

# Annexes

## 1. Independent Auditor's Report



### Independent Auditor's Report

To the shareholders and Board of Directors of Unipro Public Joint Stock Company:

#### Our Opinion

In our opinion, the attached financial statements accurately reflect in all material respects the financial situation of Unipro Public Joint Stock Company (hereinafter referred to as the "Company") as of 31 December 2018, as well as its profit and loss and cash flows for the year ended as of the said date in accordance with the accounting rules applicable in the Russian Federation.

#### Subject of the Audit:

We audited the Company's financial statements including:

- Balance Sheet as of 31 December 2018;
- Profit and Loss Statement for the year ended on the said date;
- Statement of Changes in Equity for the year ended on the said date;
- Cash Flow Statement for the year ended on the said date;
- Notes to the Balance Sheet and Profit and Loss Statement.

#### Basis for the Opinion

We conducted the audit in accordance with the International Standards on Auditing ("ISA"). Our responsibilities thereunder are described in the Section entitled "Auditor's Responsibility for the Audit of Financial Statements" hereof.

We believe that we acquired sufficient and appropriate audit evidence to express our opinion.

#### Independence

We are independent from the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and with the ethical requirements of the Code of Professional Ethics for Auditors and Rules for the Independence of Auditors and Audit Organisations that are applicable to this audit of financial statements in the Russian Federation and we honoured all other ethical obligations in accordance with these requirements and the IESBA Code.

#### Audit Methodology

##### Executive Summary

<b>Materiality</b>	• Materiality at the level of the Company's financial statements in general: 1,151 million Russian roubles which is equal to 5% of profit before tax.
<b>Key Issues of the Audit</b>	• Recognition, disclosure, and assessment of estimated and contingent liabilities

*PricewaterhouseCoopers Audit Joint Stock Company (PwC Audit JSC)*

*10, Butyrsky Val Street, White Square Business Centre, Moscow 125047, Russia*

*Tel.: +7(495)967-6000, Fax:+7(495)967-6001, www.pwc.ru*



Our audit plan provided for the establishment of materiality and assessment of the risks that the financial statements were materially misstated. Specifically, we examined the areas where the management made subjective judgments regarding significant accounting estimates, including the use of assumptions and consideration of future events associated with uncertainty by virtue of their nature. Similar to all our audits, we also considered the risk that the management circumvented the internal control systems, including but not limited to assessing evidence of the management's partiality that gives rise to the risk of material misstatement resulting from fraud.

We determined the scope of the audit so as to undertake a sufficient scope of work to be able to express our opinion on the financial statements with due regard for the Company's structure, accounting processes and the controls used by the Company, as well as the specifics of the industry in which the Company's does business.

#### **Materiality**

The scope of our audit was influenced by our application of materiality. The audit is intended to deliver a reasonable assurance that the financial statements do not contain any material misstatements. Misstatements may be caused either by fraud or by error. They are deemed material if it is reasonable to assume that, taken individually or collectively, they may affect the economic decisions of users, which are based on the financial statements.

Based on our professional judgment, we set certain quantitative threshold values for materiality, including materiality at the level of the Company's financial statements in general as shown in the table below. We used these values and qualitative factors to determine the scope of our audit, as well as the nature, dates and scope of the audit procedures, and assessed the impact of misstatements (taken individually and collectively), if any, on the financial statements in general.

---

<b><i>Materiality at the level of the financial statements in general:</i></b>	RUB 1,151 mln
<b><i>How the level was determined</i></b>	5% of profit before tax
<b><i>Justification of the use of this method to determine the materiality level</i></b>	We chose to use profit before tax as the base indicator to determine the materiality level since we believe that this is the indicator, which users most usually consider when evaluating a Company's performance, and since it represents a generally accepted base indicator. We set materiality at the level of 5%, which falls within the range of acceptable quantitative thresholds of materiality that are applicable to companies seeking to obtain a profit in the relevant industry.

---



### Key Issues of the Audit

The key issues of the audit are the issues that according to our professional judgment were most significant for our audit of financial statements for the current period. These issues were considered in the context of our audit of the financial statements in general and when preparing our opinion on these financial statements, and we do not express a separate opinion regarding these issues.

Key issue of the audit	Audit procedures used to address the key issue of the audit
<p><i>Recognition, assessment, and disclosure of estimated and contingent liabilities</i></p> <p>(See Note 3.22 “Estimated and Contingent Liabilities”)</p> <p>In its activities, the Company has to take part in current and potential litigations and proceedings concerning statutory regulation.</p> <p>The recognition and assessment of estimated and contingent liabilities and relevant disclosures concerning legal issues, actions by regulatory authorities and the claims of counterparties, require the application of substantive judgments. Therefore estimated and contingent liabilities should be qualified as key audit issues.</p>	<p>Our procedures were as follows:</p> <ul style="list-style-type: none"> <li>• Review of court decisions and relevant correspondence;</li> <li>• Deliberations with staff of the Legal Department and with Company management regarding pending issues;</li> <li>• Critical assessment of the management’s conclusions based on understanding of precedents set in similar cases;</li> <li>• Analysis of potential claims on the part of counterparties and regulatory authorities; and</li> <li>• Sending of written requests to third-party lawyers and subsequent deliberations (if appropriate) on specific high-profile cases.</li> </ul> <p>Based on our work and taking account of the uncertainty, which is typical for this type of regulatory and legal issues, we established that the relevant estimated liabilities that existed as of 31 December 2018 are appropriate.</p> <p>The adequacy of the management’s current estimates of contingent liabilities on litigations at the time of preparation of financial statements for the year ended on 31 December 2018 does not guarantee that these estimates will not undergo major changes due to future developments that are essentially uncertain.</p> <p>We analysed the relevant information in Note 3.22 and concluded that the disclosure is appropriate.</p>



### Other Information

The management is responsible for the other information. The other information contains the Annual Report of Unipro Public Joint Stock Company for 2018 and the Issuer's Quarterly Report for 1Q 2019 (but not including the financial statements and our auditor's report thereon), which are expected to be presented to us after the date hereof.

Our opinion on the financial statements does not cover the other information, and we do not provide an opinion expressing any kind of certainty with respect to this information.

In connection with our audit of the financial statements, our duty is to become acquainted with the other information mentioned above as soon as we receive it and to analyse whether there are material discrepancies between the other information and the financial statements or our knowledge acquired in the course of the audit and whether the other information contains other possible material misstatements.

If, upon reviewing the Annual Report of Unipro Public Joint Stock Company for 2018 or the Issuer's Quarterly Report for 1Q 2019, we conclude that they contain a material misstatement, we must report this to the persons in charge of corporate governance.

### Responsibility of the Management and of the Persons in Charge of Corporate Governance for the Financial Statements

The management is responsible for the preparation and accurate presentation of these financial statements in accordance with the accounting rules applicable in the Russian Federation, and for such internal controls as the management deems necessary to ensure preparation of financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the financial statements, the management is responsible for assessment of the Company's ability to continue as a going concern, disclosure in appropriate instances of information relevant to continuation as a going concern and preparation of financial statements based on the assumption of continuation as a going concern, unless the management either intends to liquidate the Company or go out of business, or has no realistic alternative but to liquidate the Company or go out of business.

The persons in charge of corporate governance supervise the preparation of the Company's financial statements.

### Responsibility of the Auditor for Audit of the Financial Statements

Our objective is to obtain reasonable assurance that the financial statements do not contain material misstatements, whether due to fraud or error, and to publish an auditor's report containing our opinion. Reasonable assurance is a high level of assurance, which, however, does not guarantee that the audit conducted in accordance with the ISA will always reveal instances of material misstatements, if any. Misstatements may be due either to fraud or error and are deemed material if it is reasonable to assume that, taken individually or collectively, they may affect the economic decisions of users, which are taken on the basis of the financial statements.



When conducting an audit in accordance with the ISA, we apply professional judgment and maintain professional scepticism throughout the entire duration of the audit. Furthermore, we:

- Identify and assess the risks of material misstatement of financial statements due to either fraud or error; Design and carry out audit procedures to respond to these risks; Acquire audit evidence that is sufficient and appropriate to express our opinion. The risk of failure to discover material misstatement due to fraud is higher than the risk of failure to discover material misstatement due to error, as fraud may include conspiracy, falsification, wilful omission, misrepresentation, or actions to circumvent the internal control system;
- Gain an understanding of the internal control system, which has significance for the audit, in order to design audit procedures that are suitable to the circumstances, but not in order to express our opinion on the efficiency of the Company's internal control system;
- Assess the appropriateness of the accounting policy used and the validity of accounting estimates and of the relevant disclosure prepared by the management;
- Conclude as to the legitimacy of the management's going-concern assumption and use the acquired audit evidence to reach a conclusion on whether there is considerable uncertainty caused by certain events and circumstances that may put the Company's ability to continue as a going concern in question. If we conclude that there is considerable uncertainty, we shall ensure that our auditor's report draws attention to the relevant disclosure in the financial statements or – in case such disclosure is inadequate – we shall modify our opinion. Our conclusions are based on the audit evidence received prior to the date of the auditor's report. However, future events and circumstances may make the Company unable to continue as a going concern;
- Assess overall presentation of the financial statements, their structure and content, including disclosure, and whether the financial statements reflect the transactions and events, on which they are based, in a way that ensures their accurate presentation.

We engage in the exchange of information with the persons in charge of corporate governance, notifying them, without limitation, of the expected scope and dates of the audit, as well as of any material problems identified during the audit, including any major flaws in the internal control system, which we discovered during the audit.

We equally provide a statement to the persons in charge of corporate governance certifying that we complied with all ethical requirements regarding independence and that we notified these persons of any other relations and matters that may reasonably be deemed to affect our independence, and in appropriate instances, of relevant precautions.

We select the issues, which are of highest significance for the audit of financial statements for the current period and which, consequently, constitute the key issues of the audit, from among the issues that we reported to the persons in charge of corporate governance. We describe these issues in our auditor's report, except when public disclosure of information on such issues is prohibited by a relevant law or



regulation or when in exceptional instances we come to the opinion that the information concerning a certain issue should not be disclosed in our report since it may reasonably be expected that the negative consequences of such disclosure will surpass the public benefit thereof.

Manager of the assignment, as a result of which this Independent Auditor's Report was issued: Albina Faritovna Kamalova

*PWC Audit JSC*

18 March 2019

Moscow, Russian Federation.

*/signature/ /seal: pwc PricewaterhouseCoopers Audit/*

A.F. Kamalova, Assignment Manager (Qualification Certificate No. 01-001621),  
PricewaterhouseCoopers Audit Joint Stock Company

Audited company: Unipro Public Joint Stock Company

Entry made in the Unified State Register of Legal Entities on 4 March 2005, state registration number No. 1058602056985

Building 34, 23 Energostroi-teley Street, Surgut, Khanty-Mansi Autonomous Area – Yugra, Tyumen Region, 628406 Russian Federation.

Independent auditor:

PricewaterhouseCoopers Audit Joint Stock Company

Registered by the Moscow Registration Chamber (State Institution) on 28 February 1992 under No. 008.890. Entry made in the Unified State Register of Legal Entities on 22 August 2002, state registration number No. 1027700148431

Member of the Self-Regulatory Organisation of Auditors, the Russian Union of Auditors (Association)

Primary registration number of the entry in the register of auditors and audit companies: 11603050547.