

Independent Auditor's
Report
on Accounting Report and Financial Statements of
Lenenergo, PJSC
for 2019

February 2020

**Independent Auditor's
Report
on Accounting Report and Financial Statements of
Lenenergo, PJSC**

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(Logo: EY
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OKPO (Russian Business and Organizations Classification): 71457074

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Lenenergo, PJSC

Opinion

We have audited the financial statements of Lenenergo, PJSC (the “Company”), which comprise the statement of financial position as at December 31, 2019, the statement of financial results for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in all material aspects in accordance with the Russian Accounting Standards.

Basis for Opinion

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

Key Audit Issues

The key audit issues are the issues that, in our professional opinion, were the most significant and crucial in our audit of the Company's financial statements for the report period. We review these issues in the overall context of our audit financial statements and when forming our opinion on such financial statements, and we do not express a separate opinion on these issues. With respect to each of the issues specified below, we provide our description of how we reviewed it within our audit in that context.

We have fulfilled our obligations described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report, including with respect to these issues. Thus, our audit included the implementation of procedures designed in response to our assessment of the risk of material misstatements in the financial statements. The result of our audit (including the procedures implemented during the review of the issues specified below) serves as a foundation for our auditor's opinion on the accompanying financial statements.

Impairment of Receivables

Impairment of receivables is one of the key issues within our audit due to the Company having a substantial receivables balance as of December 31, 2019, as well as due to the fact that the management's assessment of the possibility of the receivables recovery is based on the assumptions, particularly, on the forecast of the paying capacity of the Company's debtors.

Information on the impairment of receivables is reported in Note 10 to the statements of financial position and financial results.

We have analyzed the Company's accounting policy with respect to the review of the receivables for the availability of an impairment allowance, and reviewed the assessment procedures implemented by the Company's management, including the analysis of the receivables payments, of the repayment and delay timelines, and of the debtors' paying capacity.

We have audited the information the Company used to calculate the receivables impairment, as well as the receivables structure as to the creation and repayment timelines. We have also tested the accrued allowance calculation process based on the management's assessments.

Recognition, Assessment, and Reporting of Reserves, Provisions, Allowances, and Contingent Liabilities

Recognition, assessment, and reporting of reserves, provisions, allowances, and contingent liabilities with respect to the legal arguments and contractors' claims (including the territorial power grid and utility companies) were one of the key issues within our audit due to the fact that those require substantial judgments from the management with respect to the significant accounts payable balances that are being disputed in court or subject to pre-trial mediation.

Information on the reserves, provisions, allowances, and contingent liabilities is reported in Note 14 to the statements of financial position and financial results.

Our audit included the analysis of rulings of courts at various levels, and a review of the management's judgments with respect to the assessment of the probability of the economic resources' outflow due to settlement of disputes, a study of compliance of the documents prepared with the provisions of existing valid agreements and laws, an analysis of the contingent liabilities and provisions' reporting in the Notes to the statements of financial position and financial results.

Recognition and Assessment of Revenue from the Power Transmission Services

Recognition and assessment of revenue from the power transmission services is one of the key issues within our audit due to the certain peculiarities of the electric power market operations, which create grounds for disputes between the power grid, utility, and other entities with respect to the scope and price of the transmitted power. The revenue disputed by the contractors is a material amount for the Company's financial statements. The management's assessment of the probability of the disputes being resolved in favor of the

We have reviewed the accounting policy used by the Company with respect to the recognition of the revenue from the power transmission services, studied the recognition internal control system, audited the procedure for calculating the relevant revenue amounts based on the power transmission contracts, selectively verified the receivables balances, analyzed the legal arguments over the disputed amounts for the services rendered (if any), and assessed the existing procedures for confirmation of the scope

Company is mostly subjective. The revenue is only of the power transmitted. recognized in the financial statements when, in view of the assumptions, the disputes are resolved in favor of the Company.

Information on the revenue from the power transmission services is reported in Note 17 to the statements of financial position and financial results.

Other Information

A different auditor conducted the audit of the financial statements of Lenenergo, PJSC for 2017. That auditor expresses its unmodified opinion on the said statements on February 22, 2018.

Other Information Included in the Annual Report

The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The management is responsible for the other information. We will presumably receive the annual report of Lenenergo, PJSC after the date of our auditor's report.

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

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

Responsibilities of the Management and the Audit Committee of the Board of Directors for the Financial Statements

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Russian Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee of the Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- ▶ Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

We also stated to the Audit Committee of the Board of Directors that we have complied with all the existing ethical independence requirements and informed it on all of the relations and other issues that may reasonably be deemed affecting the auditor's independence, and, if necessary, on the relevant precautions.

Of those issues that we have stated to the Audit Committee of the Board of Directors, we determine the issues that are key to the audit of the financial statements for the report period, and that are, consequently, the key audit issues. We describe those issues in our audit's report, except for the cases when the public disclosure of information on such issues is prohibited by law or a regulation, or when, in rare cases, we resolve that the information on any issue should not be included in our report since the adverse effects of such information disclosure are reasonably expected to exceed the socially significant advantages resulting from its disclosure.

Officer responsible for the audit resulting in the making of this independent auditor's report is Mr. A. Grebenyuk.

(signed)

Mr. A. Grebenyuk
Partner
Ernst & Young, LLC

February 21, 2020

Information on the Audited Entity

Name: Lenenergo, PJSC

An entry was made to the Unified State Register of Legal Entities on July 22, 2002 and assigned the following state registration number: 1027809170300.

Location: 1, Ploshchad Konstitutsii, Saint Petersburg, 196247, Russia

Information on the Auditor

Name: Ernst & Young, LLC

An entry was made to the Unified State Register of Legal Entities on December 5, 2002 and assigned the following state registration number: 1027739707203.

Location: 77, bldg. 1, Sadovnicheskaya naberezhnaya, Moscow, 115035, Russia

Ernst & Young, LLC is a member of the Self-regulatory organization of auditors Association Sodruzhestvo. Ernst & Young, LLC is listed in the reference copy of the Register of Auditors and Auditing Entities under entry with principal registration number 12006020327.

**Statement of Financial Position
as of December 31, 2019**

Entity	Lenenergo, PJSC	OKUD Form	Codes		
Taxpayer Identification Number		Date (month, day, year)	0710001		
Type of Economic Activity	power industry		31	12	2019
Type of business / ownership	joint stock company/ joint private and foreign ownership	OKPO	00107131		
Unit of Measurement: RUB thousand		INN	7803002209		
Location (Address)	196247, Saint Petersburg, 1, pl. Konstitutsii	OKVED 2	35.12		
The financial statements are subject to mandatory audit <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		OKOPF/OKFS	1.22.47	34	
		OKEI	384		

Ernst & Young, LLC

Name of the auditing entity / Full name (including the patronymic, if any) of the individual auditor

Taxpayer Identification Number of the Auditor (entity or individual)

INN 7709383532

Principal State Registration Number of the Auditor (entity or individual)

OGRN/ OGRNIP 1027739707203/
11603050648

Notes	Parameter Name	Item	As of December 31, 2019 (1)	As of December 31, 2018 (2)	As of December 31, 2017 (3)
	ASSETS				
	1. NON-CURRENT ASSETS				
5.1.1-5.2.2	Intangible assets	1110	601,034	415,166	189,871
5.2.2	including the uncompleted intangible asset purchase transactions	1111	327,198	271,152	51,245
5.2.1-5.2.2	R&D results	1120	83,728	56,473	28,462
5.2.2	including the expenses for incomplete R&D	1121	68,041	31,375	28,462
	Intangible development assets	1130			
	Tangible development assets	1140			
5.3.1-5.3.6	Fixed assets	1150	187,017,543	175,177,277	168,639,497
	land plots and land use facilities	1151	161,079	119,394	118,595
	plant, property & equipment	1152	166,131,068	155,958,815	144,223,462
	other fixed assets	1153	51,648	53,395	58,867
5.3.5	construction in progress	1154	17,006,043	14,449,807	17,596,279
5.3.6	advances for fixed assets construction and purchase	1155	2,586,212	3,852,462	6,106,297
	raw materials intended to be used in the fixed assets creation*	1156	1,081,493	743,404	535,997
5.3.1	Income-bearing investments in tangible assets	1160			
5.4.1-5.4.3	Financial investments	1170	18,773,405	18,575,670	18,394,453
	investments in subsidiaries	1171	16,127,975	16,135,313	16,135,313
	investments in dependent companies	1172			
	investments in other entities	1173	49,707	49,415	52,818
	loans to entities for over 12 months	1174			
	financial investments	1175	2,595,723	2,390,942	2,206,322
5.7.2	Deferred tax assets	1180	3,693,919	3,519,626	3,014,171
	Other non-current assets	1190	1,441,448	642,183	263,389
	Total for Section 1	1100	211,611,077	198,386,395	190,529,843
	2. CURRENT ASSETS				
5.5.1-5.5.2	Inventory	1210	1,001,851	1,075,966	929,094
	raw materials and supplies, and other similar valuables	1211	1,001,851	1,075,966	929,094
	work-in-progress expenses	1212			
	end products and goods for resale	1213			
	goods dispatched	1214			
	other inventory and expenses	1215			
	Value added tax for purchased valuables	1220	460,989	330,711	228,042
5.6.1-5.6.4	Receivables	1230	4,258,980	6,424,539	7,674,509

Notes	Parameter Name	Item	As of December 31, 2019 (1)	As of December 31, 2018 (2)	As of December 31, 2017 (3)
	Payment is expected over 12 months after the report date	1231	133,146	101,652	458,916
	trade receivables	123101	38,135	10,829	186,700
	notes receivable	123102			
	advances paid	123103	18,738	18,965	31,461
	other receivables	123104	76,273	71,858	240,755
	Payment is expected within 12 months after the report date	1232	4,125,834	6,322,887	7,215,593
	trade receivables	123201	2,730,402	4,239,192	4,300,679
	notes receivable	123202			
	dividend receivables from SDCs	123203			
	authorized capital receivables from the members (founders)	123204			
	advances paid	123205	626,517	643,672	867,666
	other receivables	123206	768,915	1,440,023	2,047,248
5.4.1-5.4.3	Financial investments (except for the cash equivalents)	1240	-	-	-
	loans to entities for under 12 months	1241			
	other current financial investments	1242			
F.4	Cash and cash equivalents	1250	7,290,052	5,522,096	2,423,103
	on hand	1251			
	payment accounts	1252	2,771,071	2,914,067	2,417,686
	currency accounts	1253			
	other cash	1254	4,518,981	2,608,029	5,417
	Other current assets	1260	2,173,508	2,980,663	3,892,993
	Total for Section 2	1200	15,185,380	16,333,975	15,147,741
	BALANCE SHEET	1600	226,796,457	214,720,370	205,677,584
	LIABILITIES				
	3. EQUITY AND RESERVES				
3.1.	Authorized capital (joint capital, authorized fund, partners' contributions)	1310	8,617,050	8,617,050	8,617,050
3.1.	Capital (prior to the registration of changes and amendments)	1311			
3.1.	Treasury shares repurchased from shareholders	1320			
5.3.1,5.1.1	Non-current assets revaluation	1340	48,339,796	50,229,314	50,371,262
3.1.	Additional capital (non-revaluated)	1350	55,188,326	55,188,326	55,188,326
3.1.	Capital reserves	1360	1,292,558	1,190,365	562,315
3.1.	Retained profit (accumulated losses)	1370	37,630,448	24,476,871	16,997,201
	brought forward	1371	24,925,530	14,090,648	4,436,203
	report period	1372	12,704,918	10,386,223	12,560,998
	Total for Section 3	1300	151,060,170	139,701,926	131,736,154
	4. NON-CURRENT LIABILITIES				
5.6.7-5.6.8	Borrowings	1410	17,000,000	31,981,030	25,905,000
	bank loans maturing over 12 months after the report date	1411	17,000,000	31,981,030	25,905,000
	borrowings maturing over 12 months after the report date	1412			
5.7.2	Deferred tax liabilities	1420	7,033,994	6,163,932	5,254,947
5.7.1	Provisions	1430			
5.6.5-5.6.6	Other liabilities	1450	5,856,280	3,893,280	2,317,968
	Total for Section 4	1400	29,890,274	42,038,242	33,477,915
	5. CURRENT LIABILITIES				
5.6.7-5.6.8	Borrowings	1510	11,214,179	2,556,821	11,019,601
	bank loans maturing within 12 months after the report date	1511	8,728,523	76,061	8,524,670
	borrowings maturing within 12 months after the report date	1512	2,485,656	2,480,760	2,494,931
5.6.5-5.6.6	Payables	1520	27,953,171	25,898,853	27,960,548
	trade payables	1521	12,973,003	12,131,474	12,137,381
	notes payable	1522	66,000		
	payroll debt to the personnel	1523	341,071	243,763	236,614
	payables to the state non-budgetary funds	1524	216,627	234,171	249,160
	Taxes and levies payable	1525	1,395,560	617,789	1,704,260
	advances received	1526	10,885,016	10,879,710	11,357,277
	income payable to the members (founders)	1527	71,511	120,461	

**Statement of Financial Results
For 12 Months of 2019**

Entity Lenenergo, PJSC
 Taxpayer Identification Number _____
 Type of Economic Activity power industry
 Type of business / ownership joint stock company/
 joint private and foreign ownership _____
 Unit of Measurement: RUB thousand

OKUD Form _____
 Date (month, day, year) _____
 OKPO _____
 INN _____
 OKVED 2 _____
 OKOPF/OKFS _____
 OKEI _____

Codes		
0710002		
31	12	2019
00107131		
7803002209		
35.12		
1.22.47	34	
384		

Notes	Parameter Name	Code	As of December 31, 2019 (1)	As of December 31, 2018 (2)
1	2	3	4	5
	Revenue	2110	82,371,277	76,449,614
	including:			
	revenue from power transmission	2111	75,696,204	68,806,735
	revenue from network connection	2112	6,242,475	7,066,096
	revenue from organizing the operations and development of distribution power sector of the unified energy system of Russia	2113		
	revenue from resale of power and capacities	2114		
	income from participation in other business	2115		
	lease income	2116	162,679	188,326
	revenue from sale of other industrial products, goods, works, services	2117	269,919	388,457
	revenue from sale of other non-industrial products, goods, works, services	2118		
2.1.	Net cost of sales	2120	(58,279,028)	(57,251,650)
	including:			
	net cost of power transmission	2121	(57,148,071)	(56,394,054)
	net cost of network connection	2122	(823,800)	(464,074)
	net cost of organizing the operations and development of distribution power sector of the unified energy system of Russia	2123		
	net cost of resale of power and capacities	2124		
	net cost of participation in other business	2125		
	net cost of lease	2126	(130,693)	(134,205)
	net cost of other industrial products, goods, works, services	2127	(176,464)	(259,317)
	net cost of other non-industrial products, goods, works, services	2128		
	Gross profit (losses)	2100	24,092,249	19,197,964
2.1.	Business expenses	2210		
2.1.	Administrative expenses	2220	(193,713)	(198,183)
	Profit (loss) from sales	2200	23,898,536	18,999,781
	Income from participation in other business	2310	293	941
	Interest receivable	2320	700,828	330,702
	Interest payable	2330	(994,717)	(1,064,762)
5.11.	Other income	2340	4,147,218	4,090,738
5.11.	Other expenses	2350	(10,576,203)	(8,679,068)
	Profit (loss) before tax	2300	17,175,955	13,678,332
2.3.	Current corporate income tax	2410	(3,820,322)	(2,867,013)
2.3.	including permanent tax liabilities (assets)	2421	1,677,332	1,172,529
2.3.	Change in the deferred tax liabilities	2430	(870,062)	(937,172)
2.3.	Change in the deferred tax assets	2450	274,193	517,430
2.3.	Other	2460	(54,846)	(5,354)
	Net profit (losses)	2400	12,704,918	10,386,223

Notes	Parameter Name	Code	As of December 31, 2019 (1)	As of December 31, 2018 (2)
5.1.1	REFERENCE			
5.3.1	Non-current assets revaluation result not included in the net profit (losses) for the period	2510		
3.2.	Other operations result not included in the net profit (losses) for the period	2520		
	Aggregate financial result for the period	2500	12,704,918	10,386,223
2.2.	Base earnings (losses) per share	2900	1.49053	1.21850
2.2.	Diluted earnings (losses) per share	2910	1.49053	1.21850

Acting Head

(signed)
(signature)

I. Kuzmin
(name)

Acting Chief Accountant

(signed)
(signature)

N. Korepanova

February 21, 2020

2.2. Earnings Per Share (EPS), Diluted EPS

Parameter		For 12 Months of	For 12 Months of
Name	Code	2019	2018
1	2	3	4
Net profit (accumulated losses) for the report period	6610	12,704,918	10,386,223
Preference shares dividend ³	6611		
Base profit (losses) for the report period	6612	12,704,918	10,386,223
Average weighted number of ordinary shares in circulation in the report period	6613	8,523,785	8,523,785
Base earnings (losses) per share	6620	1.490526	1.218498
Average weighted market value of an ordinary share	6621		
Probable growth of profit and average weighted number of shares in circulation	6630	X	X
Result of conversion of preference shares into ordinary shares	6631	X	X
probable profit growth	66311		
additional shares	66312		
Result of conversion of bonds into ordinary shares	6632	X	X
probable profit growth	66321		
additional shares	66322		
Result of performance under share sale purchase contracts (below the market price)	6633	X	X
agreed purchase price	66331		
probable profit growth	66332		
additional shares	66333		
Diluted EPS	6640	1.4905	1.2185
adjusted base profit	6641		
adjusted average weighted number of shares in circulation	6642		

Acting Chief Accountant *(signed)* N. Korepanova
(signature)

February 21, 2020

2.3. Profit Tax

Parameter	Code	For 12 Months of 2019	For 12 Months of 2018
1	2	3	4
Profit (loss) before tax	6710	17,175,955	13,678,332
including charged under the rate of 20%	67101	17,175,662	13,677,391
other rates	67102		
non-chargeable	67103	293	941
Permanent difference	6711	8,386,660	5,862,645
Change of the deductible temporary difference	6712	1,370,965	2,087,849
Change of the taxable temporary difference	6713	(4,350,310)	(4,685,859)
Provisional corporate income tax expenses (income)	6721	3,435,191	2,735,666
Permanent tax liabilities (assets)	6722	1,677,332	1,172,529
Change of the deferred tax assets	6723	274,193	517,430
Change of the deferred tax liabilities	6724	(870,062)	(937,172)
Current corporate income tax	6725	(3,820,322)	(2,867,013)
Corporate income tax amounts charged for the pervious tax periods (according to specified tax returns, tax inspections)	6726	(53,952)	(4,375)
Other taxes and sanctions from the profit	6727	(894)	(979)
Amortization of deferred profit and losses taxes	6728		
reference: of those, the deferred tax assets and liabilities amortized due to the retirement of an asset or a type of liabilities	67281		
Operating profit (losses)	6729	12,704,918	10,386,223

Acting Chief Accountant

(signed)
(signature)

N. Korepanova
(name)

**Statement of Changes in Equity
2019**

Entity Lenenergo, PJSC
 Taxpayer Identification Number _____
 Type of Economic Activity power industry
 Type of business / ownership joint stock company/
 joint private and foreign ownership _____
 Unit of Measurement: RUB thousand

OKUD Form _____
 Date (month, day, year) _____
 OKPO _____
 INN _____
 OKVED 2 _____
 OKOPF/OKFS _____
 OKEI _____

Codes		
0710004		
31	12	2019
00107131		
7803002209		
35.12		
1.22.47	34	
384		

3.1. Capital Account

Parameter Name	Code	Authorized capital	Capital (prior to the registration of changes and amendments)	Treasury shares repurchased from shareholders	Additional capital	Capital reserves	Retained profit (accumulated losses)	Total
Capital as of December 31, 2017 (1)	3100	8,617,050	-	-	105,559,588	562,315	16,997,201	131,736,154
2018 (2)								
Capital increase — total:	3210	-	-	-	-	-	10,386,223	10,386,223
including:								
net profit	3211	X	X	X	X	X	10,386,223	10,386,223
property revaluation	3212	X	X	X		X		-
income related directly to the capital increase	3213	X	X	X		X		-
additional issue of shares	3214					X	X	-
increase of the nominal value of shares	3215			X	X	X		X
entity reorganization	3216							-
Capital decrease — total:	3220	-	-	-	-	-	(2,420,451)	(2,420,451)
including:								
losses	3221	X	X	X	X	X		-
property revaluation	3222	X	X	X		X		-
expenses related directly to the capital decrease	3223	X	X	X		X		-
decrease of the nominal value of shares	3224				X	X		-
decrease of the number of shares	3225				X	X		-
entity reorganization	3226							-
dividend	3227	X	X	X	X	X	(2,420,451)	(2,420,451)
Change of the additional capital	3230	X	X	X	(141,948)	X	141,948	X
Changes of the capital reserves	3240	X	X	X	X	628,050	(628,050)	X
Capital as of December 31, 2018 (2)	3200	8,617,050	-	-	105,417,640	1,190,365	24,476,871	139,701,926
2019 (3)								
Capital increase — total:	3310	-	-	-	-	-	12,704,918	12,704,918
including:								
net profit	3311	X	X	X	X	X	12,704,918	12,704,918
property revaluation	3312	X	X	X		X		-
income related directly to the capital increase	3313	X	X	X		X		-
additional issue of shares	3314					X	X	-
increase of the nominal value of shares	3315			X	X	X		X
entity reorganization	3316							-
Capital decrease — total:	3320	-	-	-	-	-	(1,338,666)	(1,338,666)
including:								
losses	3321	X	X	X	X	X		-
property revaluation	3322	X	X	X		X		-
expenses related directly to the capital decrease	3323	X	X	X		X		-
decrease of the nominal value of shares	3324			X	X	X		-
decrease of the number of shares	3325				X	X		-

entity reorganization	3326							-
dividend	3327	X	X	X	X	X	(1,338,666)	(1,338,666)
Change of the additional capital	3330	X	X	X	(1,889,518)	X	1,889,518	X
Changes of the capital reserves	3340	X	X	X	X	102,193	(102,193)	X
Capital as of December 31, 2019 (3)	3300	8,617,05 0	-	-	103,528,12 2	1,292,55 8	37,630,448	151,068,17 8

3.2. Adjustments Due to Accounting Policy Changes and Error Correction*

Parameter Name	Code	As of December 31, 2017	Capital Changes in 2018		As of December 31, 2018
			from net profit	from other sources	
Capital — total					
before adjustments	3400	131,736,154	7,479,670	486,102	139,701,926
adjustment due to:					
accounting policy change	3410	-	-	-	-
error correction	3420	-	-	-	-
after adjustments	3500	131,736,154	7,479,670	486,102	139,701,926
including:					
retained profit (accumulated losses):					
before adjustments	3401	16,997,201	7,479,670		24,476,871
adjustment due to:					
accounting policy change	3411				-
error correction	3421				-
after adjustments	3501	16,997,201	7,479,670	-	24,476,871
other capital items adjusted (by item)					
before adjustments	3402	114,738,953	-	486,102	115,225,055
Authorized capital	34021	8,617,050			8,617,050
Capital (prior to the registration of changes and amendments)	340211	-			-
Treasury shares repurchased from shareholders	34022	-			-
Additional capital	34023	105,559,588		(141,948)	105,417,640
Capital reserves	34024	562,315		628,050	1,190,365
adjustment due to:					
accounting policy change	3412				-
error correction	3422				-
after adjustments	3502	114,738,953	-	486,102	115,225,055

(1) a year preceding the previous year is specified

(2) the previous year is specified

3.3. Net Assets

Parameter Name	Code	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017
Net assets	3600	151,068,178	139,701,926	131,736,154

Acting Head

(signature)

I. Kuzmin
(name)

(signature)

February 21, 2020

(signed)

**Statement of Cash Flows
For 12 Months of 2019**

Entity Lenenergo, PJSC
 Taxpayer Identification Number _____
 Type of Economic Activity power industry
 Type of business / ownership joint stock company/
 joint private and foreign ownership _____
 Unit of Measurement: RUB thousand

OKUD Form _____
 Date (month, day, year) _____
 OKPO _____
 INN _____
 OKVED 2 _____
 OKOPF/OKFS _____
 OKEI _____

Codes		
0710005		
31	12	2019
00107131		
7803002209		
35.12		
1.22.47	34	
384		

Parameter Name	Code	2019	2018
1	2	3	4
Cash Flows from Operations			
Proceeds — total	4110	86,458,819	81,357,845
including:			
from sale of products, goods, works, services	4111	85,113,757	75,758,284
<i>including from sale of products, goods, works, services related to the holding entities, subsidiaries, and dependent companies</i>	411101	914,669	2,101,234
lease payments, license payments, royalties, commissions, and other similar payments	4112	54,832	57,283
<i>including from lease payments, license payments, royalties, commissions, and other similar payments from the holding entities, subsidiaries, and dependent companies</i>	411201	30,672	40,021
from resale of financial investments	4113		
<i>including from resale of financial investments to the holding entities, subsidiaries, and dependent companies</i>	411301		
other proceeds	4119	1,290,230	5,542,278
<i>including other proceeds from the holding entities, subsidiaries, and dependent companies</i>	411901	186,840	946
Payments — total	4120	(53,164,896)	(56,967,649)
including:			
to suppliers (contractors) for raw materials, items, works, services	4121	(34,776,593)	(33,812,454)
<i>including to suppliers (contractors) for raw materials, items, works, services of the holding entities, subsidiaries, and dependent companies</i>	412101	(3,935,290)	(2,041,229)
with respect to payroll	4122	(7,982,913)	(7,146,555)
interest on debt obligations	4123	(1,042,346)	(1,171,997)
<i>including interest on debt obligations to the holding entities, subsidiaries, and dependent companies</i>	412301		
corporate income tax	4124	(4,010,056)	(3,857,627)
other payments	4129	(5,352,988)	(10,979,016)
<i>including other payments to the holding entities, subsidiaries, and dependent companies</i>	412901	(421,566)	(2,173,290)
Balance of cash flows from operations	4100	33,293,923	24,390,196
Cash flows from investments			
Proceeds — total	4210	1,973,746	2,596,958
including:			
from sale of non-current assets (except for financial investments)	4211	31	2,759
<i>including from sale of non-current assets (except for financial investments) to the holding entities, subsidiaries, and dependent companies</i>	421101		
from sale of shares (participating interests) in other entities	4212		
<i>including from sale of shares (participating interests) in other entities to the holding entities, subsidiaries, and dependent companies</i>	421201		
from repayment of loans and borrowings, from sale of debt securities (cash-related rights of claim against other persons)	4213		
<i>including from repayment of loans and borrowings, from sale of debt securities (cash-related rights of claim against other persons) of the holding entities, subsidiaries, and dependent companies</i>	421301		
dividend, interest on debt financial investments, and other similar proceeds from participation in other entities	4214	702,529	312,367
<i>including dividend, interest on debt financial investments, and other similar proceeds from participation in other entities from the holding entities, subsidiaries, and dependent companies</i>	421401	293	714
other proceeds	4219	1,271,186	2,281,832
<i>including other proceeds from the holding entities, subsidiaries, and dependent companies</i>	421901		
Payments — total	4220	(25,868,591)	(19,043,205)
including:			
due to purchase, creation, upgrading, reconstruction or preparation of non-current assets for use	4221	(24,508,912)	(17,833,588)
<i>including payments to the holding entities, subsidiaries, and dependent companies due to purchase, creation, upgrading, reconstruction or preparation of non-current assets for use</i>	422101	(2,186,242)	(2,180,052)
due to purchase of shares (participating interests) in other entities	4222		
<i>including payments to the holding entities, subsidiaries, and dependent companies due to purchase of shares (participating interests) in other entities</i>	422201		
due to purchase of debt securities (cash-related rights of claim against other persons), provision	4223		

of loans to other persons			
<i>including payments to the holding entities, subsidiaries, and dependent companies due to purchase of debt securities (cash-related rights of claim against other persons), provision of loans to other persons</i>	422301		
interest on debt obligations included in the investment capital value	4224	(1,359,679)	(1,209,617)
<i>including interest on debt obligations included in the investment capital value to the holding entities, subsidiaries, and dependent companies</i>	422401		
other payments	4229		
<i>including other payments to the holding entities, subsidiaries, and dependent companies</i>	422901		
Balance of cash flows from investments	4200	(23,894,845)	(16,446,247)
Cash flows from financial activities			
Proceeds — total	4310	25,759,537	161,622,896
including:			
loans and borrowings obtained	4311	25,759,537	161,622,896
<i>including loans and borrowings obtained from the holding entities, subsidiaries, and dependent companies</i>	431101		
financial contributions from owners (members)	4312		
<i>including financial contributions from owners (members) of the holding entities, subsidiaries, and dependent companies</i>	431201		
from shares issue, increase of participating interests	4313		
<i>including from shares issue, increase of participating interests of the holding entities, subsidiaries, and dependent companies</i>	431301		
from issue of bonds, notes, and other debt securities, etc.	4314		
<i>including from issue of bonds, notes, and other debt securities, etc. of the holding entities, subsidiaries, and dependent companies</i>	431401		
other proceeds	4319		
<i>including other proceeds from the holding entities, subsidiaries, and dependent companies</i>	431901		
Payments — total	4320	(33,390,659)	(166,467,852)
including:			
to owners (members) due to repurchase of shares (participating interests) from them, or their resignation from membership	4321		
<i>including to owners (members) due to repurchase of shares (participating interests) from them, or their resignation from membership in the holding entities, subsidiaries, and dependent companies</i>	432101		
for dividend and other profit distributions to the owners (members)	4322	(1,338,666)	(2,420,602)
<i>including for dividend and other profit distributions to the owners (members) of the holding entities, subsidiaries, and dependent companies</i>	432201	(427,592)	(794,335)
due to repayment (redemption) of notes and other debt securities, repayment of loans and borrowings	4323	(32,051,993)	(164,026,240)
<i>including due to repayment (redemption) of notes and other debt securities, repayment of loans and borrowings to the holding entities, subsidiaries, and dependent companies</i>	432301		
other payments	4329		(21,010)
<i>including other payments to the holding entities, subsidiaries, and dependent companies</i>	432901		
Balance of cash flows from financial activities	4300	(7,631,122)	(4,844,956)
Balance of cash flows for the report period	4400	1,767,956	3,098,993
Cash and cash equivalents opening balance	4450	5,522,096	2,423,103
Cash and cash equivalents closing balance	4500	7,290,052	5,522,096
Effect of exchange rate fluctuations	4490		

Acting Head

(signed)
(signature)

I. Kuzmin
(name)

Acting Chief Accountant

(signed)
(signature)

N. Korepanova

February 21, 2020

5.1. Intangible Assets

5.1.1. Intangible Assets History and Availability

Parameter			Opening Balance				Changes Over Year								Closing Balance					
Name	Code	Period	Initial/pr esent market value	Depreciati on Accumulat ed	Impairme nt Loss	Net book value	Increase	Initial/pre sent market value			Impairm ent Accrued	Impair ment Loss	Revaluation		Initial/pr esent market value	Depreci ation Accumul ated	Initial/pr esent market value	Depreci ation Accumul ated	Impairm ent Loss	Net book value
								Initial/pre sent market value	Deprecia tion Accumul ated	Impair ment Loss			Initial/pr esent market value	Deprecia tion Accumul ated						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
Intangible assets - total	5100	2019 (1)	544,319	(400,305)	-	144,014	205,080	(43,959)	42,176	-	(73,475)	-	-	-	705,440	(431,604)	-	273,836		
	5110	2018 (2)	556,476	(417,850)	-	138,626	45,812	(57,969)	57,969	-	(40,424)	-	-	-	544,319	(400,305)	-	144,014		
Items of intellectual property (exclusive rights to the intellectual property items)	5101	2019 (1)	286,096	(145,811)	-	140,285	205,080	(17,829)	16,046	-	(69,746)	-	-	-	473,347	(199,511)	-	273,836		
	5111	2018 (2)	298,253	(168,561)	-	129,692	45,812	(57,969)	57,969	-	(35,219)	-	-	-	286,096	(145,811)	-	140,285		
including:																				
<i>patent owner's rights to inventions, industrial design, utility model</i>	51011	2019 (1)	32,334	(4,250)	-	28,084	3,927				(3,380)				36,261	(7,630)	-	28,631		
	51111	2018 (2)	31,933	(934)		30,999	401				(3,316)				32,334	(4,250)	-	28,084		
<i>proprietor's rights to software, databases</i>	51012	2019 (1)	253,742	(141,551)	-	112,191	201,153	(17,829)	16,046		(66,364)				437,066	(191,869)	-	245,197		
	51112	2018 (2)	266,300	(167,619)		98,681	45,411	(57,969)	57,969		(31,901)				253,742	(141,551)	-	112,191		
<i>owner's right to trademark, service mark, appellation of origin</i>	51013	2019 (1)	20	(10)	-	10					(2)				20	(12)	-	8		
	51113	2018 (2)	20	(8)		12					(2)				20	(10)	-	10		
Other	5102	2019 (1)	258,223	(254,494)	-	3,729		(26,130)	26,130		(3,729)				232,093	(232,093)	-	-		
	5112	2018 (2)	258,223	(249,289)		8,934					(5,205)				258,223	(254,494)	-	3,729		

(1) the report year is specified

(2) the previous year is specified

5.2. Research, Development, Testing, Process Works Results, and Intangible Assets

5.2.1. RD&T Results History and Availability

Parameter Name	Code	Period	Opening Balance		Changes Over Year			Closing	Balance	
			Initial Value	Value Written Down for Expenses	Increase	Decrease		Value Written Down for Expenses in the Period	Initial Value	Value Written Down for Expenses
						Initial Value	Value Written Down for Expenses			
1	2	3	4	5	6	7	8	9	10	11
RD&T - total	5140	2019 (1)	28,236	(3,138)	675	-	-	(10,086)	28,911	(13,224)
	5150	2018 (2)	-	-	28,236	-	-	(3,138)	28,236	(3,138)
of those:									-	-
Patent-worthy RD&T results	5141	2019 (1)	-	-					-	-
	5151	2018 (2)							-	-
Other	5142	2019 (1)	28,236	(3,138)	675			(10,086)	28,911	(13,224)
	5152	2018 (2)			28,236			(3,138)	28,236	(3,138)
Reference, of total RD&T:										
RD&T expenses covered by own sources	5143	2019 (1)	-	-					-	-
	5153	2018 (2)							-	-
RD&T expenses covered by third parties	5144	2019 (1)	28,236	-					28,236	-
	5154	2018 (2)			28,236				28,236	-

(1) the report year is specified

(2) the previous year is specified

5.2.2. Incomplete and Non-formalized RD&T, and Intangible Assets Purchase Transactions in Progress

Parameter Name	Code	Period	Opening Balance	Changes Over Year			Closing Balance
				Expenses Over Year	expenses written down as not having positive results	accepted for recording as intangible assets or RD&T	
1	2	3	4	5	6	7	8
Expenses for incomplete R&D - total	5160	2019 (1)	31,375	41,166	-	(4,500)	68,041
	5170	2018 (2)	28,462	31,544	(395)	(28,236)	31,375
including:							
Patent-worthy RD&T results	5161	2019 (1)	31,375	41,166		(4,500)	68,041
	5171	2018 (2)	28,462	31,544	(395)	(28,236)	31,375
Other	5162	2019 (1)	-				-
	5172	2018 (2)					-
Intangible asset purchase transactions in progress - total	5180	2019 (1)	271,152	266,565	(5,440)	(205,079)	327,198
	5190	2018 (2)	51,245	258,658	7,061	(45,812)	271,152
including:							
patent owner's rights to inventions, industrial design, utility model	5181	2019 (1)	-	3,926		(3,926)	-
	5191	2018 (2)					-
proprietor's rights to software, databases	5182	2019 (1)	271,152	262,639	(5,440)	(201,153)	327,198
	5192	2018 (2)	51,245	258,658	7,061	(45,812)	271,152
owner's right to trademark, service mark, appellation of origin	5183	2019 (1)	-				-
	5193	2018 (2)					-
Other	5184	2019 (1)	-				-
	5194	2018 (2)					-

(1) the report year is specified
(2) the previous year is specified

5.3. Fixed Assets

5.3.1. Fixed Assets History and Availability

Parameter Name	Code	Period	Opening Balance			Changes Over Year							Closing Balance		
			Initial Value	Depreciation Accumulated	Net Book Value	Increase		Decrease		Impairment Accrued	Revaluation		Initial Value	Depreciation Accumulated	Net Book Value
						Initial Value	Depreciation Accumulated for Increase Items	Initial Value	Depreciation Accumulated		Initial Value	Depreciation Accumulated			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Fixed assets (except for income-bearing investments into tangible assets) - total	5200	2019	341,288,629	(185,157,025)	156,131,604	23,912,747	-	(5,331,465)	4,147,706	(12,516,797)	-	-	359,869,911	(193,526,116)	166,343,795
	5210	2018	318,527,255	(174,126,331)	144,400,924	23,518,691	-	(757,317)	708,798	(11,739,492)	-	-	341,288,629	(185,157,025)	156,131,604
including:															
Depreciable fixed assets - total:	5201	2019	341,169,235	(185,157,025)	156,012,210	23,871,062	-	(5,331,465)	4,147,706	(12,516,797)	-	-	359,708,832	(193,526,116)	166,182,716
	5211	2018	318,408,660	(174,126,331)	144,282,329	23,517,892	-	(757,317)	708,798	(11,739,492)	-	-	341,169,235	(185,157,025)	156,012,210
including:															
Production buildings	52011	2019	23,176,469	(12,820,581)	10,355,888	771,438		(65,523)	49,489	(423,005)			23,882,384	(13,194,097)	10,688,287
	52111	2018	22,519,115	(12,481,243)	10,037,872	712,216		(54,862)	45,208	(384,546)			23,176,469	(12,820,581)	10,355,888
structures, except for power lines	52012	2019	6,098,587	(2,583,322)	3,515,265	584,387		(56,867)	40,571	(247,486)			6,626,107	(2,790,237)	3,835,870
	52112	2018	5,491,883	(2,374,289)	3,117,594	642,392		(35,688)	30,390	(239,423)			6,098,587	(2,583,322)	3,515,265
power lines and accessories thereto	52013	2019	208,383,595	(122,944,459)	85,439,136	10,841,621		(4,766,595)	3,654,503	(5,370,108)			214,458,621	(124,660,064)	89,798,557
	52113	2018	198,030,526	(118,102,425)	79,928,101	10,573,212		(220,143)	203,318	(5,045,352)			208,383,595	(122,944,459)	85,439,136
machinery and equipment producing electric power, substations, electric power transformation equipment	52014	2019	103,332,119	(46,683,593)	56,648,526	11,659,401		(440,803)	401,538	(6,460,308)			114,550,717	(52,742,363)	61,808,354
	52114	2018	92,197,927	(41,058,032)	51,139,895	11,578,790		(444,598)	428,011	(6,053,572)			103,332,119	(46,683,593)	56,648,526
production and other tools	52015	2019	178,321	(125,070)	53,251	14,215		(1,677)	1,605	(15,890)			190,859	(139,355)	51,504
	52115	2018	168,697	(110,008)	58,689	11,282		(1,658)	1,503	(16,565)			178,321	(125,070)	53,251
other	52016	2019	144	-	144								144	-	144
	52116	2018	512	(334)	178			(368)	368	(34)			144	-	144
Items with indefinite useful economic life, not depreciable - total	5202	2019	119,394	-	119,394	41,685	-	-	-	-	-	-	161,079	-	161,079
	5212	2018	118,595	-	118,595	799	-	-	-	-	-	-	119,394	-	119,394
including:															
land plots	52021	2019	119,394	-	119,394	41,685							161,079	-	161,079
	52121	2018	118,595	-	118,595	799							119,394	-	119,394
land use facilities	52022	2019	-	-	-								-	-	-
	52122	2018	-	-	-								-	-	-
Land capital	5203	2019	-	-	-								-	-	-

Parameter Name	Code	Period	Opening Balance			Changes Over Year							Closing Balance		
			Initial Value	Depreciation Accumulated	Net Book Value	Increase		Decrease		Impairment Accrued	Revaluation		Initial Value	Depreciation Accumulated	Net Book Value
						Initial Value	Depreciation Accumulated for Increase Items	Initial Value	Depreciation Accumulated		Initial Value	Depreciation Accumulated			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
investments	5213	2018			-								-	-	-
Recorded in income-bearing investments into tangible assets - total	5220	2019	-	-	-	-	-	-	-	-	-	-	-	-	-
	5230	2018	-	-	-	-	-	-	-	-	-	-	-	-	-
including:					-										
property for granting a lease	5221	2019	-	-	-								-	-	-
	5231	2018			-								-	-	-
property under lease agreement	5222	2019	-	-	-								-	-	-
	5232	2018			-								-	-	-

(1) the report year is specified
(2) the previous year is specified

5.3.3. Change of Value of Fixed Assets Due to Improvement, Improvement of Equipment, Reconstruction, and Partial Liquidation

Parameter Name	Code	2019	2018
1	2	3	4
Increase of value of fixed assets due to improvement, improvement of equipment, reconstruction - total	5260	3,977,727	2,757,426
including:			
production buildings	5261	70,800	195,165
structures, except for power lines	5262	429,059	46,838
power lines and accessories thereto	5263	2,357,481	1,779,756
machinery and equipment producing electric power, substations, electric power transformation equipment	5264	1,119,230	735,667
production and other tools	5265		
other	5266	1,157	
Decrease of value of fixed assets due to partial liquidation - total:	5270	78,544	104,108
including:			
production buildings	5271		
structures, except for power lines	5272		15,404
power lines and accessories thereto	5273	38,037	60,511
machinery and equipment producing electric power, substations, electric power transformation equipment	5274	40,507	28,193
production and other tools	5275		
other	5276		

5.3.4. Other Use of Fixed Assets

Parameter Name	Code	As of December 31, 2019 (1)	As of December 31, 2018 (2)	As of December 31, 2017 (3)
1	2	3	4	5
Leased out fixed assets in the balance sheet	5280	2,588,024	2,587,436	2,732,044
Leased out fixed assets off the balance sheet	5281			
Accepted on lease fixed assets in the balance sheet	5282			
Accepted on lease fixed assets off the balance sheet	5283	37,335,988	37,276,759	36,976,397
Real estate items accepted for use and actually used, state registration in progress	5284	2,177,583	1,906,374	1,958,009
Fixed assets laid-up	5285	99,689	287,025	44,934
Other use of fixed assets (pledge, etc.)	5286			

(1) the report date of the report period is specified

(2) the previous year is specified

(3) a year preceding the previous year is specified

5.3.5. Capital Investments in Progress

Parameter Name	Code	Period	Opening Balance	Changes Over Year			Closing Balance
				Expenses Over Year	written down	accepted for recording as fixed assets, or capital investments value increased	
1	2	3	4	5	6	7	8
Construction and fixed assets purchase, upgrading, etc. in progress - total	5240	2019 (1)	14,449,807	26,674,345	(326,502)	(23,791,607)	17,006,043
	5250	2018 (2)	17,596,279	21,070,327	(1,025,706)	(23,191,093)	14,449,807
including:							
construction in progress	5241	2019 (1)	13,050,902	23,622,226	(323,743)	(21,558,474)	14,790,911
	5251	2018 (2)	16,624,289	16,888,495	(986,713)	(19,475,169)	13,050,902
fixed assets purchase	5242	2019 (1)	147,184	975,740	(934)	(1,009,638)	112,352
	5252	2018 (2)	192,184	915,258		(960,258)	147,184
equipment to be installed	5243	2019 (1)	1,251,721	851,059			2,102,780
	5253	2018 (2)	738,961	512,760			1,251,721
other	5244	2019 (1)	-	1,225,320	(1,825)	(1,223,495)	-
	5254	2018 (2)	40,845	2,753,814	(38,993)	(2,755,666)	-

5.3.6. Advances for Fixed Assets Construction and Purchase

Parameter Name	Code	Period	Opening Balance		Changes Over Year							Closing Balance	
			recorded under conditions	provisions for doubtful	increase			decrease				recorded under conditions	provisions
					result	other accruals	accrual of provisions	repayment	written down for	written down as	recovered		
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Advances for fixed assets construction	5291	2019 (1)	3,860,411	(7,949)	1,987,901	-	(429,208)	(2,831,550)	(5,671)	(1,163)	7,770	3,009,928	(423,716)
	5292	2018 (2)	6,112,315	(6,018)	4,186,787	1	(25,210)	(6,438,692)	-	-	23,279	3,860,411	(7,949)
including:													
<i>fixed assets construction</i>	52911	2019 (1)	3,857,963	(7,949)	1,953,203		(429,208)	(2,794,404)	(5,671)	(1,163)	7,770	3,009,928	(423,716)
	52921	2018 (2)	6,110,060	(6,018)	4,186,164	1	(25,210)	(6,438,262)			23,279	3,857,963	(7,949)
<i>fixed assets purchase</i>	52912	2019 (1)	2,448	-	34,698			(37,146)				-	-
	52922	2018 (2)	2,255		623			(430)				2,448	-
<i>other</i>	52913	2019 (1)	-	-								-	-
	52923	2018 (2)										-	-

5.4. Financial Investments

5.4.1. Financial Investment History and Availability

Parameter Name	Code	Period	Opening Balance		Changes Over Year					Closing Balance	
			Initial Value	adjustment accumulated	increase	decrease (repaid)		interest accrued (incl. bringing the initial value to the nominal one)	present market value (impairment loss)	initial value	adjustment accumulated
						initial value	adjustment accumulated				
1	2	3	4	5	6	7	8	9	10	11	12
Long-term financial investments - total	5301	2019 (1)	26,808,131	(8,232,461)	-	-	204,781	-	(7,046)	26,808,131	(8,034,726)
	5311	2018 (2)	26,808,131	(8,413,678)	-	-	184,620	-	(3,403)	26,808,131	(8,232,461)
Contributions to the authorized (joint) capitals of other entities - total	53021	2019 (1)	16,188,131	(3,403)	-	-	-	-	(7,046)	16,188,131	(10,449)
	53121	2018 (2)	16,188,131	-	-	-	-	-	(3,403)	16,188,131	(3,403)
including:											
subsidiaries	530211	2019 (1)	16,135,313	-					(7,338)	16,135,313	(7,338)
	531211	2018 (2)	16,135,313							16,135,313	-
dependent companies	530212	2019 (1)	-	-						-	-
	531212	2018 (2)								-	-
other	530213	2019 (1)	52,818	(3,403)					292	52,818	(3,111)
	531213	2018 (2)	52,818						(3,403)	52,818	(3,403)
Federal and municipal securities	53022	2019 (1)	-	-						-	-
	53122	2018 (2)								-	-
Other entities' securities - total	53023	2019 (1)	-	-						-	-
	53123	2018 (2)								-	-
including:											
debt securities (bonds, notes)	530231	2019 (1)	-	-						-	-
	531231	2018 (2)								-	-
Loans granted	53024	2019 (1)	-	-						-	-
	53124	2018 (2)								-	-
Deposits	53025	2019 (1)	10,620,000	(8,229,058)			204,781			10,620,000	(8,024,277)
	53125	2018 (2)	10,620,000	(8,413,678)			184,620			10,620,000	(8,229,058)
Other	53026	2019 (1)	-	-						-	-
	53126	2018 (2)								-	-
Long-term financial investments having present market value - total	5302	2019 (1)	-	-	-	-	-	-	-	-	-
	5312	2018 (2)	-	-	-	-	-	-	-	-	-
Contributions to the authorized (joint) capitals of other entities - total	53031	2019 (1)	-	-	-	-	-	-	-	-	-
	53131	2018 (2)	-	-	-	-	-	-	-	-	-
including:											
subsidiaries	530311	2019 (1)	-	-						-	-
	531311	2018 (2)								-	-
dependent companies	530312	2019 (1)	-	-						-	-
	531312	2018 (2)								-	-
other	530313	2019 (1)	-	-						-	-
	531313	2018 (2)								-	-
Federal and municipal securities	53032	2019 (1)	-	-						-	-
	53132	2018 (2)								-	-
Other entities' securities - total	53033	2019 (1)	-	-						-	-
	53133	2018 (2)								-	-
including:											
debt securities (bonds, notes)	530331	2019 (1)	-	-						-	-
	531331	2018 (2)								-	-
Other	53034	2019 (1)	-	-						-	-

	53134	2018 (2)								-	-
Long-term financial investments not having present market value - total	5303	2019 (1)	26,808,131	(8,232,461)			197,735			26,808,131	(8,034,726)
	5313	2018 (2)	26,808,131	(8,413,678)			184,620		(3,403)	26,808,131	(8,232,461)

5.4. Financial Investments

5.4.1. Financial Investment History and Availability (continued)

Parameter Name	Code	Period	Opening Balance		Changes Over Year					Closing Balance	
			initial value	adjustment accumulated	increase	decrease (repaid)		interest accrued (incl. bringing the initial value to the nominal one)	present market value (impairment loss)	initial value	adjustment accumulated
						initial value	adjustment accumulated				
1	2	3	4	5	6	7	8	9	10	11	12
Short-term financial investments - total	5305	2019 (1)	-	-	-	-	-	-	-	-	-
	5315	2018 (2)	-	-	-	-	-	-	-	-	-
Contributions to the authorized capitals of other entities - total	53061	2019 (1)	-	-						-	-
	53161	2018 (2)								-	-
Federal and municipal securities	53062	2019 (1)	-	-						-	-
	53162	2018 (2)								-	-
Other entities' securities - total	53063	2019 (1)	-	-						-	-
	53163	2018 (2)								-	-
including:											
debt securities (bonds, notes)	530631	2019 (1)	-	-						-	-
	531631	2018 (2)								-	-
Loans granted	53064	2019 (1)	-	-						-	-
	53164	2018 (2)								-	-
Deposits	53065	2019 (1)	-	-						-	-
	53165	2018 (2)								-	-
Other	53066	2019 (1)	-	-						-	-
	53166	2018 (2)								-	-
Short-term financial investments having present market value - total	5306	2019 (1)	-	-	-	-	-	-	-	-	-
	5316	2018 (2)	-	-	-	-	-	-	-	-	-
Contributions to the authorized (joint) capitals of other entities - total	53071	2019 (1)	-	-						-	-
	53171	2018 (2)								-	-
Federal and municipal securities	53072	2019 (1)	-	-						-	-
	53172	2018 (2)								-	-
Other entities' securities - total	53073	2019 (1)	-	-						-	-
	53173	2018 (2)								-	-
including:											
debt securities (bonds, notes)	530731	2019 (1)	-	-						-	-
	531731	2018 (2)								-	-
Other	53074	2019 (1)	-	-						-	-
	53174	2018 (2)								-	-
Short-term financial investments not having present	5307	2019 (1)	-	-						-	-
	5317	2018 (2)								-	-

Parameter Name	Code	Period	Opening Balance		Changes Over Year					Closing Balance	
			initial value	adjustment accumulated	increase	decrease (repaid)		interest accrued (incl. bringing the initial value to the nominal one)	present market value (impairment loss)	initial value	adjustment accumulated
						initial value	adjustment accumulated				
1	2	3	4	5	6	7	8	9	10	11	12
market value - total											
Financial investments	5300	2019 (1)	26,808,131	(8,232,461)	-	-	204,781	-	(7,046)	26,808,131	(8,034,726)
- total	5310	2018 (2)	26,808,131	(8,413,678)	-	-	184,620	-	(3,403)	26,808,131	(8,232,461)

5.4.2. Financial Investments Assessment Adjustments

Parameter		Opening Balance	Changes Over Year			Closing Balance
Name	Code		Increase	Decrease	Retirement due to FI writing off	
1	2	3	4	5	6	7
Long-term financial investments	7100	(8,232,461)	-	197,735	-	(8,034,726)
Difference between the present market value and initial assessment of financial investments	7110	-	-	-	-	-
<i>including:</i>						
Contributions to the authorized (joint) capitals of other entities - total	7111	-	-	-	-	-
<i>including:</i>						
subsidiaries	71111					-
dependent companies	71112					-
other	71113					-
Federal and municipal securities	7112					-
Other entities' securities - total	7113					-
<i>including:</i>						
debt securities (bonds, notes)	71131					-
Other	7114					-
Difference between the present market value and initial assessment of debt securities	7120	-	-	-	-	-
<i>including:</i>						
Other entities' securities - total	7121					-
<i>including:</i>						
debt securities (bonds, notes)	71211					-
Other	7122					-
Impairment provision for financial investments not having market value	7130	(8,232,461)	-	197,735	-	(8,034,726)
<i>including:</i>						
Contributions to the authorized (joint) capitals of other entities - total	7131	(3,403)	-	(7,046)	-	(10,449)
<i>including:</i>						
subsidiaries	71311			(7,338)		(7,338)
dependent companies	71312					-
other	71313	(3,403)		292		(3,111)
Federal and municipal securities	7132					-
Other entities' securities - total	7133					-
<i>including:</i>						
debt securities (bonds, notes)	71331					-
Loans granted	7134					-
Deposits	7135	(8,229,058)		204,781		(8,024,277)
Other	7136					-
Short-term financial investments	7200	-	-	-	-	-
Difference between the present market value and initial assessment of financial investments having market value	7210	-	-	-	-	-
<i>including:</i>						
Contributions to the authorized (joint) capitals of other entities - total	7211	-	-	-	-	-
<i>including:</i>						
subsidiaries	72111					-
dependent companies	72112					-
other	72113					-
Other entities' securities - total	7212					-
<i>including:</i>						
debt securities (bonds, notes)	72121					-
Other	7213					-
Difference between the present market value and initial assessment of debt securities	7220	-	-	-	-	-
<i>including:</i>						
Other entities' securities - total	7221					-
<i>including:</i>						
debt securities (bonds, notes)	72211					-

Other	7222					-
Impairment provision for financial investments not having market value	7230	-	-	-	-	-
<i>including:</i>						
Contributions to the authorized (joint) capitals of other entities - total	7231	-	-	-	-	-
<i>including:</i>						
subsidiaries	72311					-
dependent companies	72312					-
other	72313					-
Federal and municipal securities	7232					-
Other entities' securities - total	7233					-
<i>including:</i>						
debt securities (bonds, notes)	72331					-
Loans granted	7234					-
Deposits	7235					-
Other	7236					-

5.4.3. Other Use of Financial Investments*

Parameter Name	Code	As of December 31, 2019 (1)	As of December 31, 2018 (2)	As of December 31, 2017 (3)
1	2	3	4	5
Financial investments pledged - total	5320			
including:				
bonds	5321			
notes	5322			
shares	5323			
Financial investments transferred to third parties (except for sale) - total	5325			
including:				
bonds	5326			
notes	5327			
shares	5328			
Other use of financial investments	5329			

(1) the report date of the report period to be specified

(2) the previous year is specified

(3) a year preceding the previous year is specified

* - to be included in the financial statements, if there are data available

5.5. Inventory and Supplies

5.5.1. Inventory History and Availability

Parameter Name	Code	Period	Opening Balance		Changes Over Year					Closing Balance	
			net cost	provision for value decrease	increase and expenses	decrease		loss from value decrease	inventory turnover between groups (types)	net cost	provision for value decrease
						net cost	provision for value decrease				
1	2	3	4	5	6	7	8	9	10	11	12
Inventory - total	5400	2019 (1)	1,094,062	(18,096)	977,225	(1,040,726)	(10,614)	-	X	1,030,561	(28,710)
	5420	2018 (2)	933,649	(4,555)	1,109,969	(949,556)	(13,541)	-	X	1,094,062	(18,096)
raw materials and supplies	5401	2019 (1)	1,094,062	(18,096)	977,225	(1,040,726)	(10,614)			1,030,561	(28,710)
	5421	2018 (2)	933,649	(4,555)	1,109,969	(949,556)	(13,541)			1,094,062	(18,096)
construction in progress	5402	2019 (1)	-	-						-	-
	5422	2018 (2)								-	-
goods dispatched	5403	2019 (1)	-	-						-	-
	5423	2018 (2)								-	-
end products and goods	5404	2019 (1)	-	-						-	-
	5424	2018 (2)								-	-
other inventory and expenses	5405	2019 (1)	-	-						-	-
	5425	2018 (2)								-	-

5.5.2. Inventory Pledged

Parameter Name	Code	As of December 31, 2019 (1)	As of December 31, 2018 (2)	As of December 31, 2017 (3)
1	2	3	4	5
Inventory not paid for as of the report date - total	5440	260,811	1,147,369	987,221
including: raw materials and supplies	5441	260,811	1,147,369	987,221
construction in progress	5442			
goods dispatched	5443			
end products and goods	5444 1			
other inventory and expenses	5444 2			
Inventory pledged under agreements - total	5445	-	-	-
including: raw materials and supplies	5446			
goods dispatched	5447			
end products and goods	5448			
other inventory and expenses	5449			

(1) the report date of the report period to be specified

(2) the previous year is specified

(3) a year preceding the previous year is specified

5.6. Receivables and Payables

5.6.1. Receivables and Payables History and Availability

Parameter Name	Code	Period	Opening Balance		Changes Over Year							Closing Balance		
			recorded subject to agreement terms	provision for bad debts	increase				transfer from non-current to current debt	recorded subject to agreement terms	provision for bad debts			
					as a result of business transaction (debt amount for transaction)	interest, fines, and other accruals/charges payable	accrual of provisions	repayment				write-off from previously accrued provision	write-off for financial result	provision recovery
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Non-current receivables - total	5501	2019 (1)	103,218	(1,566)	1,307,960	-	(368)	(1,273,822)	-	-	1,566	(3,842)	133,514	(368)
	5521	2018 (2)	458,916	-	1,094,743	-	(1,566)	(1,108,591)	-	-	-	(341,850)	103,218	(1,566)
including:														
Trade receivables	5502	2019 (1)	12,395	(1,566)	1,172,057	-	(368)	(1,137,432)	-	-	1,566	(8,517)	38,503	(368)
	5522	2018 (2)	186,700	-	1,068,090	-	(1,566)	(1,063,170)	-	-	-	(179,225)	12,395	(1,566)
including:														
<i>power transmission</i>	55021	2019 (1)	-	-									-	-
	55221	2018 (2)											-	-
<i>grid connection</i>	55022	2019 (1)	12,395	(1,566)	1,171,410		(368)	(1,136,668)			1,566	(8,634)	38,503	(368)
	55222	2018 (2)	141,052		1,065,941		(1,566)	(1,061,021)				(133,577)	12,395	(1,566)
<i>organization of the operations and development of distribution power sector of the unified energy system of Russia</i>	55023	2019 (1)	-	-									-	-
	55223	2018 (2)			2,149			(2,149)					-	-
<i>electric power and capacity resale</i>	55024	2019 (1)	-	-									-	-
	55224	2018 (2)											-	-
<i>lease income</i>	55025	2019 (1)	-	-									-	-
	55225	2018 (2)											-	-
<i>other</i>	55026	2019 (1)	-	-	647			(764)				117	-	-
	55226	2018 (2)	45,648									(45,648)	-	-
Advances paid	5503	2019 (1)	18,965	-	135,903			(136,368)				238	18,738	-
	5523	2018 (2)	31,461		26,619			(32,201)				(6,914)	18,965	-
Notes receivable	5504	2019 (1)	-	-									-	-
	5524	2018 (2)											-	-
Other receivables	5505	2019 (1)	71,858	-	-	-	-	(22)	-	-	-	4,437	76,273	-
	5525	2018 (2)	240,755		34	-	-	(13,220)	-	-	-	(155,711)	71,858	-
including:														
<i>interest-free notes</i>	55051	2019 (1)	-	-									-	-
	55251	2018 (2)											-	-

Parameter Name	Code	Period	Opening Balance		Changes Over Year							Closing Balance		
			recorded subject to agreement terms	provision for bad debts	increase					transfer from non-current to current debt	recorded subject to agreement terms	provision for bad debts		
					as a result of business transaction (debt amount for transaction)	interest, fines, and other accruals/charges payable	accrual of provisions	repayment	write-off from previously accrued provision				write-off for financial result	provision recovery
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<i>other</i>	55052	2019 (1)	71,858	-				(22)				4,437	76,273	-
	55252	2018 (2)	240,755		34			(13,220)				(155,711)	71,858	-
Of the overall non-current receivables:	5506	2019 (1)	34	-	-	-		(34)	-	-	-	-	-	-
	5526	2018 (2)	232,799	-	34	-	-	(31,440)	-	-	-	(201,359)	34	-
subsidiaries' receivables	55061	2019 (1)	34	-				(34)					-	-
	55261	2018 (2)	213,812		34			(12,453)				(201,359)	34	-
dependent companies' receivables	55062	2019 (1)	-	-									-	-
	55262	2018 (2)	18,987					(18,987)					-	-
Current receivables - total	5510	2019 (1)	10,699,872	(4,376,985)	161,363,816	-	(2,035,114)	(162,098,652)	(101,624)	(66,611)	635,666	3,842	9,800,643	(5,674,809)
	5530	2018 (2)	11,001,987	(3,786,394)	159,521,756	-	(2,497,292)	(160,011,781)	(92,212)	(61,728)	1,814,489	341,850	10,699,872	(4,376,985)
including:														
Trade receivables	5511	2019 (1)	6,797,225	(2,558,033)	99,033,283	-	(1,655,449)	(99,327,988)	(74,567)	(11,993)	572,205	(118,848)	6,297,112	(3,566,710)
	5531	2018 (2)	6,537,640	(2,236,961)	89,845,899	-	(2,132,951)	(89,146,035)	(86,592)	(53,659)	1,725,287	(300,028)	6,797,225	(2,558,033)
including:														
<i>power transmission</i>	55111	2019 (1)	4,342,786	(1,440,801)	90,877,769		(41,889)	(91,739,408)			183,272		3,481,147	(1,299,418)
	55311	2018 (2)	3,704,123	(1,053,528)	81,191,947		(457,510)	(80,553,284)			70,237		4,342,786	(1,440,801)
<i>grid connection</i>	55112	2019 (1)	1,913,311	(1,090,551)	7,525,687		(1,602,948)	(6,925,120)	(73,913)	(11,283)	380,984	(91,730)	2,336,952	(2,238,602)
	55312	2018 (2)	2,314,185	(1,162,895)	7,920,530		(1,654,212)	(8,259,546)	(83,651)	(53,579)	1,642,905	75,372	1,913,311	(1,090,551)
<i>organization of the operations and development of distribution power sector of the unified energy system of Russia</i>	55113	2019 (1)	-	-	2,186			(2,186)					-	-
	55313	2018 (2)			2,149			(2,149)					-	-
<i>electric power and capacity resale</i>	55114	2019 (1)	-	-									-	-
	55314	2018 (2)											-	-
<i>lease income</i>	55115	2019 (1)	183,724	(16,938)	196,770		(6,622)	(140,728)			212	(116)	239,650	(23,348)
	55315	2018 (2)	118,874	(7,996)	235,951		(11,324)	(168,728)	(2,324)	(49)	58		183,724	(16,938)
<i>other</i>	55116	2019 (1)	357,404	(9,743)	430,871		(3,990)	(520,546)	(654)	(710)	7,737	(27,002)	239,363	(5,342)
	55316	2018 (2)	400,458	(12,542)	495,322		(9,905)	(162,328)	(617)	(31)	12,087	(375,400)	357,404	(9,743)

Parameter Name	Code	Period	Opening Balance		Changes Over Year							Closing Balance		
			recorded subject to agreement terms	provision for bad debts	increase					transfer from non-current to current debt	recorded subject to agreement terms	provision for bad debts		
					as a result of business transaction (debt amount for transaction)	interest, fines, and other accruals/charges payable	accrual of provisions	repayment	write-off from previously accrued provision				write-off for financial result	provision recovery
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Advances paid	5512	2019 (1)	1,176,121	(532,449)	16,000,864		(23,953)	(16,319,744)	(25,951)	(1,682)	7,756	319,604	1,149,212	(522,695)
	5532	2018 (2)	1,457,573	(589,907)	14,312,821		(28,127)	(14,600,108)	(1,077)	(2)	84,508	6,914	1,176,121	(532,449)
Notes receivable	5513	2019 (1)	-	-									-	-
	5533	2018 (2)											-	-
authorized capital receivables from the members (founders)	5514	2019 (1)	-	-									-	-
	5534	2018 (2)											-	-
Dividend receivables from SDCs	5515	2019 (1)	-	-									-	-
	5,535	2018 (2)											-	-
Other receivables	5516	2019 (1)	2,726,526	(1,286,503)	46,329,669	-	(355,712)	(46,450,920)	(1,106)	(52,936)	55,705	(196,914)	2,354,319	(1,585,404)
	5536	2018 (2)	3,006,774	(959,526)	55,363,036	-	(336,214)	(56,265,638)	(4,543)	(8,067)	4,694	634,964	2,726,526	(1,286,503)
including:														
interest-free notes	55161	2019 (1)	-	-									-	-
	55361	2018 (2)											-	-
taxes and levies overpaid	55162	2019 (1)	167,221	-	37,398,540			(37,485,854)					79,907	-
	55362	2018 (2)	127,284		33,861,394			(33,821,457)					167,221	-
property sale	55163	2019 (1)	-	-									-	-
	55363	2018 (2)											-	-
other	55164	2019 (1)	2,559,305	(1,286,503)	8,931,129		(355,712)	(8,965,066)	(1,106)	(52,936)	55,705	(196,914)	2,274,412	(1,585,404)
	55364	2018 (2)	2,879,490	(959,526)	21,501,642		(336,214)	(22,444,181)	(4,543)	(8,067)	4,694	634,964	2,559,305	(1,286,503)
Of the overall current receivables:	5517	2019 (1)	1,361,837	-	537,730	-	-	(1,269,066)	-	-	-	(26,192)	604,309	-
	5537	2018 (2)	1,797,629	-	1,423,324	-	-	(2,060,445)	-	-	-	201,329	1,361,837	-
subsidiaries' receivables	55171	2019 (1)	1,361,837	-	537,730			(1,269,066)				(26,192)	604,309	-
	55371	2018 (2)	1,765,677		1,423,324			(2,028,493)				201,329	1,361,837	-
dependent companies' receivables	55172	2019 (1)	-	-									-	-
	55372	2018 (2)	31,952					(31,952)						-
Total	5500	2019 (1)	10,803,090	(4,378,551)	162,671,776		(2,035,482)	(163,372,47)	(101,624)	(66,611)	637,232		9,934,157	(5,675,177)

Parameter Name	Code	Period	Opening Balance		Changes Over Year							Closing Balance		
			recorded subject to agreement terms	provision for bad debts	increase				transfer from non-current to current debt	recorded subject to agreement terms	provision for bad debts			
					as a result of business transaction (debt amount for transaction)	interest, fines, and other accruals/charges payable	accrual of provisions	repayment				write-off from previously accrued provision	write-off for financial result	provision recovery
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	5520	2018 (2)	11,460,903	(3,786,394)	160,616,499	-	(2,498,858)	(161,120,372)	(92,212)	(61,728)	1,814,489	-	10,803,090	(4,378,551)

5.6.3. Overdue Receivables

Parameter Name	Code	As of December 31, 2019 (1)		As of December 31, 2018 (2)		As of December 31, 2017 (3)	
		recorded subject to agreement terms	book value (except for provision for bad debts)	recorded subject to agreement terms	book value (except for provision for bad debts)	recorded subject to agreement terms	book value (except for provision for bad debts)
1	2	3	4	5	6	7	8
Payment is expected within 12 months after the report date	564	5,859,538	474,001	4,400,149	844,517	4,676,858	919,510
including, trade receivables, including	5641	3,953,985	446,092	2,867,741	799,125	3,032,606	796,416
<i>power transmission</i>	56411	1,406,179	106,762	1,121,239	62,736	1,089,245	35,717
<i>grid connection</i>	56412	2,240,524	60,737	1,547,473	564,041	1,798,896	636,000
<i>organization of the operations and development of distribution power sector of the unified energy system of Russia</i>	56413						
<i>electric power and capacity resale</i>	56414						
<i>lease income</i>	56415	223,975	200,627	168,313	151,374	105,162	97,165
<i>other</i>	56416	83,307	77,966	30,716	20,974	39,303	27,534
notes receivable	5642						
dividend receivables from SDCs	5643						
authorized capital receivables from the members (founders)	5644						
advances paid	5645	540,944	20,766	572,162	42,492	681,277	117,465
other receivables	5646	1,364,609	7,143	960,246	2,900	962,975	5,629

Acting Chief Accountant

(signed)
(signature)

N. Korepanova

February 21, 2020

- (1) the report date of the report period to be specified
- (2) the previous year is specified
- (3) a year preceding the previous year is specified

5.6.5. Payables History and Availability

Parameter Name	Code	Period	Opening Balance	Changes Over Year					Closing Balance
				increase				transfer from non-current to current debt	
				as a result of business transaction (debt amount for transaction)	interest, fines, penalties, and other charges accrued	repayment	write-off for financial result		
1	2	3	4	5	6	7	8	9	10
Non-current payables - total	5551	2019 (1)	3,893,280	4,094,950	-	(1,363,630)	-	(768,320)	5,856,280
	5571	2018 (2)	2,317,968	3,150,040	-	(950,859)	-	(623,869)	3,893,280
including:									
trade payables	5552	2019 (1)	60,027	439,529	-	(443,111)	-	(19,743)	36,702
	5572	2018 (2)	107,937	101,072	-	(103,282)	-	(45,700)	60,027
including:									
construction	55521	2019 (1)	-						-
	55721	2018 (2)							-
other	55522	2019 (1)	60,027	439,529		(443,111)		(19,743)	36,702
	55722	2018 (2)	107,937	101,072		(103,282)		(45,700)	60,027
Other payables	5553	2019 (1)	3,833,253	3,655,421		(920,519)		(748,577)	5,819,578
	5573	2018 (2)	2,210,031	3,048,968		(847,577)		(578,169)	3,833,253
Of the overall non-current payables:	5554	2019 (1)	1,933	792	-	(792)	-	(1,933)	-
	5574	2018 (2)	1,078	2,172	-	-	-	(1,317)	1,933
payables to subsidiaries	55541	2019 (1)	1,933	792		(792)		(1,933)	-
	55741	2018 (2)	1,078	2,172				(1,317)	1,933
payables to dependent companies	55542	2019 (1)	-						-
	55742	2018 (2)							-
Current payables - total	5560	2019 (1)	25,898,853	201,507,628	-	(200,164,629)	(57,001)	768,320	27,953,171
	5500	2018 (2)	27,960,548	176,809,192	-	(179,332,110)	(162,646)	623,869	25,898,853
including:									
Trade payables	5561	2019 (1)	12,131,474	75,861,287	-	(75,169,237)	(28,699)	178,178	12,973,003
	5581	2018 (2)	12,137,381	68,508,280	-	(68,516,503)	(22,852)	25,168	12,131,474
including:									
construction	55611	2019 (1)	6,981,396	28,313,636		(28,139,891)	(26,853)		7,128,288
	55811	2018 (2)	7,711,871	19,458,348		(20,170,572)	(18,251)		6,981,396
other	55612	2019 (1)	5,150,078	47,547,651		(47,029,346)	(1,846)	178,178	5,844,715
	55812	2018 (2)	4,425,510	49,049,932		(48,345,931)	(4,601)	25,168	5,150,078
Advances received	5562	2019 (1)	10,879,710	67,882,855	-	(68,678,061)	(9,628)	810,140	10,885,016
	5582	2018 (2)	11,357,277	59,235,247	-	(60,171,790)	(139,725)	598,701	10,879,710
including:									
power transmission	55621	2019 (1)	2,827	63,452,103		(63,450,859)			4,071
	55821	2018 (2)	2,064	55,112,326		(55,111,563)			2,827
grid connection	55622	2019 (1)	10,857,707	4,213,866		(5,012,993)	(8,845)	823,405	10,873,140
	55822	2018 (2)	11,327,422	3,943,859		(4,873,538)	(138,737)	598,701	10,857,707
organization of the	55623	2019 (1)	18,598	182,056		(179,379)	(783)	(13,049)	7,443

Parameter Name	Code	Period	Opening Balance	Changes Over Year					Closing Balance
				increase				transfer from non-current to current debt	
				as a result of business transaction (debt amount for transaction)	interest, fines, penalties, and other charges accrued	repayment	write-off for financial result		
1	2	3	4	5	6	7	8	9	10
<i>operations and development of distribution power sector of the unified energy system of Russia</i>	55823	2018 (2)	23,868	151,981		(156,263)	(988)		18,598
<i>electric power and capacity resale</i>	55624	2019 (1)	-						-
	55824	2018 (2)							-
<i>interest in other entities</i>	55625	2019 (1)	-						-
	55825	2018 (2)							-
<i>lease services</i>	55626	2019 (1)	578	34,830		(34,830)		(216)	362
	55,826	2018 (2)	3,923	27,081		(30,426)			578
<i>other</i>	55,627	2019 (1)	-						-
	55,826	2018 (2)							-
income payables to the members (founders)	5563	2019 (1)	120,461	1,338,666		(1,387,616)			71,511
	5583	2018 (2)	-	2,420,451		(2,299,990)			120,461
Notes payable	5564	2019 (1)	-					66,000	66,000
	5584	2018 (2)	-						-
Payables to the state non-budgetary funds	5565	2019 (1)	234,171	1,925,053		(1,942,597)			216,627
	5585	2018 (2)	249,160	1,730,087		(1,745,076)			234,171
Taxes and levies payable	5566	2019 (1)	617,789	38,168,756		(37,390,985)			1,395,560
	5586	2018 (2)	1,704,260	29,628,982		(30,715,453)			617,789
Payables to employees	5567	2019 (1)	243,763	6,989,762		(6,892,454)			341,071
	5587	2018 (2)	236,614	6,184,324		(6,177,175)			243,763
Other payables	5568	2019 (1)	1,671,485	9,341,249		(8,703,679)	(18,674)	(285,998)	2,004,383
	5588	2018 (2)	2,275,856	9,101,821		(9,706,123)	(69)		1,671,485
Of the overall current payables:	5569	2019 (1)	3,400,262	4,759,141	-	(4,189,649)	-	(176,602)	3,793,152
	5589	2018 (2)	2,658,977	8,690,410	-	(7,945,611)	(4,831)	1,317	3,400,262
<i>payables to subsidiaries</i>	55691	2019 (1)	3,400,262	4,759,141		(4,189,649)		(176,602)	3,793,152
	55891	2018 (2)	2,658,513	8,690,410		(7,945,147)	(4,831)	1,317	3,400,262
<i>payables to dependent companies</i>	55692	2019 (1)	-						-
	55892	2018 (2)	464			(464)			-
Total	5550	2019 (1)	29,792,133	205,602,578	-	(201,528,259)	(57,001)	-	33,809,451
	5570	2018 (2)	30,278,516	179,959,232	-	(180,282,969)	(162,646)	-	29,792,133

(1) the report year is specified

(2) the previous year is specified

5.6.6. Overdue Payables

Parameter Name	Code	As of December 31, 2019 (1)	As of December 31, 2018 (2)	As of December 31, 2017 (3)
1	2	3	4	5
5. CURRENT LIABILITIES				
Payables		5,101,526	5,055,477	6,346,084
including: Trade payables	5691	1,722,629	1,947,587	3,884,926
<i>including:</i> <i>construction</i>	56911	1,722,629	1,947,587	3,884,926
<i>other</i>	56912			
Notes payable	5692			
Payroll debt to the personnel	5693			
Payables to the state non-budgetary funds	5694			
Taxes and levies payable	5695			
Advances received	5696	3,378,897	3,107,890	2,398,172
Income payables to the members (founders)	5697			
Other payables	5698			62,986

(1) the report date of the report period to be specified

(2) the previous year is specified

(3) a year preceding the previous year is specified

5.6.7. Loans and Borrowings

Parameter Name	Code	Period	Opening Balance	Changes Over Year					Closing Balance
				Increase	Interest Accrued	Principal Repaid	Interest Paid	Transfer from non-current to current debt	
1	2	3	4	5	6	7	8	9	10
Non-current borrowings - total	7410	2019 (1)	31,981,030	17,000,000	-	(28,981,030)	-	(3,000,000)	17,000,000
	7430	2018 (2)	25,905,000	111,994,150	-	(105,918,120)	-	-	31,981,030
including:									
Loans	7411	2019 (1)	31,981,030	17,000,000		(28,981,030)		(3,000,000)	17,000,000
	7431	2018 (2)	25,905,000	111,994,150		(105,918,120)			31,981,030
Borrowings	7412	2019 (1)	-						-
	7432	2018 (2)	-						-
Current borrowings - total	7420	2019 (1)	2,556,821	8,759,537	2,370,809	(3,070,963)	(2,402,025)	3,000,000	11,214,179
	7440	2018 (2)	11,019,601	49,628,746	2,398,208	(58,108,120)	(2,381,614)	-	2,556,821
including:									
Loans	7421	2019 (1)	-	8,759,537		(3,070,963)		3,000,000	8,688,574
	7441	2018 (2)	8,479,374	49,628,746		(58,108,120)			-
<i>Loan interest</i>	74211	2019 (1)	76,061		2,179,217		(2,215,329)		39,949
	74411	2018 (2)	45,296		2,213,731		(2,182,966)		76,061
Borrowings	7422	2019 (1)	2,480,760		191,592		(186,696)		2,485,656
	7442	2018 (2)	2,494,931		184,477		(198,648)		2,480,760

(1) the report year is specified

(2) the previous year is specified

5.6.8. Loan and Borrowing Costs

Parameter		Non-current loans and borrowings	Current loans and borrowings
Name	Code		
1	2	3	4
Loan costs - total:	7510	2,003,894	175,323
written off for other expenses	7511	849,148	66,094
included in the assets value	7512	1,154,746	109,229
Borrowing costs - total:	7520	-	191,592
written off for other expenses	7521		79,475
included in the assets value	7522		112,117
Of the overall loan and borrowing costs:	7530	2,003,894	366,915
charged %	7531	2,003,894	366,915
other expenses	7532		

5.7.1. Provisions

Parameter		Opening Balance	Recognized	Paid	Written Off as Excess	Closing Balance
Name	Code					
1	2	3	4	5	6	7
Provisions - total	5700	4,524,528	4,732,084	(1,722,213)	(863,744)	6,670,655
including:						
Payment of future leaves	5701	383,253	644,170	(601,996)		425,427
Payment of the year-end bonus	5702	262,471	323,158	(228,434)	(32,004)	325,191
Court hearings in progress as of the report date	5703	596,798	842,856	(241,695)	(593,756)	604,203
Tax bodies' claims resulting from tax inspections not resolved as of the report date	5704	745,253		(599,629)	(145,624)	-
Other provisions	5705	2,536,753	2,921,900	(50,459)	(92,360)	5,315,834
Of the overall contingent liabilities amount:						
Created from general expenses	5706		869,355			
Created from other expenses	5707		3,685,459			
Included in the assets value	5708		177,271			

5.7.2. Deferred Taxes

Name	Code	Deductible temporary difference	Deferred tax assets	Taxable temporary difference	Deferred tax liabilities
1	2	3	4	5	6
Opening Balance	7700	17,994,590	3,519,626	31,226,455	6,163,932
Income	7710	5,442,425	1,088,485	9,888,082	1,977,615
Expenses	7720	(4,071,455)	(814,292)	(5,537,710)	(1,107,553)
Effect of tax rates change	7730	X		X	
Effect of correction of previous years' errors	7740				
Permanent differences between assets and liabilities values	7750				
Write-off not having tax effects	7760	(499,501)	(99,900)		
Closing Balance	7800	18,866,059	3,693,919	35,576,827	7,033,994

5.8. Collateral

Parameter		As of December	As of December	As of December
Name	Code	31, 2019 (1)	31, 2018 (2)	31, 2017 (3)
1	2	3	4	5
Received - total	5800	6,726,297	4,864,303	4,829,604
including:				
notes	5801			
pledged property	5802	-	-	-
of that:				
fixed assets	58021			
securities and other financial investments	58022			
other	58023			
other received	5803	6,726,297	4,864,303	4,829,604
Given for own obligations - total	5810	223,823	220,663	219,500
including:				
notes	5811	66,000	66,000	66,000
property as collateral	5812	-	-	-
of that:				
fixed assets	58121			
securities and other financial investments	58122			
other	58123			
other given	5813	157,823	154,663	153,500

(1) the report date of the report period to be specified

(2) the previous year is specified

(3) a year preceding the previous year is specified

5.9. State Support

Parameter Name	Code	Opening Balance	Received Over Year	Returned Over Year	Closing Balance	Opening Balance	Received Over Year	Returned Over Year	Closing Balance
Budget funds received - total	5900	-	-	-	-	-	-	-	-
<i>including:</i>					-				-
operating expenses	5901				-				-
compensations to Chernobyl victims and liquidators	5902				-				-
mobilization training tasks	5903				-				-
elimination of inter-territory cross-over subsidies	5904				-				-
investment into non-current assets	5905				-				-
other goals	5906				-				-
<i>of those:</i>					-				-
funding the preventive measures to reduce the number of industrial accidents and occupational diseases	5911		4,803	(4,803)	-		4,452	(4,452)	-
funding thorough medical examinations of employees engaged in works with hazardous and/or harmful occupational factors	5912				-				-

(1) the report year is specified

(2) the previous year is specified

5.10. State Support, the Terms of Which Have Not Been Fulfilled*

Parameter		2019 (1)		2018 (2)	
Name	Code	To be returned	Actually returned	To be returned	Actually returned
1	2	3	4	5	6
Budget funds received, the terms of which have not been fulfilled	7910	-	-	-	-
<i>including:</i>					
operating expenses	7911				
compensations to Chernobyl victims and liquidators	7912				
mobilization training tasks	7913				
elimination of inter-territory cross-over subsidies	7914				
other	7915				
<i>of those:</i>					
funding the preventive measures to reduce the number of industrial accidents and occupational diseases	7921				
funding thorough medical examinations of employees engaged in works with hazardous and/or harmful occupational factors	7922				

- (1) the report year is specified**
- (2) the previous year is specified**

* - to be included in the financial statements, if there are data available

5.11. Other Income and Expenses

Parameter		For 12 Months of 2019 (1)	For 12 Months of 2018 (2)
Name	Code		
1	2		
Other income - total	8000	4,147,218	4,090,738
including:			
Sale of fixed assets, except for apartments	8001	931	6,769
Sale of apartments	8002		
Sale of inventories	8003	44,586	86,355
Sale of currency	8004		
Sale of intangible assets	8005		
Sale of securities	8006		
Sale of other assets	8007	1,923	82
Joint operations	8008		
2018 profit recognized in the report period	8009	77,449	433,519
2017 profit recognized in the report period	8010	224,669	76,782
2016 profit recognized in the report period	8011	150	17,628
Profit prior to January 1, 2016, recognized in the report period	8012		
Penalties and fines recognized, or for enforcement of which court (commercial court) rulings have been obtained	8013	383,191	83,392
Payables with expired statute of limitations on claims (over three years)	8014	57,001	162,646
Exchange differences	8015	41	
Surplus property as a result of inventory reconciliation	8016	18,152	55,835
Donated assets, except for fixed assets and intangible assets	8017	3,884	4,370
Income from donated fixed assets set out under the established procedure	8018	99,634	83,961
Cost of material assets remaining after writing off the unrecoverable and unusable assets	8019	43,469	29,115
Revaluation of financial investments at present market value	8020		
Income from reduction (write-off) of bad debt provision	8021	646,381	1,838,716
Income from reduction (write-off) of provisions reserve	8022	863,898	89,208
Income from reduction (write-off) of inventories depreciation provision	8023	12,776	2,358
Income from assignment agreements	8024		
Income from discovered non-contractual power consumption	8025	1,191,782	656,064
Insurance receivable	8026	32,472	4,092
Income from interest/participation in capitals of other entities	8027		
Recovery of previously written off receivables	8028	10,831	935
Discount on notes	8029		
Tariff differences compensation (budget funding)	8030		
Income from reduction (write-off) of financial investments impairment provision	8031	205,072	184,620
Revaluation of fixed assets	8032		
Income from revaluation of previously discounted fixed assets	8033		
Income from notes repayment	8034		
Other	8035	228,926	274,291
Other expenses - total	8100	(10,576,203)	(8,679,068)
including:			
Sale of fixed assets, except for apartments	8101	(643)	(3,243)
Sale of apartments	8102		
Sale of inventories	8103	(37,785)	(81,410)
Sale of currency	8104		
Sale of intangible assets	8105		
Sale of securities	8106		
Sale of other assets	8107	(1,899)	(66)
Other taxes	8108	(17)	(6,553)
Expenses for bank services	8109	(334)	(506)
Expenses for financial investments service	8110	(4,502)	(6,083)
Bad debts provision	8111	(2,602,320)	(2,525,363)
Financial investments impairment provision	8112	(7,338)	(3,403)
Material assets depreciation provision	8113	(23,390)	(15,890)

Parameter		For 12 Months of 2019 (1)	For 12 Months of 2018 (2)
Name	Code		
1	2		
Discontinuation provision	8114		
Provisions reserve	8115	(3,685,459)	(2,932,545)
Disposal of assets not bearing income	8116	(1,478,797)	(1,015,131)
VAT for donated property	8117	(21,778)	(15,782)
2018 loss recognized in the report period	8118	(175,356)	(170,183)
2017 loss recognized in the report period	8119	(368,118)	(12,752)
2016 loss recognized in the report period	8120	(10)	(695)
Loss prior to January 1, 2016, recognized in the report period	8121		
Penalties and fines recognized, or for enforcement of which court (commercial court) rulings have been obtained	8122	(111,513)	(287,183)
State duties under business agreements and contracts	8123	(16,677)	(27,487)
Revaluation of financial investments at present market value	8124		
Discount on notes	8125		
Expenses for assignment agreements	8126		
Non-refundable VAT	8127	(341,260)	(69,136)
Expenses for discovered non-contractual power consumption	8128	(81,774)	(106,001)
Contributions to unions and funds	8129	(4,180)	(5,402)
Receivables with expired statute of limitations on claims (over three years)	8130	(67,733)	(42,496)
Exchange differences	8131		
Court expenses	8132	(51,699)	(122,490)
Misappropriation, shortfalls	8133	(71,517)	(148,379)
Expenses for enforcement proceedings	8134	(56,291)	(129,753)
Repayment for the employees' apartments	8135		
Other material (financial) aid and other payments to the employees	8136	(223,461)	(284,418)
Financial aid to retirees (including lumpsum payments, reimbursement of utility bills)	8137	(13,600)	(13,443)
Expenses for sports events	8138	(7,873)	(7,572)
Expenses for cultural and educational events	8139	(47,034)	(40,296)
Charity expenses	8140	(97,005)	(81,500)
Cost of paid notes and bills	8141		
Net book value of written off fixed assets	8143		
Discount on the fixed assets	8144		
Other	8145	(976,840)	(523,907)

Acting Head (signed) I. Kuzmin Acting Chief Accountant (signed) N. Korepanova
(signature) (name) (signature)

February 21, 2020

5.13. Information on Report Segments

	Code	Period	Saint Petersburg	Leningrad Region	Report Segment Name	Report Segment Name	Report Segment Name	Other Segments	Total
1	2	3	4	5	6	7	8	9	10
Revenue from external buyers	8310	2019	51,800,339	30,570,938					82,371,277
	8311	2018	49,690,767	26,758,847					76,449,614
Revenue from segment-to-segment sales	8320	2019							-
	8321	2018							-
Total segment revenue	8300	2019	51,800,339	30,570,938	-	-	-	-	82,371,277
including:	8400	2018	49,690,767	26,758,847	-	-	-	-	76,449,614
<i>revenue from transmission</i>	8301	2019	46,639,205	29,056,999					75,696,204
	8401	2018	43,275,301	25,531,433					68,806,735
<i>revenue from grid connection</i>	8302	2019	4,841,558	1,400,917					6,242,475
	8402	2018	5,968,373	1,097,723					7,066,097
<i>other revenue</i>	8303	2019	319,576	113,022					432,598
	8403	2018	447,086	129,697					576,783
Interest receivable	8303	2019	420,497	280,331					700,828
	8403	2018	198,421	132,281					330,702
Interest payable	8304	2019	376,470	618,247					994,717
	8404	2018	461,053	603,708					1,064,762
Expenses for corporate income tax	8305	2019	3,695,219	775,819					4,471,038
	8405	2018	2,839,364	452,745					3,292,109
Segment profit/(loss)	8306	2019	10,929,972	1,774,946					12,704,918
	8406	2018	11,883,351	(1,497,128)					10,386,223
Segments' assets	8307	2019	143,522,818	83,273,639					226,796,457
	8407	2018	135,797,854	78,922,516					214,720,370
including non-current assets	8308	2019	136,000,578	75,610,499					211,611,077
	8408	2018	119,920,727	78,465,668					198,386,395
Segments' liabilities	8309	2019	38,143,920	37,584,356					75,728,276
	8409	2018	37,695,448	37,322,996					75,018,444
Depreciation of fixed and intangible assets	8390	2019	7,500,797	5,078,883					12,579,680
	8490	2018	6,948,482	4,820,978					11,769,460

Notes to the Statements of Financial Position and Financial Results of Lenenergo, PJSC for 2019

These Notes to the Statements of Financial Position and Financial Results are the integral parts of the annual accounting report and financial statements of Lenenergo, PJSC for 2019 prepared subject to the applicable laws of the Russian Federation.

The report date of these accounting report and financial statements is December 31, 2019.

All amounts are presented in thousands of RUB. The negative amounts are presented in parentheses.

1. GENERAL INFORMATION

Registered address: 1, pl. Konstitutsii, Saint Petersburg, 196247.

Mailing address: 1, pl. Konstitutsii, Saint Petersburg, 196247.

INN (KPP): 7803002209 (781001001).

OGRN: 1027809170300.

State registration date: January 22, 1993; Certificate No. 2084,

Registration authority: Saint Petersburg City Administration Registration Chamber. The duration of the Company is indefinite.

The Company is operating in two Russian constituent entities: Saint Petersburg and the Leningrad Region.

The main objective of the Company is to gain profit. In order to do so the Company is entitled to carry out the following types of activity:

- electric power transmission
- electric power grid operation
- connection of additional capacity for consumers
- other activities not violating the Russian laws.

The average annual headcount of the Company as of December 31, 2019 was 7,256 people (December 31, 2018: 7,109 people).

Below is the composition of the Board of Directors and the executive body of the Company as of the date of the statement:

Thirteen members of the Board of Directors were appointed by the Annual General Shareholders' Meeting on June 18, 2018. As of December 31, 2019, the following persons were the members of the Board of Directors:

No.	Name	Position
1	Pavel Livinsky	Chairman of the Board of Directors, Lenenergo, PJSC; Chairman of the Management Board, Rosseti, PJSC. CEO, Rosseti, PJSC.
2	Andrey Bondarchuk	Chairman, Saint Petersburg Energy and Building Services Committee
3	Aleksey Malukhin	First Deputy Chairman, Saint Petersburg Energy and Building Services Committee
4	Dmitry Koptin	Chairman, Saint Petersburg Tariff Committee
5	Gennady Magazinov	Chief of Staff for M.A. Shaskolsky, the Saint Petersburg Vice-Governor
6	Yelena Tsereteli	Director, Saint Petersburg Small and Medium Enterprises Development Foundation, Nonprofit Entity
7	Aleksandr German	Deputy Chairman, Saint Petersburg Property Relations Committee
8	Daniil Krainsky	Senior Advisor, Rosseti, PJSC; Deputy CEO for Legal and Corporate Governance, Lenenergo, PJSC
9	Andrey Ryumin	CEO, Lenenergo, PJSC

10	Sergey Pikin	Director, Energy Development Fund
11	Larisa Romanovskaya	Deputy CEO for Public Relations (Government Agencies Interaction), Rosseti, PJSC
12	Sergey Sergeev	CEO, Kubanenergo, PJSC (previously - Deputy CEO for Fixed Assets Construction, Rosseti, PJSC)
13	Olga Sergeeva	Senior Advisor, Rosseti, PJSC

As of December 31, 2019, the following persons were the members of the Management Board of Lenenergo, PJSC:

No	Name	Position in Lenenergo, PJSC
1	Andrey Ryumin	Chairman of the Management Board, CEO
2	Igor Kuzmin	First Deputy CEO - Chief Engineer
3	Daniil Krainsky	Senior Advisor, Rosseti, PJSC; Deputy CEO for Legal and Corporate Governance, Lenenergo, PJSC
4	Aleksey Polinov	Deputy CEO for Economics and Finances
5	Aleksey Goryachev	Deputy CEO for Fixed Assets Construction

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company conducts its accounting and reporting in line with Federal Law No. 402-FZ dd. December 6, 2011 *On Accounting*, and the Regulation on the Accounting Reporting and Financial Statements in the Russian Federation approved by the Ministry of Finances (Order No. 34n dd. July 29, 1998, as amended), as well as other applicable accounting regulations. Accounting report and financial statements of the Company for 2019 were prepared subject to the Law and regulations specified above, the Accounting Policy of the Company adopted by Order No. 836 dd. December 31, 2013, as amended and restated by Orders No. 132 dd. March 27, 2015, Order No. 183 dd. April 24, 2015, Order No. 310 dd. July 8, 2015, Order No. 626 dd. December 31, 2015, Order No. 144 dd. March 31, 2016, Order No. 303 dd. June 30, 2016, Order No. 653 dd. December 9, 2016, Order No. 699 dd. December 28, 2016, Order No. 746 dd. December 31, 2016, Order No. 500 dd. September 25, 2017, Order No. 692 dd. December 8, 2017, Order No. 53 dd. February 6, 2018, Order No. 148 dd. March 27, 2019, Order No. 290 dd. June 11, 2019.

The Company's accounting report and financial statements are using the forms recommended by the Ministry of Finance of Russia (Order No. 66n dd. July 2, 2010 *On Accounting Report Forms Used by Entities*, as amended on April 6, 2015) and follow the Regulations for the accounting reporting subject to the Russian Accounting Standards by Rosseti, PJSC.

If the Company has no data on the certain assets, liabilities, income, expenses, or business transactions, the relevant parameters (items, lines) included in the template forms are excluded from the Company's forms.

The Company's accounting report and financial statements for 2019 was prepared without deviating from the principles and rules of accounting, what deviations might take place when the rules do not allow reflecting the property state and financial performance of the Company accurately.

The Company's accounting report and financial statements discloses every significant parameter. The parameter is deemed significant when failure to report is separately in the statements of financial position and results may affect the financial decisions of the stakeholders based on the reported information.

3. CHANGE OF THE OPENING BALANCES OF THE ACCOUNTING REPORT AND FINANCIAL STATEMENTS FOR 2019

There were no changes to the opening balances of the statements for 2019.

4. ACCOUNTING POLICY

The changes to the Accounting Policy that have or may have a significant effect on the Company's financial position, its financial performance, and/or cash flows, are stated in the accounting report retrospectively, except for the cases when such an effect for the periods preceding the report period may

not be assessed monetarily with a sufficient degree of accuracy.

When the requirements of laws, federal or industry standards to the development or selection of the new accounting methods change, or when the conditions of the Company's operation change substantially in such a way as to result in the appearance of new business operations, the accounting methods for which are not set out in the Accounting Policy, a supplement to the Accounting Policy shall be made. Such a supplement is executed in a form of Addendum to the Regulations for the Accounting Policy, which is not deemed its revision.

Unless the laws and regulations set out the accounting methods applied by the Company, a relevant method is to be designed when forming the Accounting Policy, given the applicable accounting regulations and standards, as well as the International Financial Reporting Standards (Par. 7 of Accounting Regulations 1/2008).

The Accounting Policy applies consistently over several years. The Accounting Policy applicable for 2019 was added to under Order No. 148 dd. March 27, 2019 by the CEO of Lenenergo, PJSC. The existing Accounting Policy for 2019 is based on the Corporate Standard of Unified Corporate Accounting Principles (UCAP) and supplemented in order to update the corporate regulations that serve as base principles for the Unified Accounting System of the Rosseti Group, subject to Rosseti, PJSC Order No. 182 dd. December 29, 2017 *On Approving the Regulations for Corporate Accounting Principles*.

Over the year, the following supplements were made into the Accounting Policy of Lenenergo, PJSC under Order No. 290 dd. June 11, 2019:

- Par. 3.1.6 (*Assessment of Expenses for Special Fixed Assets Construction Offices and Construction Supervision*) was changed with respect to the amount of the expenses of the Fixed Assets Construction Office distributed during the report month as compared to the guideline value.

- The List of Primary Documents annex to the Accounting Policy was changed. The Order excludes the Business Travel Authorization Form (form T-10) from the list and changes the Order (Instruction) for sending an employee on a business trip (form T-9).

Additions and specifications introduced into the Accounting Policy for the purpose of book-keeping do not affect the assessment of the items of the accounting report and financial statements for 2019 in any significant manner, and serve as more detailed descriptions of the accounting aspects that are standard for the Company.

5.1. INTANGIBLE ASSETS

Subject to Par. 6 of Accounting Regulations 14/2007 (*Recognition of Intangible Assets*), intangible assets are recognized in accounting at their initial value. The initial value of the intangible assets is the monetary amount equal to the payment (in cash or otherwise) or the account payable that is made or accrued by the Company when purchasing or creating an asset, and creating the conditions for the intended use of such an asset.

Subject to Par. 28 of Accounting Regulations 14/2007 (*Recognition of Intangible Assets*), the depreciation for intangible assets with the definite useful economic life is recognized in a straight-line method.

Lenenergo, PJSC sets out the useful economic life for each depreciable intangible asset type when they are being first recorded given the expected useful life of the relevant item, during which the Company may gain economic benefit. The useful economic life of an intangible asset is determined by a designated committee.

The useful economic life of an intangible asset as well as the depreciation identification method are annually checked in order to be specified if needed. If the period, during which the Company intends to use the asset, changes significantly, the useful economic life of such an asset is to be updated.

During the report period, the Company did not discover the factors that evidence the useful economic lives and depreciation factors require updating.

Depreciation provisions for the intangible assets are recognized in the accounting report of the report period they occur in, and are charged regardless of the Company's performance during the report period (Par. 3 of Accounting Regulations 14/2007).

The useful economic life of the intangible assets is set as follows for the purpose of depreciation recognition:

Intangible asset type	Useful economic life
Automated workstations (software)	60 months
Digital archives	60 months
Digital databases	60 months
Trademark	120 months
Mathematical model parameters database	60-180 months
Utility models and appliances patents	106-120 months

Sixteen intangible asset items were not written off the books after full repayment of their cost and expiration of the useful economic life due to the fact they are still being used for economic benefit and advertising purposes (e.g., Lenenergo Website, Alfa IMS, 9 digital archives of grid facilities and cable lines).

During the report period, the following were written off the balance:

- eleven intangible asset items with expired useful economic life and zero book value, as being no longer applicable for further use

- one intangible assets item (Equipment Status Appraisal and Failure Effects Estimation System) with book value of RUB 1.783 thousand, due to the fact that more advanced intangible assets were created and commissioned, replacing the outdated item.

Table 5.1.1 (*Intangible Assets History and Availability*) hereof contains the intangible assets structure at the beginning and end of the report period and history over the period.

As of December 31, 2019, the Company has no intangible assets with indefinite useful economic life (there were no such assets as of December 31, 2018 and December 31, 2017 as well).

In 2019, the Company sustained losses for purchase (creation) of intangible assets for the overall amount of RUB 266,565 thousand, and introduced 5 intangible asset items for the amount of RUB 205,080 thousand (in 2018: expenses of RUB 258,658 thousand, 4 items introduced for RUB 45,812 thousand).

6. R&D RESULTS

Expenses for each separate RD&T project are written off under a straight-line method as general expenses in view of the period that is based on the expected useful life of the relevant item, starting from the moment the results are actually commissioned. The useful economic life of the RD&T item is set out by a designated committee established by the order of the CEO, or the Branch Director (within their competence) at the moment the result is recognized, but no more than 5 years.

In 2019, the Company recognized the expenses for RD&T project of ACS Design by City Distribution 6-10 kV Cable Grids as having brought positive results, and created an RD&T item of RUB 4,500 thousand. Upon the obtaining of the patent, the item of RUB 3,825 thousand was reclassified as expenses for intangible assets creation and included in the intangible assets.

Table 5.2.1 (*RD&T Results History and Availability*) and Table 5.2.2 (*Incomplete and Non-formalized RD&T, and Intangible Assets Purchase Transactions in Progress*) hereof contains the RD&T structure at the beginning and end of the report period and history over the period.

In 2019, the Company sustained losses for RD&T for the amount of RUB 41,166 thousand (in 2018: RUB 31, 544 thousand).

7. FIXED ASSETS AND CONSTRUCTION IN PROGRESS

Subject to Par. 7, 8 of Accounting Regulations 6/01 (*Recognition of Fixed Assets*), the fixed assets are recognized at initial value. The initial value of fixed assets purchased for payment is the amount of actual expenses the Company sustained to purchase, erect, and manufacture the relevant item, net of the value added tax and other refundable taxes (except for the cases stipulated in the Russian laws).

The Company does not reevaluate the fixed assets at present (replacement) value.

Depreciation on fixed assets commissioned prior to January 1, 2002, is charged under a straight-line method subject to standards set out by the Government of the USSR (Decree No. 1072 dd. October 22, 1990).

Depreciation on fixed assets commissioned from January 1, 2002, to December 31, 2017, is charged under the standard estimated given the useful economic lives determined subject to the Depreciable Fixed Asset Groups Classification approved by the Russian Government (Decree No. 1 dd. January 1, 2002).

Depreciation on fixed assets commissioned after January 1, 2018, is charged given the useful economic life set out when accepting the relevant item for recording.

The useful economic life is determined by the authorized committees of the branches and structural divisions of the Executive Branch of the Company that deal with the acceptance of the fixed assets and determination of the useful economic lives based on the technical experts' reports given the information specified in the technical documents for the relevant item along with filling out of Form OS-17 (Technical Report on Useful Economic Life and OKOF Code of Depreciable Property Determination) approved in the Accounting Policy of the Company.

The fixed assets' useful economic life is determined based on the following:

- expected useful life of the item in view of the expected productivity or capacity
- expected actual deterioration depending on the operation mode (number of shifts), natural conditions and adverse environment, repair system
- legal and other restrictions of the use of the item (e.g., lease term)
- standard useful life set out by the manufacturer.

Depreciation provisions for the fixed assets are recognized in the accounting report of the report period they occur in, and are charged regardless of the Company's performance during the report period (Accounting Regulations 6/01).

Subject to Par. 11 of Accounting Regulations 6/01 (*Recognition of Fixed Assets*), the fixed asset items received under agreements and contracts stipulating fulfillment of obligations (payment) in non-monetary manner are assessed as follows:

- the initial value of fixed assets received under agreements and contracts stipulating fulfillment of obligations (payment) in non-monetary manner is the cost of the valuables transferred or transferrable by the company. The cost of such valuables is determined based on the usual price of similar valuables set by the company under similar circumstances.
- When it is impossible to assess the cost of such valuables, the value of fixed assets received under agreements and contracts stipulating fulfillment of obligations (payment) in non-monetary manner is based on the price, for which the similar fixed assets are being purchased under similar circumstances.

Table 5.3.1 (*Fixed Assets History and Availability*) hereof contains the information on the history and availability of fixed assets and relevant accumulated deterioration.

Lenenergo, PJSC does not have any fixed assets that are pledged as security for bank loans as of December 31, 2019.

The fixed assets include items that do not change their consumer attributes (i.e., are not subject to depreciation) over time. The table below contains the information on the book value of such items as of December 31:

Fixed assets	2019	2018	2017
Land plots	161,079	119,394	118,595
Total	161,079	119,394	118,594

The Innovative Development Program 2018 Report was approved by the Board of Directors of Lenenergo, PJSC (Minutes No. 3 dd. July 26, 2019). According to it, the expenses for the Innovative Development Program (the IDP) in 2018 were RUB 295 thousand.

Table 5.3.3 (*Change of Value of Fixed Assets Due to Improvement, Improvement of Equipment, Reconstruction, and Partial Liquidation*) hereof contains information on the changes in the value of fixed assets at which those are recognized (improvement, improvement of equipment, reconstruction, partial liquidation, revaluation).

Table 5.3.4 (*Other Use of Fixed Assets*) hereof contains information on the fixed assets leased out or accepted on lease, laid-up or undergoing state registration.

Table 5.3.5 (*Capital Investments in Progress*) hereof contains information on the history and availability of fixed assets construction and purchase, upgrading, etc. in progress.

8. FINANCIAL INVESTMENTS

When the asset recognized as a financial investment (except for the ones listed in Par. 27, 30 of Accounting Regulations 19/02) not having present market value is disposed of, its value is determined as the initial value of each recorded unit.

The initial value of the financial investments purchased under agreements and contracts stipulating fulfillment of obligations (payment) in non-monetary manner is the cost of the assets transferred or transferrable. The cost of such assets is determined based on the usual price of similar assets set by the Company under similar circumstances.

The difference between the initial and nominal value for debt securities not having present market value is recognized for the duration of their turnover evenly (monthly) in line with the income under their terms and conditions of issue in other income or expenses.

As of December 31, the value of financial investments was:

	2019	2018	2017
Equity financial investments not having present market value, net of impairment provisions, RUB thousand	16,177,682	16,184,729	16,188,131
Debt financial investments not having present market value	2,595,723	2,390,942	2,206,322
<i>including:</i>			
Long-term portion	2,595,723	2,390,942	2,206,322
Short-term portion			

Equity Financial Investments

Equity financial investments on the Company's balance as of December 31, 2019 and classified as long-term investments into subsidiaries, dependent and other companies were RUB 16,177,682 thousand (December 31, 2018: RUB 16,184,729 thousand; December 31, 2017: RUB 16,188,131 thousand).

Name	Type	Quantity	Participatory Interest	Investment Year	as of December 31, 2019	as of December 31, 2018	as of December 31, 2017
Kurortenergo, JSC	ordinary shares preference shares	1,599 77	98.13%	2010	517,140	517,140	517,140
TSEK, JSC	ordinary shares preference shares	7,229 1,272	96.96%	2010	372,313	372,313	372,313
NWEMC, PJSC	ordinary shares preference shares	74,180,864 38,063,689	12.51%	2005	49,318	49,318	49,318
LESR, JSC	ordinary shares	1,000	100%	1,999	0	7,338	7,338
Energoservice Company Lenenergo, JSC	ordinary shares	1,000,000	100%	2011	1,000	1,000	1,000
FITS, JSC	ordinary shares	3,500	1%	2014	389	97	3,500
PES, JSC	ordinary shares	6,232	60.1%	2015	800,000	800,000	800,000
SPb ES, JSC	ordinary shares	357,692	100%	2015	14,437,522	14,437,522	14,437,522
Total					16,177,682	16,184,729	16,188,131

As a result of a check for the existence of financial investments consistent impairment conditions as of December 31, 2019 subject to Accounting Regulations 19/02 (*Recognition of Financial Investments*), the provision for impairment of shares of FITS, JSC was recovered at RUB 292 thousand, and a provision for impairment of shares of LESR. JSC was created at RUB 7,338 thousand.

Debt Financial Investments

As of December 31, 2019, the amount of the Company's deposits with credit institutions was RUB 10,620,000 thousand (December 31, 2018: RUB 10,620,000 thousand; December 31, 2017: RUB 10,620,000 thousand).

Breakdown of Deposits as of December 31, 2019:

Deposits broken down by maturity	Interest rate (from/to)	Maturity	Amount, RUB thousand
Tavrisheskiy Bank, PJSC	0.51	April 9, 2035	10,620,000

In the beginning of 2015, a financial recovery procedure was initiated against Tavrisheskiy Bank, PJSC. The specific attribute of this procedure is participation of the largest lenders of the Bank: Lenenergo, PJSC and IDGC of the North-West, PJSC. The project involves joint funding of the financial recovery measures by providing financial assistance to the Bank from State Corporation Deposit Insurance Agency in the amount of RUB 28 bn for the period of 10 years through the funds of the Bank of Russia, and by creating a subordinate deposit of Lenenergo, PJSC in the amount of RUB 10,620,000 thousand for the period of 20 years with quarterly payment of interest under the rate of 0.51% per annum of the amount of the deposit.

As of now, the Bank operates as normal, providing a full range of services to its clients, including timely performance of accounts and payments.

As of December 31, 2019, the financial investments (subordinate deposit) not having present market value are assessed at estimate value. The estimate value of debt financial investments is the amount of economic benefits the Company expects to obtain from such financial investments under ordinary conditions.

The accounting report of Lenenergo, PJSC includes a financial investments impairment provision (deposit with Tavrisheskiy Bank, OJSC) for the difference between the initial and fair value of the financial investments. The fair value of financial investments is determined by discounting the non-current debt in view of the industry, market, financial, or other risks, including the risk of financial investments being non-recoverable.

The provision as of December 31, 2017 was RUB 8,413,678 thousand, as of December 31, 2018: RUB 8,229,058 thousand; as of December 31, 2019: RUB 8,024,277 thousand.

As of December 31, 2019, the Company does not have loans granted.

Tables 5.4.1 (*Financial Investment History and Availability*) and 5.4.2 (*Financial Investment History and Availability (cont.)*) hereto contain information on the history and availability of financial investments during the report period.

9. INVENTORY AND SUPPLIES

Subject to Par. 5.6 of Accounting Regulations 5/01 (*Recognition of Inventory and Supplies*), inventory and supplies are recognized at actual cost of acquisition. The actual cost of inventory and supplies purchased for payment is the amount of actual expenses the Company sustained to purchase the relevant item, net of the value added tax and other refundable taxes (except for the cases stipulated in the Russian laws).

When released to production or otherwise disposed of, the inventory and supplies are to be assessed using the FIFO method.

Table 5.5.1 (*Inventory History and Availability*) hereof contains information on the history and availability of inventory during the report period.

No inventory and supplies were pledged as of December 31, 2019, December 31, 2018, December 31, 2017.

10. RECEIVABLES AND PAYABLES

Receivables

Accounts receivable of the Company that is not repaid in due time subject to the relevant agreement or contract and is not secured by any relevant guarantees is deemed bad debt. The bad debt provision is created based on the inventory of receivables of the Company.

The amount of the provision is set separately for each bad debt depending on the financial position (paying capacity) of the debtor and the probability of the debt being repaid in full or in part.

The Company creates bad debt provisions, when the receivables are recognized bad debt, and the amounts of provisions are recognized in financial results of the Company.

Table 5.6.3 (*Overdue Receivables*) hereof contains the breakdown of overdue payables as of December 31, 2017, 2018, and 2019, created upon analyzing the contractual terms of the Company for debt recovery and enforcement.

Table 5.6.1 (*Receivables History and Availability*) hereof contains information on the history and availability of receivables during the report period.

No.	Receivables	Item Code	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017
1	Total	1230	4,258,980	6,424,539	7,674,509
1.1	Non-current receivables	1231	133,146	101,652	458,916
1.1.1	Grid connection trade receivables	123101	38,135	10,829	186,700
1.1.2	Advances paid	123205	18,738	18,965	31,461
1.1.3	Other receivables	123206	76,273	71,858	240,755
1.2	Current receivables	1232	4,125,834	6,322,887	7,215,593
1.2.1	Trade receivables, including	123201	2,730,402	4,239,192	4,300,679
1.2.1.1	Off-the-meter power consumption		-	112,290	115,569
1.2.1.2	Grid connection trade receivables		98,350	710,470	1,035,721
1.2.1.3	Electric power transmission trade receivables		2,181,729	2,901,985	2,650,595
1.2.1.4	Lease income		216,302	166,786	110,878
1.2.1.5	Other trade receivables		234,021	347,661	387,916
1.2.2	Advances paid	123205	626,517	643,672	867,666
1.2.2.1	To suppliers of materials		851	1,045	2,078
1.2.2.2	To repair entities		24	-	-
1.2.2.3	To service providers		625,642	642,627	865,588
1.2.3	Other debtors	123206	768,915	1,440,023	2,047,248
1.2.3.1	Taxes overpaid		79,907	167,221	127,284
1.2.3.2	Other debtors, including:		689,008	1,272,802	1,919,964
	transactions with grid entities under Supplementary Agreements on change of a party		56,934	652,616	1,308,150

Payables

Table 5.6.5 (*Payables History and Availability*) hereof contains information on the history and availability of payables over the report period.

The following is the payables structure:

No.	Payables	Item Code	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017
1.1.	Non-current payables	1450	5,856,280	3,893,280	2,317,968
	<i>Grid connection advances</i>		5,789,980	3,765,687	2,186,671
1.2.	Payables	1520	27,953,171	25,898,853	27,960,548
1.2.1	Trade payables	1521	12,973,003	12,131,474	12,137,381
	To construction entities	15211	7,128,288	6,981,396	7,711,871
	To repair entities	15212	360,533	263,498	271,533
	Other trade payables, including:	15213	5,484,182	4,886,580	4,153,977
	<i>electric power transmission services of other grid companies</i>		1,413,905	1,419,236	1,778,151
	Other trade payables		2,907,525	2,749,528	1,694,997

1.2.2	Notes payable	1522	66,000	-	-
1.2.3	Payroll liabilities	1523	341,071	243,763	236,614
1.2.4	Payables to the state non-budgetary funds	1524	216,627	234,171	249,160
1.2.5	Taxes and levies payable	1525	1,395,560	617,789	1,704,260
1.2.6	Advances received	1526	10,885,016	10,879,710	11,357,277
	for grid connection		10,860,090	10,857,707	11,327,422
	other advances received		24,926	22,003	29,855
1.2.7	Income payables to the members (founders)	1527	71,511	120,461	-
1.2.8	Other creditors	1528	2,004,383	1,671,485	2,275,856
	Lawsuits		99,611	169,712	40,547
	Collateral received		808,194	994,399	1,158,976
	Compensation agreements		755,328	376,046	327,180
	Other		22,695	79,282	100,694

Table 5.6.6 (*Overdue Payables*) hereof contains the breakdown of overdue payables as of December 31, 2017, 2018, and 2019, created upon analyzing the contractual obligations of the Company for debt payment.

Payables to the state non-budgetary funds

Payables to the state non-budgetary funds had the following structure as of December 31:

Name	2019	2018	2017
Insurance premiums:			
Social Insurance Fund	-	-	3213
Pension Fund	145,361	183,786	188,872
Statutory Health Insurance Fund	70,886	49,881	53,169
Statutory Social Insurance Fund (statutory insurance of industrial accidents and occupational diseases)	380	504	3,906
Total payables to the state budgetary funds	216,627	234,171	249,160

Taxes payable as of December 31 is as follows:

Name	2019	2018	2017
Corporate income tax	149,380	247,826	1,266,696
Value added tax	482,559	275,356	347,110
Property tax	695,003	38,972	35,319
Personal income tax	66,298	53,040	52,421
Other	2,320	2,589	2,713
Total taxes and levies payable	1,395,560	617,789	1,704,260

As of December 31, 2019, the Company has no overdue taxes and levies payable.

11. AUTHORIZED, ADDITIONAL CAPITAL, AND CAPITAL RESERVES; EARNINGS PER SHARE

The authorized capital of the Company is fully paid and amounts to RUB 8,617,050 thousand as of December 31, 2019. The number of issued and fully paid shares as of December 31, 2019 was 8,617,050 thousand (December 31, 2018: RUB 8,617,050 thousand; December 31, 2017: 8,617,050 thousand).

The nominal value of the ordinary and preference share is RUB 1.

Ordinary uncertificated registered shares, number of shares	8,523,785,320
Preference uncertificated registered shares, Class A, number of shares	93,264,311

As of December 31, 2019, the Company has no shares that have been issued but not have been paid for yet, or that have been partially paid. As of the report date, the Company does not hold any treasury shares. SPb ES, JSC, the subsidiary of Lenenergo, PJSC, owns 300 ordinary uncertificated registered shares and 200 preference uncertificated registered shares (Class A) in Lenenergo, PJSC, which amounts to 0.00003% of the authorized capital.

	Number of shares in circulation	Authorized capital
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	Preference shares	Ordinary shares	(RUB thousand)
As of December 31, 2017	93,264,311	8,523,785,320	8,617,050
As of December 31, 2018	93,264,311	8,523,785,320	8,617,050
As of December 31, 2019	93,264,311	8,523,785,320	8,617,050

Information on shareholders owning 1% and more of voting shares of the Company as of December 23, 2019*:

Name	% of the ordinary shares	% of the authorized
Rosseti, PJSC	68.22	67.48
Saint Petersburg, represented by the PRC	29.11	28.8
IDGC of the Urals, OJSC	0.95	1.21
Other	1.72	2.51
Total	100.00	100.00

* as of the shareholders' register closing deadline

In 2019, the dividend for 2018 was declared in the amount of RUB 1,338,666 thousand:

- for ordinary shares in the amount of RUB 0.0352 per one ordinary share of the Company, in monetary form
- for preference shares in the amount of RUB 11.1364 per one preference share of the Company, in monetary form.

Earnings Per Share

The Company has no potentially dilutive ordinary shares; therefore, the diluted EPS equals the base EPS.

	As of December 31, 2019	As of December 31, 2018
The average weighted number of ordinary shares in circulation (in thousands)	8,523,785	8,523,785
Net of the average weighted number of treasury shares redeemed (in thousands)		
The average weighted number of ordinary shares in circulation (in thousands)	8,523,785	8,523,785
Earnings over the year (RUB thousand)	12,704,918	10,386,223
Base and diluted EPS, RUB	1.49053	1.21850

12. LOANS AND BORROWINGS

The Company recognizes loans and borrowings subject to Accounting Regulations 15/2008 (*Recognition of Expenses for Loans and Borrowings*) approved by the Ministry of Finance of Russia (Order No. 107n dd. October 6, 2008).

Loans and borrowings payable is recognized in view the interest payable as of the end of the report period.

Interest payable to the lenders are accrued on a monthly basis. The interest accrued is recognized separately.

The coupon yield on bonds is recognized in other expenses for the report period it is accrued. It is also accrued on a monthly basis.

Additional expenses for loans and borrowings (cost of information and consulting services, etc.) are recognized separately and reflected in other expenses as they occur.

The transactions related to the issue of bonds are recorded subject to Accounting Regulations 15/01 (*Recognition of Loans and Borrowings*).

Interest on loans and borrowings obtains are capitalized subject to the Guidelines on Distribution of Interest on Borrowed Funds to Be Included in the Cost of Investment Assets, and are included into the cost of created assets and paid by accruing the depreciation, except for the cases when the accounting rules do not provide for accrual of depreciation for the asset.

The borrowed funds as of December 31, 2019 included the following (principal debt, RUB

thousand):

	2019		2018		2017	
	Current	Non-current	Current	Non-current	Current	Non-current
Bank loans	8,688,574	17,000,000	-	31,981,030	8,479,374	25,905,000
Bonds	2,400,000		2,400,000	-	2,400,000	-
Total	11,088,574	17,000,000	2,400,000	31,981,030	10,879,374	25,905,000
	28,088,574		34,381,030		36,784,374	

The current liabilities as of December 31, 2019 include the bonded loan of listed bonds (certificated interest-bearing non-convertible bearer bonds with mandatory centralized storage, Series BO-05) for the amount of RUB 2,400,000 thousand.

The number of bonds issued for the loan was 4,000,000, with nominal value of RUB 1 thousand, listed bonds Series BO-05 were placed on July 22, 2015; the issue scope was 2,400,000 for the amount of RUB 2,400,000 thousand.

Listed bonds Series BO-05 redemption date: July 9, 2025. Early redemption is possible upon the holders' demand and at the Issuer's discretion. Nearest put date: January 20, 2020. Each bond yield is 7.8% per annum; payable twice a year.

The interest for the use of loans and borrowings in 2019 amounted to RUB 2,370,809 thousand (2018: RUB 2,398,208 thousand).

The expenses for loans and borrowings included in the other expenses and the investment assets cost in 2019 amounted to RUB 994,717 thousand (other expenses) and RUB 1,376,092 thousand (capitalization); in 2018: RUB 1,064,762 thousand and RUB 1,333,446 thousand, respectively.

Table 5.6.7 (*Loans and Borrowings*) hereof contains the structure of borrowed funds as of December 31, 2019.

The average weighted loan rate as of the end of the report period was 7.16% per annum (2018: 7.47%).

In 2019, the Company repaid the loans in the amount of RUB 32,051,993 thousand early due to a high interest rate on the loans.

Below is the repayment schedule for non-current borrowings (principal debt):

Repayment year	Amount, RUB thousand
2021	0
2022	17,000,000
Total non-current loans	17,000,000

All loans and borrowings are attracted in RUB, without collateral.

13. DEFERRED INCOME

Lenenergo, PJSC has no deferred income in its statements.

14. PROVISIONS AND CONTINGENT LIABILITIES

Below is the provisions flow:

	Provisions for future expenses for payment of leaves	Provisions for payment of annual bonus	Provisions for court hearings	Provisions for disputed claims of tax bodies	Other provisions	Total
As of December 31, 2017	221,828	77,120	12,810	-	1,171,607	1,483,365
Recognized in the report period	695,264	252,546	596,798	745,253	1,514,051	3,803,912
Written off to expenses or payables	533,839	67,195	12,810		148,905	762,749
Written off due to excess or termination of conditions of recognition						
As of December 31, 2018	383,253	262,471	596,798	745,253	2,536,753	4,524,528

Recognized in the report period	644,170	323,158	842,856	-	2,921,901	4,732,085
Written off to expenses or payables	601,996	228,434	241,695	599,629	50,459	1,722,214
Written off due to excess or termination of conditions of recognition	-	32,004	593,756	145,624	92,360	863,744
As of December 31, 2019	425,427	325,191	604,203	-	5,315,835	6,670,655

Provisions as of December 31 had the following structure:

	2019	2018	2017
Of the overall provisions amount:			
Non-current	—	—	-
Current	6,670,655	4,524,528	1,483,366
Total	6,670,655	4,524,528	1,483,366

Provisions for future expenses for payment of leaves

The provisions were created for future expenses for payment of leaves not used as of December 31, 2019. The balance as of December 31, 2019 is expected to be used in H1 2020. The management believes the actual expenses for payment of leaves will not exceed the amount of provisions reflected in the statements as of December 31, 2019.

Provisions for future expenses for payment of end-of-year bonus for the report period

The provisions were created for future expenses for payment of the end-of-year bonuses to the employees for the report period not paid as of December 31, 2019.

Provisions for court hearings

The provisions for court hearings in progress as of the report date include the commercial court cases, in which the second instance court ruled against Lenenergo, PJSC, and the possibility of a favorable outcome for the Company was estimated as low. The amount of these provisions as of December 31, 2019 was RUB 604,203 thousand. The overall number of cases is 65, the largest of which are:

- Oboronenergoby, JSC for the amount of RUB 363,184 thousand, on enforcement of the effect of the transaction invalidity
- Altair, LLC for the amount of RUB 18,250 thousand, on recovery of unreasonable earnings
- BUSINESS TELECOM-IMPORT, LLC for the amount of RUB 35,317 thousand, on the supply agreement - improper fulfillment of obligations
- Pulkovskaya Investment Company, LLC for the amount RUB 57,172 thousand, for the damage incurred.

Other provisions

The other provisions include the provisions for commissioning bonuses, quarterly bonuses, disputes not settled out of court, and claims of the tax body.

Provisions for commissioning bonuses are created for the items commissioned in the report period.

The provisions as of December 31, 2017 were RUB 179,477 thousand (December 31, 2018: RUB 90,128 thousand; December 31, 2017: RUB 42,907 thousand).

The provisions for future expenses for payment of the quarterly bonuses were created for future expenses for payment of the quarterly bonuses to the employees for the report period not paid as of December 31, 2019.

The provisions amount as of December 31, 2019 was RUB 134,487 thousand (December 31, 2018: RUB 70,046 thousand, December 31, 2017: no provisions accrued).

The provisions for liabilities under disputes with partner grid companies that are not settled out of court and are in progress as of the report date include the reviewed claims ruled against Lenenergo, PJSC, and the possibility of a favorable outcome of which for the Company was estimated as low. Disputes with

partner grid companies arose with respect to the scopes and costs of electric power transmission.

These provisions amount as of December 31, 2019 was RUB 2,188,344 thousand (December 31, 2018: RUB 1,584,387 thousand, December 31, 2017: RUB 1,128,700 thousand).

The amount of other provisions for liabilities not settled with the counterparties is included in other expenses.

Provisions for tax risks (disputed claims of tax bodies resulting from tax inspections, in progress as of the report period)

The provisions are for disputed claims of tax bodies resulting from on-site tax inspection for 2014-2016. The possibility of the favorable outcome for the Company is low, while the possibility of transitioning of the dispute to the court is high. The ruling was made on June 4, 2019.

The amount of the property tax provisions as of December 31, 2019 was RUB 2,813,527 thousand (December 31, 2018: RUB 792,191 thousand; December 31, 2017: there was no such provision due to absence of disputes).

As the practice of application of tax property rules develops further, the tax bodies or courts may dispute the criteria of classifying property as real estate or personal property applied by the Company. The management of the Company does not rule out resources outflow; however, the effect of such an event may not be estimated with a sufficient degree of accuracy.

The management believes that the relevant legislation as of December 31, 2019 are interpreted correctly; and the Company's position may be justified and defended from the point of view of tax laws.

Table 5.7.1 (*Provisions*) hereof contains information on the history of provisions.

15. COLLATERAL FOR OBLIGATIONS

Table 5.8 (*Collateral*) hereof contains the information on the collateral given by the Company to third parties for the Company's obligations, as well as the collateral received as of December 31, 2019.

16. STATE SUPPORT

Table 5.9 (*State Support*) hereof contains the information on the Company's use of budget funds.

Budget funds of RUB 4,452 thousand (2017: RUB 3,631 thousand; 2016: RUB 2,996 thousand) were received to finance preventive measures to reduce the number of industrial accidents and occupational diseases.

As of December 31, 2019, the Company received and used all the budget funds it was entitled to.

17. GENERAL INCOME AND EXPENSES

Income

The following are the proceeds that are recognized as general income of the Company:

- revenue from power transmission
- revenue from grid connection
- lease revenue
- revenue from industrial works and services.

The revenue from specific work, service, or sale of specific product is recognized when available, if it is possible to determine the availability of the work, service, or product.

The Company's income not related to the disposal of products, conducting of works, provision of services, or sale of goods is not recognized as general income and is subject to recording in other income under Accounting Regulations 9/99.

Revenue from sale of products and goods, including proceeds from works and services, is recognized in line with the accrual principle (when shipped) and presentation of payment documents. The revenue is recognized broken down by the types of activity.

Revenue from sales is recorded in the statement of financial results net of VAT, discounts, and other similar statutory payments.

Income for the report year is recorded in the statement of financial results separately for general activities, and for other income and expenses broken down by types and scopes (and compared yoy).

Expenses

Subject to Par. 18 of Accounting Regulations 10/99 (*Expenses of the Entity*), the expenses are recognized in the report period they occur in, regardless of the time of actual payment or other effectuation.

The administrative expenses are recognized separately from the general expenses; while the business expenses are not separated.

Expenses for the report year are recorded in the statement of financial results separately for general activities, and for other income and expenses broken down by types and scopes (and compared yoy).

Below is the information on revenue (net) from sale of products, goods, works, and services (net of VAT, excise tax, and other similar statutory payments) under Accounting Regulations 9/99, net cost of sold goods, products, works, and services, as well as business and administrative expenses (Accounting Regulations 10/99):

Types of activity	Revenue (net) from sale of products, goods, works, services	Net cost of sold of products, goods, works, services	Gross profit/ (losses)
from power transmission	75,696,204	57,148,071	18,548,133
from network connection	6,242,475	823,800	5,418,675
from lease	162,679	130,693	31,986
from industrial works and services	269,919	176,464	93,455
Total for 2019	82,371,277	58,279,028	24,092,249
from power transmission	68,806,734	56,394,054	12,412,680
from network connection	7,066,097	464,074	6,602,023
from lease	188,326	134,205	54,121
from industrial works and services	388,457	259,317	129,140
Total for 2018	76,449,614	57,251,650	19,197,964

Saint Petersburg Power Supply Company, JSC is the buyer, the revenue from sales to which is at least 10% of the overall Company's revenue from sales to external buyers. The overall revenue in 2019 from sales of services of power transmission to Saint Petersburg Power Supply Company, JSC is RUB 59,239,146 thousand (net of VAT). In 2018, it was RUB 51,544,200 thousand (net of VAT).

Revenue from grid connection to the grids of Lenenergo, PJSC made subject to contracts stipulating non-monetary means of payment was formed for 49 entities and amounted to RUB 1,207,462 thousand (net of VAT).

Table 2.1 (*Net Cost of Sold Products, Works, Services, Broken Down by Expenses Components*) hereof contains information on the net cost of produced and sold goods (works, services) broken down by the expenses components, for the report year.

The net cost for 2019 includes general expenses of RUB 1,032,917 thousand (2018: RUB 862,335 thousand).

Administrative expenses are recognized separately (Item 2220), and for 2019 amounted to RUB 193,713 thousand (2018: RUB 198,183 thousand).

18. OTHER INCOME AND EXPENSES

Table 5.11 (*Other Income and Expenses*) hereof contains information on the other income and expenses received or incurred in the report period with respect to goods (works, services) broken down by components.

19. DEFERRED TAX ASSETS AND LIABILITIES; PERMANENT TAX ASSETS AND LIABILITIES

In 2019, accounting profit before tax in the amount of RUB 17,175,955 thousand was gained from business operations, and tax revenue of RUB 22,583,099 thousand. The present corporate income tax for the report year is RUB 3,820,322 thousand.

The Company applies a low corporate income tax rate subject to Saint Petersburg Law No. 81-11 On Tax Benefits dd. June 28, 1995.

In 2019, the Company specified and updated its tax liabilities for previous years:

- The Company paid the remainder of the corporate income tax for 2017 and 2018 in the amount of RUB 85,972 thousand subject to court rulings against the Company that came into force to resolve the disputes with partner grid companies related to power transmission and non-contractual power consumption.

- The Company redeemed deferred corporate income tax assets of RUB 99,860 thousand subject to On-Site Tax Inspection Resolution No. 03-1-29/1/22 dd. June 4, 2019, recorded in 2018 in case of implementation of the tax risk of additional charge of property tax for the movable property items. In line with the Resolution, the Company reduced its obligations to the budget with respect to corporate income tax by RUB 54,773 thousand as a result of review of the effect of additional measures, and reflected the reduction effect on the corporate income tax of RUB 77,067 thousand subject to the Resolution.

- The Company paid the penalties charged for insurance premiums, property tax, transportation tax in the amount of RUB 854 thousand.

Application of Accounting Regulations 18/02 (Recognition of Corporate Income Tax Accounts)

The corporate income tax accounts are recognized in line with Accounting Regulations 18/02 (approved by the Ministry of Finance of Russia, Order No. 114n dd. November 19, 2002).

Section 2.3 (*Profit Tax*) hereof contains the information on the occurring and redeemed permanent and temporary differences that decrease or increase the taxable profit, as well as on the creation of contingent expenses for corporate income tax and the present corporate income tax.

Annex 5.7.2 (*Deferred Taxes*) hereof contains the information on the deferred taxes.

20. CASH AND CASH EQUIVALENTS

The Company's cash includes funds in non-cash form on the RUB accounts of the Executive Branch, the special accounts, including deposits of up to 3 months, and cash-in-transit.

Ledger 57 (*Cash-In-Transit*) records the movement of funds between the Company's accounts.

Aggregated recognition of cash flows

Cash flows are recognized in the statement of cash flows in aggregated format when they characterize the activity of the Company's counterparties rather than the Company's own activity, and/or when the payments to one person is made contingent on the relevant proceeds from another person.

In order to form the Statement of Cash Flows subject to Accounting Regulations 23/2011 (*Statement of Cash Flows*), the net amount of indirect taxes is reported in other payments of the Statement and is not broken down by types of activity (present, investment, financial operations). Payments to sellers and proceeds from buyers are recorded net of VAT.

The Company's cash as of December 31 includes the following:

Name	2019	2018	2017
Cash on hand and in bank (RUB)	2,771,071	2,914,067	2,417,686
Cash equivalents	4,518,981	2,608,029	5,417
Total	7,290,052	5,522,096	2,423,103

As of December 31, 2019, Lenenergo, PJSC has available credit limit, under which it is able to obtain the following additional cash in the overall amount of RUB 65,232,048.78 thousand:

- RUB 49,000,000.00 thousand within the revolving facilities available for the Company with the bank's obligation to give the loan

- RUB 14,311,425.78 thousand within the revolving facilities available for the Company without the bank's obligation to give the loan

- RUB 1,920,623.00 thousand within the credit sources in the form of overdraft.

21. INFORMATION ON THE RELATED PARTIES

Within its business and financial operations, the Company conducts transactions with entities that are related parties.

The information on the affiliates of Lenenergo, PJSC is disclosed and published on the Company's website at www.lenenergo.ru [http://www.lenenergo.ru/](http://www.lenenergo.ru) and on the website of the authorized

information agency at <http://www.e-disclosure.ru/portal/company.aspx&id=65> subject to the applicable Russian laws.

The balance for payments between the Company and its related parties as of December 31, is presented below (in RUB thousand):

Name	2019	2018	2017
Receivables and advances paid	902,744	1,771,683	2,491,914
- parent entity			100,618
- subsidiaries	597,481	1,361,867	2,339,319
- other related parties	305,264	409,816	51,977
Payables	4,962,076	4,334,079	4,133,625
- parent entity	33,838	33,274	6,085
- subsidiaries	3,737,533	3,355,436	2,602,263
- other related parties	1,190,705	945,369	1,525,277
Advances received	50,400	53,748	57,792
- parent entity			
- subsidiaries	48,761	52,109	57,328
- other related parties	1,639	1,639	464

Types and scope of transactions between the Company and its related parties (RUB thousand):

Name	2019	2018
Sale of goods, works, services	116,997	296,785
- parent entity	1,821	2,149
- subsidiaries	45,721	175,142
- other related parties	69,454	119,494
Purchase of goods, works, services	14,493,346	25,778,122
- parent entity	195,657	354,875
- subsidiaries	3,582,386	19,103,687
- other related parties	10,715,303	6,319,559
Lease of property from related parties	1,845,301	3,012,141
- parent entity		
- subsidiaries	1,844,785	3,010,964
- other related parties	515	1,177
Leasing property out to the related parties	142,319	190,084
- parent entity		
- subsidiaries	142,165	189,703
- other related parties	154	381

In 2019, the Company did not make related party transactions.

In 2019, the remunerations, in line with the Articles of Association of the Company, amounted to RUB 8,814 thousand (2018: RUB 5,742 thousand):

- to the members of the Board of Directors: RUB 8,168 thousand (2018: RUB 5,103 thousand)
- to the members of the Internal Audit Board: RUB 646 thousand (2018: RUB 639 thousand).

The payments to the key management amounted to RUB 256,491 thousand (2018: RUB 84,066 thousand).

22. EVENTS AFTER THE REPORT DATE

The Company did not decide on paying the interim dividend for 2019. The distribution of 2019 profit (including the payment of dividend for 2019) will be decided on at the Annual General Meeting of Shareholders of the Company.

From February 4, 2020, Lenenergo, PJSC is being reorganized by way of merger with other entities (will continue its operations after the reorganization). The following SDCs of Lenenergo, PJSC will cease their operations after the reorganization: Kurortenergo, JSC, St. Petersburg Power Grid, JSC, Petrodvorets Power Grid, JSC, Tsarskoe Selo Energy Company, JSC.

In January 2020, the coupon rate for the bonded loan Series BO-05 was decreased from 7.80 to 6.50% per annum as a result of the offer.

No other significant events after the date of signing of the 2019 accounting report were discovered that may affect the reports of Lenenergo, PJSC in a substantial way.

23. INFORMATION ON THE SEGMENTS

The Company carries out its core regulated operations in two Russian constituent entities: Saint Petersburg and the Leningrad Region. The regional regulatory bodies set out tariffs for the core activities: electric power transmission and grid connection services.

In order to meet the requirements of Federal Law No. 35-FZ dd. March 26, 2003 *On Electric Power Industry*, Russian Government Decree No. 707 dd. September 22, 2008 *On Separate Accounting of Income and Expenses by Natural Monopolists*, Russian Government Decree No. 24 dd. January 21, 2004 *On Approving the Information Disclosure Standards for the Wholesale and Retail Electric Power Markets*, Russian Government Decree No. 1178 dd. December 29, 2011 *On Pricing in Regulated Segment (Tariffs) of the Electric Power Industry*, Russian Ministry of Energy Order No. 585 dd. December 13, 2011 *On Approving the Separate Accounting of Income and Expenses by Natural Monopolists in Electric Power Transmission and Supervisory Control in Electric Power Industry*, the Company carries out separate accounting for the Russian constituent entities and for different types of activity.

Furthermore, the Company gains revenue from lease and from sale of other industrial products, goods, works, and services. Income and expenses are also separated for the Russian constituent entities.

The separate accounting within the management accounting is provided for the following: product assets, income and expenses, corporate income tax, net profit, and borrowings, and is performed using the breakdowns of primary accounting, the technical information, the statistics, and the business plan of Lenenergo, PJSC. The management accounting separated 2 segments (by geographical factor):

Segment A - the Company's operations in Saint Petersburg

Segment B - the Company's operations in the Leningrad Region.

The Company gains revenue from the sale of the following types (groups) of products, goods, works, services:

- Segment A:

- electric power transmission in Saint Petersburg
- grid connection in Saint Petersburg
- lease income in Saint Petersburg
- other industrial services in Saint Petersburg.

- Segment B:

- electric power transmission in the Leningrad Region
- grid connection in the Leningrad Region
- lease income in the Leningrad Region
- other industrial services in the Leningrad Region.

Table 5.13 hereof contains breakdown of the Company's operations in 2019 by these segments.

The Accounting Policy of the Company approved by Lenenergo, PJSC Order No. 836 dd. December 31, 2013 *On Approving the Accounting Policy* (as amended by Orders No. 132 dd. March 27, 2015, No. 183 dd. April 24, 2015, No. 310 dd. July 8, 2015, No. 626 dd. December 31, 2015, No. 303 dd. June 30, 2016, No. 653 dd. December 9, 2016, No. 699 dd. December 28, 2016, No. 746 dd. December 31, 2016, No. 500 dd. September 25, 2017, No. 692 dd. December 8, 2017, No. 665 dd. December 29, 2018, No. 148 dd. March 27, 2019, No. 290 dd. June 11, 2019) sets out the principle regulating the distribution of parameters between the Russian constituent entities that is carried out as follows:

- by territorial belonging of the facility
- by territorial belonging of the branch
- by scope of services provided in the constituent entity and by tariffs for the services applicable in the relevant constituent entity
- by territorial belonging of the land plot to the municipality
- by registration location of the vehicle
- by territorial belonging of the services provided
- by location of discovered off-the-meter and non-contractual power consumption.

For 2019	Saint Petersburg	Leningrad Region	Total for the
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			Company
Result of operating cash flow	25,463,357	7,830,566	33,293,923
Result of investment cash flow	-17,030,548	-6,864,296	-23,894,845
Result of financial activity cash flow	-7,628,591	-2,531	-7,631,122

Annex 5.13 (*Information on Report Segments*) hereof contains the information on income, expenses, profit, and assets and liabilities for the operating segments of the Company.

There were no changes in the reporting segments structure yoy in 2019.

24. THE MOST SIGNIFICANT CHANGES IN THE ACCOUNTING POLICY AS OF THE YEAR FOLLOWING THE REPORT YEAR

Additions introduced into the Accounting Policy for the purpose of book-keeping in 2019 are not significant and will not affect the assessment of the items of the accounting report and financial statements in any significant manner, and serve as more detailed descriptions of the accounting procedures and primary documents that are standard for the Company.

From January 1, 2020, a revised version of Accounting Regulations 18/02 (*Recognition of Corporate Income Tax Payments*) comes into force.

The Company expects that changes to the accounting policy due to the introduction of the revised version of these Accounting Regulations will significantly affect the financial position of the Company and its financial performance, namely:

- the Equity and Reserves section will decrease approximately by RUB 2,668,847 thousand
- the deferred tax assets / liabilities will increase approximately by RUB 2,668,847 thousand.

The Company is finalizing the estimation of the effect.

The change of the Accounting Regulations will be reflected in the statements for Q1 2020 and will result in the change of the comparables for the periods preceding the report period.

25. INFORMATION ON THE BUSINESS OPERATIONS RISKS

Potential Significant Business Operations Risks of the Company

Within its business operations, the Company is subject to industry, legal, and other internal and external factors (significant conditions, events, circumstances, actions). Therefore, various risks arise that may affect the Company's financial position and performance in a significant manner.

The Company is subject to industry, financial, country, regional, and legal risks, as well as risks specific for the Company.

Risk Management Mechanism

The Company's Board of Directors approved its risk management policy in order to identify and analyze the risks of the Company, set out permissible risk limits and relevant control mechanisms, as well as to monitor risks and observe the established restrictions. The risk management policies and systems are regularly analyzed in order to be amended if necessary due to the changes in the market conditions and the Company's operations. Risk management is deemed one of the crucial elements of strategic management and internal control.

The Company has training and management standards and procedures in place in order to create a consistent and effective control system, in which all the employees understand their roles and responsibilities.

Industry Risks

These risks are the risks of industry regulation as well as the risk of deterioration in demand for the services. The main services provided by the Company are electric power transmission in distribution grids, and grid connection of consumers. These activities are regulated by the state.

Therefore, the Company may bear the regulatory risks related to authorities' containment of the planned electric power transmission tariff growth, adjustment of the required gross proceeds due to the deviation of the actual regulated parameters from the established ones, and to the possible changes in

legislation that governs the tariff regulation. If the electric power consumption by the end consumers decreases, and it has an adverse impact on the Company's financial performance, the Company plans to intensify the steps it takes to cut costs, as well as to compensate for the income shortfalls in the next regulated period tariff by addressing the state regulatory bodies.

The Russian laws governing the electric power industry is subject to frequent changes and allows ambiguous interpretation. Therefore, the market participants often interpret the legal regulations and, based on those, contractual terms and conditions differently, which results in disputes in assessment of mutual obligations.

The Company takes the following steps to minimize the above mentioned risks:

- continuous control of fulfillment of terms and conditions of contracts with counterparties, and prompt initiation of amicable settlement procedure for resolution of disputes
- interaction with regional authorities that regulate tariffs in order to set the feasible tariffs that compensate all of the Company's expenses and allow for the investment program implementation as required
- drafting of cost management programs, introduction of parameters that reflect the reduction of the operating expenses and procurement value into the system of management efficiency assessment
- interaction with the regional administrations in order to review and approve the investment programs that include the required scope of works to maintain the reliability of the system, and to carry out reconstruction of facilities in order to connect new applicants
- implementation of the energy preservation and energy efficiency improvement program.

Country and Regional Risks

Despite the stabilization efforts of the Russian Government in order to ensure the liquidity and refinancing of foreign loans to the Russian Banks and entities, there is still uncertainty with respect to possible access to the capital sources, and the cost of capital for the Company and its counterparties, which may affect the Company's financial position, operating results, and economic prospects. The instability of the capital markets may result in the significant deterioration of the liquidity in the banking sector and strengthening of loan conditions in Russia.

Overall, the Company cannot significantly affect the economic situation in the country. However, if the situation in the country or the region of the Company's operations changes for the worse, the Company will do everything in its power to mitigate the adverse effect on its financial position and performance.

Legal Risks

In order to mitigate the risks with respect to relations with shareholders, the shareholders register is kept and maintained by a professional registrar. The Company regularly acts in order to ensure informational interaction with the shareholders and to protect the shareholders' lawful rights and interests.

Risk of antimonopoly regulation

In order to reduce the effect of factors that result in the antimonopoly regulation risks occurring, the Company improves its grid connection business processes by simplifying its internal procedures and reducing the timelines thereof and introduces the new types of servicing the consumers, particularly with respect to the interactive methods of servicing, which reduces the impact the personnel errors and abuse have. The Company also regularly assessed the consumer satisfaction and designs corrective measures as a result of such assessment.

Financial Risks

The Company is exposed to market risk, credit risk, and liquidity risk.

Market Risk

Market risk is the risk of the Company facing adverse consequences of changes in certain market parameters. Market parameters include the following risk types: interest rate risk, currency risk, and price risk.

Interest Rate Risk

The Company obtains borrowed funds within its business and financial operations. Due to the growth of the Central Bank key rate and the instability of the financial markets, there is a possibility of the interest rate increase for separate loans in view of the fact the loan agreements provide for the banks' right to increase the interest rate unilaterally.

Below is the quantitative sensitivity analysis of the interest rate change affecting the profit before tax:

	Interest rate change	Effect on the profit before tax, RUB thousand
Effect in 2019	+1.25	(204,107)
	-1.25	143,406
Effect in 2018	+1.25	(172,441)
	-1.40	193,134

In order to reduce the interest rate risk, the Company takes the following steps:

- business planning in view of the growing interest rates
- making long-term agreements on revolving facilities with a substantial loan limit and established restrictions on the maximum interest rate for the loan depending on the refinancing rate of the Central Bank of Russia
- selection of financial institutions for the provision of services by holding public tenders, which allows attracting borrowings under the most favorable conditions for the Company.

Currency Risk

The Company provides services, sells products, purchases goods and attracts substantial borrowings only in RUB. Therefore, the management believes the Company is not exposed to currency risk.

Inflation Risks

The adverse effect of the inflation on the financial and economic operations of the Company may be related to the losses in the actual receivables, increase of the interest payable, increase of the net costs, and decrease of the actual value of the investment program funds. The Company conducts its business planning in view of the expected growth in prices of the products, works, and services.

In order to accelerate the inflation rates, the Company plans taking additional steps to cut costs. Furthermore, the actual inflation is taken into consideration when adjusting the required gross proceeds in order for the regulatory authorities to make tariff and balance decisions, which partially sets off the impact of the risk on the business and financial operations of the Company.

Credit Risk

Credit risk arises from a possibility of failure by counterparties to discharge their obligations to the Company in due time, which could result in losses. The Company is exposed to credit risk with respect to its operations (primarily, the trade receivables) and investment activities, including the bank deposits. The amount of credit risk is limited to the book value of the receivables, financial investments, and cash as of the report date.

Trade Receivables

Credit risk related to the clients is managed subject to the policy, procedures, and control system established by the Company with respect to the management of such a risk. The credit quality of the client is assessed in view of the detailed borrowing capacity questionnaire review. Outstanding receivables are monitored regularly in order to ensure prompt measures to recover or create provisions. Section 10. *Receivables and Payables* hereof contains information on the significant debtors. Annex 5.6.3 contains the overdue receivable figures.

Asset Impairment Loss

The necessity to recognize assets impairment is assessed for each report date individually for large clients and assets. Annex 5.6.2 contains information on bad receivables. Section 8. *Financial Investments* hereof contains information on the composition of financial investments. The Company does not have property pledged to it as collateral for the receivables.

Borrowings Granted and Cash

Credit risk due to the balance on accounts with banks and financial institutions is managed subject to the relevant Company's policy. Sections 20. *Cash and Cash Equivalents* and 8. *Financial Investments* hereof contain information on the balance of cash and financial investments.

Liquidity Risk

Liquidity risk is related to the Company's ability to repay the financial liabilities existing as of the report date in due time and in full: trade payables, loan and borrowing debt.

In its business and financial operations, the Company uses its own sources as well as current and non-current borrowings. The fair value of funds, loans and receivables, trade and other payables, and current borrowings as of December 31, 2019 equals the book value of those due to their short terms of maturity.

Sections 12. *Loans and Borrowings* and 10. *Receivables and Payables* hereof disclose information on the availability and composition of liabilities and their maturity terms.

Risk Management

The Company manages its liquidity risk by selecting the best ratio between own and borrowed funds.

The management also established a set of restrictions on attracting the aggregate borrowed funds. The following limits are simultaneously set on the debts of the Group:

given the structure of the operating assets (medium-term liquidity limit)

given the structure of liabilities (financial leverage limit)

given the operating cash flow (debt cover limit and debt service limit).

Apart from the Debt Limits, the Group management also sets out the borrowing cost limit, within which the Company attracts borrowed funds. Borrowing in excess of the borrowing cost limit is not allowed.

In order to control the behavior of receivables and payables over time, the Company has regulations of operating nature that determine the competence of structural divisions, responsible officers, and experts that work with the debts, and that govern their actions. The Company also monitors the overdue receivables and payables: see Tables 5.6.3 (*Overdue Receivables*) and 5.6.6 (*Overdue Payables*) hereof.

Current Financial Position

As of December 31, 2019, the current liabilities exceeded the current assets by RUB 30,652,625 thousand (December 31, 2018: RUB 16,591,454 thousand; December 31, 2017: RUB 20,644,568 thousand). However, the Company is capable of supplying the operating assets from unused facilities: see Section 20. *Cash and Cash Equivalents*.

In 2019, the Company gained profit of RUB 12,704,918 thousand (2018: RUB 10,386,223 thousand). Operational cash flow was RUB 33,516,408 thousand (2018: RUB 23,796,516 thousand).

liabilities, PJSC management believes the Company will be able to continue as going concern and, therefore, will be able to realize the assets and fulfill the obligations within its normal operations.

Acting CEO	(signed)	I. Kuzmin
Acting Chief Accountant	(signed)	N. Korepanova

February 21, 2020

Ernst & Young, LLC
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