**DRAFT RESOLUTION**

**OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**OF PJSC KUBANENERGO**

**ITEM No. 2 :**

**“Approval of the annual accounting statements including the Profit and Loss Statements (profit and loss accounts) of the Company”**

**DRAFT RESOLUTION:**

To approve the annual accounting statements of the Company for 2019 in accordance with the Appendix published on the official website of the Company at http://kubanenergo.ru/.

**NOTES TO THE**

**DRAFT RESOLUTION OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF PJSC KUBANENERGO**

**“Approval of the annual accounting statements including the Profit and Loss Statements (profit and loss accounts) of the Company”**

Accounting Statements of PJSC Kubanenergo were drawn up in accordance with the current normative documents of the Russian Federation on accounting and preparation of reporting - more specifically, Federal Law of December 6, 2011 No. 402-FZ “On accounting”, Regulation on Accounting and Reporting in the Russian Federation, approved by Order of the Ministry of Finance of the Russian Federation No. 34н of July 29, 1998 (with amendments), Regulations on accounting approved by Order of the Ministry of Finance of the Russian Federation.

In accordance with Section 14 of Federal Law of December 6, 2011 No. 402-FZ “On accounting”, Order of the Ministry of Finance of the Russian Federation No. 66n of July 2, 2010 “On accounting forms of organizations”, the accounting (financial) statements consist of:

а) balance sheet;

b) statement of financial results;

c) appendices to the balance sheet and statement of financial results:

- statement of changes in equity,

- cash flow statement,

- other appendices to the balance sheet and statement of financial results: (notes).

As at December 31, 2019, the currency of the balance sheet amounted to 76,232 million rubles (as at December 31, 2018 amounted to 75,909 million rubles), which is 323 million rubles more than indicator for the preceding reporting period.

Net profit of the Company amounted to 2,428 million rubles for 2019 (according to the results of 2018, the net profit amounted to 151 million rubles).

The major share of revenue in 2019 was received for electric power transmission services and amounted to 46,515,7 million rubles, which is 932,2 million rubles or 2% more than revenue for electric power transmission services for the previous reporting period (45,583,5 million rubles).

As at December 31, 2019, the net assets of the Company amounted to 40,748 million rubles (as at December 31, 2019 amounted to 35,362 million rubles, which are 7,282 million rubles more than the authorized capital.

Compulsory audit of PJSC Kubanenergo (No.307-FZ of December 30, 2008) for 2019 was conducted by the auditor Ernst &Young LLC. The report was received based on the results of audit where the unqualified audit opinion on the fairness of financial statements was stated.

The report on assessing the fairness of data contained in the accounting statements for 2019 under RAS, was approved by the Minutes No.3 of April 15, 2020 of the Audit Committee of the Company, according to which the statements are recognized as faithful in all material aspects.

In accordance with Section 47 and Item 11 Clause 1 Section 48 of Federal Law of December 26, 1995 No. 208-FZ “On Joint Stock Companies”, Item 10 Clause 10.2 Section 10 of the Regulations of the Company, approval of the Annual Accounting (Financial) Statements of the Company relates to the reference of the General Meeting of Shareholders.

The Board of Directors of PJSC Kubanenergo recommended the Annual General Meeting of Shareholders of PJSC Kubanenergo to approve the annual accounting (financial) statements of the Company for 2019, in accordance with the decision of the Board of Directors of April 28, 2020 (Minutes No. 386/2020 of April 30, 2020).

In accordance with Clause 2 Section 49 of Federal Law “On Joint Stock Companies”, the decision on the current issue requires a majority vote of shareholders-holders of voting shares of the Company participating in the meeting of the Company.

Accordingly, the Annual General Meeting of Shareholders of PJSC Kubanenergo is invited to make a decision on this item.