



OGK-2 GROUP

**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS (IFRS) (UNAUDITED)**

**30 September 2020
Saint-Petersburg**

Translation from the Russian original

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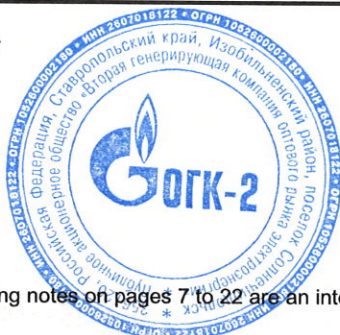
OGK-2 Group
Condensed Interim Consolidated Statement of Financial Position (unaudited)
as at 30 September 2020
(in millions of Russian Roubles)



	Notes	30 September 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	155,530	162,476
Intangible assets		441	442
Investments in associates		20,732	20,000
Accounts receivable and prepayments	7	590	563
Deferred tax assets	14	470	466
Other non-current assets		529	507
Total non-current assets		178,292	184,454
Current assets			
Inventories		14,188	13,486
Accounts receivable and prepayments	7	10,385	12,459
Income tax receivable		2,034	9
Cash and cash equivalents	8	11	92
Financial assets	9	7,286	9,722
		33,904	35,768
Assets held for sale	10	-	5,681
Total current assets		33,904	41,449
TOTAL ASSETS		212,196	225,903
EQUITY AND LIABILITIES			
Equity			
Share capital	11	40,057	40,057
Share premium	11	26,846	26,846
Retained earnings and other reserves		76,414	70,423
Equity attributable to the shareholders of JSC "OGK-2"		143,317	137,326
Non-controlling interest		17	15
Total equity		143,334	137,341
Non-current liabilities			
Borrowings	12	31,284	33,246
Employee benefit liabilities		2,183	2,047
Accounts payable and other liabilities	13	1,071	1,613
Lease liabilities		437	597
Provisions		1,281	1,171
Deferred income tax liabilities	14	12,178	12,668
Total non-current liabilities		48,434	51,342
Current liabilities			
Borrowings	12	7,815	19,385
Accounts payable and other liabilities	13	11,016	15,205
Current income tax payable		4	141
Other taxes payable	15	1,433	2,304
Lease liabilities		160	185
Total current liabilities		20,428	37,220
Total liabilities		68,862	88,562
TOTAL EQUITY AND LIABILITIES		212,196	225,903

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

13 November 2020

The accompanying notes on pages 7 to 22 are an integral part of these condensed interim consolidated financial statements.

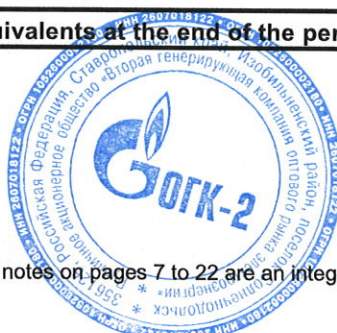
OGK-2 Group
Condensed Interim Consolidated Statement of Cash Flows (unaudited)
for the nine months ended 30 September 2020
(in millions of Russian Roubles)



	Notes	Nine months ended 30 September 2020	Nine months ended 30 September 2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		15,063	15,413
Adjustments to reconcile profit before income tax:			
Depreciation and amortisation	17	10,185	10,167
Impairment loss on financial assets		604	228
Share of profit of associates		(732)	-
(Gain) / loss on disposal of property, plant and equipment, other non-current assets and assets held for sale	17	(4,364)	101
Non-state pensions and other long-term benefits		88	106
Finance income	18	(586)	(917)
Finance costs	18	2,295	3,035
Change in provisions		-	(27)
Other non-cash items		16	163
Operating cash flows before working capital changes		22,569	28,269
Working capital changes:			
Change in accounts receivable and prepayments		1,096	1,277
Change in inventories		(128)	(1,901)
Change in accounts payable and other liabilities		(4,219)	636
Change in other taxes payable		(871)	(514)
Change in employee benefit liabilities		(93)	(76)
Working capital changes		(4,215)	(578)
Income tax paid		(5,655)	(3,379)
Interest paid		(1,745)	(2,484)
Net cash from operating activities		10,954	21,828
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(3,819)	(5,833)
Proceeds from sale of property, plant and equipment and other non-current assets		9,693	8
Proceeds from loans issued		2,521	2
Capitalized interest paid		-	(357)
Interest received		364	822
Dividends received		24	-
Business acquisition of subsidiaries, net of cash acquired		-	(64)
Net cash from / (used in) investing activities		8,783	(5,422)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		5,000	-
Repayment of borrowings		(18,655)	(164)
Payment of lease liabilities		(169)	(131)
Dividend paid to shareholders of JSC "OGK-2"		(5,994)	(3,890)
Net cash used in financing activities		(19,818)	(4,185)
Effect of exchange rate changes on cash and cash equivalents		-	(119)
Net (decrease) / increase in cash and cash equivalents		(81)	12,102
Cash and cash equivalents at the beginning of the period	8	92	6,578
Cash and cash equivalents at the end of the period	8	11	18,680

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

13 November 2020

The accompanying notes on pages 7 to 22 are an integral part of these condensed interim consolidated financial statements.

OGK-2 Group
Condensed Interim Consolidated Statement of Changes in Equity (unaudited)
for the nine months ended 30 September 2020
(in millions of Russian Roubles)



Equity attributable to the shareholders of JSC "OGK-2"

	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	Total	Non-controlling interest	Total equity
At 1 January 2019	40,057	(3,707)	28,379	62,587	127,316	-	127,316
Profit for the period	-	-	-	12,238	12,238	4	12,242
Other comprehensive income:							
Remeasurements of defined benefit pension plans, net of tax	-	-	-	(152)	(152)	-	(152)
<i>Total comprehensive income for the period</i>	-	-	-	12,086	12,086	4	12,090
Transactions with shareholders recognized directly in equity:							
Dividends (Note 11)	-	-	-	(3,901)	(3,901)	-	(3,901)
Restoration of unclaimed dividends	-	-	-	2	2	-	2
Acquisition of businesses under common control	-	-	-	(16)	(16)	12	(4)
Transfer of treasury shares	-	3,683	(1,522)	-	2,161	-	2,161
At 30 September 2019	40,057	(24)	26,857	70,758	137,648	16	137,664
At 1 January 2020	40,057	-	26,846	70,423	137,326	15	137,341
Profit for the period	-	-	-	12,056	12,056	2	12,058
Other comprehensive income:							
Remeasurements of defined benefit pension plans, net of tax	-	-	-	(55)	(55)	-	(55)
<i>Total comprehensive income for the period</i>	-	-	-	12,001	12,001	2	12,003
Transactions with shareholders recognized directly in equity:							
Dividends (Note 11)	-	-	-	(6,013)	(6,013)	-	(6,013)
Restoration of unclaimed dividends	-	-	-	3	3	-	3
At 30 September 2020	40,057	-	26,846	76,414	143,317	17	143,334

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

13 November 2020

Note 1. General Information

1.1. Organisation and operations

Public Joint Stock Company "The Second Generating Company of the Wholesale Electric Power Market" (JSC "OGK-2", or the "Company") was registered on 9 March 2005 and operates in the Russian Federation.

The primary activities of the Company are generation and sale of electric and heat power. The Company consists of the following power stations (plants): Troitskaya GRES, Stavropolskaya GRES, Pskovskaya GRES, Serovskaya GRES, Surgutskaya GRES-1, Kirishskaya GRES, Ryazanskaya GRES, Novochebasskaya GRES, Krasnoyarskaya GRES-2, Cherepovetskaya GRES, Groznenskaya TES, Adlerskaya TES.

The Company is registered by the Izobilnensk District Inspectorate of the RF Ministry of Taxation of Stavropol Region.

The Company's office is located at 66-1, lit. A, Peterburgskoye Highway, Saint Petersburg, 196140, the Russian Federation.

JSC "OGK-2" and its following subsidiaries form the OGK-2 Group (the "Group"):

Company	Activities	Ownership interest (%)	
		30 September 2020	31 December 2019
LLC "Centr 112"	Fire safety	100%	100%
LLC "OGK-Investproekt"	Construction	100%	100%
LLC "Novomichurinskoe ATP"	Freight and passenger transportation services	100%	100%
OJSC "Novomichurinskoe PPGT"	Rail freight	75%	75%

1.2. Relations with the Government and influence on the Group activities

At the date of the condensed interim consolidated financial statements the Russian Federation owns (both directly and indirectly) over 50% in PJSC "GAZPROM", which holds 100% of LLC Gazprom energoholding. LLC Gazprom energoholding owns 99.59% of PJSC Centerenergoholding as at 30 September 2020 (as at 31 December 2019: 99.59%). PJSC Centerenergoholding (immediate parent company) owns 73.42% of the Company's shares as at 30 September 2020 (as at 31 December 2019: 73.42%). Thus, PJSC "GAZPROM" is the parent company of the Group and the Russian Federation is the ultimate controlling party of the Group.

The Group's customer base includes a large number of entities controlled by or related to the State. The list of the Group's major fuel suppliers includes subsidiaries of PJSC "GAZPROM". The State also controls a number of suppliers of the Group.

The government of the Russian Federation directly affects the Group's operations through regulations of wholesale sales of electricity (capacity) and retail sales of heat exercised by the Federal Antimonopoly Service ("FAS") and the tariffs regulation executive authorities. JSC "System Operator of the United Power System" ("SO UPS"), which is controlled by the Russian Federation represented by the Federal Executive Body for the State Property Management, regulates operations of generating assets of the Group.

The government's economic, social and other policies could have material effects on the operations of the Group.

1.3. Operating environment in the Russian Federation

The Russian Federation displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. Fluctuations in oil prices, continuing political tensions in the region, as well as international sanctions against some Russian organizations and citizens have had and can continue to affect the economy of the Russian Federation.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

The coronavirus pandemic (COVID-19), which occurred in 2020, has had a significant negative impact on the world economy. Restrictive measures taken to curb the spread of coronavirus infection have reduced the economic activity of electricity market participants. The scale and duration of these events remain uncertain and may affect the Group's financial position and results of operations.

The Group's management believes that it is taking all necessary measures to support the sustainability and development of the Group's business in the current environment. In the process of spreading the pandemic, the company took prompt preventive measures to prevent the spread of coronavirus infection at the Group's facilities, thus it was possible to exclude the impact of the spread of the virus on the stability of the group's technological and functional processes. Currently, the Group's management is taking measures to optimize fixed costs and reallocate expenses for the company's investment program.

At present, it is not possible to reliably estimate the duration and extent of the impact of the pandemic on the Group's financial position and results of operations in subsequent reporting periods. The future economic situation in the Russian Federation depends on external factors and measures taken by the Government of the Russian Federation. Its impact on the Group's operations may differ from management's current expectations.

1.4. Seasonality

Demand for electricity and heat produced and sold by the Group is influenced by the relative severity of the weather and the season of the year. Revenues from heating are concentrated within the months of October to March. A similar, though less severe, concentration of electricity sales occurs within the same period. The seasonality of electricity and heat production has a corresponding impact on the usage of fuel and purchases of electricity. This seasonality does not impact on the revenue or cost recognition policies of the Group.

Note 2. Basis of presentation

The condensed interim consolidated financial statements ("Financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS. In order to improve presentation some comparative information was aligned with present disclosure.

Note 3. Summary of significant accounting policies and accounting estimates

The significant accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019.

3.1. Application of interpretations and amendments to IFRS's

Certain new standards, interpretations and amendments are mandatory for the annual periods beginning on or after 1 January 2020:

In March 2018, the IASB issued a revised version of *Conceptual Framework for Financial Reporting*. In particular, the revised version introduces new definitions of assets and liabilities, as well as amended definitions of income and expenses.

In October 2018, the IASB issued amendments to *IFRS 3 Business Combinations*. The amendments enhance definition of a business set out by the standard. The amendments are effective for acquisitions to occur on or after 1 January 2020; earlier application is permitted.

In October 2018, the IASB issued amendments to *IAS 1 Presentation of Financial Statements* and *IAS 8 Accounting policies, Changes in Accounting Estimates and Errors*. The amendments to IAS 1 and IAS 8 introduce new definition of material.

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 that introduce Interest Rate Benchmark Reform.

The Group has reviewed these interpretations and amendments to standards while preparing condensed interim consolidated financial statements. The interpretations and amendments to standards have no significant impact on the Group's condensed interim consolidated financial statements.

3.2. Standards, Interpretations and Amendments to existing Standards that are not yet effective and have not been early adopted by the Group

Certain new standards have been issued that are mandatory for the annual periods beginning on or after 1 January 2021. In particular, the Group has not early adopted the standards:

Amendments to *IAS 1 Presentation of Financial Statements* (issued in January 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments specify the requirements for classifying liabilities as current or non-current.

Amendment to *IFRS 9 Financial Instruments* (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendments to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

Amendment to *IAS 16 Property, Plant and Equipment* (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Amendments to *IFRS 1 First-time Adoption of International Financial Reporting Standards* (issued as part of the Annual Improvements to IFRSs 2018-2020 and are applied for annual periods beginning on or after 1 January 2022) simplify the application of IFRS 1 by the subsidiary after the parent, regarding the measurement of cumulative translation differences.

Amendments to *IFRS 3 Business Combinations* (issued in May 2020 and applicable for annual periods beginning on or after 1 January 2022) update a reference to the *Conceptual Framework for Financial Reporting* issued in 2018 to define what constitutes an asset or liability in a business combination, and add a new exemption for liabilities and contingent liabilities.

The Group is currently assessing how these changes will affect its financial position and results of operations.

Note 4. Segment information

The Board of Directors and Managing Director (hereafter referred to as the "Management") is the Chief operating decision-maker, which reviews the Group's internal management report in order to assess performance of the Group and allocate resources. Primary activity of the Group is production of electric and heat power and capacity which covers 98.6% and 98.8% of the Group revenue for the three and nine months ended 30 September 2020 (99.2% and 98.8% for the three and nine months ended 30 September 2019). The Group operates in the Russian Federation.

The technology of electricity and heat production does not allow segregation of electricity and heat segments. The Company's branches are managed separately due to significant decentralization and distances between them, as a result the Group discloses seven reporting segments: Surgutskaya GRES-1, Kirishskaya GRES, Novocherkasskaya GRES, Troitskaya GRES, Ryazanskaya GRES, Serovskaya GRES, Cherepovetskaya GRES. All reporting segments are located on the territory of the Russian Federation. In the process of evaluation of segments, results and allocation of economic resources of the Group the Management uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analyzed by the Management and IFRS financial information are caused by different approaches applied in IFRS and RAR. The main differences relate to the respective carrying values of the value of property, plant and equipment. The Group does not have inter-segment revenue.

4.1 Financial results of segments

The segment information for the three and nine months ended 30 September 2020 and 30 September 2019 is as follows:

Nine months ended 30 September 2020	Surgutskaya GRES-1	Kirishskaya GRES	Novocherkasskaya GRES	Troitskaya GRES	
Revenue	15,363	13,067	12,597	9,348	
Segment operating profit*	2,110	4,107	74	3,270	
Nine months ended 30 September 2020	Ryazanskaya GRES	Cherepovetskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments
Revenue	7,415	6,112	5,103	19,742	88,747
Segment operating profit*	2,408	1,476	1,335	782	15,562
Nine months ended 30 September 2019	Surgutskaya GRES-1	Kirishskaya GRES	Novocherkasskaya GRES	Troitskaya GRES	
Revenue	17,454	17,083	14,189	9,965	
Segment operating profit*	2,869	4,539	1,604	3,316	
Nine months ended 30 September 2019	Ryazanskaya GRES	Cherepovetskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments
Revenue	7,722	6,799	5,246	21,376	99,834
Segment operating profit*	2,581	1,599	1,739	1,694	19,941
Three months ended 30 September 2020	Surgutskaya GRES-1	Kirishskaya GRES	Novocherkasskaya GRES	Troitskaya GRES	
Revenue	4,812	4,666	4,321	2,980	
Segment operating profit / (loss)*	405	1,240	(352)	899	
Three months ended 30 September 2020	Ryazanskaya GRES	Cherepovetskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments
Revenue	2,308	2,106	1,593	5,633	28,419
Segment operating profit / (loss)*	414	297	282	(306)	2,879
Three months ended 30 September 2019	Surgutskaya GRES-1	Kirishskaya GRES	Novocherkasskaya GRES	Troitskaya GRES	
Revenue	5,758	5,185	4,419	3,130	
Segment operating profit	755	1,286	236	1,008	
Three months ended 30 September 2019	Ryazanskaya GRES	Cherepovetskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments
Revenue	2,420	2,083	1,458	6,078	30,531
Segment operating profit / (loss)*	717	386	403	(7)	4,784

* Segment operating profit represents segment operating profit under RAR.

The main items of reconciliation of management financial information prepared in accordance with RAR to consolidated financial statements prepared in accordance with IFRS are provided in consolidated financial statements for the year ended 31 December 2019.

Segment's assets are disclosed below:

	Surgutskaya GRES-1	Kirishskaya GRES	Novocherkasskaya GRES	Troitskaya GRES	
30 September 2020	5,605	21,349	34,307	50,513	
	Ryazanskaya GRES	Cherepovetskaya GRES	Serovskaya GRES	Other operating segments	Total assets
30 September 2020	12,995	16,760	19,423	10,884	171,836
	Surgutskaya GRES-1	Kirishskaya GRES	Novocherkasskaya GRES	Troitskaya GRES	
31 December 2019	5,978	20,516	35,500	53,611	
	Ryazanskaya GRES	Cherepovetskaya GRES	Serovskaya GRES	Other operating segments	Total assets
31 December 2019	13,372	6,232	20,337	26,550	182,096

The main items of reconciliation of management financial information to consolidated financial statements prepared in accordance with IFRS are provided in consolidated financial statements for the year ended 31 December 2019.

Management of the Group does not review the information in respect of operating segment's liabilities in order to make a decision about allocation of resources, because of centralisation of significant part of payment transactions.

4.2 Core customers

The revenue presented within segments includes the customer (JSC "FSC") with the revenue exceeding 10% of the Group's revenue for the three and nine months ended 30 September 2020 and amounting to RR 11,088 million and RR 31,532 million (for the three and nine months ended 30 September 2019 the revenue of the customer (JSC "FSC") exceeded 10% of the Group's revenue and amounted to RR 12,812 million and RR 41,866 million respectively).

Note 5. Related Parties

In the condensed interim consolidated financial statements a related party is a person or entity that has control or significant influence over the reporting entity as determined in IAS 24 Related parties.

Transactions with related parties have been made mostly on the same terms and conditions as similar operations with the parties external to the Group. Prices for natural gas and capacity are based on tariffs set by FAS and also based on competitive take-off on the wholesale electricity (capacity) market. Loans and borrowings are received at market rates. Bank deposits are invested at market rates.

PJSC "GAZPROM" is the ultimate parent company of the Group. The Russian Federation is the ultimate controlling party of the Group.

a) GAZPROM Group and its associates

Significant transactions with Gazprom Group for the nine months ended 30 September 2020 and significant balances with these organizations as at 30 September 2020 are presented below:

Revenues

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Electricity and capacity	646	900	2,400	2,948
Heating	-	-	2	3
Other	94	44	181	460
Total	740	944	2,583	3,411

Operating expenses

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Fuel	7,306	7,686	21,435	25,408
Rent	1,211	881	3,556	3,163
Repairs and maintenance	798	945	2,098	2,271
Transport	214	181	601	603
Exchange rate differences	313	(32)	480	(247)
Other operating expenses	288	340	1,215	856
Total operating expenses	10,130	10,001	29,385	32,054

Finance income and costs

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Finance income				
Interest income on bank deposits and current bank account balances	-	84	2	84
Interest income on loans	127	-	473	2
Total finance income	127	84	475	86
Finance costs				
Interest expense on debt	406	555	1,358	1,526
Effect of discounting of financial instruments	-	28	6	104
Total finance costs	406	583	1,364	1,630

Balances

	30 September 2020	31 December 2019
Short-term financial assets	7,286	9,722
Short-term accounts receivable and prepayments, gross	2,044	1,837
Total assets	9,330	11,559
Non-current borrowings	26,284	28,246
Current borrowings	871	186
Long-term accounts payable and other liabilities	919	1,296
Short-term accounts payable and other liabilities	7,195	9,522
Long-term lease liabilities	100	229
Short-term lease liabilities	170	170
Total liabilities	35,539	39,649

Purchase of non-current and current assets

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Acquisition of property, plant and equipment	306	278	1,135	1,497
including capitalized borrowing costs from related parties	-	-	-	128
Purchases of materials	391	147	982	473
Total	697	425	2,117	1,970

The Group has not entered into transactions with PJSC "Centerenergyholding" for the three and nine months ended 30 September 2020 and 30 September 2019.

b) State-controlled entities

The information presented below does not include transactions and balances with Gazprom Group and its associates, as this information is disclosed in Note 5 (a).

Significant transactions with the state-controlled entities for the nine months ended 30 September 2020 and significant balances with these organizations as at 30 September 2020 are presented below:

Revenues

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Electricity and capacity	5,778	6,074	19,500	20,587
Heating	84	102	573	658
Other	101	94	326	301
Total	5,963	6,270	20,399	21,546

Operating expenses

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Electricity market administration fees (Note 17)	625	572	1,767	1,668
Security and fire safety	123	106	347	312
Purchased electricity and capacity	39	19	76	224
Other operating expenses	29	109	259	468
Total operating expenses	816	806	2,449	2,672

Finance income and costs

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Finance income				
Interest income on bank deposits and current bank account balances	-	120	-	477
Total finance income	-	120	-	477
Finance costs				
Interest expense on debt	-	297	185	816
Effect of discounting of financial instruments	28	-	89	-
Total finance costs	28	297	274	816

Balances

	30 September 2020	31 December 2019
Long-term accounts receivable and prepayments, gross	517	72
Allowance for expected credit losses of long-term trade receivables	(250)	(14)
Short-term accounts receivable and prepayments, gross	11,080	12,330
Allowance for expected credit losses of short-term accounts receivable	(8,956)	(8,568)
Total assets	2,391	3,820
Short-term accounts payable and other liabilities	578	948
Long-term lease liabilities	313	341
Current borrowings	-	17,423
Total liabilities	891	18,712

Purchase of non-current and current assets

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Acquisition of property, plant and equipment	-	39	1	375
including capitalized borrowing costs from related parties	-	-	-	158
Purchases of materials	1	243	27	832
Total	1	282	28	1,207

Other transactions

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Impairment loss on financial assets	386	112	624	683

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with Joint-stock company "Financial Settling Center" (JSC "FSC"). Current financial settlement system of JSC "FSC" does not provide the final counterparty with automated information about transactions and settlement balances with end consumers. Government-related entities, GAZPROM Group and its subsidiaries may also act as counterparties.

The Group had the following significant operations with JSC "FSC":

Revenue and operating expenses

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Sales of electricity and capacity	11,088	12,812	31,532	41,866
Purchases of electricity and capacity	1,812	1,799	5,318	6,660

Balances

	30 September 2020	31 December 2019
Short-term accounts receivable and prepayments, gross	1,208	1,812
Allowance for expected credit losses of short-term accounts receivable	(2)	(17)
Short-term accounts payable and other liabilities	305	451

c) Other related parties

Transactions with other related parties represent transactions with the non-state pension funds ("NPF"). For the nine months ended 30 September 2020 the Group made contributions of RR 36 million to JSC "NPF "Otkrytie" (for the nine months ended 30 September 2019: RR 26 million).

d) Key management remuneration

Short-term remuneration includes remuneration to members of the Board of Directors for the performance of their duties in these positions and participation in meetings of the Board of Directors.

Information on remuneration to members of the Board of Directors and the Management Board is presented below:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Board remuneration	33	2	37	42

The remuneration of the management company LLC Gazprom Energoholding was RR 34 million and RR 101 million for the three and nine months ended 30 September 2020 (for the three and nine months ended 30 September 2019: RR 34 million and RR 107 million).

e) Capital commitments

	30 September 2020	31 December 2019
GAZPROM Group and its associates	11,323	10,021
Other state-controlled entities	5	6
Total	11,328	10,027

Note 6. Property, plant and equipment

Changes in the carrying amount of property, plant and equipment are presented below:

	Right-of-use assets	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Cost								
As at 1 January 2019	1,249	61,392	37,902	108,825	52,487	3,573	14,113	279,541
Additions	858	6	13	-	45	58	2,836	3,816
Disposals	-	(19)	(162)	(403)	(632)	(15)	(5)	(1,236)
Transfer	-	3,627	2,629	1,142	5,389	143	(12,930)	-
As at 30 September 2019	2,107	65,006	40,382	109,564	57,289	3,759	4,014	282,121
As at 1 January 2020	2,329	60,214	39,226	106,205	56,925	3,692	5,066	273,657
Additions	4	-	58	9	52	75	3,174	3,372
Disposals	(4)	(3)	(19)	(4)	(203)	(76)	(270)	(579)
Reclassification	(40)	(1,603)	1,831	(26)	(272)	110	-	-
Changes in terms of lease agreements	22	-	-	-	-	-	-	22
Transfer	-	82	240	1,154	816	171	(2,463)	-
As at 30 September 2020	2,311	58,690	41,336	107,338	57,318	3,972	5,507	276,472
Accumulated depreciation and impairment								
As at 1 January 2019	(9)	(24,478)	(16,280)	(38,729)	(20,286)	(1,965)	(91)	(101,838)
Charge for the period	(158)	(1,084)	(1,091)	(4,171)	(3,235)	(301)	-	(10,040)
Disposals	-	9	54	374	567	15	-	1,019
As at 30 September 2019	(167)	(25,553)	(17,317)	(42,526)	(22,954)	(2,251)	(91)	(110,859)
As at 1 January 2020	(230)	(23,438)	(16,938)	(44,390)	(23,477)	(2,158)	(550)	(111,181)
Charge for the period	(287)	(1,016)	(1,131)	(4,322)	(2,979)	(282)	-	(10,017)
Disposals	-	1	18	4	143	75	15	256
Reclassification	15	293	(478)	9	182	(88)	67	-
As at 30 September 2020	(502)	(24,160)	(18,529)	(48,699)	(26,131)	(2,453)	(468)	(120,942)
Net book value								
As at 1 January 2019	1,240	36,914	21,622	70,096	32,201	1,608	14,022	177,703
As at 30 September 2019	1,940	39,453	23,065	67,038	34,335	1,508	3,923	171,262
As at 1 January 2020	2,099	36,776	22,288	61,815	33,448	1,534	4,516	162,476
As at 30 September 2020	1,809	34,530	22,807	58,639	31,187	1,519	5,039	155,530

As at 30 September 2020 property, plant and equipment includes right-of-use assets with a carrying value of RR 1,809 million. The right-of-use assets comprise rented land plots, office buildings, as well as initial direct costs associated with the rental of the power station.

Total cash outflow for leases for the nine months ended 30 September 2020 is RR 238 million, including interest paid on lease liabilities - RR 69 million, repayment of lease liabilities - RR 169 million, (for the nine months ended 30 September 2019: total cash outflow for leases - RR 209 million, including interest paid on lease liabilities - RR 78 million, repayment of lease liabilities - RR 131 million).

Property, plant and equipment of the Group are not pledged as securities.

Note 7. Accounts receivable and prepayments

	30 September 2020	31 December 2019
Short-term accounts receivable		
Trade receivables	8,039	10,506
Other receivables	506	265
Promissory notes	1	2
Total financial accounts receivable	8,546	10,773
Advances to suppliers and prepaid expenses	1,757	1,621
Input VAT	65	47
Prepaid other taxes, except for income tax	17	18
Total non-financial accounts receivable	1,839	1,686
Total short-term accounts receivable and prepayments	10,385	12,459
Long-term accounts receivable		
Trade receivables	242	4
Promissory notes	303	283
Other receivables	19	51
Total financial accounts receivable	564	338
Advances to suppliers and prepaid expenses	22	92
Input VAT	4	133
Total non-financial accounts receivable	26	225
Total long-term accounts receivable and prepayments	590	563

Trade receivables are presented net of allowance for expected credit losses of RR 11,278 million and RR 10,746 million as at 30 September 2020 as at 31 December 2019, respectively.

Other receivables are presented net of allowance for expected credit losses of RR 6,778 million and RR 6,801 million as at 30 September 2020 as at 31 December 2019, respectively.

Note 8. Cash and cash equivalents

	Currency	30 September 2020	31 December 2019
Current bank accounts	RR	11	48
Deposits with maturity of three months or less	RR	-	44
Total		11	92

Note 9. Financial assets

	30 September 2020	31 December 2019
Loans issued	6,999	9,408
Equity securities at fair value through profit or loss	287	314
Total short-term financial assets	7,286	9,722

Note 10. Assets held for sale

On 9 December 2019, the Board of Directors made a decision on disposal of assets of the power station Krasnoyarskaya GRES-2, located in Zelenogorsk, Krasnoyarsk Territory. On 31 December 2019, an agreement on sale of assets of Krasnoyarskaya GRES-2 was concluded with JSC Yenisei TGK (TGK-13). Assets of Krasnoyarskaya GRES-2 were classified as held for sale in the consolidated statement of financial position as at 31 December 2019 at their carrying amount. The selling price of Krasnoyarskaya GRES-2 was RR 10,094 million (excluding VAT). On 30 September 2020, the transfer of the property of Krasnoyarskaya GRES-2 was completed.

	30 September 2020	31 December 2019
Property, plant and equipment	-	5,261
Inventories	-	420
Total	-	5,681

Note 11. Equity

Share capital and share premium

As at 30 September 2020 and as at 31 December 2019 total number of issued ordinary registered shares is 110,441,160,870 shares with nominal value of one share of RR 0.3627. All issued ordinary shares are fully paid.

As at 30 September 2020 and 31 December 2019 the number of authorised for issue but not issued ordinary registered shares is 58,886,766,090 shares.

Share premium in the amount of RR 26,846 million represents the excess of cash received from the issue of share capital over its par value in the amount of RR 28,379 million and a negative result from the subsequent sale of treasury shares in the amount of RR 1,533 million.

Dividends

On 24 June 2020, the Annual General Meeting of Shareholders of the Company made a decision to pay dividends based on the results of operations for 2019. The amount of dividends declared was RR 0.0544445744 per share, the total amount of dividends amounted to RR 6,013 million.

On 11 June 2019, the Annual General Meeting of Shareholders of the Company made a decision to pay dividends based on the results of operations for 2018. The amount of dividends declared was RR 0.036784587 per share, the total amount of dividends amounted to RR 3,901 million.

Note 12. Borrowings

	30 September 2020	31 December 2019
Short-term borrowings		
Current portion of bonds	6,945	1,776
Current portion of other loans	859	186
Current portion of long-term bank loans	11	9,117
Bank loans	-	8,306
Total short-term borrowings	7,815	19,385
Long-term borrowings		
Bank loans	19,450	19,450
Other loans	6,834	8,796
Bonds	5,000	5,000
Total long-term borrowings	31,284	33,246

The conditions of borrowings not repaid at the reporting date are indicated below:

	Currency	Effective interest rate as at 30 September 2020	Maturity date as at 30 September 2020	30 September 2020	31 December 2019
Bank loans					
Bank GPB (JSC)	RR	4.25%	2020, 2022	19,461	19,450
Sberbank	RR	-	-	-	17,423
Bonds					
Bond loan 001P-03R	RR	7.12%	2020, 2021	5,170	5,080
Bond loan 001P-01R	RR	7.11%	2020	1,172	1,151
Bond loan 001P-02R	RR	7.11%	2020	554	545
Bond loan 002P-01	RR	5.93%	2021, 2023	5,049	-
Other loans					
MOSENERGO	RR	6.50%	2020, 2025	7,693	8,982
Total				39,099	52,631

As at 30 September 2020 and 31 December 2019 the Group was in compliance with the financial covenants related to loans and borrowings.

Note 13. Accounts payable and other liabilities

	30 September 2020	31 December 2019
Short-term accounts payable		
Trade payables	5,581	9,308
Accounts payable for acquisition of property, plant and equipment	566	811
Other payables	4,350	4,258
Total financial accounts payable	10,497	14,377
Contract liabilities from contracts with customers	24	15
Other payables	495	813
Total non-financial accounts payable	519	828
Total short-term accounts payable and other liabilities	11,016	15,205
Long-term accounts payable		
Trade payables	919	1,296
Accounts payable for acquisition of property, plant and equipment	5	311
Other payables	147	6
Total financial accounts payable	1,071	1,613
Total long-term accounts payable and other liabilities	1,071	1,613

Note 14. Income tax

Income tax charge components

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Current income tax charge	(533)	(417)	(3,438)	(2,844)
Refund of income tax for prior periods	-	1	(54)	26
Deferred income tax expense	108	(145)	487	(353)
Total income tax charge	(425)	(561)	(3,005)	(3,171)

The tax effect of taxable and deductible temporary differences for the nine months ended 30 September 2020 and for the nine months ended 30 September 2019 is presented in the table below:

Nine months ended 30 September 2020	1 January	Movement for the period recognized in profit and loss	Movement for the period recognized in other comprehensive income	30 September
Property, plant and equipment	(13,045)	154	-	(12,891)
Assets held for sale	(407)	407	-	-
Trade receivables and prepayments	(93)	69	-	(24)
Unused tax losses	611	(21)	-	590
Provisions	234	22	-	256
Inventories	191	(103)	-	88
Employee benefit liabilities	183	5	7	195
Lease liabilities	158	(32)	-	126
Trade and other payables	77	(21)	-	56
Other	(111)	7	-	(104)
Total	(12,202)	487	7	(11,708)

Nine months ended 30 September 2019	1 January	Movement for the period recognized in profit and loss	Movement for the period recognized in other comprehensive income	Effect of the acquisition of subsidiaries	Effect of the initial application of new standards	30 September
Property, plant and equipment	(13,544)	(252)	-	-	(199)	(13,995)
Trade receivables and prepayments	(129)	(54)	-	-	-	(183)
Unused tax losses	485	70	-	6	-	561
Trade and other payables	208	(114)	-	1	-	95
Provisions	206	8	-	-	-	214
Employee benefit liabilities	141	6	19	-	-	166
Inventories	105	4	-	-	-	109
Lease liabilities	5	(26)	-	-	199	178
Other	(110)	5	-	-	-	(105)
Total	(12,633)	(353)	19	7	-	(12,960)

The tax effect of changes in these temporary differences is determined at the statutory rate of 20%.

Some deferred tax assets and liabilities have been set off in accordance with the Group's accounting policies. The following is the amount of deferred tax (after offset) reflected in the condensed interim consolidated statement of financial position:

	30 September 2020	31 December 2019
Deferred income tax assets	470	466
Deferred income tax liabilities	(12,178)	(12,668)
Deferred income tax liabilities, net	(11,708)	(12,202)

Note 15. Other taxes payable

	30 September 2020	31 December 2019
Value added tax	905	1,614
Property tax	242	268
Social tax	226	321
Other taxes	60	101
Total	1,433	2,304

Note 16. Revenues

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Electricity and capacity	27,282	29,436	84,111	94,997
Heating	746	843	3,584	3,663
Other	391	252	1,052	1,174
Total	28,419	30,531	88,747	99,834

Note 17. Operating expenses

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Fuel	12,760	13,707	37,585	43,301
Amortisation and depreciation	3,394	3,515	10,185	10,167
Employee benefits	2,216	2,085	7,004	6,729
Purchased electricity and capacity	1,877	1,830	5,451	7,032
Rent	1,233	890	3,885	3,175
Repairs and maintenance	1,146	1,162	2,643	2,670
Other materials and supplies	1,022	948	2,019	2,031
Taxes other than income tax	686	781	1,964	2,262
Electricity market administration fees	625	572	1,767	1,668
Transport	244	196	668	692
Security and fire safety	186	151	542	449
Exchange rate differences	319	(33)	488	(204)
Consulting, legal and audit services	132	108	274	301
Cleaning and maintenance of territories	76	68	220	195
Insurance, except for VHI	58	54	175	161
(Gain) / loss on disposal of property, plant, equipment, other non-current assets and assets held for sale	(653)	(2)	(4,364)	101
Other expenses	424	509	1,597	1,345
Total operating expenses	25,745	26,541	72,103	82,075

Rent expense for the three and nine months ended 30 September 2020 includes expense relating to variable rental payments in the amount of RR 1,211 million and of RR 3,555 million and expense relating to short-term leases in the amount of RR 22 million and RR 330 million (for the three and nine months ended 30 September 2019: variable rental payments in the amount of RR 881 million and RR 3,163 million and short-term leases in the amount of RR 9 million and RR 12 million).

Note 18. Finance income and costs

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Finance income				
Interest income on loans issued	127	-	473	2
Effect of discounting of financial Instruments	13	38	46	50
Interest income on bank deposits and current bank account balances	-	310	2	864
Other finance income	-	1	65	1
Total finance income	140	349	586	917
Finance costs				
Interest expense on debt	485	1,014	1,955	3,021
Effect of discounting of financial instruments	42	32	122	109
Interest on employee benefit liabilities	32	34	96	103
Interest expense on lease liabilities	22	24	69	78
Unwinding of the present value discount – provision for ash dump	17	23	53	67
Less capitalized interest on loans and borrowings related to qualifying assets	-	-	-	(343)
Total net finance costs	598	1,127	2,295	3,035

Note 19. Basic and diluted earnings per share attributable to the shareholders of JSC "OGK-2"

Earnings per share attributable to the shareholders of JSC "OGK-2" was calculated by dividing the profit of shareholders of JSC "OGK-2" for the reporting period by the weighted average number of shares placed excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares. The calculation of earnings per share is presented in the table below.

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Outstanding shares (thousands of pcs)	110,441,161	110,441,161	110,441,161	110,441,161
Treasury shares (thousands of pcs)	-	(2,729,183)	-	(3,819,678)
Weighted average number of ordinary shares issued (thousands of pcs)	110,441,161	107,711,978	110,441,161	106,621,483
Profit attributable to the shareholders of JSC "OGK-2" (in millions of RR)	1,759	2,589	12,056	12,238
Earnings per ordinary share attributable to the shareholders of JSC "OGK-2" – basic and diluted (in RR)	0.02	0.02	0.11	0.11

There are no financial instruments with dilutive effect.

Note 20. Capital commitments

As at 30 September 2020 the Group has unrecognized contractual capital commitments (including VAT) in the amount of RR 18,211 million (as at 31 December 2019: RR 15,178 million).

Note 21. Fair value of financial instruments

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

Financial instruments in Level 1

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

Financial instruments in Level 2

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

Financial instruments in Level 3

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

There was no change in the fair value measurement methods attributed to Level 2 and Level 3, there were no transfers between levels for the nine months ended 30 September 2020 (31 December 2019: there was no change, there were no transfers).

As at 30 September 2020 and 31 December 2019 the Group had the following assets that are measured at fair value:

	Notes	Level 1	Level 2	Level 3	Total
30 September 2020					
Financial assets at fair value					
Equity securities measured at fair value through profit or loss	9	287	-	-	287
Total financial assets		287	-	-	287
31 December 2019					
Financial assets at fair value					
Equity securities measured at fair value through profit or loss	9	314	-	-	314
Total financial assets		314	-	-	314

The estimated fair value of financial assets and liabilities not carried at fair value in the condensed interim consolidated statement of financial position approximates to their carrying amounts as at 30 September 2020 and 31 December 2019.

Note 22. Events after the reporting date

On 2 November 2020, in accordance with clause 1.1 Art. 81 of the Federal Law On Joint Stock Companies and p. 27.1 art. 27 of the Articles of Association of JSC "OGK-2" the Company sent a notice to the members of the Board of Directors of JSC "OGK-2" on the intention to conclude transactions related to the acquisition of the property complex of Adlerskaya TES from Gazprom LLC energoholding. Contracts on purchase and sale of the property of Adlerskaya TES will be concluded between JSC "OGK-2" and LLC Gazprom energoholding in November 2020.

Managing Director

Chief Accountant




A.V. Semikolenov

L.V. Klishch

13 November 2020