,946	1,779	167	9.4%
Water usage expenses	1,203	1,241	(38)	-3.1%
Other expenses	1,375	1,488	(113)	-7.6%
Total operating expenses	96,755	88,302	8,453	9.6%

Operating expenses in 1Q 2021 increased by RUB 8,453 mn or 9.6% to RUB 96,755 mn as compared to RUB 88,302 mn in 1Q 2020.

The information on the change in operating expenses in 1Q 2021 as compared to 1Q 2020 along with the key drivers is illustrated below.

Employee benefit expenses

Employee benefit expenses in 1Q 2021 as compared to 1Q 2020 increased by RUB 261 mn or 1.3% from RUB 19,618 mn to RUB 19,879 mn following indexation of salaries in accordance with existing collective agreements.

Increase in expenses is partially mitigated by decrease of personnel following divestment of JSC LUR from the perimeter of JSC DGK (asset swap deal).

Fuel expenses

Fuel expenses are applicable to Far East energy companies segment.

In 1Q 2021, fuel expenses increased by RUB 1,594 or 7.0% as compared to 1Q 2020 from RUB 22,709 mn to RUB 24,303 mn.

Increase in fuel expenses mainly in JSC DGK by 1,145 mn or 8.1% following increase in purchase price of coal and natural gas as well as commissioning of CHPP in Sovetskaya Gavan.

Purchased electricity and capacity

	4Q 2020	4Q 2019	chg.	chg., %
RusHydro generation	1,819	1,299	520	40.0%
Supply companies	14,118	9,855	4,263	43.3%
Far East energy companies	2,846	2,222	624	28.1%
Other	26	31	(5)	-16.1%
Total purchased electricity and capacity	18,809	13,407	5,402	40.3%

Expenses for purchased electricity and capacity increased in 1Q 2021 as compared to 1Q 2020 by RUB 5,402 mn or 40.3% from RUB 13,407 mn to RUB 18,809 mn. Increase in RusHydro Generation segment came on the back of increase of spot market price and change in purchase structure (increase of purchase from third parties). Increase in Supply companies segment is volume driven as well as change in purchase structure with

increase of share of purchased electricity from third parties following divestment of Primorskaya GRES. Increase in Far East energy companies segment is price driven with simultaneous purchase of electricity from the commissioned floating nuclear power plant in Pevek in Chukotka.

Grid companies services on electricity distribution

	1Q 2021	1Q 2020	chg.	chg., %
Supply companies	6,160	5,793	367	6.3%
Far East energy companies	4,512	4,305	207	4.8%
Grid companies services, total	10,672	10,098	574	5.7%

In 1Q 2021 grid company services on electricity distribution increased by RUB 574 mn or 5.7% as compared to 1Q 2020, from RUB 10,098 mn to RUB 10,672 mn. The increase is mostly price and volume driven.

Third party expenses

Third party expenses in 1Q 2021 decreased by RUB 241 mn or 1.9% as compared to 1Q 2020 from RUB 7,655 mn to RUB 7,414 mn.

The decrease came following divestment of JSC LUR from the perimeter of JSC DGK (asset swap deal).

Depreciation of property, plant and equipment and amortisation of intangible assets

Depreciation expenses in 1Q 2021 increased by RUB 683 mn or 9.7% as compared to 1Q 2020 from RUB 7,027 mn to RUB 7,710 mn. The increase is driven by commissioning of new capacities (Sakhalinskaya GRES-2, Zaramagskaya HPP-1, CHPP in Sovetskaya Gavan) and modernization of PJSC RusHydro's generating facilities.

Taxes other than on income

Taxes other than on income in 1Q 2021 increased by RUB 164 mn or 5.0% as compared to 1Q 2020 from RUB 3,280 mn to 3,444 mn. The increase came on following commissioning of CHPP in Sovetskaya Gavan and Zaramagskaya HPP-1.

Other expenses

Other expenses include social charges, business travel expenses, gain / loss on disposal of property, plant and equipment, and other expenses. In 1Q 2021, other expenses decreased by RUB 113 mn or 7.6% as compared to 1Q 2020 from RUB 1,488 mn to RUB 1,375 mn on the back of decrease of oil products for resale and decrease of expenses on disposal of property, plant & equipment.

4.2. 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. 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, gains on changes in the carrying value of financial assets at fair value through profit or loss, impairment of property, plant and equipment, impairment 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 is presented below.

For 1Q 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>	<i>31,043</i>	<i>44,420</i>	<i>35,147</i>	<i>852</i>	<i>111,462</i>	<i>-</i>	<i>111,462</i>
<i>sales of electricity and capacity on the retail market</i>	<i>69</i>	<i>37,278</i>	<i>10,618</i>	<i>-</i>	<i>47,965</i>	<i>-</i>	<i>47,965</i>
<i>sales of electricity on the wholesale market</i>	<i>16,498</i>	<i>3,589</i>	<i>1,041</i>	<i>-</i>	<i>21,128</i>	<i>-</i>	<i>21,128</i>
<i>sales of capacity on the wholesale market</i>	<i>14,390</i>	<i>3,390</i>	<i>48</i>	<i>-</i>	<i>17,828</i>	<i>-</i>	<i>17,828</i>
<i>sales of heat and hot water</i>	<i>61</i>	<i>-</i>	<i>18,332</i>	<i>-</i>	<i>18,393</i>	<i>-</i>	<i>18,393</i>
<i>other revenue</i>	<i>25</i>	<i>163</i>	<i>5,108</i>	<i>852</i>	<i>6,148</i>	<i>-</i>	<i>6,148</i>
<i>from intercompany operations</i>	<i>5,163</i>	<i>3,583</i>	<i>21,546</i>	<i>3,133</i>	<i>33,425</i>	<i>(33,425)</i>	<i>-</i>
Government grants	-	30	12,339	-	12,369	-	12,369
Operating expenses (excluding depreciation and 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
Depreciations	(3,804)	(84)	(3,571)	(258)	(7,717)	7	(7,710)
Other non-monetary items of operating and expenses	(330)	(616)	(1,054)	(113)	(2,113)	-	(2,113)
<i>including:</i>							
<i>impairment of property, plant and equipment reversal / (impairment) of financial assets, net profit / (loss) on disposal of property, plant and equipment, net</i>	<i>(35)</i>	<i>-</i>	<i>(7)</i>	<i>-</i>	<i>(42)</i>	<i>-</i>	<i>(42)</i>
<i>profit / (loss) on disposal of subsidiaries, net</i>	<i>(352)</i>	<i>(569)</i>	<i>(1,033)</i>	<i>4</i>	<i>(1,950)</i>	<i>-</i>	<i>(1,950)</i>
<i>profit / (loss) on disposal of subsidiaries, net</i>	<i>56</i>	<i>9</i>	<i>(14)</i>	<i>(127)</i>	<i>(76)</i>	<i>-</i>	<i>(76)</i>
<i>profit / (loss) on disposal of subsidiaries, net</i>	<i>1</i>	<i>(56)</i>	<i>-</i>	<i>10</i>	<i>(45)</i>	<i>-</i>	<i>(45)</i>
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

For 1Q 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 on the retail market</i>	82	34,486	9,565	-	44,133	-	44,133
<i>sales of electricity on the wholesale market</i>	20,381	3,006	916	17	24,320	-	24,320
<i>sales of capacity on 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 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
Depreciations	(3,451)	(69)	(3,214)	(353)	(7,087)	60	(7,027)
Other non-monetary items of operating 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>loss 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 March 2020							
Non-current and current debt	125,560	6,787	72,592	1,051	205,990	-	205,990

RusHydro generation	1Q 2021	1Q 2020	Change	Change, %
Revenue	36,206	35,160	1,046	3.0%
<i>including:</i>				
<i>from external companies</i>	31,043	31,202	(159)	-0.5%
<i>sales of electricity and capacity on retail market</i>	69	82	(13)	-15.9%
<i>sales of electricity on wholesale market</i>	16,498	20,381	(3,883)	-19.1%
<i>sales of capacity on wholesale market</i>	14,390	10,650	3,740	35.1%
<i>sales of heat and hot water</i>	61	57	4	7.0%
<i>other revenue</i>	25	32	(7)	-21.9%
<i>from intercompany operations</i>	5,163	3,958	1,205	30.4%
Operating expenses (excl. depreciation and other non-monetary items)	(12,869)	(10,851)	(2,018)	18.6%
EBITDA	23,337	24,309	(972)	-4.0%
Other operating income	5	6	(1)	-16.7%
Depreciation	(3,804)	(3,451)	(353)	10.2%
Other non-monetary items of operating income and expenses	(330)	(462)	132	-28.6%
<i>including:</i>				
<i>impairment of property, plant and equipment, net</i>	(35)	(264)	229	-86.7%
<i>impairment of financial assets, net</i>	(352)	(265)	(87)	32.8%
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	56	(158)	214	-135.4%
<i>profit on disposal of subsidiaries, net</i>	1	225	(224)	-996.0%
Operating profit	19,208	20,402	(1,194)	-5.9%
Capital expenditure	3,474	4,875	(1,401)	-28.7%
	March 31, 2021	December 31, 2020	Change	Change, %
<i>Non-current and current debt</i>	105,002	125,560	(20,558)	-16.4%

Supply companies

	1Q 2021	1Q 2020	Change	Change, %
Revenue	48,003	44,553	3,450	7.7%
<i>including:</i>				
<i>from external companies</i>	44,420	41,058	3,362	8.2%
<i>sales of electricity and capacity on retail market</i>	37,278	34,486	2,792	8.1%
<i>sales of electricity on wholesale market</i>	3,589	3,006	583	19.4%
<i>sales of capacity on wholesale market</i>	3,390	3,298	92	2.8%
<i>other revenue</i>	163	268	(105)	-39.2%
<i>from intercompany operations</i>	3,583	3,495	88	2.5%
Government grants	30	1	29	100.0%
Operating expenses (excl. depreciation and other non-monetary items)	(46,870)	(42,699)	(4,171)	9.8%
EBITDA	1,163	1,855	(692)	-37.3%
Depreciation	(84)	(69)	(15)	21.7%
Other non-monetary items of operating expenses	(616)	(894)	278	-31.1%
<i>including:</i>				
<i>impairment of financial assets, net</i>	(569)	(894)	325	-36.4%
<i>profit on disposal of property, plant and equipment, net</i>	9	-	9	100.0%
<i>gain on disposal of subsidiaries, net</i>	(56)	-	(56)	-100.0%
Operating profit	463	892	(429)	-48.1%
Capital expenditure	402	129	273	211.6%
	March 31, 2021	December 31, 2020	Change	Change, %
Non-current and current debt	6,223	6,787	(564)	-8.3%

Far East energy companies

	1Q 2021	1Q 2020	Change	Change, %
Revenue	56,693	54,787	1,906	3.5%
<i>including:</i>				
<i>from external companies</i>	35,147	32,525	2,622	8.1%
<i>sales of electricity and capacity on retail market</i>	10,618	9,565	1,053	11.0%
<i>sales of electricity on wholesale market</i>	1,041	916	125	13.6%
<i>sales of capacity on wholesale market</i>	48	48	-	-
<i>heat and hot water sales</i>	18,332	16,952	1,380	8.1%
<i>other revenue</i>	5,108	5,044	64	1.3%
<i>from intercompany operations</i>	21,546	22,262	(716)	-3.2%
Government grants	12,339	11,469	870	7.6%
Operating expenses (excl. depreciation and other non-monetary items)	(58,605)	(56,134)	(2,471)	4.4%
EBITDA	10,427	10 122	305	3.0%
Other operating income	404	1	403	100.0%
Depreciation	(3,571)	(3 214)	(357)	11.1%
Other non-monetary items of operating expenses	(1,054)	(1 166)	112	-9.6%
<i>including:</i>				
<i>impairment of property, plant and equipment</i>	(7)	(103)	96	-93.2%
<i>impairment of financial assets, net</i>	(1,033)	(1,027)	(6)	0.6%
<i>loss on disposal of property, plant and equipment, net</i>	(14)	(36)	22	-61.1%
Operating profit / (loss)	6,206	5,743	463	8.1%
Capital expenditure	5,722	5,956	(234)	-3.9%
	March 31, 2021	December 31, 2020	Change	Change, %
Non-current and current debt	70,966	72,592	(1,626)	-2.2%

Other segments	1Q 2021	1Q 2020	Change	Change, %
Revenue	56,693	54,787	1,906	3.5%
<i>including:</i>				
<i>from external companies</i>	35,147	32,525	2,622	8.1%
<i>sales of electricity and capacity on retail market</i>	10,618	9,565	1,053	11.0%
<i>sales of electricity on wholesale market</i>	1,041	916	125	13.6%
<i>sales of capacity on wholesale market</i>	48	48	-	-
<i>heat and hot water sales</i>	18,332	16,952	1,380	8.1%
<i>other revenue</i>	5,108	5,044	64	1.3%
<i>from intercompany operations</i>	21,546	22,262	(716)	-3.2%
Operating expenses (excl. depreciation and other non-monetary items)	12,339	11,469	870	7.6%
EBITDA	(58,605)	(56,134)	(2,471)	4.4%
Other operating income	10,427	10,122	305	3.0%
Depreciation	404	1	403	100.0%
Other non-monetary items of operating expenses	(3,571)	(3,214)	(357)	11.1%
<i>including:</i>	(1,054)	(1,166)	112	-9.6%
<i>impairment of property, plant and equipment</i>				
<i>impairment of financial assets, net</i>	(7)	(103)	96	-93.2%
<i>loss on disposal of property, plant and equipment, net</i>	(1,033)	(1,027)	(6)	0.6%
Operating gain (loss)	(14)	(36)	22	-61.1%
Capital expenditure	5,722	5,956	(234)	-3.9%
Non-current and current debt	March 31, 2021	December 31, 2020	Change	Change, %
	70,966	72,592	(1,626)	-2.2%

4.3. Cash flow

General information on cash flow from operating, investing and financing activities

As of March 31, 2021 cash and cash equivalents amounted to RUB 38,783 mn (as of December 31, 2020 – RUB 58,291 mn).

In 1Q 2020 the Group was financing its investment activities with revenue, depreciation, VAT reimbursement, other own funds, raised funds and federal funds.

Cash flow from operating, investing and financing activities

	1Q 2021	1Q 2020	chg.	chg.,%
Net cash generated by operating activities	30,342	30,424	(82)	-0.3%
Net cash used in investing activities	(23,476)	(22,110)	(1,366)	6.2%
Net cash used in financing activities	(26,374)	(9,206)	(17,168)	186.5%

Net cash generated by operating activities

	1Q 2021	1Q 2020	chg.	chg.,%
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities	34,643	36,757	(2,114)	-5.8%
Working capital changes	(4,301)	(6,333)	2,032	-32.1%
Net cash generated by operating activities	30,342	30,424	(82)	-0.3%

Cash generated by operating activities include profit before income tax adjusted for non-cash items such as accrued depreciation and loss from impairments, share in profit/loss of associates and joint ventures, loss on disposal of property, plant and equipment, change in working capital and other.

In 1Q 2021, net cash generated by operating activities decreased by RUB 82 mn or 0.3% as compared to the same reporting period of the last year due to changes in working capital.

In 1Q 2021 operating cash flows before working capital decreased by RUB 2,114 mn or 5.8% as compared to the same reporting period of the last year on the back of decrease of net profit.

Net cash used in investing activities

	1Q 2021	1Q 2020	chg.	chg.,%
Purchase of property, plant and equipment	(9,458)	(9,470)	12	-0.1%
Proceeds from sale of property, plant and equipment	29	21	8	38.1%
Investment in bank deposits and purchase of other investments	(16,757)	(15,810)	(947)	6.0%
Redemption of bank deposits and proceeds from sale of other investments	1,697	1,896	(199)	-10.5%
Interest received	973	1,253	(280)	-22.3%
Disposal of subsidiaries	40	-	40	100.0%
Net cash used in investing activities	(23,476)	(22,110)	(1,366)	6.2%

Net cash used in investing activities increased by RUB 1,366 mn or 6.2% in 1Q 2021 as compared to last year.

Detailed information on structure, sources and key areas of financing activities is available in Section 5.

Net cash used in financing activities

	1Q 2021	1Q 2020	chg.	chg., %
Proceeds from current debt	13,524	9,647	3,877	40.2%
Proceeds from non-current debt	3,394	8,677	(5,283)	-60.9%
Repayment of debt	(39,485)	(22,983)	(16,502)	71.8%
Interest paid	(3,552)	(3,983)	431	-10.8%
Dividends paid	(6)	(4)	(2)	50.0%
Finance lease payments	(238)	(200)	(38)	19.0%
Prepayment on other financial instruments	(11)	-	(11)	100.0%
Prepayment of non-deliverable forward for shares	-	(360)	360	-100.0%
Net cash used in financing activities	(26,374)	(9,206)	(17,168)	186.5%

Net cash used by financing activities increased in 1Q 2021 increased by RUB 17,168 mn or 186.5% for the most part as a result of debt repayment.

Borrowings

As of March 31, 2021 the Group's total borrowings amounted to RUB 183,587 mn, as compared to December 31, 2020 when it was RUB 205,990.

As of March 31, 2021 the Group's long-term borrowings included loans, bond issues and lease liabilities.

Analysis of long-term loans and bond issues and their maturity (excluding lease liabilities) as of March 31, 2021 and December 31, 2020 is presented in the table below.

	As at 31 March 2021	As at 31 December 2020	chg.	chg., %
<i>Maturity:</i>				
1 - 2 years	54,563	22,692	31,871	140.4%
2 - 3 years	3,923	50,752	(46,829)	-92.3%
3 - 4 years	25,843	29,773	(3,930)	-13.2%
4 - 5 years	20,939	27,900	(6,961)	-25.0%
Over 5 years	1,317	25,529	(24,212)	-94.8%
Total	106,585	156,645	(50,061)	-32.0%

As of March 31, 2021 the Group maintains a comfortable Net/EBITDA ratio of 0.84x. The Group's debt structure is optimized between instruments, cost and currency. Throughout its financing activities the Group employs a wide range of financial instruments allowing it to raise funds at the lowest rates in the current market conditions. Finance risks such as currency and interest are minimal.

Observance of covenants

The Group is under restrictive covenants under loan and bonds agreements.

As of March 31, 2021 and December 31, 2020, the Group has observed all covenants under loan agreements with substantial margin.

4.4. Other financial indicators

EBITDA

EBITDA calculation based on operating profit is presented in the table below for the following periods:

	1Q 2021	1Q 2020
Operating profit	25,495	27,032
correction for non-cash items:		
Depreciation of property plant and equipment and amortisation of intangible assets	7,710	7,027
Impairment of financial assets	1,950	2271
Impairment of property, plant and equipment	42	382
Loss on disposal of property, plant and equipment	76	203
Loss on disposal of subsidiaries	45	(225)
Correction for one-time operations:		
Other operating income	(411)	(77)
EBITDA	34,907	36,613

EBITDA is calculated as operating profit / loss excluding depreciation of property, plant and equipment and amortisation of intangible assets, gain arising on financial assets at fair value through profit or loss, impairment of property, plant and equipment, impairment of financial assets, profit / loss on disposal of property, plant and equipment, profit / loss on disposal of subsidiaries, associates and joint venture and other non-monetary items of operating income and expenses.

5. Investment activity review⁹

Capital expenditures

Note: Difference between financing of investment program according to the Business plan and data, reflected in the Group's reports under IFRS is explained by the rules of recognition of capitalized interest, rules of recognition of capitalized expenditures at initial recognition of property, plants and equipment and construction in progress under IFRS, exclusion of VAT and difference in the scope of consolidation in reference to PJSC Boguchanskaya HPP (joint venture between RusHydro Group and UK RUSAL).

During the reporting period, the Group, in addition to financing current operations, continues financing capital expenditures in modernization and reconstruction of existing facilities as well as in new construction. The Group is financing its investment program from both operating cashflow and external sources. In 1Q 2021, the Group has spent on construction and acquisition of property, plant and equipment RUB 10,545.30 mn (including VAT).

Key areas of investment were: rehabilitation and modernization of HPPs, completion of design and engineering activities for construction of thermal power plants in non-price zones of the wholesale electricity and capacity market under the decree 1544-r from 15.07.2019, construction of new hydropower facilities, including small HPPs, investment by subsidiaries-power companies, investment by other RusHydro subsidiaries and others.

Key areas of investment program (RUB mn, including VAT)

	actual 2020	plan 2021	actual 1Q 2021
Modernization and rehabilitation of RusHydro's HPPs	22,894.12	29,407.81	2,705.55
Priority projects in the Far East Federal District	8,175.30	684.70	266.94
Projects approved by executive order No. 1544-r from 15.07.2019	58.03	21,332.57	101.94
New construction	11,531.19	14,968.92	2,047.71
Subsidiaries-power companies	27,141.12	44,770.29	4,634.41
Other subsidiaries	1,733.78	2,734.31	350.56
Others	2,742.40	1,509.50	438.20
Total	74,275.94	115,408.11	10,545.30

Investment program by sources of financing (RUB mn, including VAT)

	actual 2020	plan 2021*	actual 1Q 2021
Income	7,973.01	18,746.57	867.15
Depreciation	30,664.50	36,528.73	5,070.80
Reimbursement of VAT	10,194.65	15,029.53	822.60
Other own sources	20,175.54	32,969.88	2,810.34
Borrowed funds	2,773.73	8,590.95	219.39
Budget financing	2,494.50	3,542.45	755.02
Total financing of investment program	74,275.94	115,408.11	10,545.30

*in accordance with RusHydro Group's draft consolidated investment program for 2022-2026 and 2021 (adjusted) reviewed by PJSC RusHydro's Board of Directors on 14.04.2021 (minutes number 326 from 15.04.2021)

⁹ Volume of capital expenditures reflected with value added tax (VAT).

Liabilities under capital expenditures

In accordance with the consolidated investment programme approved as part of the Group's consolidated business plan, as of March 31, 2021 the Group has to invest RUB 488,552 million in the period 2021-2025 for reconstruction of the existing and construction of new power plants and grids, including RUB 112,736 million for 2021, RUB 109,754 million for 2022, RUB 99,871 million for 2023, RUB 85,865 million for 2024, RUB 80,326 million for 2025 (31 December 2019: RR 343,747 million for the period 2020–2024).

6. Share capital, changes in share capital, dividends

6.1. Share capital

Authorized share capital

PJSC RusHydro's authorized share capital as of March 31, 2020 is equal to RUB 439,288,905,849 or 439,288,905,849 ordinary shares valued at 1 ruble each.

Authorized ordinary shares in accordance with the Articles of Association is equal to 1,013,796,530.

Equity capital structure

Information on PJSC RusHydro's equity capital structure as of March 31, 2020 is available on the company's official website at:

<http://www.rushydro.ru/investors/stockmarket/capital/>

Circulation of shares outside the Russian Federation

As of March 31, 2020, the share of total number of company's shares traded outside the Russian Federation in the form of depositary receipts represents 1.30% of the company's authorized share capital.

Information on shares at the disposal of the entities controlled by the company

Total number of shares at the disposal of entities controlled by the company did not change and is equal to 3,852,259,324 shares representing 0.9% of total issued shares.

6.2. Dividends

The main goal of the Group's dividend policy lies in strategic development of PJSC RusHydro and shareholders' welfare growth by striking an effective balance between dividend payments to shareholders and capitalization of earnings.

In order to ensure higher transparency in determining the amount of dividends and their payments, the Board of Directors adopted a new provision of dividend policy (minutes of the BoD meeting dated 22.04.2019 number 287). According to section 2.3, the new provision stipulates for a base scenario of dividend payout ratio at 50% of the company's IFRS net profit. At the same time, a minimal payout level is set at the average amount of dividends paid over the last three years. Such measure guarantees shareholders a minimal dividend amount and improves the company's investment attractiveness. The changes to the dividend policy will be in effect for three years.

The Board of Directors recommends the amount of dividends payable to shareholders at the Annual General Shareholders Meeting taking into account the Company's IFRS net income and the following measures:

- The Group's strategic development requirements;
- Necessity to distribute a portion of net income towards execution of investment program approved by the federal government;
- Maximum allowable leverage level guaranteeing the Group's long-term financial stability;
- Recommendation by the Government of the Russian Federation

Over the last 3 years the Group has distributed not less than 50% of its IFRS net profit for a total dividend payment of RUB 42.69 bn. For 2017 and 2018, the dividend payout ratio was 50% of IFRS net income, while for 2019 the dividend distribution was in accordance with the new dividend policy of not less than the average of the last three years.

Dividend payment history

Reporting period for which dividends per share were paid	Total amount of dividends declared, RUB bn	Dividend payout ratio from IFRS net income, %	Declared dividends per share, RUB	Total paid by the end of the period, RUB, bn	Remainder of unpaid dividends ¹⁰ , RUB mn
2017	11.23	50%	0.0263335	11.19	36.22
2018	15.92	50%	0.0367388	15.88	42.69
2019	15.67	2438%	0.03568039	15.62	49.07

¹⁰ Since PJSC RusHydro and the registrar are missing correct banking or postal details of some shareholders, the balance of unpaid dividends remains.