UNIPRO GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) PREPARED IN ACCORDANCE WITH IAS 34, INTERIM FINANCIAL REPORTING

30 JUNE 2021

CONTENTS

Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Board of Directors of Public joint stock company Unipro:

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Public joint stock company Unipro and its subsidiaries (together – the "Group") as at 30 June 2021 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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

6 August 2021

Moscow, Russian Federation

A.F. Kamalova, certified auditor (licence No. 01-001621), AO PricewaterhouseCoopers Audit

Audited entity: Public joint stock company Unipro

Record made in the Unified State Register of Legal Entities on 4 March 2005 under State Registration Number 1058602056985

Taxpayer Identification Number 8602067092

23 Energostroiteley Street, Building 34, Surgut 628406, Khanty-Mansi Autonomous District – Yugra, Tyumen Region, 628406

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

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Translation note: This version of our report is a translation from the original, wich was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Unipro Group
Condensed Consolidated Interim Statement of Financial Position
(RUB thousand)

	Note	At 30 June 2021	At 31 December 2020
		Unaudited	**Audited**
ASSETS			
Non-current assets			
Property plant and equipment	4	123,558,269	122,271,484
Intangible assets		410,423	353,298
Investments in joint ventures		329,894	322,642
Long-term financial assets		35,591	35,301
Other non-current assets	5	914,720	645,208
Total non-current assets		**125,248,897**	**123,627,933**
Current assets			
Cash and cash equivalents		5,183,864	192,360
Accounts receivable and prepayments	7	6,519,648	6,986,524
Inventories	6	3,627,803	3,414,842
Current income tax prepayments		1,684,033	285,434
Short-term financial assets	8	580,045	763,869
Total current assets		**17,595,393**	**11,643,029**
TOTAL ASSETS		**142,844,290**	**135,270,962**
EQUITY AND LIABILITIES			
Equity			
Share capital		25,219,482	25,219,482
Share premium		40,052,405	40,052,405
Other reserves	9	264,743	382,619
Retained earnings		55,375,034	54,889,935
Total equity		**120,911,664**	**120,544,441**
Non-current liabilities			
Deferred income tax liabilities		5,865,294	3,883,635
Pension liabilities		796,129	770,348
Long-term lease liabilities		733,708	920,509
Asset retirement obligations		550,412	550,284
Total non-current liabilities		**7,945,543**	**6,124,776**
Current liabilities			
Current portion of long-term lease liabilities		198,697	237,238
Accounts payable and accruals	10	11,558,853	6,242,729
Short-term financial liabilities		-	477,988
Taxes payable other than income tax	11	2,229,533	1,643,790
Total current liabilities		**13,987,083**	**8,601,745**
Total liabilities		**21,932,626**	**14,726,521**
TOTAL EQUITY AND LIABILITIES		**142,844,290**	**135,270,962**

Approved and signed 6 August 2021

General Director M.G. Shirokov

Deputy General Director of finance and economy U. Backmeyer

(RUB thousand)

	Note	Six months ended 30 June 2021 Unaudited	Six months ended 30 June 2020 Unaudited
Revenue from contracts with customers	12	42,100,497	37,552,654
Operating expenses	13	(31,787,751)	(29,276,908)
Other operating income		83,793	63,964
Operating profit		**10,396,539**	**8,339,710**
Finance income	14	112,603	323,942
Finance expense	14	(105,159)	(111,189)
Share of results of the joint venture		92,316	39,504
Profit before income tax		**10,496,299**	**8,591,967**
Income tax charge	15	(2,011,200)	(1,672,155)
Profit for the period		**8,485,099**	**6,919,812**
Other comprehensive income/ (loss) after income tax:			
Items that may be reclassified subsequently to profit or loss			
Gain from change in fair value of financial assets at fair value through other comprehensive income		289	5,843
(Loss)/gain from cash flow hedge		(57,304)	41,310
Reclassification of cash flow hedge loss to profit and loss		(60,861)	(109,225)
Total items that may be reclassified subsequently to profit or loss		**(117,876)**	**(62,072)**
Total comprehensive income for the period		**8,367,223**	**6,857,740**
Earnings per ordinary share for profit attributable to the shareholders of PJSC Unipro- basic and diluted (in Russian roubles)	16	**0.14**	**0.11**

(RUB thousand)

	Equity attributable to shareholders of PJSC Unipro				
	Ordinary share capital	**Share premium**	**Other reserves**	**Retained earnings**	**Total equity**
At 31 December 2019 (Audited)	**25,219,482**	**40,052,405**	**233,441**	**55,140,218**	**120,645,546**
Profit for the period	-	-	-	6,919,812	**6,919,812**
Other comprehensive income/(loss):	-	-	-	-	**-**
Gain from change in fair value of financial assets at fair value through other comprehensive income	-	-	5,843	-	**5,843**
Gain from cash flow hedge	-	-	41,310	-	**41,310**
Reclassification of cash flow hedge loss to profit and loss	-	-	(109,225)	-	**(109,225)**
Total comprehensive (loss)/income for the period	-	-	**(62,072)**	**6,919,812**	**6,857,740**
Dividends	-	-	-	(7,000,000)	**(7,000,000)**
At 30 June 2020 (Unaudited)	**25,219,482**	**40,052,405**	**171,369**	**55,060,030**	**120,503,286**
At 31 December 2020 (Audited)	**25,219,482**	**40,052,405**	**382,619**	**54,889,935**	**120,544,441**
Profit for the period	-	-	-	8,485,099	**8,485,099**
Other comprehensive income/(loss):					
Gain from change in fair value of financial assets at fair value through other comprehensive income	-	-	289	-	**289**
Loss from cash flow hedge	-	-	(57,304)	-	**(57,304)**
Reclassification of cash flow hedge loss to profit and loss	-	-	(60,861)	-	**(60,861)**
Total comprehensive (loss)/ income for the period	-	-	**(117,876)**	**8,485,099**	**8,367,223**
Dividends	-	-	-	(8,000,000)	**(8,000,000)**
At 30 June 2021 (Unaudited)	**25,219,482**	**40,052,405**	**264,743**	**55,375,034**	**120,911,664**

(RUB thousand)

	Note	Six months ended 30 June 2021 Unaudited	Six months ended 30 June 2020 Unaudited
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before income tax		10,496,299	**8,591,967**
Adjustments to profit:			
Depreciation and amortization	13	3,693,743	3,046,913
Reclassification of cash flow hedge gain to profit and loss	9	-	(56,146)
Loss on impairment of PPE and intangible assets	13	175,629	1,606,298
Loss on disposal of property, plant and equipment	13	51,924	-
Credit loss allowance	7,13	400,239	502,385
Foreign exchange loss/(gain),net	14	11,900	(133,421)
Interest income and effect of discounting	14	(112,603)	(190,521)
Interest expense and effect of discounting	14	93,259	111,189
Share of results of joint ventures		(92,316)	(39,504)
Other non-cash items		19,750	26,535
Operating cash flows before working capital changes and income tax paid		**14,737,824**	**13,465,695**
Working capital changes:			
(Increase)/decrease in accounts receivable and prepayments	7	(526,125)	810,709
(Increase)/decrease in VAT recoverable	7	(53,116)	225,814
Increase in inventories	6	(481,999)	(398,445)
Decrease in accounts payable and accruals	10	(1,425,181)	(604,895)
Increase in taxes payable other than income tax	11	250,814	174,370
Income tax paid	15	(1,398,599)	(2,778,744)
Net cash generated from operating activities		**11,103,618**	**10,894,504**
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and other non-current assets	4	(4,863,999)	(4,308,022)
Proceeds from the sale of the property, plant and equipment and other non-current assets		26,317	-
Settlement of securities		517,206	457,427
Dividends received		85,064	109,592
Interest received		46,405	134,589
Net cash used in investing activities		**(4,189,007)**	**(3,606,414)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Dividends paid to shareholders of PJSC Unipro	3	(1,281,912)	(7,000,000)
Loans received		3,969,825	
Loans repaid	3	(4,448,525)	(2,500,000)
Interests repaid		(36,952)	(73,751)
Payments of lease liabilities		(126,423)	(147,398)
Net cash used in financing activities		**(1,923,987)**	**(9,721,149)**
Effect of exchange rate changes on cash and cash equivalents		880	22,493
Net increase/ (decrease) in cash		**4,991,504**	**(2,410,566)**
Cash and cash equivalents at the beginning of the period		192,360	3,093,529
Cash and cash equivalents at the end of the period		5,183,864	682,963

(RUB thousand)

Note 1. The Group and its Operations

The public Joint-Stock Company Unipro (PJSC Unipro or the Company) was established on 4 March 2005.

PJSC Unipro principal activities are the generation and the sale of electricity and heat.

The shares of PJSC Unipro are listed in the Moscow Exchange (MOEX).

The Company operates the following five power plants (GRES) as branches: Surgutskaya GRES-2, Shaturskaya GRES, Berezovskaya GRES, Smolenskaya GRES and Yayvinskaya GRES. The Company also runs a representative office in Moscow and a branch Engineering after launching the 3rd power unit PSU-800 based on branch "Berezovskaya GRES" supports some auxiliary works required by the design documentation. Also, it develops some minor projects aimed to increase operational efficiency and business sustainability of the plant. All references to the “Group” refer to the Company, its branches and subsidiaries.

The structure of the Group, including all consolidated entities and a joint venture, is presented in the table below:

		Ownership, %	
	Principal activity	**At 30 June 2021**	**At 31 December 2020**
LLC Unipro Engineering	Engineering activities	100	100
LLC Agro-industrial Park «Siberia»	Wholesale of electricity and heat without transfer and distribution, and management of an uninhabited fund	100	100
LLC E.ON Connecting Energies	Provision of distributed energy solutions to all types of customers	50	50

The Company is registered with the District Inspectorate of the Federal Tax Service of Surgut, Tyumen Region, Khanty-Mansiysk Autonomous District (Yugra). The Company’s office is located at bldg. 10, Block B, Presnenskaya nab., Moscow, Russia, 123112.

The Group sells electricity on the Russian wholesale electricity and capacity market. The wholesale electricity market has several sectors varying in contractual terms, conditions and delivery time frames: the sector of regulated contracts, the day-ahead market, the sector of unregulated bilateral contracts and the balancing market. The electricity traded in both pricing zones of the wholesale market is sold at unregulated prices except for volumes designated for delivery to the population, groups of customers equivalent to population and customers located in the Northern Caucasus and the Republic of Tyva.

A part of electricity and capacity, as well as heat, is sold under regulated contracts. Tariffs for electricity (capacity) and heat for the Group’s entities are governed by normative documents on the state regulation of prices (tariffs).

For regulated prices (tariffs) both a cost-plus method and tariff indexation are used. When applying a cost-plus method costs are determined in accordance with Russian Accounting Rules (RAR), which may significantly differ from International Financial Reporting Standards (IFRS). In practice, tariff decisions are significantly affected by social and political considerations causing significant delays and discounts in tariff increases required to compensate for increasing costs.

Uniper Group

Uniper SE owns 83.73% of the shares of the Company.

Uniper SE, the major shareholder of PJSC Unipro, is a leader in the traditional power generation sector in Europe. The Company operates in European countries, Russia and several other countries of the world. Uniper’s assets include hydroelectric power plants, gas-fired power plants, coal power plants and nuclear power plants with a total capacity of 34 GW. Due to these key assets and the use of different types of fuel, Uniper is a major and reliable supplier of electricity a large portion of which is produced using environmentally friendly technologies, such as hydroelectric power plants.

Note 1. The Group and its Operations (continued)

The majority shareholder of Uniper SE is Fortum Oyj, Espoo, Finland (“Fortum”). As a separately listed group, Uniper publishes its quarterly statements, its half-year interim financial statements and its consolidated annual financial statements, all of which are also included in Fortum’s respective consolidated financial statements. The majority shareholder of Fortum is the Republic of Finland.

According to public announcements by Fortum Oyj on 12 March 2021 (publication of Fortum Oyj’s financial statements and operating and financial review for 2020), the share of voting rights in Uniper SE is attributable to Fortum Oyj, Espoo, Finland, as of 31 December 2020, was 76.1%.

Operating environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its 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 (Note 18). 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 Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as quarantines, travel bans and limitations on business activity, including closures of offices and businesses serving the public. These measures have, among other things, severely restricted the economic activity in Russia and have negatively impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the Russian and global economy for an unknown period.

Management is taking necessary measures to ensure the sustainability of the Group’s operations and support its customers and employees:

- maintenance of normal operations of the Group, with the least possible disruptions;
- execution of ongoing sale and production processes;
- maintaining the Group’s liquidity and solvency.

The action plan that the Group is undertaking in these areas covers the following aspects :

1. To ensure the protection of operating personnel in all branches, measures are in place to prevent the spread of coronavirus infection, which include:
   - remote work for the maximum possible number of employees who are not involved in equipment management.

   The number of employees working remotely is as follows:

     a. Moscow office - 94% of 267 people,
     b. Branch "Engineering" - 35% of 117 people,
     c. The rest of the branches on average 2% of 4,155 people.
   - sanitary measures aimed at reducing contacts between workers on various shifts and within shifts,
   - monitoring the health status of personnel upon admission to the station,
   - special order of admission of repair crews, including contractors,
   - frequent cleaning and disinfection of workplaces by both specialized companies and own personnel,
   - use of special personal protective equipment,
   - organization of eating places for staff, working hours of showers, providing the required social distancing.

Note 1. The Group and its Operations (continued)

In case of a significant deterioration in the epidemiological situation, each branch has developed plans for emergency actions aimed at switching to an isolated operation mode of the station:

- lists of personnel for living on the territory of the station or separate residential objects were determined to ensure the autonomous operation of the station;

2. In the medium-term planning period (3 years), the Group will have a strong cash flow to fund its operations and maintain high dividend levels. Prospective investments in new areas of development can be financed using borrowed funds.

3. There are no plans to apply for government support.

4. The Group will terminate a part of the lease agreements due to the preservation of the remote work format for some employees.

5. As the Group is part of the Uniper Group, it can request support from the parent organization. The Group has a loan agreement with the parent company Uniper SE valid until mid 2025. The maximum loan amount is RUB 10 billion. If necessary, the loan tranches can be provided within 2 days from the date of the request for use.

Based on the assessment done for compliance with terms of credit facilities in the foreseeable future, the Group does not expect default or breach under any of its credit facilities.

The sustainability of the Group's operations is not significantly affected by this situation:

- There was a slight decrease in revenue triggered by a decrease in demand. However, this decrease does not have a critical impact on the availability of funds and does not pose any risk to the going concern of the company.
- There are no debt covenants in existing credit agreements and loan agreements.
- No critical risks about possible supply chain disruptions and/or increased operating costs were identified in these areas.

For measurement of expected credit losses ("ECL") on the Group's loans, receivables and similar assets the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

To varying degrees, the Group's operations and its profit depend on regulatory changes in the electricity market, financial, administrative and environmental legislation of the Russian Federation.

These condensed consolidated interim financial information reflect management's assessment of how the business environment in the Russian Federation affects the Group's operations and financial position. Actual results may differ from the estimates made by management.

Changes in Industry

In 2020-2021, the following events took place in the sectoral regulation:

- The indexation of the Competitive Capacity Auction (CCA) prices was carried out since 1 January 2021 in comparison with 2020 under the Capacity Price Index Regulation Rules approved by RF Government Decree No. 238 of April 2010. The final change in the Competitive Capacity Auction prices in 2021 in comparison with 2020, taking into account this indexation and changes in capacity supply and demand, was+19.4% in the European price zone and +21.0% in the Siberian price zone. The increase of the Competitive Capacity Auction price in 2021 compared to the previous year is caused by the annual indexation by the decommissioning of the generating equipment in the European price zone and by a higher capacity demand assumed by the System operator in the Siberian price zone auction.

Note 1. The Group and its Operations (continued)

- Indexation of gas prices since 1 August 2020 by 3% on the FAS's order No. 638/20 of 10 July 2020.

In 2021, CCA 2026 was held (15 February), CCA 2027 is planned to be held (15 November). Alll PJSC Unipro's generating units were selected in CCA's conducted selections up to and including 2026.

In competitive capacity auctions for modernization projects (CCAmod) 2022-2026, 4 modernization projects at PJSC Unipro's PP Surgutskaya-2 steam units were selected. On 01 April 2021, CCAmod under the Resolution of the RF Government No. 43 dated 25 January 2019 was held. In CCAmod 2027 the modernization project at PJSC Unipro's PP Surgutskaya-2 unit 3 was selected.

Also on 01 April 2021, the first Competitive Capacity Auction for 2027-2029 for innovative modernization projects including the replacement of steam-power unit by combined cycle gas turbine (CCAmod CCGT) was held. CCAmod CCGT is carried out according to the Resolution of the RF Government No. 948 of 29 June 2020 and presume local gas turbine application. In case of the higher certainty in the local gas turbine market and retaining of the innovative auctions support by the RF Government PJSC Unipro might consider its participation in CCAmod CCGT.

Seasonality

Demand for electricity and heat is influenced by both the seasons of the year and the relative severity of the weather. Major revenue from heat sales is generated over the period from October to March. Similarly, though not so evidently, major electricity sales fall within the same period. Seasonality of heat and electricity generation influences fuel consumption and energy purchases accordingly.

Also, repairs and maintenance expenses increase in the period of reduced generation from April to September. This seasonality does not impact the revenue or cost recognition policies of the Group.

The accident at the branch Berezovskaya GRES

On 1 February 2016, a fire occurred in the boiler room of Power Unit 3 of Berezovskaya GRES Branch of PJSC Unipro, resulting in the destruction and the need for replacement of a significant part of the boiler and boiler room of the Power Unit 3.

Following the accident, the 800MW power unit was shut down for unscheduled repairs, and it was not producing electric power and was not amortised during the performance thereof. The refurbishment of the unit was completed, it was recommissioned and PJSC Unipro started receiving capacity payments from the 1st of May 2021.

As a result of the dismantling after the accident Berezovskaya GRES, materials and fixed assets in the amount of RUB 42,740 thousand were recognized for six months 2021 (for six months 2020: 3,701 thousand) (Note 4). They were classified as construction in progress due to the intention to use them in the future for installation.

The amount of the project budget on refurbishment including contingencies and risks amounted about RUB 48 billion (as of 31 December 2020: about RUB 48 billion). As of 30 June 2021 about RUB 46 billion were spent on refurbishment (as of 31 December 2020: RUB 44 billion). The remaining part of the budget (about RUB 2 billion) provides for settlements for previously completed work and payment of other deferred obligations.

Note 2. Basis of Preparation of the Condensed Consolidated Interim Financial Information

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34, Interim Financial Reporting.

This condensed consolidated interim financial information should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with IFRS.

Note 2. Basis of Preparation of the Condensed Consolidated Interim Financial Information (continued)

Changes in principal accounting policies, accounting estimates and assumptions

The principal accounting policies, accounting estimates and assumptions followed by the Group in this are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2020, except for standards and interpretations coming in force starting from 1 January 2021. Income taxes are determined at interim reporting periods based on the best estimated weighted average of the annual income tax rate expected for the full financial year.

Application of new and revised standards and clarifications

The following new standards and interpretations became effective from 1 January 2021, but did not have a material impact on the Group:

- IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

The following standards and interpretations that have not been applied in this condensed consolidated interim financial information have been issued but have not yet entered into force:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Proceeds before the intended use, Onerous contracts – the cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

The new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

(RUB thousand)

Note 3. Related Parties

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 as defined by IAS 24, Related Party Disclosure.

Uniper SE is the Company's ultimate and immediate parent and the ultimate controlling party is the majority shareholder of Fortum - the Republic of Finland (Note 1).

Because Fortum Oyj is the largest shareholder of Uniper SE since June 2018 (Note 1), Fortum Group companies are also considered to be related parties.

The Group had the following transactions and balances with the ultimate parent and other related parties:

	At 30 June 2021	At 31 December 2020
Accounts receivable	-	32,767
Accounts payable and accruals	6,453,777	162,413

	Six months ended 30 June 2021	Six months ended 30 June 2020
Revenue (less VAT)	100,811	3,251
Operating expenses	(2,857)	(262)
Services received (less VAT)	(2,712)	-
Positive currency difference	2,555	1,484
Negative currency difference	(8,800)	(50,094)
Interest expense (loan received)	-	(46,250)

For the six months ended 30 June 2021, the revenue includes the income from the sale of capacity RUB 97,014 thousand (for the six months ended 30 June 2020: RUB 2,915 thousand from the lease of offices and cars).

Accounts payable and accruals at 30 June 2021 include the accrual for consulting services and purchase of equipment received from Uniper & Technology GmbH's in the amount of RUB 67,202 thousand (at 31 December 2020: RUB 162,410 thousand).

In the first half of 2021, the Group accrued dividends for the results of 2020 in the amount of RUB 8,000,000 thousand (in the first half of 2020 the Group accrued dividends for the results of 2019: RUB 7,000,000 thousand). The dividend payable directly to the parent Uniper SE Group amounted to RUB 6,363,664 thousand (in the first half of 2020: 5,861,270 thousand rubles). On 6 July 2021, this part of dividends was paid.

In the first half of 2021, the Group has received dividends for LLC E.ON Connecting Energies the results of 2020 in the amount of RUB 85,064 thousand (in the first half of 2020: 108,145 thousand rubles).

Directors' and Management Board's compensation

Members of the Company's Management Board receive compensation for their services in full-time management positions. Compensation is made up of a contractual salary, non-cash benefits and a performance bonus depending on the results of Uniper SE (long-term incentive plan (LTI) for the period.

Members of the Board of Directors receive fees and compensation for their services and for attending board meetings as well as a bonus depending on the results for the year.

Total remuneration in the form of salary and bonuses accrued to members of the Board of Directors and Management Board amounted to:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Salary and bonuses, other benefits	230,191	240,397
Contributions to non-state pension fund	36,332	37,845
Cash-settled share-based compensation	9,134	12,898
Total	**275,657**	**291,140**

As at 30 June 2021, the Group has payables to the Board of Directors and Management Board in the amount of RUB 2,780 thousand (31 December 2020: RUB 0 thousand).

(RUB thousand)

Note 4. Property, Plant and Equipment

	Land	Electricity and heat generation	Electricity distribution	Heating network	Construction in progress	Other	Total
Cost							
Opening balance as at 31 December 2020	**493,575**	**130,560,053**	**10,158,533**	**1,387,580**	**55,049,977**	**19,329,583**	**216,979,301**
Additions	3,346	559,397	-	-	5,337,430	5,353	**5,905,526**
Transfers	-	42,832,012	-	-	(43,619,102)	787,090	**-**
Disposals	-	(772,524)	(10)	-	(80,363)	(14,595)	**(867,492)**
Removing undamaged parts (Note 1)	-	(42,740)	-	-	42,740	-	**-**
Closing balance as at 30 June 2021	**496,921**	**173,136,198**	**10,158,523**	**1,387,580**	**16,730,682**	**20,107,431**	**222,017,335**
Accumulated depreciation (including impairment)							
Opening balance as at 31 December 2020	**142,063**	**72,470,194**	**7,147,103**	**1,135,625**	**365,488**	**13,447,344**	**94,707,817**
Charge for the period (depreciation)	9,751	2,900,088	218,474	21,846	-	537,179	**3,687,338**
Impairment loss	-	3,274	-	-	74,941	96,512	**174,727**
Disposals	-	(96,566)	(10)	-	-	(14,240)	**(110,816)**
Closing balance as at 30 June 2021	**151,814**	**75,276,990**	**7,365,567**	**1,157,471**	**440,429**	**14,066,795**	**98,459,066**
Net book value as at 31 December 2020	**351,512**	**58,089,859**	**3,011,430**	**251,955**	**54,684,489**	**5,882,239**	**122,271,484**
Net book value as at 30 June 2021	**345,107**	**97,859,208**	**2,792,956**	**230,109**	**16,290,253**	**6,040,636**	**123,558,269**

	Land	Electricity and heat generation	Electricity distribution	Heating network	Construction in progress	Other	Total
Cost							
Opening balance as at 31 December 2019	**493,575**	**126,760,327**	**10,080,495**	**1,318,834**	**51,243,320**	**18,265,557**	**208,162,108**
Additions	-	-	-	-	4,100,825	10,848	**4,111,673**
Transfers	-	190,610	22,044	25,308	(542,579)	304,617	**-**
Disposals	-	(473,106)	-	-	(17,291)	(6,054)	**(496,451)**
Removing undamaged parts (Note 1)	-	(3,701)	-	-	3,701	-	**-**
Closing balance as at 30 June 2020	**493,575**	**126,474,130**	**10,102,539**	**1,344,142**	**54,787,976**	**18,574,968**	**211,777,330**
Accumulated depreciation (including impairment)							
Opening balance as at 31 December 2019	**124,950**	**66,399,550**	**6,562,895**	**1,005,647**	**365,975**	**12,544,032**	**87,003,049**
Charge for the period (depreciation)	3,431	2,396,835	206,593	13,109	-	405,308	**3,025,276**
Impairment loss	10,242	1,244,059	145,264	71,904	78,936	35,985	**1,586,390**
Disposals	-	(438,467)	-	-	-	(5,946)	**(444,413)**
Closing balance as at 30 June 2020	**138,623**	**69,601,977**	**6,914,752**	**1,090,660**	**444,911**	**12,979,379**	**91,170,302**
Net book value as at 31 December 2019	**368,625**	**60,360,777**	**3,517,600**	**313,187**	**50,877,345**	**5,721,525**	**121,159,059**
Net book value as at 30 June 2020	**354,952**	**56,872,153**	**3,187,787**	**253,482**	**54,343,065**	**5,595,589**	**120,607,028**

Note 4 Property, Plant and Equipment (continued)

Additions of assets in construction in progress for 6 months 2021 include objects for the restoration of unit 3 at Berezovskaya GRES (Note 1) in the amount of RUB 1,978,556 thousand (for 6 months 2020: RUB 3,274,248 thousand).

Disposals of assets in Construction in Progress include assets disposed of due to shortages and losses from property damage amounted RUB 75,621 thousand and disposal of assets to current activity amounted RUB – 4,742 thousand (for 6 months 2020: RUB 17,291 thousand).

Other property, plant and equipment include auxiliary production equipment, motor vehicles, computer equipment, office equipment and others.

In Q1 2021, an asset impairment test was performed due to the increase of the budget and the expected shift in the COD of Unit No. 3 of Berezovskaya GRES from March 2021 to April 2021. There were no other indicators of impairment of the Group's assets.

The recoverable amount of the assets was determined as their carrying value in use based on the model of discounted future cash flows (DCF) after income tax.

Future cash flows for 2021-2023 years are based on the budget forecast. Cash flows in subsequent periods are projected based on the main drivers: future prices on gas and electricity expected generating volumes and inflation. Long-term forecasts have not been revised.

The Group`s key assumptions concerning the discounted cash flows are:

- The domestic market gas price forecast is based on the approach developed by IHS Markit. According to the IHS Markit approach, gas prices for the domestic market should be in the interval between the maximum prices that consumers are willing to pay without impairing their financial performance, and the minimum price required to launch new projects by gas producing companies.
- The volume of electricity generation. The future generation forecast is based on the relationship between GDP growth and consumption. The distribution of electricity demand by region is similar to the Scheme and Development Program of the Unified Energy System for the period 2020-2026 (SDP), published by the Ministries of Energy of the Russian Federation in June 2020.
- The discount rate was assumed to be 9.30%.
- The terminal growth rate of 3.75%.
- Berezovskaya GRES COD at 30 April of 2021.

At 31 March 2021, based on the results of the test, no additional impairment was identified.

The COD of Unit No. 3 of Berezovskaya GRES was in April 2021. Payments for the capacity started to receipt from May 2021.

At of June 30, 2021, the Group did not estimate the recoverable amount of property, plant and equipment as there were no indicators of impairment or reversal of impairment losses by the management of the Group.

(RUB thousand)

Note 4 Property, Plant and Equipment (continued)

Lease. Property, plant and equipment as at 30 June 2021 and 31 December 2020 includes assets in the form of rights of use that relate mainly to long-term leases for land and real estate. The table below shows the movement of assets in the form of a right to use:

	Land	Electricity and heat generation	Other	Total
Balance at 31 December 2019	**303,712**	**189,148**	**66,899**	**559,759**
Additions	-	-	1,185	**1,185**
Charge for the period (depreciation)	(3,431)	(94,635)	(10,790)	**(108,856)**
Impairment loss	-	-	(1,185)	**(1,185)**
Balance at 30 June 2020	**300,281**	**94,513**	**56,109**	**450,903**
Balance at 31 December 2020	**296,841**	**772,402**	**45,317**	**1,114,560**
Additions	-	559,397	-	**559,397**
Disposals	-	(772,524)	-	**(772,524)**
Charge for the period (depreciation)	(9,751)	(101,170)	(4,074)	**(114,995)**
Disposals (depreciation)	-	96,566	-	**96,566**
Balance at 30 June 2021	**287,090**	**554,671**	**41,243**	**883,004**

Note 5. Other Non-current Assets

	At 30 June 2021	At 31 December 2020
Promissory notes	649,035	424,387
Loans issued to employees	265,685	220,821
Total	**914,720**	**645,208**

Note 6. Inventories

	At 30 June 2021	At 31 December 2020
Materials and supplies	2,325,228	2,182,655
Fuel production supplies	1,308,902	1,244,340
Other inventory	5,363	4,601
Write-down of inventory	(11,690)	(16,754)
Total	**3,627,803**	**3,414,842**

Note 7. Accounts Receivable and Prepayments

	At 30 June 2021	At 31 December 2020
Trade receivables	10,879,250	11,410,896
Other financial receivables	672,160	654,382
Less credit loss allowance	(5,443,890)	(5,263,313)
Total financial assets within trade and other receivables	**6,107,520**	**6,801,965**
Prepayments to suppliers	273,937	103,676
VAT recoverable	102,461	49,346
Due from budget (excluding VAT)	35,730	31,537
Total account receivable and prepayments	**6,519,648**	**6,986,524**

The above-mentioned accounts receivable and prepayments include amounts receivable from related parties (Note 3).

Management believes that the fair value of financial assets and liabilities approximates their carrying value (Level 2 and Level 3 fair value hierarchy).

(RUB thousand)

Note 8. Short-term Financial Assets

	At 30 June 2021	At 31 December 2020
Promissory notes	580,045	763,869
Total	**580,045**	**763,869**

Note 9. Other Reserves

	At 30 June 2021			At 31 December 2020		
	Pre-tax amount	Income tax expense	Post-tax amount	amount	Income tax expense	Post-tax amount
Equity instruments at FVOCI	23,867	-	23,867	23,577	-	23,577
Actuarial gain/(loss)	701,127	(140,225)	560,902	701,127	(140,225)	560,902
Cash flow hedges	(400,032)	80,006	(320,026)	(252,325)	50,465	(201,860)
Total	**324,962**	**(60,219)**	**264,743**	**472,379**	**(89,760)**	**382,619**

Note 10. Accounts Payable and Accruals

	At 30 June 2021	At 31 December 2020
Financial liabilities	**10,689,050**	**5,075,562**
Dividends payable	6,573,744	202,192
Accounts payable to capital construction contractors	2,020,920	1,734,285
Trade payables	2,064,145	3,128,209
Other payables	30,241	10,876
Non-financial liabilities	**869,803**	**1,167,167**
Payables to employees	849,915	1,151,464
Advances from customers	19,888	15,703
Total	**11,558,853**	**6,242,729**

Note 11. Taxes Payable Other than Income tax

	At 30 June 2021	At 31 December 2020
VAT	1,600,936	1,391,591
Property tax	197,142	174,556
Social taxes	88,793	55,373
Other	342,662	22,270
Total	**2,229,533**	**1,643,790**

Note 12. Revenue from Contracts with Customers

	Six months ended 30 June 2021	Six months ended 30 June 2020
Electricity and capacity	40,983,527	36,585,875
Heating	923,528	712,289
Other revenue	193,442	254,490
Total	**42,100,497**	**37,552,654**

(RUB thousand)

Note 13. Operating Expenses

	Six months ended 30 June 2021	Six months ended 30 June 2020
Fuel	19,023,528	15,811,375
Depreciation and amortization	3,693,743	3,046,913
Staff costs	3,513,586	3,494,331
Purchase of electricity and heat	1,721,780	1,403,686
Operational dispatch management	753,586	686,830
Repairs and maintenance	737,797	773,762
Taxes other than income tax	415,603	544,012
Credit loss allowance	400,239	502,385
Security	283,663	263,824
Insurance cost	200,414	184,851
Impairment of property, plant and equipment and intangible assets	175,629	1,606,298
Water usage expenses	145,054	117,071
Raw materials and supplies	112,007	459,350
Transportation expenses	92,771	86,340
Loss on disposals of PPE	51,924	-
Rent expenses	4,451	4,078
Other expenses	461,976	291,802
Total	**31,787,751**	**29,276,908**

Staff costs include:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Salaries and wages, including social payments	2,885,412	2,845,192
Pension costs – defined contribution plans (including state pension fund of the Russian Federation)	609,482	629,603
Pension costs – defined benefit plans	15,929	14,113
Termination benefits	2,763	5,423
Total staff costs	**3,513,586**	**3,494,331**

Note 14. Finance Income and Expense

Finance income	Six months ended 30 June 2021	Six months ended 30 June 2020
Foreign exchange gain	-	133,421
Other interest income	65,868	62,783
Interest income (deposits and loan issued)	46,735	127,738
Total	**112,603**	**323,942**

Finance expense	Six months ended 30 June 2021	Six months ended 30 June 2020
Interest expense	53,194	88,736
Effect of liability and pension obligation discounting	40,065	22,453
Foreign exchange losses, net of gains	11,900	-
Total	**105,159**	**111,189**

Note 15. Income Tax

Income tax expense is recognized based on management's best estimate of the weighted average income tax rate expected for the full financial year. The estimated average income tax rate used for the six months of 2021 is 19.16% (for the six months of 2020 – 19.46%).

Note 15. Income Tax (continued)

Income tax charge

	Six months ended 30 June 2021	Six months ended 30 June 2020
Current income tax charge	-	(1,817,255)
Deferred income tax charge	(2,011,200)	145,100
Total	**(2,011,200)**	**(1,672,155)**

The tax accounting applied a depreciation premium for objects restored during reconstruction and repair of Power Unit 3 of Berezovskaya GRES and expected costs of planned capital expenditures in 2021. As a consequence, the planned taxable base of the Group shows a loss.

Note 16. Earnings per Share

	Six months ended 30 June 2021	Six months ended 30 June 2020
The weighted average number of ordinary shares, outstanding during the year, net (shares)	63,048,706,145	63,048,706,145
Profit attributable to the shareholders of PJSC Unipro (RUB thousand)	8,485,099	6,919,812
Basic and diluted earnings per share attributable to shareholders of PJSC Unipro (in RUB)	**0.14**	**0.11**

Diluted earnings per share are equal to basic earnings as there were no contracts with a potential dilutive effect during the reporting period.

Note 17. Capital Commitments

As of 30 June 2021, the Group had contractual capital expenditure commitments for the property, plant and equipment totalling RUB 23,596,277 thousand (as of 31 December 2020: RUB 24,724,685 thousand).

The commitments for property, plant and equipment include restoration commitments of unit 3 at Berezovskaya GRES 800 MW after the accident in February 2016 (Note 1) amounted to RUB 971,719 thousand (as of 31 December 2020: RUB 2,930,334 thousand).

Also, as of 30 June 2021, these obligations include contractual obligations for service contracts in the amount of RUB 5,291,211 thousand (as of 31 December 2020: RUB 6,514,701 thousand) and for the modernization of units at Surgutskaya GRES-2 in the amount of RUB 12,900,561 thousand (as of 31 December 2020: RUB 10,192,197 thousand).

Note 18. Contingencies

Political environment. The Group's operations and earnings continue, intermittently and to varying degrees, to feel the impact of Russian political, legislative, fiscal and regulatory developments, including those related to environmental protection.

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

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. Tax positions taken by management are based on the real economic substance of the transactions and primary documents. Nevertheless, Group tax positions may be challenged by tax authorities.

(RUB thousand)

Note 18. Contingencies (continued)

Fiscal periods remain open for tax audit for three calendar years preceding the year when the decision to open a tax audit was made. Under certain circumstances, tax audits may cover longer periods.

Since that position of Higher courts is focused on the substance of transactions and tax anti-avoidance and increase of budget pressure Russian tax administration has to strengthen its expertise and competence in reviewing the taxpayers' transactions where the business purpose is not clear or where counterparties are not completing their tax obligations. The Russian tax authorities may take a more assertive position in interpretation of the legislation and control over tax calculations.

Russian transfer pricing (TP) legislation is generally aligned with the international TP principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. TP legislation allows additional tax assessment in controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are based not on an arms-length principle. The Management has implemented internal controls to comply with current TP legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. Development of TP rules interpretation may lead to the fact that such 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 Group's operations.

Management believes that as of 30 June 2021 its interpretation of the relevant law is appropriate and that the Group's position is sustainable as it relates to the application of tax, currency and customs legislation.

Environmental matters. The Group has a long history of operating in the Russian electricity industry. The enforcement of Russian environmental regulations is evolving, and the position of government authorities on enforcing these regulations is continually being reconsidered. Management believes that in the conditions of effective legislation on environmental protection the Group does not have material liabilities associated with environmental pollution.

Note 19. Segment Information

The Group's chief operating decision-maker is the General Director and Management Board (hereinafter «Responsible person»), who review the Group's internal reporting forms prepared in accordance with Uniper Group's Accounting Manual to assess the Group's performance and allocate resources efficiently. Uniper Group's Accounting Manual is based on IFRS; however, the amounts may differ as the Company's internal reporting forms are intended for preparing consolidated financial statements for the entire Uniper Group. Operating segments are determined based on the above internal reporting forms of the Group.

The Responsible person assesses performance on a plant-by-plant basis, i.e. the performance of each of the 5 power plants: Surgutskaya GRES-2, Berezovskaya GRES, Shaturskaya GRES, Yayvinskaya GRES and Smolenskaya GRES. All GRES are combined into one operating segment, as they have similar economic and other characteristics.

The Responsible person assesses the performance of the operating segments based on earnings before interest, tax, depreciation and amortization (EBITDA) and revenue. Also, the information on the amortization of non-current assets and earnings before interest and tax (EBIT) before non-operating effects is provided to the Responsible person. Information regarding the assets and liabilities of a segment base is not provided to the Responsible person.

	Six months ended 30 June 2021	Six months ended 30 June 2020
Earnings before interest, tax, depreciation and amortization (EBITDA) before non-operating effects for:		
5 power plants	15,333,715	14,465,700
Other segments	(956,754)	(1,288,209)
Total earnings before interest, tax, depreciation and amortization (EBITDA) before non-operating effects	**14,376,961**	**13,177,491**
Depreciation and amortization	(4,437,560)	(3,704,677)
Total earnings before interest and tax (EBIT) before non-operating effects	**9,939,401**	**9,472,814**

(RUB thousand)

Note 19. Segment Information (continued)

Reconciliation of earnings before interest and tax (EBIT) for operating segments provided to the Responsible person, with profit before tax as in this consolidated financial information of the Group, is provided below:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Earnings before interest and tax (EBIT) before non-operating effects	**9,939,401**	**9,472,814**
Adjustment of non-operating expenses:		
Impairment of non-current assets	*(174,981)*	*(7,350,991)*
Gain from disposal of non-current assets	*(44,383)*	*18,675*
Expenses (expected credit loss allowance)	*22,911*	*(8,840)*
Impairment of securities	-	*(4,341)*
Profit before income tax	**9,742,948**	**2,127,317**
Adjustment of positive currency difference in EBIT	11,885	(133,421)
Finance income	112,603	323,942
Finance expense	(105,159)	(111,189)
Share of results of the joint venture	92,316	39,504
Other adjustments	641,706	6,345,814
Profit before income tax	**10,496,299**	**8,591,967**

Impairment of non-current assets is reflected in the Uniper Group's consolidated financial statement as non-operating expenses according to the Uniper Group's Accounting Manual.

Other adjustments are mainly related to the following items:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Difference in depreciation of non-current assets	743,817	657,764
Difference in income from share interest	(87,711)	(108,146)
Difference in value of disposed of property, plant and equipment	(7,541)	-
Difference in impairment of non-current assets	-	5,744,693
Other	(6,859)	51,503
Differences in amounts for Uniper SE consolidated financial statements	**641,706**	**6,345,814**

Reconciliation of revenue from external customers for all 5 power plants to total revenue:

	Six months ended 30 June 2021	Six months ended 30 June 2020
External revenue of 5 power plants	42,045,583	37,465,546
Other segments	54,914	87,491
Intersegment revenue (eliminations)	-	(383)
Total revenue according to the Group`s consolidated financial statements	**42,100,497**	**37,552,654**

The Group's revenue is analysed by products and services in Note 12.

Revenue from customers representing 10% or more of the total revenue is as follows:

	Six months ended 30 June 2021	Six months ended 30 June 2020
AO CFS	22,255,192	17,610,663
Others (mainly distribution companies under 10% each)	19,845,305	19,941,991
Total revenue according to the Group`s consolidated financial statements	**42,100,497**	**37,552,654**

The Group operates and owns assets only on the territory of the Russian Federation.

Note 20. Events Subsequent to the Balance Sheet Date

Dividends payment

On 6 July 2021 remaining part of dividends (Note3) have been directly paid to the parent Uniper SE Group in the amount of RUB 6,363,664 thousand.