Independent auditor's report
on the financial statements of
PJSC Enel Russia
for 2019

March 2020

Translation of the original Russian version

Independent auditor's report on the financial statements of PJSC Enel Russia

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Independent auditor's report

Translation of the original Russian version

To the Shareholders and Board of Directors of
PJSC Enel Russia

Opinion

We have audited the financial statements of PJSC Enel Russia (the Company), which comprise the balance sheet as at 31 December 2019, statement of income for 2019 and appendices thereto.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and its cash flows for 2019 in accordance with the rules on preparation of financial statements established in the Russian Federation.

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 International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Russian Federation, 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 matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Sale of Reftinskaya GRES assets	
The Company sold assets of Reftinskaya GRES in 2019. Accounting of this transaction was one of the matters of most significance in our audit due to significant effect on the financial statements and management's judgement related to recognition of obligations related to this transaction by the Company as well as the derecognition of previously recognized site restoration provision. Information on sale of Reftinskaya GRES assets and related transactions is disclosed in parts 3.1 and 3.10 of the explanatory notes to the Balance Sheet and Income Statement.	As a part of audit procedures, we analyzed terms of sale-purchase agreement over Reftinskaya GRES assets as well as terms of the related contracts. Our assessment of the Company's liabilities related to the transaction as well as the derecognition of previously recognized liabilities related to future restoration of the underlying ash dump included an analysis of existence and termination of such liabilities based on the terms of Reftinskaya GRES assets sale agreement and also analysis of the underlying assumptions and assessment of calculations prepared by the Company's management in relation to such liabilities. We analyzed the Company's forecast in respect of receipt of contingent payments after the transaction closing date. We considered the disclosure in respect of the financial result from the sale of Reftinskaya GRES assets in the financial statements.
Bed debt provision	
Bad debt provision was one of the matters of most significance in our audit due to significant balances of trade and other receivables as of 31 December 2019 and the fact that the management's estimation of receivables recoverability is based on assumptions, particularly, on forecast of the Company's customers solvency. Information on bad debt provision for account receivables is disclosed in part 3.4 of the explanatory notes to the Balance Sheet and Income Statement.	We analyzed Company's accounting policy on bad debt provision for account receivables. In relation to Company's judgement on the recoverability of receivables, we, among others, analyzed the available information on the financial position of Company's customers. We tested the information regarding ageing structure of accounts receivables and its payment terms and also compared ratios applied by the Company with the historical information on repayment of receivables. We reviewed the mathematical accuracy of bad debt provision calculation. We analyzed the disclosure in respect of bad debt provision in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Recognition and measurement of equipment for installation	
The Company recorded equipment for suspended construction project as part of equipment for installation. Due to significance of the cost of this equipment and judgments for its further usage, it was one of the matters of most significance in our audit. The information on the cost of equipment for installation is disclosed in part 3.1 of the explanatory notes to the Balance Sheet and Income Statement.	We performed observation of equipment for suspended construction project, recorded as equipment for installation, in order to assess physical existence of this equipment in the warehouse and its condition. We also obtained and analysed third party reports regarding the condition of the equipment. We assessed analysis of the cost of the equipment performed by the Company, as well as plans for its further usage. Among others, our procedures included discussions with the technical personnel and Company's management in respect of this matter.

Other information included Company's 2019 Annual report

Other information consists of the information included in the Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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 management and the Audit Committee of the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the rules on preparation of financial statements established in the Russian Federation, and for such internal control as 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, 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 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 are 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 management.
- Conclude on the appropriateness of 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 fair presentation.

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 provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is - T.L. Okolotina.

T.L. OKOLOTINA
Partner
Ernst & Young LLC

23 March 2020

Details of the audited entity

Name: PJSC Enel Russia
Record made in the State Register of Legal Entities on 27 October 2014, State Registration Number 1046604013257.
Address: Russia 620014, Sverdlovsk region, Yekaterinburg, Kokhryakova str., 10.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo".
Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Balance sheet

as of December, 31, 2019

	Codes		
OKUD Form	0710001		
Date (day, month, year)	31	12	2019
RNNBO No.	75012898		
TIN	6671156423		
OKVED 2	35.11.1		
OKOPF/OKFS No.	12247	34	
OKEI No.	384		

Company ____ **PJSC Enel Russia**
Taxpayer Identification Number
Type of economic activity: Generation of electric power by thermal power plants
Type of business / form of ownership **Public joint-stock company / private**
Measurement unit: RUR ths.
Location (address) **620014, Yekaterinburg, ul. Khokhryakova, 10**

Financial statements subject to obligatary audit: V YES ____ NO
Name of the audit organization / surname, name, patronymic (if any) of the individual auditor: Ernst & Young LLC
Taxpayer identification number of the auditing organization / surname, name, patronymic (if any) of the individual auditor: TIN 7709383532
Primary State Registration Number of audit organization / individual auditor: OGRN / OGRNIP 1027739707203

Note	Item	Code	На 31.12.2019 г.	На 31. 12. 2018 г.	На 31. 12. 2017 г.
	ASSETS				
	I. NON-CURRENT ASSETS				
1.1	Intangible assets	1110	141	161	181
	Results of research and developments	1120	-	-	-
	Intangible exploration assets	1130	-	-	1
	Tangible exploration assets	1140	-	-	2
2.1, 2.2, 2.3, 2.4, Note 3.1	Fixed assets	1150	44 503 670	87 068 084	88 384 475
	Interest-bearing investments into tangible assets	1160	-	-	
3.1, 3.2, Note 3.2	Financial investments	1170	620 333	653 257	466 708
	Deferred tax assets	1180	2 250 113	1 911 943	1 839 454
Note 2.8, 3.4	Other non-current assets	1190	2 466 693	1 945 578	1 373 061
Note 2.16, 3.19	Long-term derivatives and hedging instruments	11901	-	-	637 355
	Section I total	1100	49 840 950	91 579 023	92 063 879
	II. CURRENT ASSETS		-	-	-
4.1, 4.2, Note 3.3	Inventories	1210	4 971 755	4 990 295	5 776 644
Note 2.8	including deferred expenses	12101	280 181	168 865	120 697
	VAT on purchased goods	1220	5 916	17 337	-
5.1, 5.2, Note 3.4	Trade Receivables	1230	10 522 986	6 667 972	6 305 396
	shareholder's receivables	12302	-	-	-
3.1, 3.2, Note	Financial investments	1240	-	4	7 674
Note 2.10	Cash	1250	10 190 641	5 678 713	5 786 782
	Other current assets	1260	1 342	1 366 197	155 086
Note 2.16, 3.19	including current derivative assets	12601	1 342	1 366 197	155 086
	Section II total	1200	25 692 640	18 720 518	18 031 582
	TOTAL ASSETS	1600	75 533 590	110 299 541	110 095 461

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Note	Item	Code	На 31.12.2019 г.	На 31. 12. 2018 г.	На 31. 12. 2017 г.
	LIABILITIES				
	III. EQUITY AND RESERVES 6				
Note 3.7	Share capital (joint-stock capital, authorized capital, contributions of partners)	1310	35 371 898	35 371 898	35 371 898
Note 3.7	Shares purchased	1320	-	-	(198 403)
	Revaluation of non-current assets	1340	-	-	-
Note 3.8	Additional capital (without revaluation)	1350	7 346 943	7 590 546	7 524 909
	including effective portion of changes in the fair value of CFH	13501	190	243 794	217 140
Note 3.8	Reserve capital	1360	1 768 931	1 768 931	1 687 931
Note 3.9	Retained earnings (uncovered loss)	1370	4 844 316	22 039 347	21 717 834
Note 2.16	including profits distributed by a decision of the General Meeting of Shareholders	13701	17 035 249	16 520 545	15 316 453
Note 2.16	undistributed profit	13702	(12 190 933)	5 518 802	6 401 381
	Section III total	1300	49 332 088	66 770 722	66 104 169
	IV. NON-CURRENT LIABILITIES		-	-	-
Note 3.5	Loans received	1410	6 666 667	15 393 522	11 088 451
Note 2.16	Deferred tax liabilities	1420	3 377 787	7 454 588	6 800 355
7, Note 3.10	Reserves on contingencies	1440	261 710	487 749	454 216
5.3	Other liabilities	1490	-	-	270
	Section IV total	1400	10 306 164	23 335 859	18 343 292
	V. CURRENT LIABILITIES		-	-	-
Note 3.5	Loans received	1510	1 784 731	9 447 114	13 022 747
5.3, Note 2.6	Accounts payable	1520	9 672 986	7 326 996	10 015 203
	Shareholder's payable	15201	48 568	16 614	20 651
	Current derivative liabilities	15202	-	-	-
7, Note 3.10	Deferred income	1530	743	1 130	1 488
	Provisions short	1540	4 436 878	3 417 720	2 608 562
	Other liabilities	1550	-	-	-
	Section V total	1500	15 895 238	20 192 960	25 648 000
	TOTAL ASSETS	1700	75 533 590	110 299 541	110 095 461

CEO C. Palasciano Villamagna

"13" March 2020

Chief Accountant V. Grishachev

Income statement

for year 20 19

		Codes		
	OKUD Form	0710002		
	Date (day, month, year)	31	12	2019
Company PJSC Enel Russia	RNNBO No.	75012898		
Taxpayer Identification Number	TIN	6671156423		
Type of economic activity: generation of electric power by thermal power plants	OKVED 2	35.11.1		
Type of business / form of ownership: Public joint-stock company / private	OKOPF/OKFS No.	12247	34	
Measurement unit: RUR ths.	OKEI No.	384		

Explanation	Item	Code	For year 20 19	For year 20 18
Note 3.11	Revenue	2110	73 947 884	73 451 763
6, Note 3.11	Cost of sales	2120	(62 254 788)	(61 615 013)
	Gross profit (loss)	2100	11 693 096	11 836 750
6, Note 3.11	Commercial expenses	2210	(1 136 471)	(1 094 692)
	Management expenses	2220	-	-
	Profit (loss) on sales	2200	10 556 625	10 742 058
	Income from investments in other entities	2310	2 078	5 082
	Interest income	2320	373 560	316 338
	Interest payable	2330	(1 492 598)	(1 812 959)
Note 3.12	Other income	2340	24 764 568	3 564 591
Note 3.12	Other expenses	2350	(49 295 006)	(5 727 241)
	Profit (loss) before taxes	2300	(15 090 773)	7 087 869
Note 3.13	Current income tax	2410	(1 516 142)	(957 114)
	including fixed tax liabilities (assets)	2421	(118 240)	(121 284)
	Change of deferred tax liabilities	2430	4 076 801	(654 233)
	Change of deferred tax assets	2450	338 170	72 489
Note 3.12	Other	2490	1 011	(30 209)
		2400	(12 190 933)	5 518 802
	REFERENCE Revaluation surplus from non-current assets not included into the net profit (loss) of the period	2510	-	-
	Result from other operations not included into the net profit (loss) of the period	2520	(243 603)	26 653
	Cumulative financial result of the period	2500	(12 434 536)	5 545 455
Note 3.14	Basic earnings (loss) per share (RUR)	2900	(0,3447)	0,1563
	Diluted earnings (loss) per share	2910	-	-

CEO _____ C. Palasciano Villamagna
(signature) (print name)

Chief Accountant _____ V. Grishachev
(signature) (print name)

"23" March 20 20 г.

ПАО «Энел Россия» г. Екатеринбург ИНН 6671156423

Appendix No.2
To the Order of Ministry of Finance
of the Russian Federation
dd. 02.07.2010 No.66н
(in the edition of the Order of Ministry of Fin
dd. 05.10.2011 No.124н)

Statement of changes in equity
for 20 19

		Codes		
	OKUD Form	0710004		
	Date (day, month, year)	31	12	2019
Company PJSC Enel Russia	RNNBO No.	75012898		
Taxpayer Identification Number	TIN	6671156423		
Type of economic activity: Generation of electric power by thermal power plants	OKVED No.	40.10.11		
Type of business / form of ownership: Public joint-stock company				
private	OKOPF/OKFS No.	47	34	
Measurement unit: ~~RUR ths.~~ RUR mln.	OKEI No.	385		

1. Capital flow

Item	Code	Share capital	Shares purchased	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Capital value as of December 31, 20 17 [1]	3100	35 371 898	(198 403)	7 524 909	1 687 931	21 717 834	66 104 169
For 20 18 [2]							
Increase of capital - total:	3210		198 403	65 637		5 528 962	5 793 002
including:							
net profit	3211	x	x	x	x	5 518 802	5 518 802
revaluation of assets	3212	x	x		x		
income related directly to increase of capital	3213	x	x	26 653	x	10 160	36 813
additional shares issue	3214		198 403	38 984	x	x	237 387
increase of shares par value	3215				x		x
reorganization of legal entity	3216						

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Item	Code	Share capital	Shares purchased	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Increase of capital - total:	3220					(5 126 449)	(5 126 449)
including:							
loss	3221	x	x	x	x	0	0
revaluation of assets	3222	x	x		x		
expenses related directly to decrease of capital	3223	x	x		x		
decrease of shares par value	3224				x		
decrease of the quantity of shares	3225		0		x		0
reorganization of legal entity	3226						
dividends	3227	x	x	x	x	(5 126 449)	(5 126 449)
Change of additional capital	3230	x	x				x
Change of reserve capital	3240	x	x	x	81 000	(81 000)	x
Capital value as of December 31, 20 18 [2]	3200	35 371 898	0	7 590 546	1 768 931	22 039 347	66 770 722
For 20 19 [3]							
Increase of capital - total:	3310					0	0
including:							
net profit	3311	x	x	x	x	0	0
revaluation of assets	3312	x	x		x		
income related directly to increase of capital	3313	x	x		x	0	0
additional shares issue	3314				x	x	0
increase of shares par value	3315				x		x
reorganization of legal entity	3316						0
Decrease of capital - total:	3320			(243 603)		(17 195 031)	(17 438 634)
including:							
loss	3321	x	x	x	x	(12 190 933)	(12 190 933)
revaluation of assets	3322	x	x		x		
expenses related directly to decrease of capital	3323	x	x	(243 603)	x		(243 603)
decrease of shares par value	3324				x		
decrease of the quantity of shares	3325				x		0
reorganization of legal entity	3326						
dividends	3327	x	x	x	x	(5 004 098)	(5 004 098)
Change of additional capital	3330	x	x				x
Change of reserve capital	3340	x	x	x	0	0	x
Capital value as of December 31, 20 19 [3]	3300	35 371 898	0	7 346 943	1 768 931	4 844 316	49 332 088

2. Adjustments due to change of accounting policy and correction of mistakes

Item	Code	As of December 31, 20 17	Changes in equity for 20 18 r.		As of December 31, 20 18
			due to net profit (loss)	due to other factors	
Capital - total					
before adjustments	3400	65 426 788	202 219		65 629 007
adjustment due to:					
change of accounting policy	3410	677 381	464 334	0	1 141 715
correction of mistakes	3420				
after adjustments	3500	66 104 169	666 553	0	66 770 722
including:					
retained earnings (uncovered loss):					
before adjustments	3401	21 257 593	(116 169)		21 141 424
adjustment due to:					
change of accounting policy	3411	460 241	437 682		897 923
correction of mistakes	3421				
after adjustments	3501	21 717 834	321 513		22 039 347
other capital items, for which the adjustments were made:					
before adjustments	3402	7 307 769	38 984		7 346 753
adjustment due to:					
change of accounting policy	3412	217 140	26 653		243 793
correction of mistakes	3422				
after adjustments	3501	7 524 909	65 637		7 590 546

3. Net assets

Item	Code	As of December 31, 20 19 [3]	As of December 31, 20 18 [2]	As of December 31, 20 17 [1]
Net assets	3600	49 332 831	66 771 852	66 105 657

CEO _____ C. Palasciano Villamagna
(signature) (print name)

Chief Accountant _____ V. Grishachev
(signature) (print name)

"23" March 20 20 г.

Notes

1. Specification of the year preceding the previous one.
2. Specification of the previous year.
3. Specification of the reporting year.

(in the edition of the Order of Ministry of Finance of RF dd 05.10.2011 No.124н)

Statement of cash flow
for year 20 19

		Codes		
	OKUD Form	0710005		
	Date (day, month, year)	31	12	2019
Company **OJSC Enel Russia**	RNNBO No.	75012898		
Taxpayer Identification Number	TIN	6671156423		
Type of economic activity **Generation of electric power by thermal power plants**	OKVED No.	35.11.1		
Type of business / form of ownership Public	OKOPF/OKFS No.	12247	34	
Measurement unit: RUR ths.	OKEI No.	384		

Item	Code	For year 20 19 [1]	For year 20 18 [2]
Cash flows from current operations			
Proceeds - total	4110	**79 212 862**	**75 903 151**
including:			
from sale of products, goods, works and services	4111	72 500 884	72 153 651
lease rents, license fees, royalty, commitment fees and other similar payments	4112	14 597	20 607
from resale of financial investments	4113	-	-
other proceeds	4119	6 697 381	3 728 893
Payments - total	4120	**(64 898 807)**	**(65 291 828)**
including:			
to suppliers (contractors) for raw and other materials, works, services	4121	(52 712 192)	(52 693 218)
due to payment of employees' labour	4122	(3 365 750)	(3 168 240)
interest on debenture	4123	(1 401 746)	(2 007 917)
corporate profit tax	4124	(1 799 298)	(775 558)
other payments	4129	(5 619 821)	(6 646 895)
Balance of cash flows from current operations	**4100**	**14 314 055**	**10 611 323**

Item	Code	For year 20 19 [1]	For year 20 18 [2]
Cash flows from investment operations			
Proceeds - total	4210	**18 660 700**	**872 222**
including:			
from sale of non-current assets (except for financial investments)	4211	16 714 286	22 833
from sale of shares of other companies (share ownership)	4212	37 980	-
from repayment of loans issued, from sale of debt securities (claims of cash to other entities)	4213	1 906 357	834 311
dividends, interest on debt financial investments and similar proceeds from share ownership in other companies	4214	2 077	1 735
other proceeds	4219	-	13 343
Payments - total	4220	**(7 607 715)**	**(6 734 424)**
including:			
due to acquisition, creation, modernization, reconstruction and preparation for use of non-current assets	4221	(5 205 085)	(4 411 643)
due to acquisition of shares of other companies (share ownership)	4222	-	(243 390)
due to acquisition of debt securities (claims of cash to other entities), issue of loans to other entities	4223	(2 402 630)	(2 079 391)
interest on debenture included into the cost of investments assets	4224	-	-
other payments	4229	-	-
Balance of cash flows from investment operations	**4200**	**11 052 985**	**(5 862 202)**
Cash flows from financial operations			
Proceeds - total	4310	**9 999 375**	**14 237 388**
including:			
reception of credits and loans	4311	5 000 000	14 000 000
money contributions of the owners (members)	4312	-	237 388
from issue of shares, increase of the share ownership	4313	-	-
from issue of bonds, bills of exchange and other debt securities, etc.	4314	4 999 375	-
other proceeds	4319	-	-

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Item	Code	For year 20 19 [1]	For year 20 18 [2]
Payments - total	4320	**(30 843 743)**	**(19 112 183)**
including:			
to the owners (members) due to redemption of shares (share ownership) of the company with them or their cessation of membership	4321	-	-
for payment of dividends and other payments for allocation of profit in favour of the owners (members)	4322	(5 004 321)	(5 126 536)
due to payment (protection) of the bills of exchange and other debt securities, repayment of credits and loans	4323	(25 839 422)	(13 985 647)
other payments	4329	-	-
Balance of cash flows from financial operations	**4300**	**(20 844 368)**	**(4 874 795)**
Balance of cash flows for the reporting period	**4400**	**4 522 672**	**(125 674)**
Cash and cash equivalents at the beginning of reporting period	**4450**	**5 678 713**	**5 786 782**
Cash and cash equivalents at the end of reporting period	**4500**	**10 190 641**	**5 678 713**
Effect of exchange rate changes	**4490**	**(10 744)**	**17 605**

CEO _____ C. Palasciano Villamagna Chief Accountant _____ V. Grishachev
(signature) (print name) (signature) (print name)

"23" March 20 20

Notes

1. Specify the reporting period.
2. Specify the previous year period similar to the reporting period.

Appendix No.3
To Order of Ministry of Finance
of the Russian Federation
dd. 02.07.2010 No. 66н

Explanations to the balance sheet and income statement of PJSC Enel Russia for 2019

1. Intangible assets and expenses on research, development and engineering activities

1.1. Availability and flow of intangible assets

In RUB thousand. 0710006 p. 1

Item	Code	Period	At the beginning of the year		Changes for the period							At the end of the period	
					additions	disposals		accrued depreciation	loss from impairment	revaluation			
			initial value	accumulated depreciation and losses from		initial value	accumulated depreciation and losses from			initial value [3]	accumulated depreciation	initial value [3]	accumulated depreciation and losses from
Intangible assets - total	**5100**	for 20 19 г.[2]	**27 648**	**(27 487)**	**-**	**-**	**-**	**- 20**	**-**	**-**	**-**	**27 648**	**(27 507)**
	5110	for 20 18 г.[1]	**27 648**	**(27 467)**	**-**	**-**	**-**	**- 20**	**-**	**-**	**-**	**27 648**	**(27 487)**
including: Software	*5101*	*for 20 19 г.*[2]	27 648	(27 487)	-	-	-	- 20	-	-	-	27 648	(27 507)
	5111	*for 20 18 г.*[2]	27 648	(27 467)	-	-	-	- 20	-	-	-	27 648	(27 487)
Intangible assets acquisition	*5102*	*for 20 19 г.*[2]	-	-	-	-	-	-	-	-	-	-	-
	5112	*for 20 18 г.*[2]	-	-	-	-	-	-	-	-	-	-	-

In RUB thousand.

1.2. Availability and flow of the results of research, development and engineering

Item	Code	Period	At the beginning of the year		Changes for the period				At the end of period	
			initial value	part of value expensed as incurred	additions	disposals		part of value expensed as incurred for the period	initial value	part of value expensed as incurred
						initial value	part of valued expensed as incurred			
Research, development and engineering activities - total	**5120**	for 20 19 г.	-	-	-	-	-	-	-	-
	5130	for 20 18 г.	-	-	-	-	-	-	-	-

2. Fixed assets

2.1. Availability and flow of fixed assets

In RUB thousand.

Item	Code	Period	At the beginning of the year		Changes for the period						At the end of the period	
			initial value	accumulated depreciation	additions	disposed items		depreciation accrued	revaluation		initial value	accumulated depreciation
						initial value	accumulated depreciation		initial value	accumulated depreciation		
Fixed assets (without regard to interest-bearing investments into tangible assets) -	**5200**	for 20 19 r.[2]	**139 553 957**	**(60 104 609)**	**5 461 812**	**(70 976 726)**	**29 438 455**	**(5 665 207)**	**-**	**-**	**74 039 043**	**(36 331 361)**
	5210	for 20 18 r.[1]	**136 016 759**	**(54 774 997)**	**4 217 804**	**(680 606)**	**638 796**	**(5 968 408)**	**-**	**-**	**139 553 957**	**(60 104 609)**
including: Land	5201	for 20 19 r.[2]	152 517	-	-	(14 690)	-	-	-	-	137 827	-
	5211	for 20 18 r.[2]	151 561	-	956	-	-	-	-	-	152 517	-
Buildings and structures	5202	for 20 19 r.[2]	31 627 526	(9 100 445)	347 084	(14 429 686)	4 707 359	(847 748)	-	-	17 544 924	(5 240 834)
	5212	for 20 18 r.[2]	31 292 972	(8 200 254)	366 865	(32 311)	12 555	(912 746)	-	-	31 627 526	(9 100 445)
Machinery and equipment	5203	for 20 19 r.[2]	107 379 491	(50 717 203)	5 101 021	(56 380 403)	24 604 809	(4 787 065)	-	-	56 100 109	(30 899 459)
	5213	for 20 18 r.[2]	104 212 164	(46 311 625)	3 807 366	(640 039)	617 988	(5 023 566)	-	-	107 379 491	(50 717 203)
Transport	5204	for 20 19 r.[2]	113 089	(90 981)	-	(75 151)	68 459	(6 171)	-	-	37 938	(28 693)
	5214	for 20 18 r.[2]	108 400	(84 181)	7 256	(2 567)	2 567	(9 367)	-	-	113 089	(90 981)
Other	5205	for 20 19 r.[2]	281 334	(195 980)	13 707	(76 796)	57 828	(24 223)	-	-	218 245	(162 375)
	5215	for 20 18 r.[1]	251 662	(178 937)	35 361	(5 689)	5 686	(22 729)	-	-	281 334	(195 980)

2.2. Uncompleted capital investments

In RUB thousand.

Item	Code	Period	At the beginning of the year	Changes for the period			At the end of the period
				expenses for the period	written off	added to accounting as fixed assets or value increased	
Assets under construction and non-completed operations on acquisition, modernization, etc. of fixed assets - total	**5240**	for 20 19 r.[2]	**7 618 736**	**5 375 129**	**(742 243)**	**(5 455 634)**	**6 795 988**
	5250	for 20 18 r.[1]	**7 142 713**	**4 694 733**	**(906)**	**(4 217 804)**	**7 618 736**
including: Equipment for the construction of CCGT	5241	for 20 19 r.[1]	1 787 380	-	-	-	1 787 380
Refurbishment of Unit 2 with heating surfaces replacement	5242		96 080	464 776	(268 523)	(292 333)	-
Refurbishment of Unit 4 with heating surfaces replacement	5243		24 598	194 224	-	(218 822)	-
Rearmed with those CCGT-410	5244		41 060	-	-	-	41 060
Refurbishment of electrostatic precipitators of power unit No3	5245		463 281	80 117	-	(543 398)	-
Refurbishment of Unit 3 with heating surfaces replacement	5246		658 898	42 370	-	(701 268)	-
Refurbishment of Unit 9 with heating surfaces replacement	5247		202 960	(24 900)	-	(178 060)	-
Refurbishment of electrostatic precipitators of power unit No9	5248		22 040	-	-	(22 040)	-
Refurbishment of DE-0,4kV / 6 kV	5249		443 695	78 698	-	-	522 393

including: \ Equipment for the construction of CCGT	5251	for 20 18 г.[1]	1 787 380	-	-	-	1 787 380
Rearmed with those bl.8	5252		53 900	225 634	-	(279 534)	-
Rearmed with those CCGT-410	5253		492 668	41 060	-	(492 668)	41 060
Refurbishment of electrostatic precipitators of power unit No3	5254		65 944	397 337	-	-	463 281
Refurbishment of Unit 3 with heating surfaces replacement	5255		122 087	536 811	-	-	658 898
Refurbishment of Unit 9 with heating surfaces replacement	5256		597 144	288 582	-	(682 766)	202 960
Refurbishment of electrostatic precipitators of power unit No9	5257		445 564	328 060	-	(751 584)	22 040
Unit #10 modernization	5258		226 279	-	-	(226 279)	-
Refurbishment of DE-0,4kV / 6 kV	5259		301 706	141 989	-	-	443 695

2.3. Change of price of fixed assets after modernization, reconstruction and partial dismantling

Item	Code	For 20 19	For 20 18
Increase of price of fixed assets after	**5260**	**3 732 493**	**3 016 175**
including:			
Boiler bl.5	5261	29 676	40 382
Steam turbine bl.5	5262	27 076	19 219
Boiler bl.10	5263	33 937	20 752
Boiler bl.9	5264	-	233 773
Gas turbine SGT5-4000F	5265	-	445 239
Boiler bl.4	5266	169 093	-
Boiler bl.6	5267	361 054	-
Steam turbine bl.6	5268	219 909	-
Steam turbine bl.10	5269	22 196	12 828
Decrease of price of fixed assets after partial dismantling - total:	**5270**	(319 251)	(27 730)

2.4. Other use of fixed assets

In RUB thousand.

Item	Code	As 31 December 20 19 y.	As 31 December 20 18 y.	As 31 December 20 17 y.
Leased fixed assets, accounted for on balance	5280	222 596	243 952	195 163
Leased fixed assets, accounted for off-balance	5281	777	777	8 445
Rented fixed assets, accounted for on balance	5282	-	-	-
Rented fixed assets, accounted for off-balance	5283	20 752 861	783 029	815 262
Immovable assets accepted for operation and actually used, undergoing state registration	5284	2 048	-	70 966
Laid-up fixed assets	5285	-	15 514	15 514
Modernized fixed assets for which depreciation is suspended	5286	10 439	-	-
Other use of fixed assets (pledge, etc.)	5287	-	-	-

3. Financial investments

3.1. Availability and flow of financial investments

In RUB thousand.

Item	Code	Period	At the beginning of the year		Changes for the period					At the end of the period	
			initial value	accumulated adjustment	additions	disposals (repaid)		accrual of interest (including bringing the initial value to the nominal one)	current market value (losses from impairment)	initial value	accumulated adjustment
						initial value	accumulated adjustment				
Long-term - total	**5301**	**for 20 19 г.[1]**	**735 685**	**(82 428)**	**-**	**(38 552)**	**5 628**	**-**	**-**	**697 133**	**(76 800)**
	5311	**for 20 18 г.[2]**	**545 695**	**(78 987)**	**199 990**	**(10 000)**	**-**	**-**	**(3 441)**	**735 685**	**(82 428)**
including: shares, equities	5302	for 20 19 г.[1]	43 469	(5 628)	-	(38 552)	5 628	-	-	4 917	-
	5312	for 20 18 г.[2]	43 469	(2 187)	-	-	-	-	(3 441)	43 469	(5 628)
investments into subsidiaries	5303	for 20 19 г.[1]	692 216	(76 800)	-	-	-	-	-	692 216	(76 800)
	5313	for 20 18 г.[2]	502 226	(76 800)	199 990	(10 000)	-	-	-	692 216	(76 800)
securities (bills of exchange)	5304	for 20 19 г.[1]	-	-	-	-	-	-	-	-	-
	5314	for 20 18 г.[2]	-	-	-	-	-	-	-	-	-
other	5305	for 20 19 г.[1]	-	-	-	-	-	-	-	-	-
	5315	for 20 18 г.[2]	0	-	-	-	-	-	-	-	-
Short-term - total	**5305**	**for 20 19 г.[1]**	**892 874**	**(892 869)**	**-**	**(62 985)**	**62 980**	**-**	**-**	**829 889**	**(829 889)**
	5315	**for 20 18 г.[2]**	**936 611**	**(928 936)**	**-**	**(43 737)**	**36 067**	**-**	**-**	**892 874**	**(892 869)**
including: cession	5306	for 20 19 г.[1]	872 786	(872 781)	-	(62 985)	62 980	-	-	809 801	(809 801)
	5316	for 20 18 г.[2]	916 523	(908 848)	-	(43 737)	36 067	-	-	872 786	(872 781)
commodity loan	5307	for 20 19 г.[1]	-	-	-	-	-	-	-	-	-
	5317	for 20 18 г.[2]	-	-	-	-	-	-	-	-	-
securities (bills of exchange)	5308	for 2019 г.[1]	20 088	(20 088)	-	-	-	-		20 088	(20 088)
	5318	for 20 18 г.[2]	20 088	(20 088)	-	-	-	-	-	20 088	(20 088)
other	5309	for 20 19 г.[1]	-	-	-	-	-	-	-	-	-
	5319	for 20 18 г.[2]	-	-	-	-	-	-	-	-	-
Financial investments - total	**5300**	**for 20 19 г.[1]**	**1 628 559**	**(975 297)**	**-**	**(101 537)**	**68 608**	**-**	**-**	**1 527 022**	**(906 689)**
	5310	**for 20 18 г.[2]**	**1 482 306**	**(1 007 923)**	**199 990**	**(53 737)**	**36 067**	**-**	**(3 441)**	**1 628 559**	**(975 297)**

3.2. Other use of financial investments

In RUB thousand.

Item	Code	As of December 31, 20 19	December 31, 20 18	December 31, 20 17
Pledged financial investments - total	5320	-	-	-
Financial investments transferred to the third parties (except for sale) - total	5325	-	-	-

4. Inventories

In RUB thousand.

4.1. Availability and flow of inventories

Item	Code	Period	At the beginning of the year		Changes for the period					At the end of the period	
			price	reserve value under reduction of the price	proceeds and expenses	disposals: price	disposals: reserve under reduction of the price	losses from reduction of price	inventory turnover between their groups (types)	price	reserve value under reduction of the price
Inventories - total	**5400**	**for 20 19 г.**	**4 990 295**	**-**	**44 312 539**	**(44 331 079)**	**-**	**-**	**-**	**4 971 755**	**-**
	5420	**for 20 18 г.**	**5 776 644**	**-**	**40 243 020**	**(41 029 369)**	**-**	**-**	**-**	**4 990 295**	**-**
including Including raw and other materials	*5401*	*for 20 19 г.*	394 198	-	323 609	(347 127)	-	-	-	370 680	-
	5421	*for 20 18 г.*	414 787	-	352 429	(373 018)	-	-	-	394 198	-
fuel	*5402*	*for 20 19 г.*	1 771 228	-	38 852 067	(38 673 836)	-	-	-	1 949 459	-
	5422	*for 20 18 г.*	2 595 810	-	37 767 264	(38 591 846)	-	-	-	1 771 228	-
spare parts	*5403*	*for 20 19 г.*	2 342 663	-	602 541	(666 403)	-	-	-	2 278 801	-
	5423	*for 20 18 г.*	2 323 935	-	998 468	(979 740)	-	-	-	2 342 663	-
Other	*5404*	*for 20 19 г.*	482 206	-	4 534 322	(4 643 713)	-	-	-	372 815	-
	5424	*for 20 18 г.*	442 112	-	1 124 859	(1 084 765)	-	-	-	482 206	-

4.2. Pledged inventories

In RUB thousand.

Item	Code	As of December 31, 20 19	As of December 31, 20 18	As of December, 31 20 17
Inventories not paid as of the reporting date, - total	5440	-	-	-
Inventories pledged under the contract, - total	5445	-	-	-

5. Accounts receivable and payable

In RUB thousand.

5.1. Availability and flow of accounts receivable

Item	Code	Period	At the beginning of the year	Changes for the period				At the end of the period
			accounted under contract terms and conditions	additions	disposals		transfer from long-term into short-term accounts receivable	accounted under contract terms and conditions
					repayment	relief to financial result		
Long-term receivables - total	**5501**	for 20 19 r.	**1 529 510**	**2 688 100**	**(1 903 602)**	**-**	**(15 774)**	**2 298 234**
	5521	for 20 18 r.	**304 079**	**2 072 616**	**(833 717)**	**-**	**(13 468)**	**1 529 510**
including: *advance payments issued*	5502	for 20 19 r.	-	-	-	-	-	-
	5522	for 20 18 r.	-	-	-	-	-	-
other	*5503*	for 20 19 r.	1 529 510	2 688 100	(1 903 602)	-	(15 774)	2 298 234
	5523	for 20 18 r.	304 079	2 072 616	(833 717)	-	(13 468)	1 529 510
Short-term receivables - total	**5510**	for 20 19 r.	**13 155 464**	**168 210 888**	**(163 800 603)**	**1 720**	**15 774**	**17 583 243**
	5530	for 20 18 r.	**12 323 616**	**127 760 223**	**(126 948 252)**	**6 409**	**13 468**	**13 155 464**
including: purchasers and customers	5511	for 20 19 r.	9 775 082	88 737 461	(88 657 140)	-	-	9 855 403
	5531	for 20 1 r.	8 537 047	86 673 082	(85 435 000)	(47)	-	9 775 082
including: *electric power*	5512	for 20 19 r.	8 375 882	83 727 494	(83 478 577)	-	-	8 624 799
	5532	for 20 18 r.	7 402 787	81 748 418	(80 775 276)	(47)	-	8 375 882
heat	*5513*	for 20 19 r.	1 160 176	4 198 742	(4 220 475)	-	-	1 138 443
	5533	for 20 18 r.	1 005 151	4 133 937	(3 978 912)	-	-	1 160 176
other purchasers and customers	*5514*	for 20 19 r.	239 024	811 225	(958 088)	-	-	92 161
	5534	for 20 18 r.	129 109	790 727	(680 812)	-	-	239 024
advance payments issued	5515	for 20 19 r.	615 209	47 633 298	(48 081 898)	-	-	166 609
	5535	for 20 18 r.	265 414	35 418 353	(35 068 552)	(6)	-	615 209

other debtors	5516	for 20 19 r.	2 765 173	31 840 129	(27 061 565)	1 720	15 774	7 561 231
	5536	for 20 18 r.	3 521 155	5 668 788	(6 444 700)	6 462	13 468	2 765 173
Total	**5500**	for 20 19 r.	**14 684 974**	**170 898 988**	**(165 704 205)**	**1 720**	x	**19 881 477**
	5520	for 20 18 r.	**12 627 695**	**129 832 839**	**(127 781 969)**	**6 409**	x	**14 684 974**

In RUB thousand.

5.2. Availability and flow of the reserve on doubtful debts

Item	Code	Period	At the beginning of the year	Changes for the period				At the end of the period
			reserve value on doubtful debts	Accrued	Disposals		transfer from long-term into short-term accounts receivable	reserve value on doubtful debts
					Reconstituted	Transferred to debiting accounts receivable		
Short-term receivables - total including:	5541	for 20 19 r.	**(6 487 492)**	**(1 381 266)**	**748 059**	**60 442**	-	**(7 060 257)**
	5546	for 20 18 r.	**(6 018 220)**	**(1 443 447)**	**594 616**	**379 559**	-	**(6 487 492)**
purchasers and customers	5542	for 20 19 r.	(4 147 463)	(1 153 466)	641 682	19 370	-	(4 639 877)
	5547	for 20 18 r.	(3 425 322)	(1 309 509)	579 686	7 682	-	(4 147 463)
advance payments issued	5543	for 20 19 r.	(94)	-	-	-	-	(94)
	5548	for 20 18 r.	(94)	-	-	-	-	(94)
other debtors	*5544*	for 20 19 r.	(2 339 935)	(227 800)	106 377	41 072	-	(2 420 286)
	5549	for 20 18 r.	(2 592 804)	(133 938)	14 930	371 877	-	(2 339 935)
Total	5540	for 20 19 r.	**(6 487 492)**	**(1 381 266)**	**748 059**	**60 442**	-	**(7 060 257)**
	5545	for 20 18 r.	**(6 018 220)**	**(1 443 447)**	**594 616**	**379 559**	-	**(6 487 492)**

5.3. Availability and flow of accounts payable

In RUB thousand.

Item	Code	Period	Balance at the beginning of the year	Changes for the period				Balance at the end of the period
				additions	disposals		transfer from long-term into short-term accounts receivable	
					repayment	relief to financial result		
Long-term payables - total	**5551**	for 20 19 r.	-	-	-	-	-	-
	5571	for 20 18 r.	-	-	-	-	-	-
including: suppliers and contractors	*5552*	for 20 19 r.	-	-	-	-	-	-
	5572	for 20 18 r.	-	-	-	-	-	-
advance payments issued	*5553*	for 20 19 r.	-	-	-	-	-	-
	5573	for 20 18 r.	-	-	-	-	-	-
other	*5554*	for 20 19 r.	-	-	-	-	-	-
	5574	for 20 18 r.	-	-	-	-	-	-
Short-term accounts payables - total	**5560**	for 20 19 r.	**7 326 996**	**173 288 852**	**(170 942 612)**	**(250)**	-	**9 672 986**
	5580	for 20 18 r.	**10 015 203**	**162 800 745**	**(165 488 952)**	-	-	**7 326 996**
including: ***suppliers and contractors***	*5561*	*for 20 19 г.*	5 096 092	64 276 397	(66 239 222)	-	-	3 133 267
	5581	*for 20 18 г.*	6 275 945	64 158 665	(65 338 518)	-	-	5 096 092
including: fuel suppliers	*5555*	*for 20 19 г.*	2 394 259	37 919 317	(39 501 290)	-	-	812 286
	5575	*for 20 18 г.*	2 302 599	42 395 729	(42 304 069)	-	-	2 394 259
construction contractors	*5556*	*for 20 19 г.*	1 362 798	4 756 863	(5 537 148)	-	-	582 513
	5576	*for 20 18 г.*	1 963 733	5 997 377	(6 598 312)	-	-	1 362 798
inventory suppliers	*5557*	*for 20 19 г.*	90 942	920 862	(886 562)	-	-	125 242
	5577	*for 20 18 г.*	412 657	1 240 175	(1 561 890)	-	-	90 942

heat and electric power suppliers	*5558*	*for 20 19 г.*	324 547	7 042 497	(6 972 073)	-	-	394 971
	5578	*for 20 18 г.*	381 485	6 460 083	(6 517 021)	-	-	324 547
service providers	*5559*	*for 20 19 г.*	923 546	13 636 858	(13 342 149)	-	-	1 218 255
	5579	*for 20 18 г.*	1 215 471	8 065 301	(8 357 226)	-	-	923 546
salaries payable	5562	for 20 19 г.	159 426	2 835 866	(2 866 419)	-	-	128 873
	5582	for 20 18 г.	-	2 866 206	(2 706 780)	-	-	159 426
non-budgetary fund liabilities	5563	for 20 19 г.	56 796	813 944	(816 135)	18	-	54 623
	5583	for 20 18 г.	1 532	813 825	(758 561)	-	-	56 796
taxes and levies payable	5564	for 20 19 г.	1 477 276	11 324 178	(7 946 315)	5	-	4 855 144
	5584	for 20 18 г.	1 124 934	7 836 244	(7 483 902)	-	-	1 477 276
indebtedness for advance payments received	5565	for 20 19 г.	15 382	87 327 771	(87 334 861)	-	-	8 292
	5585	for 20 18 г.	6 392	80 070 063	(80 061 073)	-	-	15 382
other creditors	5566	for 20 19 г.	522 024	6 710 696	(5 739 660)	(273)	-	1 492 787
	5586	for 20 18 г.	2 606 400	7 055 742	(9 140 118)	-	-	522 024
Total	**5550**	for 20 19 г.	**7 326 996**	**173 288 852**	**(170 942 612)**	**(250)**	x	**9 672 986**
	5570	for 20 18 г.	**10 015 203**	**162 800 745**	**(165 488 952)**	-	x	**7 326 996**

6. Production costs

In RUB thousand.

Item	Code	For 2019	For 2018
Tangible costs	5610	42 205 746	41 911 225
Salaries expenses	5620	3 490 929	3 792 917
Social expenses	5630	737 248	743 193
Depreciation	5640	5 422 093	5 965 995
Other costs	5650	11 535 243	10 296 375
Total per elements	5660	63 391 259	62 709 705
Balance change (increase [-], decrease [+])	5670	-	-
work in progress, finished products, etc.	5680	-	-
Expenses on ordinary activities total	5600	63 391 259	62 709 705

7. Reserves on contingencies

In RUB thousand.

Item	Code	Balance at the beginning of the year	Accrued	Used	Reconstituted	Balance at the end of the period
Reserves on contingencies - total	**5700**	**3 905 469**	**2 670 301**	**(1 498 216)**	**(378 966)**	**4 698 588**
including: *reserve for restructuring*	5701	214 923	63 889	(44 668)	-	234 144
reserves for losing contracts	5702	759 162	900 191	(629 090)	-	1 030 263
reserves for legal actions	5703	170 886	23 320	(131 212)	(62 729)	265
reserve for vacation pay in the future	5704	137 017	340 820	(356 897)	(5 858)	115 082
provision for the payment of employee benefits	5705	369 535	283 543	(272 202)	(14 955)	365 921
other contingencies	5706	2 253 946	1 058 538	(64 147)	(295 424)	2 952 913

8. Securing obligations

In RUB thousand.

Item	Code	As of December, 31 20 19	As of December, 31 20 18	As of December, 31 20 17
Received - total:	###	10 504 535	5 303 933	6 909 286
including: *received guarantees*	###	10 324 979	5 085 005	6 690 358
securing issued loan obligations	###	179 556	218 928	218 928
Issued - total	###	57 315 509	34 903 766	7 984 793
including: *issued guarantees*	###	57 315 509	34 903 766	7 984 793

9. Government assistance

In RUB thousand.

Item	Code	For 20 19		For 20 18	
Budget funds received - total	5900	-		-	
including: for current expenses	5901	-		-	
for investments into non-current assets	5905	-		-	
	5910	At the beginning of the year	Received for the year	Returned for the year	At the end of the year
Public budget loans - total 20 19 г.[1]		-	-	(-)	-
20 18 г.[2]	5920	-	-	(-)	-

CEO _____ C. Palasciano Villamagna
(signature) (print name)

Chief Accountant _____ V. Grishachev
(signature) (print name)

"23" 03 2020

PUBLIC JOINT STOCK COMPANY
Enel Russia
FINANCIAL STATEMENTS 2019

Explanatory Notes to the Balance Sheet and Income Statement

These explanatory notes are integral part of the annual financial statements of Public Joint-Stock Company Enel Russia for 2019 prepared in accordance with the current legislation of the Russian Federation. All amounts are presented in thousands of Russian rubles. Negative amounts are shown in brackets.

1. General Information

1.1. Organisation and operatins

Public Joint-Stock Company Enel Russia (hereinafter referred to as the "Company" or "PJSC Enel Russia", earlier carried out its business activity as The Fifth Generating Company of the Wholesale Electricity Market (to 07/07/2009), PJSC Enel OGK-5 (to 08/05/2014) and OJSC Enel Russia (to 06/25/2015), was established on the basis of Executive Order of the Board of Directors of PJSC RAO UES of Russia No.113r dated 25.10.2004 for fulfilling the Resolution of the Board of Directors of PJSC RAO UES of Russia (Minutes No.176 dated 03.09.2004), the Resolutions of the Executive Board of PJSC RAO UES of Russia (Minutes No.1040pr/3 dated 02.07.2004, Minutes No. 1078pr/1 dated 20.09.2004, Minutes No. 1079pr/1 dated 21.09.04), and also according to Decree No. 1254-r of the Government of the Russian Federation dated 01.09.2003.

The Company was registered on October 27, 2004, by the Lenin District Inspectorate of the Russian Federation Ministry of Taxation of Yekaterinburg, Sverdlovsk Region, at the following legal address: 620014, Russia, Sverdlovsk Region, Yekaterinburg, Str. Kokhryakova, 10. Main State Registration Number: 1046604013257.

PJSC Enel Russia has five branches (Central Office, Konakovskaya GRES (KGRES), Nevinnomysskaya GRES (NGRES), Reftinskaya GRES (RGRES), and Sredneuralskaya GRES (SUGRES)).

PJSC "Enel Russia" owns the following subsidiaries:

Company name	Country of incorporation	Share in the authorized capital	
		As of December 31, 2018	As of December 31, 2019
LLC "OGK-5 Finance"	The Russian Federation	100%	-
LLC "Health resort-preventorium "Energetik"	The Russian Federation	100%	100%
OJSC "Teploprogress"	The Russian Federation	60%	60%
LLC "Reftinskaya GRES"	The Russian Federation	100%	100%
LLC "Enel Rus Wind Generation"	The Russian Federation	100%	100%
LLC "Enel Rus Wind Kola"	The Russian Federation	100%	100%
LLC "Enel Rus Wind Azov"	The Russian Federation	100%	100%

LLC "OGK-5 Finance" was liquidated in January 2019.

In June 2017 Enel Russia has been awarded two wind generation projects for a total capacity of 291 MW within the framework of the Russian Government tender for the construction of wind capacity.

In June 2019 Enel Russia has been awarded a new wind project of over 71 MW of capacity in the 2019 Russian Government renewable energy tender.

As of December 31, 2019, the number of personnel of the Company is 2 403 persons (as of December 31, 2018 – 2 496 persons).

The main Company activities are as follows:

- Production and supply of power and capacity to the Russian Wholesale Power and Capacity Market;
- Production and supply of heat.

At the Annual General Shareholders' Meeting held on 04.06.2018 the new Board of Directors of PJSC Enel Russia were appointed, as well as the members of the Internal Audit Commission.

As of December 31, 2018, the Company's Board of Directors is as follows:

№	Full name	Position
1	Stephane Maurice Zweguintzow	Deputy General Director – Head of People and Organization in PJSC Enel Russia
2	Rodolfo Avogadro Di Vigliano	Head of Legal and Corporate Affairs (Europe and North Africa) of Enel S.p.A.
3	Andrea Guaccero	Professor in Rome Tre
4	Roberto Antonio Enzo Deambrogio	Head of Europe and North Africa at Enel S.p.A.
5	Maria Antonietta Giannelli	Mergers & Acquisitions Senior Project Manager in Administration, Finance and Control Department of Enel S.p.A.
6	Giorgio Callegari	Member of the Board of Directors of PJSC "Ingosstrakh"
7	Denis Masolov	Senior Vice President at Macquarie Infrastructure & Real Assets, a division of the Macquarie Group Macquarie
8	Andrea Palazzolo	Professor of Company Law in LUISS University of Rome
9	Tagir Sitdekov	First Deputy General Director of LLC Management Company RDIF
10	Marco Fragale	Head of Business Development, Europe and Marocco of Enel Produzion S.p.A.
11	Alexander Arthur John Williams	Director of Taiga Capital (UK) limited, United Kingdom of Great Britain and Northern Ireland

As of December 31, 2018, the membership of the Company's Executive Board is as follows:

№	Full name	Position
1	Carlo Palasciano Villamagna	CEO of PJSC "Enel Russia"
2	Andrey Alexandrovich Volkov	Chief Commercial Officer of PJSC "Enel Russia"
3	Yulia Konstantinovna Matyushova	Deputy General Director – Head of Finance Department of PJSC "Enel Russia"
4	Oleg Nikolaevich Kosmenyuk	Deputy General Director – Head of Generation of PJSC "Enel Russia"

The members of the Internal Audit Commission as of December 31, 2018 are as follows:

№	Full name	Position
1	Mauro Di Carlo	Head of Thermal Generation Planning and Control at Enel S.p.A.
2	Kumlachew Marchetti Mechal Ebisa	Head of Financial Strategy in Enel S.p.A
3	Giancarlo Pescini	Head of Group's Participation Unit in Enel S.p.A.
4	Paolo Pirri	Head of Group Consolidation, Enel S.p.A. and the Netherlands' Administration
5	Natalya Alexandrovna Khramova	Senior Accountant at Enel Finance International B. V.

At the Annual General Shareholders' Meeting held on 18.06.2019 the members of the Board of Directors of PJSC Enel Russia were appointed, as well as the members of the Internal Audit Commission.

As of December 31, 2019, the membership of the Company's Board of Directors is as follows:

№	Full name	Position
1	Denis Mosolov	Senior Vice President of Macquarie Infrastructure & Real Assets (Europe) Limited
2	Stephane Maurice Zweguintzow	Deputy General Director – Head of People and Organization of PJSC Enel Russia, Chairman of the PJSC Enel Russia Board of Directors
3	Andrea Guaccero	Full Professor of Law of Universita degli Studi Roma Tre, Independent Director
4	Maria Antonietta Giannelli	Mergers & Acquisitions Senior Project Manager – Administration, Finance and Control Department of ENEL S.P.A.
5	Simone Mori	Head of Europe and Euro-Mediterranean Affairs, Deputy Chairman of the PJSC Enel Russia Board of Directors
6	Andrea Palazzolo	Professor of Company Law of LUISS University – Rome, Independent Director
7	Giancarlo Pescini	Head of Unit "Group's Participation" of ENEL S.P.A
8	Giorgio Callegari	Chairman and CEO of General Russia and CIS, Senior Independent Director
9	Vitaly Yurievich Zarkhin	Member of the Board of Directors and Chairman of the Audit Committee of PJSC Kuzbasskaya Toplivnaya Company, Independent Director
10	Tagir Sitdekov	First Deputy General Director, Member of the Executive Board of JSC Management Company RDIF
11	Laurent Nicolas Souviron	Partner of AGC Equity Partners Ltd

As of December 31, 2019, the membership of the Company's Executive Board is as follows:

№	Full name	Position
1	Carlo Palasciano Villamagna	CEO of PJSC "Enel Russia"
2	Andrey Alexandrovich Volkov	Chief Commercial Officer of PJSC "Enel Russia"
3	Yulia Konstantinovna Matyushova	Deputy General Director – Head of Finance Department of PJSC "Enel Russia"
4	Oleg Nikolaevich Kosmenyuk	Deputy General Director – Head of Generation of PJSC "Enel Russia"

Internal Audit Commission as of December 31, 2019:

Internal Audit Commission has been disbanded by the decision of General Meeting dated 18.06.2019.

1.2. Details of the auditor

An auditor performed an independent audit of the Company's financial statements was approved to perfrom an independent audit of the Company's financial statements:

Full name: Limited liability company Ernst and Young

Short name: LLC Ernst and Young

Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.

INN: 7709383532

OGRN: 1027739707203

Tel: (495) 755-9700

Fax: (495) 755-9701

E-mail: moscow@ru.ey.com

The auditor's membership in self-regulated organizations of auditors:

Ernst & Young LLC is a member of Self-regulated organization of auditors Association "Sodruzhestvo" ("SRO AAS").

Address: Russia 192019, Saint-Petersburg, Sedova str., 11a, office 639

1.3. Relations with the State and its influence on the Group's activities

The Group's customer base of electric and thermal energy produced by the Company includes a large number of entities controlled by or related to the state.

The Government of the Russian Federation directly affects the Group's operations through regulation by the Federal Antimonopoly Service ("FAS"), with respect to its sale of energy and capacity, and by the Regional Energy Commissions ("RECs") or by the Regional Tariff Commission ("RTC"), with respect to its heat energy and other products. The operations of all generating facilities are coordinated by OJSC "System Operator – the Central Dispatch Unit of Unified Energy System" ("SO-CDU") in order to meet system requirements in an efficient manner. SO-CDU is controlled by NP "Administrator of trade system".

Tariffs for sales of electricity for householders, heat and other products are calculated on the basis of legislative documents, which regulate pricing of heat and electricity. Tariffs are calculated in accordance with the "Cost-Plus" method and "Indexation" method.

2. Accounting policies

The present financial statement is prepared on the basis of the accounting policy of the Company approved by Order No. 82 of the General Director, dated December 24, 2018.

2.1 Basis of execution

The Company's financial statements is prepared based on the accounting policies and procedures being effective in the Russian Federation, in particular, based on Federal Law No. 402-FZ dated December 6, 2011 "On Accounting Practices" and Regulation on Executing Accounting Policies and Procedures in the Russian Federation, enacted by Order No.34n of the Ministry of Finance of the Russian Federation on July 29, 1998, and also accounting regulations and other normative statements, making part of accounting policies and organization procedures regulation system of in the Russian Federation.

Assets and obligations of the Company have been evaluated in financial statements based on actual expenditures, except for financial investments, for which the current commercial market value is determined.

2.2 Assets, obligations and operations in foreign currencies

In accounting of economic operations made in foreign currencies, the official exchange rate of foreign currency versus rouble being effective on day of fulfilment of operation was applied. Foreign currency money resources on currency and deposit accounts in banks, financial investments in short-term securities and means in settlements, including received loans, are detailed in the financial statement by indicating the amounts estimated on the basis of official rates of currencies effective on December 31, 2019. Exchange rate as of this date was 61.9057 RUB for 1 US dollar (RUB 69.4706 as of December 31, 2018), 69.3406 RUB for 1 Euro (RUB 79.4605 as of December 31, 2018).

Exchange differences in foreign currency, which have arisen in the course of the year in operations with assets and obligations in foreign currency and also in carrying out their recalculation in RUB as of accounting date, are detailed as a part of other income and expenses.

Influence of changes in the currency rate on net money resources from the Company's operations amounted to RUB (10,744) thousand (2018: RUB 17,605 thousand).

In accordance to the changes introduced to the Regulations on Accounting "Accounting of Assets and Liabilities Denominated In Foreign Currency" (PBU 3/2006) dd. November 27, 2006 No. 154n, the Company does not recalculate the value of investments in non-current assets, funds received and down payments issued, prepayments, deposits upon their acceptance to the accounting in connection with the change of the exchange rate. Assets and expenses that are paid by the organization on a preliminary basis, or as payment for which a down payment or a deposit is made, are recognized in the assessment in roubles at the rate prevailing on

the date of conversion into roubles of issued down payment, deposit, prepayment (to the extent attributable to the down payment, deposit, prepayment).

2.3 Short-term and long-term assets and liabilities

In the balance sheet, assets and liabilities are classified as short-term ones if term of circulation (repayment) thereof does not exceed 12 months after the reporting date. All other assets and liabilities are presented in the reporting deeds as long-term ones. Financial investments are classified as short-term or long-term ones based on their estimated period of use (circulation, possession or redemption) after accounting date.

2.4 Intangible assets

As of December 31, 2019 intangible assets of the Company include exclusive copyright rights to the following accounting objects:

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Name of object	Initial cost	Certificate of title	Depreciation accrual method	Useful life
Automated system "Maintenance Planning"	403	2006614371	Linear	20 years
Software suite "Generation and Energy Management"	27 245	2013613662	Linear	3 years

In the financial statements intangible assets are detailed by original cost minus the amounts of depreciation, which has been accumulated for the whole time of use.

2.5 Fixed assets

Fixed assets include land lots, buildings, structures, machines and vehicles, equipment, transport vehicles and other corresponding facilities with term of useful life being more than 12 months.

Completed real estate properties, commissioned to operation and actually used, the documents on which are submitted for the state registration, are detailed as a part of fixed assets.

The acquired facilities with the original cost no more than 40 thousand RUB per unit are detailed as a part of inventory.

Accessories, tools, household goods and equipment with service life less than one year, and also special clothes and specialized tooling are detailed as a part of inventory. Cost of specialized tooling and protective clothing with service life more than one year is depreciated by linear method starting from the month following the month of transfer thereof to operation.

Fixed assets are detailed in accounting by actual expenditures on acquisition (erection and construction). Fixed assets are detailed in financial statements by original cost minus the amounts of depreciation which has been accumulated for whole time of use.

Depreciation of fixed assets is made by linear method, based on terms of useful life thereof. Depreciation of fixed assets entered during formation of the Company and as a result its reorganization, acquired before January 1, 2002, is made according to uniform norms of depreciation charges, approved by Decree No. 1072 of the Russian Federation Government dated October 22, 1990. Depreciation of fixed assets, acquired starting from January 1, 2002 (including those acquired by the Company itself) is performed according to estimated norms, based on terms of useful life determined by the Company. The terms of useful life, adopted by the Company for groups of fixed assets, are presented below.

Group of fixed assets	Terms of useful life (number of years) of facilities put on the books	
	before 01.01.2002	after 01.01.2002
Buildings	10-100	5-79
Structures and transmission devices	12-100	7-50
Machines and equipment	2-40	1-30
Vehicles	5-8	5-7
Other	1-50	1-25

Depreciation shall not be charged for:

- land lots;
- housing facilities acquired before January 1, 2006 (for such facilities acquired since January 1, 2006, depreciation is charged according to general procedure);
- completely depreciated facilities which have not been written off from balance;
- mobilization facilities put in reserve;
- fixed assets, mothballed for a period, exceeding 3 months.

Incomes and losses from retirement of fixed assets are detailed in the Profit and Loss Account as a part of other incomes and expenses.

In accordance with the amendments to article 258 of the Tax Code, Law No. 224-FZ of the Russian Federation dd. 26.11.2008, effective from January 1, 2009, provided that at the acquisition or creation of fixed assets, the Company uses the right to impose limits on the amount of bonus depreciation, including for fixed assets related to depreciation groups 3-7, that is 30 percent, and for the remaining fixed assets - 10 percent. The same amount of bonus depreciation will be applied by the Company in case of completion, additional equipping, renovation, modernization, technical or partial liquidation of these assets.

2.6 Financial investments

Financial investments are posted on the books based on actual expenditures on acquisition. For debt securities, difference between the amount of actual expenditures on acquisition and nominal value of these securities is detailed and included in other incomes and expenses evenly during term of their circulation.

Investments in the issuing securities quoted at stock exchange, which market price is determined under the established procedure by the organizer of trade, are reestimated annually based on current commercial market value as of the end of the accounting period. The difference between an estimation of such securities as of the

current accounting date and their previous estimation is attributed to other costs and incomes.

Financial investments, for which the current commercial value is not being determined, are detailed in the balance sheet as of the end of financial year by their accounting cost (book cost) net of provision for impairment.

In case of retirement of financial investments in securities, for which the current commercial value is not being determined, their cost is determined based on the original cost of each of financial investment book keeping subject.

Income and expenses from financial investments are recognized in other income and expenses.

Financial investments are tested for impairment in the Company on a regular basis. The consistent and significant decrease of investment value, if current market value of such investments is not estimated and the decrease is lower than economic benefits that the Company expects to receive from these investments in the regular course of business, is recognized as investment impairment. In such a case the Company calculates the estimated value of investments, equal to difference between their accounting value (book value) and amount of such decrease. If impairment testing identifies consistent and significant decrease of investment value, the Company creates investment impairment provision for the amount of difference between book value and estimated value of such investments.

If after investment impairment testing a consistent increase in investment estimated value is found out, previously created investment impairment provision is decreased and along with other profits it contributes to increase of the financial result. The amount of created provision is specified in clause 3.2 of the present Explanatory note.

2.7 Inventories

The inventories are evaluated in the amount of actual expenditures on acquisition.

The estimation of inventory when issuing to production and in other retirements is carried out under the average net cost per each warehouse.

The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs necessary to make the sale have increased. In these cases the impairment of inventory should be done.

2.8 Deferred expenses

The costs made by Company in the financial year, but concerning the following accounting periods, are detailed as deferrals costs of the future periods and are subject to writing off as required in regular intervals during the periods to which they are related to. The duration of such period is determined at the moment of putting deferrals on the books.

The Company includes the following items as a part of deferred expenses:

- Payments on voluntary and obligatory insurance of property and workers;
- Costs of purchasing of copies of PC software programs;
- Costs of purchasing of Licenses for performing specific types of activities;
- Commissions of banks and other costs incurred by the Company in obtaining loans covering the full period of the loan;
- Other costs complied with requirements of criteria of deferrals.

As a part of deferrals, costs for research, developmental and technological works on which the Company does not have an exclusive right to results of intellectual activity can be detailed.

Term of writing off of costs on object of research and development which have yielded positive result, shall be determined by the commissions of Company and its branches based on expected term of use of research and development, during which the Company will receive economic gains (income), but no more than five years.

The above-stated deferrals, which are subject to writing off within 12 months after the reporting date are detailed in balance sheet item "Deferred expenses" as a part of current assets, and deferred expenses to be written off within 12 months after the reporting date are detailed in the balance sheet item "Other non-current assets".

The breakdown of deferred expenses in the categories is as follows:

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Deferred expenses category	As of 31.12.2019	As of 31.12.2018
Assets that are created in connection with the estimated liabilities for remediation	-	227 779
Non-exclusive right to use the software	290 823	239 242
Insurance contracts expenses	124 831	13 878
Commission on credit agreements	-	15 156
Other deferred expenses	32 986	88 878
Deferred expenses, total	**448 640**	**584 933**

2.9 Receivables of buyers and customers

Receivables of buyers and customers have been determined based on the prices of the Agreements between the Company and buyers (customers) including VAT. Non-recoverable indebtedness shall be written off the balance upon recognition as such.

Receivables, including debts on down payments made to the contractors, which have been not repaid in terms, stipulated by agreements, and not covered by respective performance bonds or by some other ways, are detailed net of provision for doubtful debts. This provision represents a best estimation made by management of the Company with regard to that part of the indebtedness which, probably, will not be recovered. The accrued provisions for doubtful debts are accounted as other costs. In case of repayment of debt for which the provision has been previously created, the corresponding amount of a provision is restored.

2.10 Cash and cash equivalents

As part of cash and cash equivalents in the balance sheet, the Company reflects cash funds on current accounts in roubles and foreign currency, as well as in special accounts with credit institutions - by letters of credit, deposits (deposits) with original maturities less than three months, the trust fund.

The information of cash and cash equivalents flows is shown in the statement of cash flows. This report is prepared in accordance with the Regulations on accounting "Statement of cash flows" PBU 23/2011.

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Cash and cash equivalents	31 December 2019	31 December 2018
Cash in bank	3 225 395	3 232 892
Call deposits	6 965 246	2 445 821
Total	**10 190 641**	**5 678 713**

As of 31 December 2019 and 2018, cash and cash equivalents were mainly denominated in RUB.

Cash flows arising from deposits flows are reported on a net basis in the statement of cash flows for the year ended 31 December 2019 and for the year ended 31 December 2018.

2.11 Loans and borrowings

The accounts payable under the received credits and loans are considered and detailed in the reporting together with interests due at the end of an accounting period.

The additional costs directly connected with reception of loans and credits, placement of loan funds, are written off to expenses during the period of maturity of respective loans and credits.

Charge of due costs (interests, discounts) under loan funds obligations are detailed in those accounting periods to which the given charges are concerned according to the concluded agreements.

At the end of an accounting period the Company shall perform the transferring of the long-term indebtedness under the received loans and credits into short-term indebtedness if under terms and conditions of contract of a loan and (or) credit, 365 days remain until return of a principal amount of a debt.

The interest accrued on loans received by the Company for acquisition of investment assets is included in the investment asset value, if the asset is not yet recognized as a fixed asset. If the asset is recognized as a fixed asset and in case of interest accrued on other loans, the accrued interest is included in other expenses.

As at 31 December 2019, the Company has entered into credit agreements with financial companies totalling 51.67 billion roubles with the possibility of draw down as required by additional agreements to existing contracts.

As at 31 December 2019, the Company has the opportunity to raise borrowed funds in the amount of up to RUB 40 billion through the placement of exchange-traded bonds within the registered program.

2.12 Provisions for employee benefits

The Company records its costs in the accounting and reporting on an accrual basis. In 2019 the Company created a provision for payment of quarterly and annual bonuses, as well as for payment of vacation allowance. In accordance with the accounting policy of the Company the provision is subject to inventory. As of the year-end the Company's accounting may reflect the balance of the provision amount that is equal to the amount of bonuses accrued for the current year and the amount of unused vacation allowance, payable in the subsequent year.

As at 31 December 2019 the amount of provision for employee benefits was 481,003 thousand RUB.

2.13 Revenue recognition and forming cost

Proceeds from sales of products and rendering services recognized as dispatch of products and rendering services to buyers has been performed and corresponding invoices and settlement documents have been submitted to them. These Proceeds are shown in financial statements as their value net of VAT.

Revenues from standard types of activities in 2019 comprise proceeds from sales of products (realization) and the incomes connected with fulfilment of works, rendering of services, including the following:

- Revenue from sales of electricity and thermal energy;
- Revenue from sales of capacity;
- Revenue from sales proceeds from auxiliary kinds of activity (sales of chemically purified water, circulating water, condensate etc.);
- Revenue from sales of other finished products of auxiliary production shops;
- Revenue from sales proceeds from executed works (services) of industrial type;
- Revenue from sales of other goods, works and services of non-industrial type.

The following items are recognized as a part of other income of the Company:

- Income from sale of securities;
- Income from sale of currency;
- Income from sale of fixed assets and other property;
- Income from rendering other services.

Expenses from ordinary activities are the costs associated with the manufacture of products and sale of products, the acquisition and sale of goods. Such costs are also considered costs, the implementation of which is associated with the performance of work, rendering of services. Accounting of the expenses from ordinary activities is recorded on accounts 20 - 39. Accounts 20 - 29 are used for calculating the cost of goods (works, services) accounts 31 - 35 are used to account for the cost of items. 39 accounts used to close expense accounts to the accounts of 31-35 cost of goods manufactured or services rendered. The relationship of accounting for expenditure items is done using special accounting units.

Expenses for management of the Company are not identified separately and included in expenses from ordinary activities (cost of goods sold).

Costs directly related to sales of products are recognized commercial expenses with calculation of the costs of account 44 " Cost of selling" and subsequently written off the account 90.07 "Selling expenses ". These expenses are allocated to the Profit and Loss Account on a separate line as "Commercial expenses".

2.14 Capital and reserves

Authorized capital is detailed in the amount of a nominal value of ordinary shares. The amount of authorized capital corresponds to the value established in the Company charter.

The additional paid-in capital of the Company includes the amount of issuing income received as a result of distribution of shares of the Company by the price, exceeding their nominal value.

According to the legislation, the Company establishes reserve fund in the amount of 5% of the authorized capital. The amount of annual allocations into the Company reserve fund shall make up 5% of the Company net profit.

2.15 Estimation uncertainty

Discussed below are key assumptions concerning future events and other key sources of estimation uncertainty at the reporting date that create a significant risk that material adjustments to the carrying values of assets and liabilities will be required within the next financial year:

- Provision for doubtful debts;
- Useful lives of intangible assets;
- Provisions for contingencies.

2.16 Changes in the accounting policy for 2019

The Company General Manager Order No. 82 dd. 24.12.2018 approved new accounting policy for the year 2019 in order to align the financial data of PJSC Enel Russia and its subsidiaries to the financial data of the Group PJSC Enel Russia prepared in accordance with IFRS as well as to accurately reflect Company's assets and liabilities.

The changes have been recognized since 2019 due to the implementation of the Nevinnomysskaya GRES modernization project and the necessity to reliably disclose information about derivative financial instruments concluded within the framework of currency risk management.

In accordance with new accouning policy the following changes were introduced:

Clause 2.11. "Financial instruments transactions" was supplemented with sub-clause 2.11.2 "Accounting for hedging operations" according to which hedging financial instruments shall be reflected in accounting at fair value. Upon initial recognition of such instruments, their fair value is usually zero. The fair value of these financial

instruments and its changes reflected in accounting are estimated on the last working day of the month of the reporting period, on the date of derecognition (including the date of derecognition of the instrument as a hedging instrument), on the date when claims and (or) payment obligations arise in accordance with the contract of interim payments on the instrument, made during the term of the contract for the fulfillment of obligations under this contract.

The company's reports disclose the following information on financial hedging instruments:

The company's balance sheet shows financial hedging instruments (DFI); the ones which are expected to bring economic benefits for the period of more than 12 months after the reporting date, are reflected in other fixed assets in the additional line "Derivative financial instruments" of Section I "Fixed assets", if less than 12 months - as part of other current assets in the line "Derivative financial instruments" of Section II "Current assets". DFIs which are expected to experience decrease of economic benefits for the period of more than 12 months after the reporting date are reflected in the balance sheet as part of other long-term liabilities in the line "Obligations for derivative financial instruments" of Section IV "Long-term liabilities", if less than 12 months - as part of other short-term obligations under the line "Obligations for derivative financial instruments" of Section V "Short-term liabilities".

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, and to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative are recognised in the income statement in cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost. Company has no commodity derivatives in the year ended 31 December 2018 or the year ended 31 December 2019.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the

hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised directly in additional capital, while any ineffective portion is recognised immediately in the income statement in other income or expenses.

Amounts recognised as additional capital are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the hedged forecast transaction results in the recognition of a non-financial asset (i.e. property, plant and equipment or inventories, etc.) or a non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the amount accumulated in the additional capital shall be removed and included in the initial value (cost or other carrying amount) of the asset or the liability ("basis adjustment").

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in additional capital remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

The statement of financial results of the Company discloses the following information about DFI:

- composition of other income and other expenses "including" the ones reflected in the lines "Profits from operations with DFIs", "Losses from operations with DFIs" in the ineffective part of DFIs, which is a hedging instrument;

- for the line "Result from other operations not included in the net profit (loss) of the period" in the effective part of the DFI, which is a hedging instrument.

Cash flows on hedging operations are to be reflected in the Cash flow statement in the same way as cash flows on a hedged item.

Prior the adoption of new accounting policy the financial results of derivative financial instruments were recorded in the statement of financial results upon completion of the transaction (closing the position), while assets and liabilities for derivative financial instruments were not recognized.

The tables below provides information about the estimate impact of these changes:

1. Balance sheet as at 31.12.2018:

THOUS.RUB

Name	New accounting policy	Previous accounting policy	Differences
Current derivatives	1 366 197	-	1 366 197
Section II total current assets	**18 720 518**	**17 354 321**	**1 366 197**
Total assets	**110 299 541**	**108 933 344**	**1 366 197**
Changes in fair value of derivatives and hedging instruments	243 794	-	243 794
Retained earnings / (accumulated deficit) of the current year	5 518 802	5 081 120	437 682
Retained earnings / (accumulated deficit) of the previous year	16 520 545	16 060 303	460 242
Section III total eguity	**66 770 722**	**65 629 006**	**1 141 716**
Deferred tax liabilities	7 454 588	7 230 108	224 481
Section IV total long-term liabilities	**23 335 859**	**23 111 378**	**224 481**
Total equity and liabilities	**110 299 541**	**108 3 344**	**1 366 197**

2. Balance sheet as at 31.12.2017:

THOUS.RUB

Name	New accounting policy	Previous accounting policy	Differences
Non-current derivatives	637 355	-	637 355
Section I total non-current assets	**92 063 879**	**91 426 524**	**637 355**
Current derivatives	155 086	-	155 086
Section II total current assets	**18 031 582**	**17 876 496**	**155 086**
Total assets	**110 095 461**	**109 303 020**	**792 441**
Changes in fair value of derivatives and hedging instruments	217 140	-	217 140
Retained earnings / (accumulated deficit) of the current year	6 401 381	5 941 140	460 241
Retained earnings / (accumulated deficit) of the previous year	15 316 453	15 316 453	-
Section III total equity	**66 104 169**	**65 426 788**	**677 381**
Deferred tax liabilities	6 800 355	6 685 295	115 060
Section IV total long-term liabilities	**18 343 292**	**18 228 232**	**115 060**
Total equity and liabilities	**110 095 461**	**109 303 020**	**792 441**

3. Income statement for 2018:

THOUS.RUB

Name	New accounting policy	Previous accounting policy	Differences
Other income	3 564 591	3 017 489	547 102
Profit (losses) before taxes	**7 087 869**	**6 540 767**	**547 102**
Change of deferred tax liabilities	(654 232)	(544 813)	(109 420)
Profit (losses) for the period	**5 518 802**	**5 081 120**	**437 682**
Result from other operations not included into the net profit (loss) of the period	26 653	-	26 653
Cumulative financial result of the period	5 545 455	5 081 120	464 335

4. Earning (loss) per share fr 2019

THOUS.RUB

Name	New accounting policy	Previous accounting policy
Base (loss) / profit for 2018 financial year	5 518 802	5 081 120
Weighted average number of ordinary shares in circulation within a financial year (thousands of shares)	35,319,821	35,319,821
Base (loss) / profit per share, RUB	0.1563	0.1439

For the comparability of data the respective data in these explanatory notes was adjusted to reflect the above-mentioned information.

2.17 New and amended standards

By Order of the Ministry of Finance of Russia dated November 20, 2018 N 236н, amendments to the Order of the Ministry of Finance of Russia dated 19.11.2002 N 114н (as amended on 11/20/2018) "On approval of the Accounting Regulation" Accounting for profit tax of organizations "PBU 18/02 starting with the financial statements for 2020.

Due to the amendments to PBU 18/02 effective from January 1, 2020, the financial statement of the Company for 2020 will reflect the amount of additional deferred tax liabilities in respect of temporary differences between the net book value and tax value of fixed assets, which is expected to significantly increase deferred tax liabilities and decrease the Company's net assets. The company is in the process of assessment the PBU 18/02 effect on its financial statements for 2020.

By Order of the Ministry of Finance of Russia dated 05.04.2019 N 54н, amendments to the Order of the Ministry of Finance of Russia dated 02.07.2002 N 66н (as amended on 04.04.2019) "On approval of the Regulation on accounting" Information on discontinued operations "PBU 16/02" entered into force starting with the accounting (financial) statements for 2020. The company does not expected effects from the application of new standards on its financial performance.

3. Disclosure of significant accounting parameters

3.1 Fixed assets

The fixed assets and related accumulated depreciation include the following:

THOUS.RUB

Group of fixed assets	Land lots	Buildings and structures	Machines and equipment	Transport	Other	Total
Cost at						
31 December 2018	**152 517**	**31 627 526**	**107 379 491**	**113 089**	**281 334**	**139 553 957**
Acquisitions	–	347 084	5 101 021	–	13 707	**5 461 812**
Disposals	14 690	14 429 686	56 380 403	75 151	76 796	**70 976 726**
31 December 2019	**137 827**	**17 544 924**	**56 100 109**	**37 938**	**218 245**	**74 039 043**
Accumulated depreciation						
31 December 2018	–	**9 100 445**	**50 717 203**	**90 981**	**195 980**	**60 104 609**
Depreciation allowances	–	847 748	4 787 065	6 171	24 223	**5 665 207**
Disposals	–	4 707 359	24 604 809	68 459	57 828	**29 438 455**
31 December 2019	–	**5 240 834**	**30 899 459**	**28 693**	**162 375**	**36 331 361**
Net book value at						
31 December 2018	**152 517**	**22 527 081**	**56 662 288**	**22 108**	**85 354**	**79 449 348**
31 December 2019	**137 827**	**12 304 090**	**25 200 650**	**9 245**	**55 870**	**37 707 682**

As of 31 December 2019 the residual value of fixed assets was RUB 37 707 682 thousand (RUB 79 449 348 thousand in 2018).

During 2019, fixed assets for the amount of RUB 5 461 812 thousand have been received, including acquired fixed assets for the amount of RUB 88 858 thousand, constructed new facilities for the amount of RUB 1 634 283 thousand, performed works on reconstruction, additional construction and reequipping that increase the cost of fixed assets by the total amount of RUB 3 732 493 thousand, as a result of stock-take in the amount of RUB 6 178 thousand, registered in the books, disposed fixed assets at the initial cost of RUB 70 976 726 thousand, including the partialy wound up fixed assets for the amount of RUB 319 251 thousand.

On 20 June 2019 the Company signed a sale-purchase agreement on the disposal of Reftinskaya GRES property plant and equipment to JSC "Kuzbassenergo", a subsidiary of LLC Siberian Generating Company (SGC).

On 1 October 2019 the Company completed the transfer of the ownership of Reftinskaya GRES PPE with carrying value RR 41 305 845 thousand to JSC "Kuzbassenergo", within the framework of the agreement. The total sale price amounts to RUB 20 710 190 thousand, net of Russian Federation VAT. The deal also envisages a contingent component of up to RUB 3 000 000 thousand that shall be payable within five years from the sale closing, subject to specific conditions.

For year 2019 depreciation in the amount of RUB 5 665 207 thousand has been accrued, RUB 5 422 093 thousand were included in the cost of goods sold, and RUB 243 114 thousand were included in the other expenses.

As of 31 December 2019 there were fixed assets which comprise the facilities of real estate property that are commissioned and are under the process of state registration.

THOUS.RUB

Fixed assets	Initial value	Book value of fixed assets as of 31.12.2019
Checkpoint No. 6	2 073	2 048
Total	**2 073**	**2 048**

As at 31 December 2019 there were no fixed assets transferred for conservation for a period of more than three months and for which depreciation has been suspended.

As of 31 December 2019, there were fixed assets for which the duration of the revamping exceeds 12 months and depreciation accrual is suspended:

Fixed assets	Book value as of 31.12.2019 г.
Ротор генератора ТГВ -300 зав.№ 36593	10 439

There were no fixed assets lodged as collateral for bank loans as of 31.12.2019 and as of 31.12.2018. During the reporting period expenses for credits and loans were not capitalized.

Fixed assets include items, consumer properties of which do not change over time, i.e. such items are not subject to depreciation. The information on such items is specified in the table below:

THOUS.RUB

Fixed assets	Book value as of 31.12.2019	Book value as of 31.12.2018
Land lots	137 827	152 517
Other types of fixed assets	234	249
Total	**138 061**	**152 766**

The depreciation of other types of fixed assets is charged to the off-balance account. As of 31.12.2019 the depreciation amounted to RUB 132 thousands.

The information on the fixed assets, obtained under lease agreements and recorded on the off-balance, is provided below:

THOUS.RUB

Group of fixed assets	Book value of fixed assets as of 31.12.2018	Acquisitions of fixed assets	Disposals of fixed assets	Book value of fixed assets as of 31.12.2019
Lease in	**783 029**	**20 094 508**	**124 676**	**20 752 861**
Land lots	679 268	164 789	120 587	723 470
Buildings and structures	102 111	6 117 786	-	6 219 897
Others	1 650	13 811 933	4 089	13 809 494

In 2019 in accordance with rent agreement with JSC Kuzbassenergo dated 20.06.2019 additions of leased fixed assets amounted to RUB 19 954 431 thousand, including land plots amounted to RUB 28 999 thousand, buildings and constructions amounted to RUB 6 117 588 thousand, other fixed assets amounted to RUB 13 807 844 thousand.

The information on the fixed assets provided under lease agreements and recorded in the off-balance is provided below:

THOUS.RUB

Group of fixed assets	Book value of fixed assets as of 31.12.2018	Acquisitions of fixed assets	Disposals of fixed assets	Book value of fixed assets as of 31.12.2019
Lease out	**243 952**	**52 422**	**73 778**	**222 596**
Buildings and structures	209 841	45 182	64 681	190 342
Land lots	-	116	47	69
Machines and equipment	23 717	6 878	3 109	27 486
Transport	2 160	-	1 178	982
Other	8 234	246	4 763	3 717

The information about the objects obtained under lease agreements accounted for in off-balance and sublet, is presented below:

THOUS.RUB

Group of fixed assets	Book value of fixed assets as of 31.12.2018	Acquisitions of fixed assets	Disposals of fixed assets	Book value of fixed assets as of 31.12.2019
Submitted to rent	777	-	-	777
Land	777	-	-	777

In accordance with the Company's accounting policy, the non-current assets to be specified in the "Fixed assets" line in the balance sheet include:

- Equipment to be installed;
- Capital investments in construction in progress and advance payments made to suppliers of fixed assets and contractors for construction.

Advance payments and capital investments in construction are indicated net of VAT and net of the provision for doubtful debts in this line. VAT on these advance payments is specified as a part of accounts receivable.

The movement of this group of assets during the reporting period was as follows:

For the 2018:

THOUS.RUB

Positions	Amount as of the beginning of the year	Cost	Adopted as part of capital investments	Write-off	Adopted as part of FA and IA	Amount as of the end of the year
Equipment subject to installation	7 639 644	1 629 387	(1 914 729)	-	-	7 354 302
Capital investments in construction in progress and advances paid to suppliers and contractors operating on construction	3 233 716	6 403 232	(1 429 065)	(46 411)	(4 217 804)	3 943 668
Provision for impairment of advances and investments in construction in progress	(3 730 647)	5 908	-	45 505	-	(3 679 234)
Total (a similar amount disclosed in the notes to the balance sheet item. 2.2)	**7 142 713**	**8 038 527**	**(3 343 794)**	**(906)**	**(4 217 804)**	**7 618 736**

For the 2019:

THOUS.RUB

Positions	Amount as of the beginning of the year	Cost	Adopted as part of capital investments	Write- off	Adopted as part of FA and IA	Amount as of the end of the year
Equipment subject to installation	7 354 302	1 740 016	(1 656 041)	(742 243)	-	6 696 034
Capital investments in construction in progress and advances paid to suppliers and contractors operating on construction	3 943 668	6 642 951	(1 307 318)	-	(5 455 634)	3 823 667
Provision for impairment of advances and materials in construction in progress	(3 679 234)	(44 479)	-	-	-	(3 723 713)
Total (a similar amount disclosed in the notes to the balance sheet item. 2.2)	**7 618 736**	**8 338 488**	**(2 963 359)**	**(742 243)**	**(5 455 634)**	**6 795 988**

As of 31 December 2019, the equipment to be installed includes equipment for the suspended construction project of the CCGT with a book value of RUB 1 787 380 thousands. The equipment is stored as equipment for the Company's power plants.

3.2 Financial investments

Information on the availability and movement of financial investments in the reporting period is provided in Table 3.1 of the Explanations to the balance sheet and income statement.

As of 31 December the initial cost of the financial investments amounted to:

THOUS.RUB

Category	2019	2018	2017
Equity financial investments for which the current market value is not determined	697 133	697 133	507 143
Equity financial investments for which the current market value is determined	0	32 924	36 365
Debt financial investments for which the current market value is not determined	829 889	892 874	936 611

Non-current financial assets

Information concerning investment flows in 2019 is given in the table below:

THOUS.RUB

Type of financial investment	Balance as of 31.12.2018	Provision for impairment as of 31.12.2018	Received	Disposed	Change in value	Balance as of 31.12.2019	Provision for impairment as of 31.12.2019
Current market value of equity financial investments is not determined							
LLC Reftinskaya RGRES	10	-	-	-	-	10	-
Health Care Centre "Energetik" PJSC	9 841	-	-	-	-	9 841	-
Ispytatelniy Stend Ivanovskoi GRES PJSC	4 917	-	-	-	-	4 917	-

Type of financial investment	Balance as of 31.12.2018	Provision for impairment as of 31.12.2018	Received	Disposed	Change in value	Balance as of 31.12.2019	Provision for impairment as of 31.12.2019
LLC "Enel Rus Wind Azov"	425 543	-	-	-	-	425 543	-
LLC "Enel Rus Wind Generation"	136 622	-	-	-	-	136 622	-
LLC "Enel Rus Wind Kola"	43 400	-	-	-	-	43 400	-
JSC "Teploprogress" ordinary shares	76 800	(76 800)	-	-	-	76 800	(76 800)
Current market value of equity financial investments is determined							
PJSC Inter Rao ordinary shares	9 033	-	-	(9 033)	-	-	-
PJSC Mosenergo ordinary shares	1 993	-	-	(1 993)	-	-	-
PJSC OGK-2 ordinary shares	889	-	-	(889)	-	-	-
PJSC Unipro ordinary shares	7 640	-	-	(7 640)	-	-	-
PJSC Rushydro ordinary shares	5 641	-	-	(5 641)	-	-	-
PJSC TGK-1 ordinary shares	874	-	-	(874)	-	-	-
PJSC FSK UES ordinary shares	4 281	-	-	(4 281)	-	-	-
PJSC Rosseti ordinary shares	2 218	-	-	(2 218)	-	-	-
PJSC Kvadra	127	-	-	(127)	-	-	-
PJSC TGK-14	142	-	-	(142)	-	-	-
PJSC TGK – 2	86	-	-	(86)	-	-	-
Total investments	**730 057**	**(76 800)**	**-**	**(32 924)**	**-**	**697 133**	**(76 800)**

The following are subsidiaries of the Company:

Title and organizational legal form of a subsidiary company	Location	Type of activities
Health Care Centre "Energetik" LLC	Town of Nevinnomyssk, Stavropol territory, Per. Sportivny 6, bld.B.	Rendering sanatorium services and medical assistance
JSC Teploprogress	SVERDLOVSK region, Sredneuralsk, URALSKAYA str. 26	Ensuring central heating operability
LLC Enel Rus Wind Generation	MOSCOW, PAVLOVSKAYA str. 7, bld. 1	Production of electricity, derived from renewable energy sources, including solar, wind, geothermal power plants as well as activities to ensure their efficiency
LLC Enel Rus Wind Azov	MOSCOW, COSMODAMIANSKAYA Naberezhnaya 4/22, bld. A, rooml	Scientific researches and developments in the field of natural and technical sciences Repair of electrical equipment, Installation of industrial machines and of equipment
LLC Enel Rus Wind Kola	MURMANSK region, CITY OF MURMANSK, KAPITANA MAKLAKOVA str. 3	Production, transmission and power distribution
LLC Reftinskaya GRES	SVERDLOVSK region, Rabochy Poselok REFTINSKY	Electricity production by thermal power plants

3.3 Inventories

The inventories are evaluated in the amount of actual expenditures on acquisition.

The estimation of inventory in taking out thereof for production and other retirements was carried out in 2019 under the average net cost for all warehouses of the power plant.

Provision for impairment of inventories has not been established, because there were no inventories which have become obsolete or have lost all or part of their original quality or whose current market value or sale value has decreased.

As of December 31, inventories consisted of the following items:

THOUS.RUB

	31 December 2019	31 December 2018	31 December 2017
Raw and other materials	370 680	394 198	414 787
Fuel	1 949 459	1 771 228	2 595 810
Spare parts	2 278 801	2 342 663	2 323 935
Other inventories	372 815	482 206	442 112
Total inventories	**4 971 755**	**4 990 295**	**5 776 644**

3.4 Accounts receivable

The information on availability and movement of accounts receivable for the reporting period is shown in Table 5.1. of the Explanations to the balance sheet and income statement.

As of December 31 accounts receivable structure was as follows:

THOUS.RUB

Indicators	2019		2018	
	Maturity less than 12 months	Maturity more than 12 months	Maturity less than 12 months	Maturity more than 12 months
Accounts receivable from customers (net of provision for doubtful debts)	5 215 526	-	5 627 619	-
Accounts receivable on down payments made (net of provision for doubtful debts)	166 515	-	615 114	-
Other accounts receivable (net of provision for doubtful debts)	5 140945	2 298 234	425239	1 529 510
Total	**10 522 986**	**2 298 234**	**6 667 972**	**1 529 510**

Accounts receivable is determined on the basis of the price of the Contract between the Company and the debtor, including VAT.

Account breakdown of non-current accounts receivable

THOUS.RUB

№	Description	Amount as of 31.12.2019	Amount as of 31.12.2018
	Other debtors, including:	**2 298 234**	**1 529 510**
1	- Interest-free loans given	1 925 000	1 463 647
2	- Other settlements with personal	68 330	59 181
3	- Settlements with customers for other revenue	297 534	-
4	- Other debtors	7 370	6 682

Account breakdown of current accounts receivable

THOUS.RUB

		As of 31.12.2019	As of 31.12.2018	Increase (+) / decrease (-)
1	Buyers and customers	9 855 403	9 775 082	80 321
2	Advances paid	166 609	615 209	(448 600)
3	Other debtors	7561231	2 765 173	4 796 058
	Total short-term accounts receivable	**17 583 243**	**13 155 464**	**4 427 779**

Throughout the accounting year, the accounts receivable of buyers and customers for the principal type of activity (sales of electricity and heat) accrued for the total amount of RUB 87 926 236 thousand, for other activities - RUB 811 225 thousand. Of them paid in cash – RUB 3 750 754 thousand, credited previously received in advance – RUB 83 165 984 thousand, offsetting of mutual claims done in the amount of RUB 26 724 thousand, as well as other repayment – RUB 1 713 678 thousand.

"Other debtors" included receivables due from JSC Kuzbassenergo in the amount of 4,800,000 thousand rubles.

Bad debt allowance

The amount of bad debt allowance is established by the Company management on the basis of determining the specific consumers' solvency and analysing tendencies and prospects of reception of payment and redemption of indebtedness, and also based on the analysis of expected future cash flows. The rules for creation of bad debt allowance are stipulated by the accounting policy of the Company (clause 2.14). According to the accounting policy for accounting purposes the amount of the bad debt allowance shall be determined separately for each contractor depending on its financial solvency and possible failure to repay its indebtedness in full or in part.

Within the reporting year the bad debt allowance in the amount of RUB 748 059 thousand for the accounts receivable was written back due to the repayment of indebtedness. The new bad debt allowance in the amount of RUB 1 381 266 thousand for the indebtedness of insolvent debtors was created.

As of 31 December the amount of the bad debt allowance, amending accounts receivable in the balance sheet, was:

THOUS.RUB

No.	Contractor's name	As of 31.12.2019	As of 31.12.2018
Total reserve for doubtful debts:		**7 060 257**	**6 487 492**
including			
1	Provisions for doubtful customer receivables:	4 639 877	4 147 463
2	Provisions for doubtful debts on down payments issued	94	94
3	Provisions for other debtors' doubtful receivables	2 420 286	2 339 935

Loans granted

Other receivables comprise non-interest bearing loans issued by the Company to its subsidiary:

THOUS.RUB

	Maturity	As of 31.12.2019	As of 31.12.2018
LLC "Enel Rus Wind Azov"	2034	250 000	-
LLC "Enel Rus Wind Kola"	2039	1 675 000	1 463 647
Total		**1 925 000**	**1 463 647**

3.5 Loans and borrowings

Loans and borrowings as of 31 December included:

THOUS.RUB

	2019		2018		2017	
	Short-term	**Long-term**	**Short-term**	**Long-term**	**Short-term**	**Long-term**
Bank loans	6 173	3 333 334	29 184	24 811 452	15 868	13 889 810
Commercial papers	111 891	5 000 000	-	-	10 205 520	-
Current portion of long-term liabilities	1 666 667	(1 666 667)	9 417 930	(9 417 930)	2 801 359	(2 801 359)
Total loans and borrowings	**1 784 731**	**6 666 667**	**9 447 114**	**15 393 522**	**13 022 747**	**11 088 451**

In 2019 the borrowing costs included into expenses and the cost of investment assets were RUB 1 878 801 thousand, including accrued interest of RUB 1 492 598 thousand, and other financial expenses, related to obtained borrowings - RUB 386 203 thousand and in 2018 the borrowing costs included into expenses were RUB 2 013 166 thousand, including accrued interest of RUB 1 812 959 thousand, other financial expenses, related to obtained borrowings in the amount of RUB 200 207 thousand.

Short-term loans and borrowings

Short-term loans and borrowings funds as of December 31, 2019 had the following structure:

THOUS.RUB

Description	Loan balance as of 31.12.2019	Loan balance as of 31.12.2019, in the loan currency with specification of the currency	Annual interest rate, %	Repayment period	Security provided
Loans:					
Unicredit Bank (current portion and outstanding interest)	1 672 840	RUR 1 672 840 th.	7-11	During 2020	Without security provided
Total loans	**1 672 840**	-	-	-	-
Commercial papers					
4B02-02-50077-A-001P	49 009	RUR 49 009 th.	8,60	During 2020	Without security provided
4B02-03-50077-A-001P	62 882	RUR 62 882 th.	8,50	During 2020	Without security provided
Total commercial papers	**111 891**				
Total short-term loans and borrowings	**1 784 731**	-	-	-	-

Short-term loans and borrowings are denominated in the following currency (balance in th. as of December 31):

	2019	2018	2017
Russian roubles	1 784 731	9 447 114	13 022 747
Euro (in the currency of loans and borrowings)	-	9 633	11 867

Long-Term Loans and Borrowings

Long-term loans and borrowings as of December 31, 2019 had the following structure:

Description	Loan balance as of 31.12.2019	Loan balance as of 31.12.2019, in the loan currency with specification of the currency	Annual interest rate, %	Repayment period	Security provided
Loans:					
Unicredit Bank	1 666 667	RUR 1 666 667 th.	7-11	Until 2021	Without security provided
Total loans	**1 666 667**	-	–	–	-
Commercial papers					
4B02-02-50077-A-001P	2 000 000	RUR 2 000 000 th.	8,6	Until 2022	Without security provided
4B02-03-50077-A-001P	3 000 000	RUR 3 000 000 th.	8,5	Until 2021	Without security provided
Total commercial papers	**5 000 000**				
Total long-term loans and borrowings	**6 666 667**	-	–	–	-

Repayment schedule of loans and borrowings is provided below at the rate as of 31.12.2019 (amounts are shown without outstanding interests):

	Amount in roubles (th.RUB)
2020	1 666 667
2021	4 666 667
2022	2 000 000
After 2022	-

The book value of long-term borrowed funds is denominated in the following currency (balance in th. as of December 31):

	2019 г.	**2018 г.**	**2017 г.**
Russian roubles	6 666 667	15 393 522	11 088 451
Euro ((in the currency of loans and borrowings)	0	63 682	88 409

3.6 Short-Term Accounts Payable

Short-term accounts payable amounted to RUB 9 672 986 thousand as of 31.12.2019 (RUB 7 326 996 thousand as of 31.12.2018) that included accounts payable to suppliers and contractors amounting to RUB 3 133 267 thousand (RUB 5 096 092 thousand as of 31.12.2018), taxes and charges payable was RUB 4 909 767 thousand (RUB 1 534 072 thousand as of 31.12.2018), down payments received was RUB 8 292 thousand (RUB 15 382 thousand as of 31.12.2018), wage and salary was 128 873 thousand (RUB 159 426 thousand as of 31.12.2018) and other accounts payable was RUB 1 492 787 thousand (RUB 522 024 thousand as of 31.12.2018).

In 2019 the amount of 250 th.rub was written off under financial result.

3.7 Company's shares

As of December 31, 2019 the authorized capital of the Company is paid in full and amounts to RUB 35 371 898 thousand. The authorized capital consists of:

	Total number (pcs)	Nominal value of shares in rubles
Ordinary shares	35 371 898 370	1,00
Preference shares	–	–
Total	**35 371 898 370**	–

3.8 Additional and reserve capital

Additional capital was changed by RUB 243 603 thousand. as a result of the changes of the fear value of hedging instruments during the financial year. As of December 31, 2019 it amounted to RUB 7 346 943 thousand.

Pursuant to the applicable legislation the Company has created its reserve capital in the amount of 5% of its authorized capital. In accordance with the Charter of the Company the amount of annual additions to the Company's reserve capital shall be 5% of the Company's net profit. As of December 31, 2019 the reserve capital is amounted to RUB 1 768 931thousand, which is equal of the maximum amount.

3.9 Accumulated profit (loss)

As of 31.12.2019 accumulated profit (loss) of the Company amounted to RUB 4 844 316 thousand. As of 31.12.2017 accumulated profit (loss) in the amount of RUB 22 039 347 thousand were accounted in the Company's Balance Sheet.

Changes in the structure of accumulated profit (loss) were due to the net losses of the Company in the reporting year in the amount of RUB 12 190 933 thousand and the distribution of net profit for 2018 in the amount of RUB 5 004 097 thousand.

3.10 Provisions for contingent liabilities and the estimated short-term liabilities

The movement per items of provisions is below:

THOUS.RUB

Type of provision	Restructuring	Onerous contracts	Provision for legal claims	Personnel related provision	Other	Total
Balance as of January 1, 2019	**214 923**	**759 162**	**170 886**	**506 552**	**2 253 946**	**3 905 469**
Provisions created during the reporting period	55 032	900 191	23 320	624 363	1 045 371	2 648 277
Provisions restored during the reporting period	-	-	(62 729)	(20 813)	(295 424)	(378 966)
Provisions used during the reporting period	(44 668)	(629 090)	(131 212)	(629 099)	(64 147)	(1 498 216)
Discount expenses	8 857	-	-	-	13 167	22 024
Balance as of December 31, 2019	**234 144**	**1 030 263**	**265**	**481 003**	**2 952 913**	**4 698 588**
incl. long-term	*124 997*	-	-	*72 147*	*64 566*	*261 710*
short-term	*109 147*	*1 030 263*	*265*	*408 856*	*2 888 347*	*4 436 878*

Restructuring

As of December 31, 2019 the provision for restructuring amounted to RUB 234 144 thousand. The provision was recognized by the Company to make future payments during redundancy dismissals.

Onerous contract

The onerous contracts provision relates to certain core and other revenue contracts in which the cost of their fulfilment will be higher than the economic benefits expected to be obtained from them. The provision is based on estimates of incremental costs associated with these contracts which are higher than economic benefits inflows.

Provision for legal claims

The total amount of the reserve for legal claims as of 31.12.2019 was in the amount of RUB 265 thousand.

Personnel related provision

The total amount of the provision as of 31.12.2019 is RUB 481 003 thousand included long term bonuses amounted of RUB 72 147 thousand.

Other

Such provision includes the dismantling provision, environmental risk assessment, tax and other provisions created in accordance with the legislation of the Russian Federation.

As part of other provisions there was the land remediation provision related to incremental decommissioning cost associated with future restoration of the underlying ash dump, which was reversed in 2019 as a result of Reftinskaya GRES assets sale (note 3.1).

3.11 Income and expenses of conventional types of activities

Incomes and expenses for a financial year are detailed in the Income Statement separately by conventional types of activities and other incomes and expenses with breakdown by types and amounts.

For the financial year the revenue has decreased in comparison with previous year by RUB 496 121 thousand and made up RUB 73 947 884 thousand.

The information on the revenue (net) from selling goods, products, works, services (net of VAT, excise taxes, and similar mandatory payments) (Accounting Standards 9/99), cost of the sold goods, products, works, services, and also commercial and management expenses is given here below (Accounting Standard 10/99):

THOUS.RUB

Types of activity	Revenue (net) from selling goods, products, works, services (net of VAT, excises and other similar payments)	Cost of the sold goods, products, work, services	Gross profit
Electric power	49 665 218	38 977 824	10 687 394
Capacity	19 613 102	18 057 561	1 555 541
Heat power	3 503 337	4 061 899	(558 562)
Other	670 106	517 729	152 377
Total for 2018	**73 451 763**	**61 615 013**	**11 836 750**

THOUS.RUB

Types of activity	Revenue (net) from selling goods, products, works, services (net of VAT, excises and other similar payments)	Cost of the sold goods, products, work, services	Gross profit
Electric power	50 112 847	39 171 056	10 941 791
Capacity	19 660 065	18 385 780	1 274 285
Heat power	3 498 952	4 185 996	(687 044)
Other	676 021	511 956	164 064
Total for 2019	**73 947 884**	**62 254 788**	**11 693 096**

The information on the cost as per elements of expenses (clause 22 of the Accounting Standard 10/99) is below:

THOUS.RUB

Indicators	2019	2018
Material expenses, incl.: Raw and other materials	437 815	446 594
Salaries and wages	3 490 929	3 792 917
Social security contributions	737 248	743 193
Depreciation payments	5 422 093	5 965 995
Expenses for energy resources of various types	41 767 931	41 464 631
Other expenses	10 398 772	9 201 683
Expenses, total	**62 254 788**	**61 615 013**

Commercial expenses were presented within the following items:

THOUS.RUB

Commercial expenses	2019 r.	2018 r.
Services by market operators	1 135 017	1 093 578
Ash sales services	1 454	1 114
Commercial expenses, total	**1 136 471**	**1 094 692**

The costs, which are not connected directly with production process (economic cost, etc.) on corresponding accounts, are included monthly in the actual net cost of manufactured products. The amount of such expenses in 2019 equals RUB 7 194 108 thousand (in 2018 the corresponding group of expenses was RUB 6 446 228 thousand).

3.12 Other income and expenses

Other income and expenses comprise the following groups:

THOUS.RUB

Positions	2019	2018
Other income	**24 764 568**	**3 564 591**
including		
gain from recovery of reserves	1 523 652	1 720 600
gain from sales of fixed assets	20 712 124	73 692
gain from financial instruments operations	-	547 102
gain from sales materials	101 558	205 140
gain from sales financial investments	371 976	373 927
gain from sales account receivables	807 318	188 097
gain derived from fines	114 474	41 828
income from assets found	187 171	43 888
insurance compensation	605	135 933
income of previous years	3 307	10 323
forex exchange gain	898 216	-
other income	44 167	224 061
Other expenses	**49 295 006**	**5 727 241**
including		
foreign exchange loss	-	1 081 389
loss on operations with currency	44 647	72 659
loss from financial instruments operations	694 037	890
loss from recovery of reserves	3 517 706	3 097 405
loss from sales of non-current assets	42 048 140	65 702
loss from sales of materials and other current assets	45 795	119 065
loss from sales financial investments	396 067	411 254
loss from sales trade receivables	1 095 456	266 210
fines and penalties	1 240	4 439
losses from the write-off of assets	240 978	30 808
losses from the write off of fixed assets	198 606	-
financial expenses	387 999	240 024
other staff costs non - deductible	167 428	147 271
charity expenses	43 500	43 500
social overhead costs	25 430	31 274
losses from the write-off of assets non-deductible	1 067	4 754
losses from the past periods	669	-
other expenses	386 241	110 597

Other changes in net profit (loss) of the reporting period, presented in the Income Statement under item "Other", are due to the following indicators:

THOUS.RUB

Indicators	2019	2018
Income tax under revised tax declarations for previous accounting periods	-	-
Penalties, fines on taxes and duties, accrued in the reporting period	1 011	(30 209)
Write-off of previously accrued DTA and DTL to financial result	-	-
Total	**1 011**	**(30 209)**

3.13 Taxes and charges

The Company recognized losses for 2019, the amount of contingent expense for the income tax in the reporting period was RUB 3 018 155 thousand. (for 2018 the amount of contingent income for the income tax was RUB 1 417 574 thousand.).

In the reporting year the amount of the constant differences that influenced the adjustment of the contingent expense by the income tax, calculated based on the tax accounting (the current income tax), made up RUB 591 199 thousand (2018: RUB 606 421 thousand).

THOUS.RUB

Positions	2019	2018
Permanent taxable difference caused correction of provisional profits tax expense, total	**591 199**	**606 421**
including:		
Expenses coming from collective agreement	108 035	84 123
Fines and penalties	974	-
Securities revaluation	(5 628)	3 440
Expenses for social sphere (charity)	68 035	73 407
Losses (profits) of previous years not counted in current period	94 629	150 712
Permanent differences on depreciation	209 995	217 188
Charges for excess negative environmental impact	4 111	19 110
Other permanent differences	111 048	58 441

Total amount of increasing of deductible temporary differences effected on correction of provisional profits tax expense with the purpose to define current income tax calculated on the base of fiscal accounting is RUB 1 690 845 thousand (2018: RUB 362 446 thousand).

Increase of deductible temporary differences is explained by accrules of reserves on contingent liabilities and bad debt allowance in the accounting, recognition of losses from the fixed assets disposal and recognition of expenses on nonstate pension insurance fund in fiscal accounting which were recognised in the accounting earlier.

THOUS.RUB

Positions	2019	2018
Deductible temporary differences caused correction of provisional profits tax expense, total	**1 690 845**	**362 446**
including:		
Deductible difference due to charging (use) of provisions	873 947	805 468
Deductable difference from losses of previous years	-	(247 011)
Deductible difference on depreciation	(31 680)	(92 551)
Deductible difference on payment to nonstate pension fund	(43 502)	(57 685)
Bad debt allowance	507 463	-
Losses from the fixed assets disposal	340 775	-
Other deductible differences	43 842	(45 775)

Total amount of taxable temporary differences effected on correction of provisional profits tax expense with the purpose to define income tax calculated according to fiscal accounting regulations was RUB 20 389 445 thousand (2018: RUB 3 269 060 thousand).

Taxable temporary differences are conditioned by the Company recognition for the purpose of taxation of expenses for depreciation bonus while entering into operation and modernisation of items of fixed assets and differences between bed debt allowances were accrued by the tax and by the accounting purposes.

THOUS.RUB

Positions	2019	2018
Taxable temporary differences caused correction of provisional profits tax expense, total	**20 389 445**	**(2 724 060)**
including:		
Differences arisen when the depreciation bonus used	19 153 070	(2 610 090)
Differences from operations with financial instruments	1 122 404	545 000
Differences arisen when bed the debt allowance accrued	113 971	(113 970)

According to fiscal accounting for 2019 profit was received in the amount of RUB 7 580 516 thousand. Income tax was in the amount of RUB 1 516 143 thousand.

THOUS.RUB

Indicators	Constituent of Income Tax	Tax Rate	Base Amount	Tax Amount
Accounting Profit	**Provisional Profits Tax Expense**	20%	(15 090 773)	(3 018 155)
Taxable Temporary Differences	**Deferred Tax Liabilities**			
- Differences arisen	- Deferred Tax Liabilities created			
- Differences paid off	- Deferred Tax Liabilities paid off	20%	20 389 445	4 077 889
Deductible temporary differences:	**Deferred Tax asset**			
- Differences arisen	- Deferred Tax Assets created	20%	2 113 859	422 772
- Differences paid off	- Deferred Tax Assets paid off	20%	(423 014)	(84 603)
Permanent taxable differences	**Permanent Taxable Liability**	20%	591 199	118 240
Taxation base on tax declaration for 2018	**Current income tax**	20%	7 580 716	1 516 143

In December 2019, the Interregional Tax Inspection of the Federal Tax Service of Russia for Major Taxpayers of Russia No. 4 completed the field tax audit for 2014-2016. Company received the decision and appealed to the Frderal Tax Service.

Total accrued property tax for 2019 amounted to RUB 487 722 thousand (2018: RUB 1 219 377 thousand). Paid to the budget: RUB 590 555 thousand (2018: RUB 1 395 126 thousand).

Total amount of accrued value-added tax, according to Chapter 21 of the Tax Code of the Russian Federation, amounted to RUB 20 539 154 thousand in. 2019 (2018: RUB 13 993 994 thousand). Tax deductions amounted to RUB 12 212 290 thousand in 2019 (2018: RUB 10 285 124 thousand). Therefore value-added tax to be paid to the state budget amounted to RUB 8 326 864 thousand in 2019 (2018: RUB 3 3 708 870 thousand).

Value-added tax, paid to the state budget in 2019 – RUB 4 768 256 thousand (2018: RUB 3 450 069 thousand).

Other paid taxes and charges (land tax, water tax, transport tax, charges for negative environmental impact, state duties) totalled RUB 158 412 thousand in 2019 (2018: RUB 164 455 thousand).

3.14 Earnings / loss per share

The earnings per share are disclosed under the procedure provided for by the Methodical recommendations on disclosing of the information on earnings per share, approved by order of the Ministry of Finance of the Russian Federation dated 21.03.2000 No. 29n. The basic earnings per share reflect a part of the profit of an accounting period which can be potentially distributed among shareholders - holders of ordinary shares. It is calculated as the ratio of base profit for a financial year to the weighted average number of ordinary shares being in circulation within a financial year.

Calculation of profit / loss per share:

Item	2019	2018
Base (loss) / profit for the financial year (th RUB)	(12 190 933)	5518802
Weighted average number of ordinary shares in circulation within a financial year (thousands of shares)	35 371 898	35 319 824
Base (loss) / profit per share, RUB	(0,3447)	0,1563

The Company has no convertible securities and share purchase agreements with Issuers, therefore diluted earnings (loss) per share are not calculated.

On August 18, 2017 the Company acquired its own shares in the amount of 156,222,914 from the subsidiary amounted to RUB 198 million. On April 25, 2018 these treasury shares were sold in the market.

3.15 Related parties disclosures

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

In the normal course of business the Group enters into transactions with related parties.
Transactions with related parties mainly include sales of electricity operations, temporary provision of personnel, purchasing of engineering services, purchasing of consulting and IT services.

In accordance with PBU 11/2008 "Related parties disclosures" the Company should disclose the following information:

Principle shareholders

As of 31 December, 2019 the principal shareholders were the following:

Company name	Ordinary shares	The authorized capital, %
Enel S.P.A	19 960 478 471	56,43
PFR Partners Fund I Limited	6 732 340 483	19,03

Shareholders who individually or jointly hold 5% or more of the total voting shares of the Company's share capital:

Company name	Ordinary shares	The authorized capital, %
Prosperity Capital Management Limited	2 716 287 143	7,68

At 19 February 2020 the Company received notification that Prosperity Capital Management Limited decreased its share to 2,031,969,944 ordinary shares or 5.74% as at 31 January 2020.

The ultimate controlling party was Italian Enel S.p.A listed on Milan Stock Exchange.

Subsidiaries and affiliates of the Company

- Health Care Centre Energetik LLC (subsidiary company, 100% shares owned by PJSC Enel Russia)
- LLC Reftinskaya GRES (subsidiary company, 100% shares owned by PJSC Enel Russia)
- Teploprogress JSC (subsidiary company, 60% shares owned by PJSC Enel Russia);
- LLC "Enel Rus Wind Generation" (subsidiary company, 100% shares owned by PJSC Enel Russia)
- LLC "Enel Rus Wind Azov" (subsidiary company, 100% shares owned by PJSC Enel Russia)
- LLC "Enel Rus Wind Kola" (subsidiary company, 100% shares owned by PJSC Enel Russia)
- LLC Prof-Energo (subsidiary company, 100% shares owned by Health Care Centre Energetik LLC)

Companies that belong to the same group as the Company: this type of related parties includes all companies, shareholders, directors, branches and entities that are managed Enel S.p.A., including Enel Ingegneria e Ricerca S.p.A., Enel Productione S.p.A. and others.

Related parties transactions

THOUS.RUB

	NATURE OF RELATIONS			
Type of transactions	Main business entity	Companies belonging to the same group of entities as the Company	Main business entity	Companies belonging to the same group of entities as the Company
	2019		2018	
Sales of electicity	-	1 148 299*	-	828 176*
Sales of other goods (work, services)	-	350 721	-	347 718
Purchase of goods (work, services)	-	198 285	232 203	550 350
Other expenses	-	-	-	-

*Companies over which Enel S.p.A. has significant influence

Transactions with related parties in progress

As of 31 December the indebtedness of the related parties to the Company and indebtedness of the Company to the related parties amounted to:

THOUS.RUB

	NATURE OF RELATIONS			
Type of transactions	**Main business entity**	**Companies belonging to the same group of entities as the Company**	**Main business entity**	**Companies belonging to the same group of entities as the Company**
	2019 год		**2018 год**	
Accounts receivable	-	2 400 449	-	1 792 438
Accounts payable	4 976	553 769	5 703	408 907

Cash flows with related parties

THOUS.RUB

Funds received	**2019**	**2018**
Proceeds from sale of products, goods, works and services (operating activities), including:	**1 346 188**	**1 018 101**
main business entity	-	31 936
subsidiaries	194 981	-
companies belonging to the same group of entities as the Company	1 151 207	986 165
Return of the equity (investment activity), including:	-	**10 000**
subsidiaries	-	10 000
Loans repayments (investment activity), including:	**2 475**	**833 663**
subsidiaries	2 475	833 663
Total funds received	**1 348 663**	**1 861 764**

THOUS.RUB

Funds remitted	**2019**	**2018**
Payments to suppliers (contractors) for raw and other materials, works, services operating activities, including:	-	**876 931**
main business entity	-	244 847
companies belonging to the same group of entities as the Company	-	632 084
Payments due to acquisition, creation, modernization, reconstruction and preparation for use of non-current assets (investment activity), including:	-	**308 175**
companies belonging to the same group of entities as the Company	-	308 175
Acquisition of shares of other companies (share ownership) (investment activity)	-	**243 390**
subsidiaries	-	243 390
Loans to other entities (investment activity)	**2 367 430**	**2 072 616**
subsidiaries	2 367 430	2 072 616
Distributed dividends (financial activity)	**2 682 637**	**2 748 229**
main business entity	2 682 637	2 748 229
Total funds remitted	**5 050 067**	**6 249 341**

Acruals of related parties transactions

THOUS.RUB

Type of transactions	2019	2018
Balance as of January, 1	1 620 147	1 220 110
Provisions, created during the reporting period	762 911	697 254
Provisions, recovered during the reporting period	(31 948)	(35 849)
Provisions, used during the reporting period		(409 023)
Discounting expenses	(201 297)	147 655
Balance as of December 31	2 149 813	1 620 147

Transactions with key management personnel

Key management personnel:

- Members of the Board of Directors of the Company who have the opportunity to influence the Company's economic activities with their decisions;
- Members of the collegial executive body of the Company (the Management Board).

The list of members of the Board of Directors and the Management Board of the Company is given according to the general provisions. Terms of employment contracts with members of the Management Board of the Company were preliminarily approved by the Board of Directors of the Company.

Settlements with Non-Governmental Pension Fund "VTB Pension Fund"

The payments made to the Non-State Pension Fund "VTB Pension Fund" were at the amount of RUB 199 190 thousand in 2019 (2018: RUB 204 565 thousand). There were no trade receivables or trade payables as of 31.12.2019.

Settlements with JSC "NPF "Otkrytie"

The payments made to JSC "NPF "Otkrytie" were at the amount of RUB 1 044 thousand in 2019 (2018: RUB 37 479 thousand). There were no trade receivables or trade payables as of 31.12.2019.

Transactions with key management personnel:

Total remuneration paid to the members of the Board of Directors and Management Board were at the amount of RUB 147 350 thousand in 2019 (2018: RUB 154 172 thousand).

During the year ended 31 December 2019 the loans on market conditions were provided to key management personnel amounting to RUR 7 000 thousand.

3.16 Information by segments

The information by segments is not disclosed as the principal type of economic activities of the Company is production of power, capacity and heat, sale of which makes up 99,3% of the total revenue. The production technology of power, capacity and heat does not allow allocating separate operational segments. Besides the Company carries out other kinds of activities, which are not essential and do not form separate accounting segments either together or separately. The information on geographical segments is also not disclosed as the whole activity of the organization is limited to a uniform segment of the wholesale power and capacity market (the first price zone in classification of the Trading System Administrator) where the sources and character of the risks are approximately the same.

3.17 Subsequent events

At the beginning of March 2020 the world financial markets are experiencing a sharp decline in crude oil prices, as well as a devaluation of the Russia ruble against world currencies. At the date of issuance of the financial statements management was in the process of assessment of the impact on the Company financial statements for 2020.

3.18 Information on Off-Balance Sheet Accounts

THOUS.RUB

Account name	Account number	Balance as of 31.12.2019	Balance as of 31.12.2018	Balance as of 31.12.2017
Leased fixed assets	001	20 752 861	783 029	815 262
Commodities and materials received for safe custody	002	163 893	20 746	102 417
Writing off as the loss of the debts of insolvent debtors	007	147 726	105 594	361 934
Securities received for commitments and payments	008	10 504 535	5 303 933	6 909 286
Securities given for commitments and payments	009	57 315 509	34 903 766	7 984 793
Depreciation of fixed assets	010	-	-	-

Securities received for commitments and payments are performance bonds received by the Company from third parties as a guarantee of performing by the third party of all commitments under the contract.

Securities issued for commitments and payments are performance bonds issued by the Company to third parties as a guarantee of performing by the Company of all commitments under the contract.

The structure of securities received and issued is presentde below:

THOUS.RUB

Guarantees and securities	As of 31.12.2019	As of 31.12.2018	As of 31.12.2017
related to Company's obligations	2 915 443	6 303 712	7 984 793
Related to LLC Enel Rus Wind Azov obligations	15 931 230	11 793 309	-
Related to LLC Enel Rus Wind Kola obligations	38 468 836	16 806 745	-
Total	**57 315 509**	**34 903 766**	**7 984 793**

3.19 Financial instruments of forward transactions

The Company has following derivative financial instruments:

Fair value	As of 31.12.2019	As of 31.12.2018	As of 31.12.2017
Non-current interest rate SWAPs	-	-	637 355
Current interest rate SWAPs	-	1,366,197	155 086
Forward exchange contracts	1,342	-	-
Total	**1,342**	**1,366,197**	**792 441**

Cash flow hedges within the additional capital are reflected as follows:

Cash flow hedges	2019	2018
Reclassifications during the year	(680 765)	(453 895)
Net gains/(losses) during the year	437 162	480 548
Net movement on cash flow hedges	**(243 603)**	**26 653**

According to the terms of the cross-currency swaps, the Company pays the bank payments in rubles (based on a fixed rate), receiving payments in euros (based on a fixed rate), which are further transferred to pay the bank-creditor interest and principal payments under loan agreement. This hedging transaction allows to fix the currency rate of payments from rubles (currency of proceeds) to euros (loan repayment), and, thus, to hedge against a decline in the financial result of the Company due to the depreciation of the ruble / euro.

Swaps were measured at fair value through additional capital and were designated as hedging instruments in cash flow hedges of EUR-denominated borrowings. In 2019 the Company realized all swaps.

In order to comply with Company's foreign exchange risk management strategy, the changes in future cash flows arising from the highly probable capital expenditure outflows in a foreign currency attributable to foreign exchange rate movements are hedged. Forward exchange contracts are designated as hedging instruments in cash flow hedges of capital expenditures in a foreign currency related to thermal generation projects.

These hedges were assessed to be effective and net change of RUB 243 603 thousand, including the forward element amounting to RUB 4 170 thousand are included within additional capital for 2019 (2018: change at the amount of RUB 26 653 thousand, including the forward element of RUB 0 thousand). No significant element of ineffectiveness required recognition in the financial statements.

3.20 Contingencies

Operating environment

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

In 2019, the Russian economy continues to be negatively affected by low crude oil prices and the significant devaluation of the Russian ruble, as well as sanctions imposed against Russia by several countries. Interest rates in rubles remain high as a result of the Bank of Russia maintaining the key rate, which was 6.25% as of December 31, 2019.

The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Tax contingency

The tax system of the Russian Federation is characterized by frequent changes in legislative norms, official explanations and court decisions, often unclear and contradictory, which allows their ambiguous interpretation by various tax authorities. Inspections of the correctness of the calculation of taxes are handled by tax authorities that have the right to impose heavy fines and charge penalties. The tax authorities have the right to conduct field tax inspections within three calendar years preceding the year when the tax authorities decide to conduct a field tax audit.

These circumstances may lead to the fact that the tax risks in the Russian Federation will be much higher than in other countries. The management of the Company, proceeding from its understanding of the applicable Russian tax legislation, official explanations and court decisions, believes that the tax liabilities are reflected in the accounts in an adequate amount. However, the interpretation of these provisions by the tax authorities may be different and, if they can prove the legitimacy of their position, this could have a significant impact on these consolidated financial statements.

The new Russian transfer pricing legislation, which entered into force on 1 January 2012, allows the Russian tax authorities to apply adjustments to the tax base and to charge additional income tax amounts for all controlled transactions if the price applied in the transaction differs from the market price range. The list of controlled transactions includes, in particular, transactions concluded between related parties, as well as certain types of cross-border transactions.

The company determines tax liabilities arising from controlled transactions based on actual transaction prices.

Due to differences in transfer pricing legislation in Europe and Russia, the Russian tax authorities may challenge the level of prices applied in controlled transactions and impose additional taxes if the Company could not prove that market prices were used in controlled transactions.

In general, the Company management believes that the Company paid or accrued all taxes established by the law. For taxes, except for the income tax, where there is an uncertainty, the Company accrued tax liabilities based on the management's best assessment of possible outflow of resources required to fulfil these obligations.

Insurance

The Company applies the integrated comprehensive insurance policy. The Company insurance policy includes both mandatory and voluntary types of insurance and covers risks in respect of the Company assets, risks in respect of obligations to third parties and other insurable risks. The Company management takes appropriate measures to minimize potential negative impact on the Company property exposed to risks not covered by the existing insurance programs.

Environmental matters

The Company and the enterprises, to which it is a successor, have been carrying out the activity in the energy sector in the Russian Federation for many years. The legislation on environment protection in the Russian Federation is at the development stage and corresponding measures of state authorities are constantly revised. The Company carries out periodic review of its commitments in environment protection.

Potential commitments could arise as a result of changes in the legislation or civil procedure documents. The impact of these potential changes cannot be assessed. With regard to the situation developed as related to fulfilment of existing regulatory acts the management considers that there are no material obligations attributed to environment pollution, except for those with the provision accrued.

The fact that the Company is a subsidiary company of Enel Group demonstrates that specific attention is paid to environmental and safety issues.

Legal proceedings

The Company is not party to any other legal proceedings, which upon final resolution may have material negative impact on the Company's financial condition, except for those with the provision accrued and recorded herein.

3.21 Business risks of the company

The business risks of the Company are disclosed in detail in the consolidated financial statement of the Company and its subsidiaries for the year ending on December 31, 2019, prepared in compliance with the International Financial Reporting Standards, available at

https://www.enelrussia.ru/en/investors/a201612-financial-reporting-0.html

General Director C. Palashano

Chief Accountant V.V. Grishachev

23 March 2020