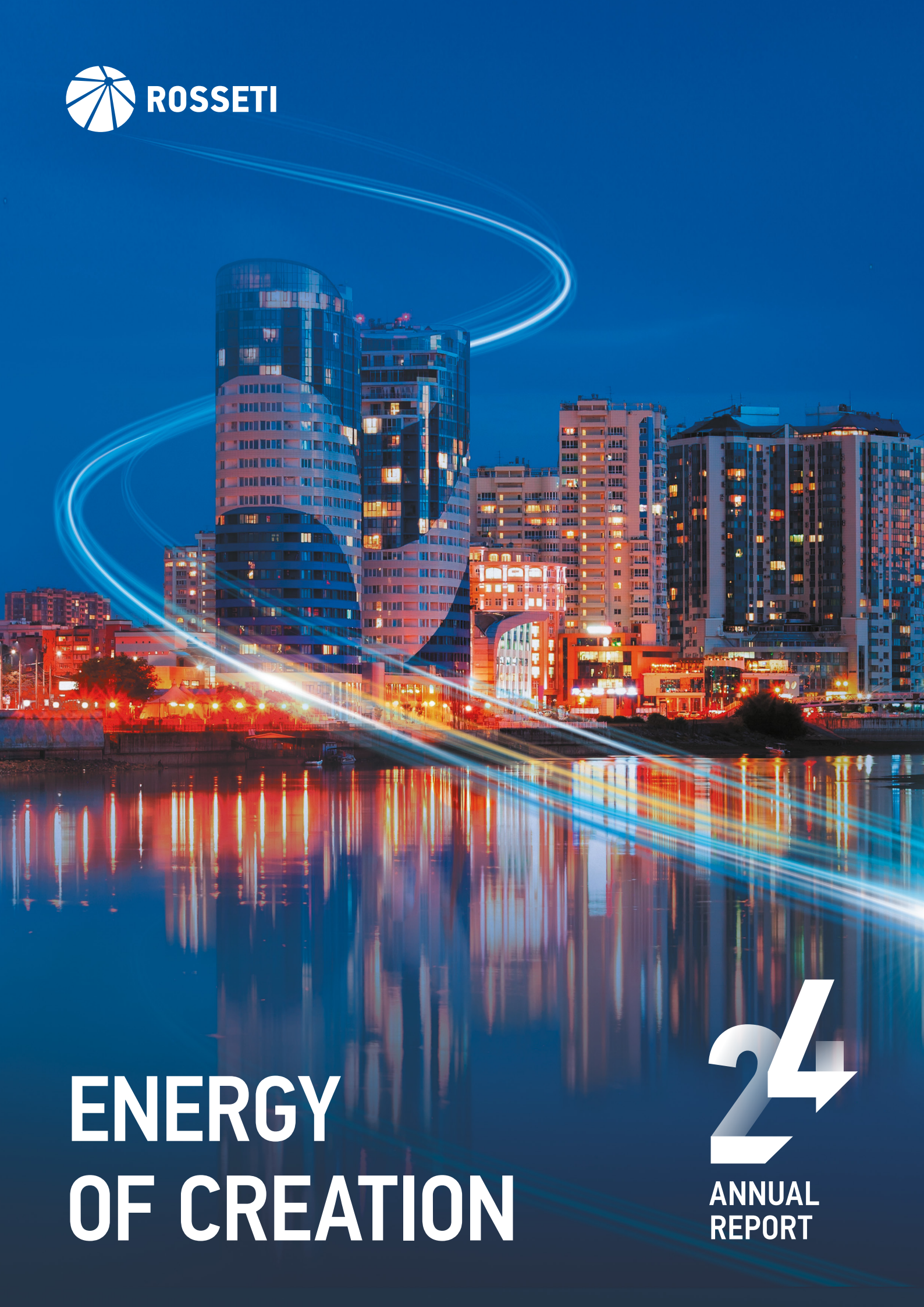
ROSSETI



# ENERGY OF CREATION

24

ANNUAL REPORT

# ABOUT THE REPORT

**Rosseti Kuban Joint Stock Company (Rosseti Kuban JSC)**

**Approved by:**
resolution of the Annual General Meeting of Shareholders Rosseti Kuban JSC dated 9 June 2025 (Minutes No. 53 dated 10 June 2025)

**Pre-approved by:**
resolution of the Board of Directors of Rosseti Kuban JSC dated 5 May 2025 (Minutes No. 594/2025 dated 5 May 2025)

**The reliability of the data contained herein is confirmed by:**
resolution of the Auditing Commission Rosseti Kuban JSC dated 15 April 2025 (Minutes No. 3 dated 15 April 2025)

This Annual Report presents the results of Rosseti Kuban Joint Stock Company[1] for 2024, as well as certain important events that occurred after the reporting date between 1 January 2025 and the preliminary approval of the Annual Report by the Board of Directors.

The Report was aligned with Russian laws, such as:

- Federal Law No. 39-FZ 'On Securities Market' dated 22 April 1996
- Federal Law No. 208-FZ 'On Joint Stock Companies' dated 26 December 1995 (hereinafter — Federal Law 'On Joint Stock Companies')
- Bank of Russia's Regulations No. 714-P 'On Disclosure of Information by Issuers of Equity Securities' dated 27 March 2020
- Recommendations of the Corporate Governance Code of the Bank of Russia for use by joint stock companies that have stock-exchange securities by the Letter of the Bank of Russia No. 06-52/2463 dated 10 April 2014 (hereinafter — the Corporate Governance of the Bank of Russia)
- Recommendations on by public joint stock companies disclosing non-financial information related to the activities of such companies (Information Letter of the Bank of Russia No. IN-06-28/49 dated 12 July 2021)

Rosseti Kuban JSC is also referred to as the Company, Rosseti Kuban herein.

**In the reporting year, the Company launched[2] the process of removing the indication of its public status from its name. In January 2025, all related activities were completed:**

- Trading in shares of Rosseti Kuban PJSC was halted on 13 December 2024
- On 28 December 2024, the Central Bank of the Russian Federation (Bank of Russia) decided to exempt Rosseti Kuban PJSC from the obligation to disclose information under Article 30 of Federal Law on the securities market
- On 24 January 2025, an entry was made in the Unified State Register of Legal Entities regarding the state registration of amendments to the Articles of Association containing the new full and abbreviated names of the Company

Taking into account the above and previous changes to the Company's name, Rosseti Kuban JSC is hereinafter referred to as:

- Kubanenergo PJSC — when describing periods (events) that occurred before 10 August 2020
- Rosseti Kuban PJSC — from 10 August 2020 to 24 January 2025

[1] Rosseti Kuban Joint Stock Company is the full corporate name of the Company since 24 January 2025. In the reporting year, the full corporate name of the Company was Rosseti Kuban Public Joint Stock Company.

[2] In accordance with the decision of the General Meeting of Shareholders dated 14 June 2024 (Minutes No. 51 dated 17 June 2024).

## Topic of the Report —

# ENERGY OF CREATION.

**This Report discloses the following material topics related to the Company's activities:**

- CONSUMER RELATIONS
- ENVIRONMENTAL ASPECTS OF ACTIVITIES
- SOCIAL ASPECTS AND EMPLOYEE RELATIONS ISSUES
- ENERGY SAVING AND ENERGY EFFICIENCY
- OCCUPATIONAL HEALTH AND SAFETY
- FIGHT WITH CORRUPTION, INFLUENCE PEDDLING AND BRIBERY OF FOREIGN OFFICIALS

**Disclaimer**
This Annual Report was prepared using the information available to Rosseti Kuban JSC and its subsidiaries at the time of writing.

The report contains information, including information relating to the Company's future production and economic activities, based on projections and estimations made by the Company's management based on the current situation. Actual performance may differ from these projections and estimations due to the influence of numerous objective factors.

The Annual Report contains certain forward-looking statements regarding the Company's business operations, financial and economic performance, plans, projects and expected results. The Report may also include estimates of trends in service/product prices, production and consumption volumes, costs, projected expenditures, development prospects and similar factors, as well as industry and market forecasts, start and end dates of individual projects of the Company.

The words 'intends', 'strives', 'projects', 'expects', 'estimates', 'plans', 'believes', 'anticipates', 'may', 'should', 'will' and 'will continue', as well as similar expressions, generally indicate forward-looking statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that assumptions, forecasts, projections and other forward-looking statements may not materialise. The Company cautions that, in light of these risks, uncertainties, and assumptions, actual outcomes might differ materially from those implied directly or indirectly in such forward-looking statements, which are only accurate as of the date this Annual Report was written.

The Company makes no promises or guarantees regarding the realisation of the results expressed in the forward-looking statements. The Company disclaims any liability for any losses incurred by individuals or entities that bank on any forward-looking statements. In each individual case, these forward-looking statements are simply one of many scenarios that could occur and should not be taken as the most likely one.

Except as expressly provided by Russian law, the Company undertakes no obligation to publish updates or revisions to forward-looking statements, whether as a result of new information or subsequent events.

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ELECTRONIC VERSION OF THE ANNUAL REPORT

# STATEMENT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



**Daniil Krainskiy**
Chairman of the Board of Directors, Rosseti Kuban JSC

## Respected colleagues,

In 2024, the Company showed excellent performance across the board. The Company joined federal and regional projects aimed at the social and economic development of the territories where it operates. Being granted status as a territorial grid organisation with systemic importance in the territories of operation was the year's milestone event, which is extremely crucial both in terms of providing consumers with consistent and high-quality supply of energy and addressing long-standing issues, such as the status of ownerless grids.

**>24**
**RUB BILLION**
amount of capital investment financing

**10.8**
**RUB BILLION**
Company's profit

**6.43**
**RUB BILLION**
received by the Company following the placement of shares

**38**
**MEETINGS**
held by the Board of Directors





The Company's management effectively co-operates with regional authorities. As a result, a regulatory agreement was signed with the administration of the Krasnodar Krai, which will enable additional investment in the development of the region's electricity distribution grid infrastructure.

**Operational and financial results**
The Company's investment activities remained focused on the unconditional execution of plans for the renovation and construction of new power facilities. The Company kept funding the development of energy capabilities to support the Krasnodar Krai and Adygeya's social and economic advancement.

The volume of capital investment amounted to over RUB 24 billion.

The Company generated a profit of RUB 10.8 billion and allocated RUB 1.9 billion was for dividend payments.

With the follow-on offering, the Company raised RUB 6.43 billion in investments. The purpose of the follow-on offering was to finance the construction of energy infrastructure of the Republic of Adygeya, the renovation of the power supply centres in the energy district of Sochi, as well as to strengthen the Company's financial position through lowering its debt load.

**Effective management**
The Board of Directors of the Company placed their focus on safeguarding shareholder interests, enhancing the financial and economic performance of the Company, and boosting confidence of creditors and investors in the business. The Board of Directors held 38 meetings and addressed 144 issues.

Among the most significant decisions made by the Board of Directors were the approval of a digital transformation programme, a plan for developing the production asset management system, an environmental policy, and a long-term investment programme.

In accordance with the decision of the General Meeting of Shareholders, trading of the Company's shares on the stock exchange was halted with the view to change the organisational and legal status. These steps were taken in line with the law and with respect for the rights of shareholders.

**Key tasks**
The Company will continue to implement its investment and repair programmes, upgrade the power grid infrastructure, and ensure affordable grid connection.

The Company's priorities include participation in projects to expand road and port infrastructure in the Krasnodar Krai, the mining cluster of the Republic of Adygeya, and the development of the Sochi energy district and the Sirius federal territory.

The social policy focuses on maintaining and developing human capital, creating opportunities for professional growth for employees, promoting mentoring, and providing career guidance for young people.

Special attention will be given to social programmes and staff support, training and advanced vocational training, advancement of professional and personal skills, and preservation of social guarantees and benefits.

The traditional priorities of the Board of Directors will remain unchanged: making decisions aimed at sustainable development, effective interaction with government authorities, and boosting the Company's investment appeal.

Strong technical capabilities, consistent economic and financial performance, and first-rate managerial qualities will, in my opinion, allow the Company to maintain its dynamic and well-balanced growth.

# STATEMENT BY ACTING GENERAL DIRECTOR



**Alexey Rybin**
Acting Director General,
Rosseti Kuban JSC

## Respected shareholders, partners and colleagues,

In addition to the production performance achieved, stability and sustainable development were significant outcomes for the Company in 2024. The Company kept improving its business processes in order to fulfil its obligations towards consumers and deliver financial results. This allowed us to turn a profit at the end of the reporting period.
As a regional grid organisation with systemic importance, Rosseti Kuban will continue its efforts for the consolidation of power grid assets within its catchment area.

**28.49** +6% vs 2023
**BILLION KWH**
delivery to the grid in 2024

**>520**
**MVA**
transformer capacity

**>1,7**
**THOUSAND KM**
PTLs commissioned in 2024

**24**
**ELECTRIC CHARGING STATIONS**
connected in 2024





**Investments in development**
The Company completed the maintenance, repairs, and investment programme for the power grid infrastructure. Over 1,700 km of power transmission lines and 520 MVA of transformer capacity were put into service as part of the investment activities. Among the largest projects are the construction of grid infrastructure for power supply to a new section of the A-289 federal highway in the Krasnodar Krai and the provision of power supply to a large industrial park in the Republic of Adygeya.

As part of the Advanced Development Programme for the Electric Power Industry, the Company plans to provide additional financing of over RUB 22.8 billion for investment projects by 2029. The programme provides for the renovation of 16 high-voltage power supply centres in 11 municipalities of the Krasnodar Krai.

In compliance with directives from the Russian Federation's Government and Presidential Executive Office, Sochi venues holding national and international events were provided with stable and continuous power supply.

The Company dispatched a group of employees to help with the restoration of power supply facilities in the Donetsk People's Republic.

**New consumers**
One of the top priorities at the level of grid connection is making sure that the regions under our responsibility are getting the energy they need. In 2024, over 37,000 consumers were connected to the grid infrastructure. The capacity output totalled 772 MW.

The new subscribers include household consumers, healthcare facilities, education and cultural institutions, agro-industrial enterprises, and housing construction and tourist destination projects. The work continues to make the grid connection of facilities under the national projects dedicated to Demography, Health Care, Education, Housing and Urban Environment, etc.

The Company completed the gird connection of 24 electric charging stations in major cities and on regional roads.

The Company is involved in the connection of the Adler Bypass highway to the power grid infrastructure (as part of the construction of an alternate speedway of A-147 Dzhubga–Sochi highway) and a solar power plant in the Seversky District of the Krasnodar Krai, as well as the all-season mountain eco-resort Lagonaki in the Republic of Adygeya.

**Customer-centric approach**
The Company continued to expand interactive customer services as part of its consumer care system, while maintaining its focus on providing comfortable conditions for face-to-face interaction with consumers.

Rosseti Kuban also places great emphasis on developing additional services. Revenue from their sale in the reporting period amounted to RUB 1.28 billion.

**Reliability data**
The key reliability metrics were related to the timely and high-quality execution of annual equipment maintenance and repair programmes, and preparations for the summer and winter periods.

The Company's plans for all grid-related areas in 2024 were fully accomplished, which made it possible to reduce the accident rate in electrical grids by 1.8% compared to the previous period.

To improve the energy efficiency of the equipment in use, the Company annually lays down a loss reduction plan. According to the results achieved, electricity losses were reduced by 37 million kWh.

Electricity delivery to the grid in 2024 amounted to 28.49 billion kWh, up 6% year-on-year.

**Social responsibility**
A primary goal of Rosseti Kuban's operations is to provide safe working conditions as well as ensure occupational health and safety. The Company fully complies with the requirements of Russian laws regarding the occupational safety obligations of the employer.

Environmental protection is another unwavering priority and follows through all legal requirements and regulations.

**Priorities**
I have no doubt that the expertise of the management and staff will be conducive to the successful delivery of the plans and further strengthen the image of Rosseti Kuban as a socially responsible entity.

The Company's strategic priorities remain unchanged, namely to provide reliable and high-quality power supply for the comfortable life of our consumers and stable economic growth in the regions.

# ABOUT THE COMPANY

**28,493** +6.1% vs 2023
**MILLION KWH**
delivery
to the Company's grid

**19,368** +54% vs 2023
**RUB MILLION**
capital investment
utilisation

In 2024, the Company was designated as a systemic territorial grid organisation (STGO) in the Krasnodar Krai and the Republic of Adygeya.

## ENERGY OF ACTION

The Company is committed to the ongoing improvement of the power grid infrastructure in the Krasnodar Krai, the Republic of Adygeya, and the Sirius federal territory. The comprehensive initiatives undertaken by Rosseti Kuban have a direct impact on the standard of living and economic prosperity of the regions where it operates.

# ROSSETI KUBAN JSC AT A GLANCE

The Company transmits and distributes electricity to consumers on 110 kV and lower power grids between populated areas, in rural settlements, individual cities, and district centres in the Krasnodar Krai (including Sochi), the Republic of Adygeya, and the federal territory of Sirius.

The Company offers connections to its power grid infrastructure in order to ensure the availability of electric power infrastructure and the development of the power grid complex.

Rosseti Kuban JSC also provides a wide range of additional services, including maintenance of consumers' power grid facilities, arrangement of outdoor lighting, placement of telecommunications equipment, etc.

In accordance with Federal Law No. 35-FZ dated 26 March 2024 'On Electric Power Industry', orders of the Governor of the Krasnodar Krai No. 214-r dated 4 September 2024 and the Head of the Republic of Adygeya dated No. 229-rg 4 September 2024, the Company was designated as a systemic territorial grid organisation (STGO) in the Krasnodar Krai and the Republic of Adygeya.

As a STGO, the Company acts as a single responsibility centre in the Krasnodar Krai and the Republic of Adygeya, offering a one-stop service for consumers of electricity transmission services, and ensures:

- Damage control of large-scale accidents on other TGOs' grids as decided by the Command Centre for ensuring power supply security in the Krasnodar Krai and the Command Centre for ensuring power supply security to consumers in the Republic of Adygeya
- Operation of ownerless power grid facilities
- Operation, overhaul, renovation, upgrade, retrofitting of power grid facilities transferred to the STGO in accordance with the procedure established by law

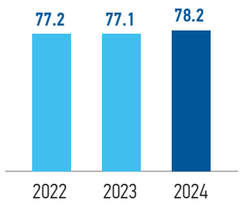
## Position of the Company in the UES of Russia and IES of South in terms of electricity delivery to the Company's grid in 2022–2024[1] (billion kWh)

| Indicator | 2022 | 2023 | 2024 | Company's share in 2024 (%) |
|---|---|---|---|---|
| Electricity consumption in UES of Russia | 1,106.3 | 1,138.3 | **1,174.1** | 2.4 |
| – Including in IES of South | 111.0 | 130.0 | **136.5** | 20.9 |
| – Including Rosseti Kuban (electricity delivery to the Company's grid) | 26.1 | 26.9 | **28.5** | 100.0 |

## Key characteristics of the Company as of the end of 2024

| Indicators | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Scope of service (thousand c.u.) | 765.00 | 775.06 | **779.55** | +0.6 |
| – including power grids (thousand c.u.) | 411.00 | 416.73 | **417.71** | +0.2 |
| Length of power transmission lines by circuits (thousand km) | 93.60 | 94.52 | **96.14** | +1.7 |
| Number of 35–220 kV substations, 6–10(35) / 0.4 kV transformer substations | 25,690 | 26,570 | **27,566** | +3.7 |
| Maximum allowable design capacity of the energy system (MVA)[2] | 9,169.3 | 9,369.3 | **9,512.6** | +1.5 |
| Utilisation rate of the design capacity of the energy system[3] | 4,996 (72.4%) | 6,057 (72.8%) | **6,108 (75.4%)** | +0.8 (+2.6 p.p.) |
| Total number of points of delivery to consumers connected to power grids of the Company | 1,225,864 | 1,262,854 | **1,291,073** | +2.2 |
| Power grid branches | 11 | 11 | **11** | – |

## Company's share in the regional market of electricity transmission services for 2022–2024 (%)




[1] Source: Functional reports on the UES of Russia published by SO UPS, JSC at https: //www.so-ups.ru/functioning/tech-disc/tech-disc2022/.
[2] Only for 110 kV substations.
[3] Under-use of design capacity due to creating redundancy for power failures or scheduled repair.



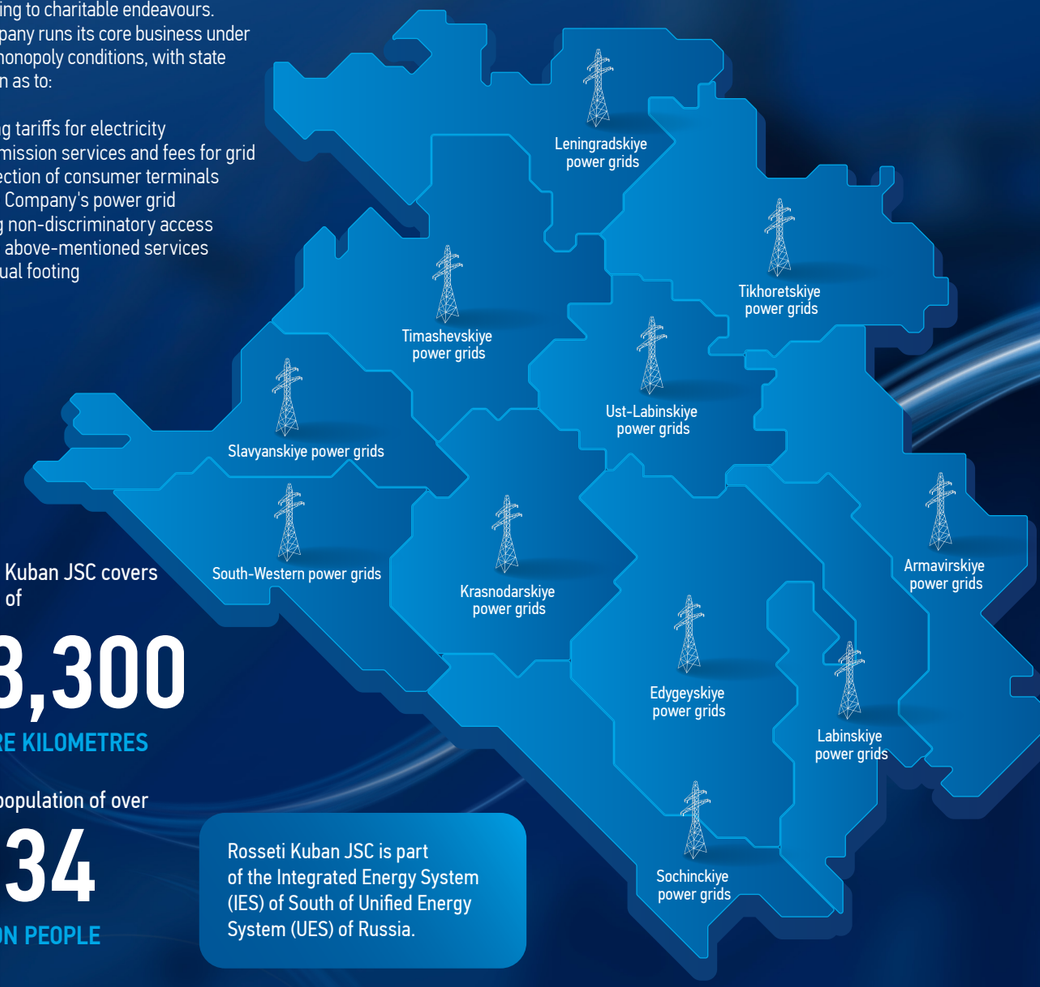


## COMPANY'S CATCHMENT AREA

As the largest in the region taxpayer, Rosseti Kuban JSC actively participates in the social and economic life of the region by fostering employment opportunities for workers of suppliers in related industries, organising a variety of social programmes, and contributing to charitable endeavours.
The Company runs its core business under natural monopoly conditions, with state regulation as to:

- Setting tariffs for electricity transmission services and fees for grid connection of consumer terminals to the Company's power grid
- Giving non-discriminatory access to the above-mentioned services on equal footing

The Company may face competition should Rosseti PJSC decide to enter into independent electricity transmission agreements with consumers located in the Company's area of responsibility and whose consumer terminal are connected to Rosseti's grids.




Rosseti Kuban JSC covers an area of

**83,300**

**SQUARE KILOMETRES**

with a population of over

**6.34**

**MILLION PEOPLE**

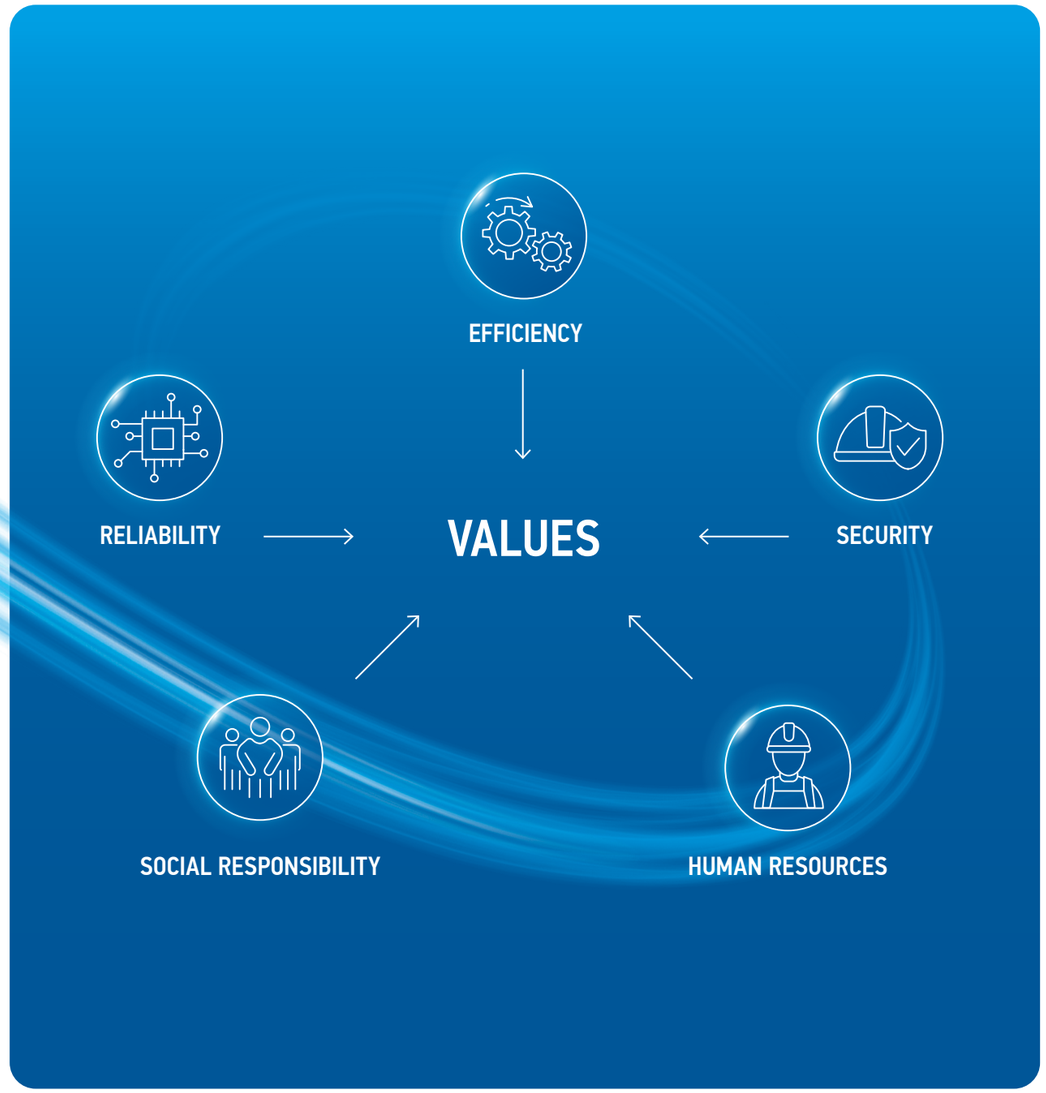
Rosseti Kuban JSC is part of the Integrated Energy System (IES) of South of Unified Energy System (UES) of Russia.

**Rosseti Kuban JSC** is the largest power grid company in the Krasnodar Krai and the Republic of Adygeya. The Company's share in the regional electricity transmission market in 2024 was 78.2% of the regional required gross revenue (RGR). The largest companies engaged in similar activities in the Krasnodar Krai and the Republic of Adygeya include: Kuban Power Grids JSC, Oboronenergo JSC, RZD JSC and Neftegaztekhnologiya-Energiya JSC.

We have reason to assume that the Company will continue to hold a dominating position in the local electricity transmission market due to the high rates of renovation and renewal of its power grid infrastructure as well as the continually increasing number of grid connections.

# MISSION AND VALUES OF THE COMPANY

The mission of Rosseti Kuban JSC is to generate profit while ensuring long-term reliable, high-quality and affordable electricity supply to consumers in the Krasnodar Krai and the Republic of Adygeya by managing the distribution grid infrastructure as efficiently as possible using advanced technologies and innovations, complying with international quality standards for services and best corporate governance practices.








## Reliability.

The Company seeks to ensure maximum reliable, uninterrupted power supply to cover the economic and social needs of Russia by taking every organisational and technical effort necessary to guarantee reliable operation of power grid infrastructure while also ensuring the security of its facilities.

## Human resources.

Our employees are the key resource, thanks to whom the Company creates, maintains and builds its value and reputation over the long term. Whether the Company is to achieve its strategic goals and objectives set by the state depends to a large extent on the professionalism, integrity and occupational safety of its employees.

The Company values every employee regardless of gender, age, nationality, or position. All of them have equal opportunities for successful and effective work, professional development and career progress.

The staff structure (including management) is based on the principles of fairness and objectivity. The decision-making on appointment or promotion is governed by business qualities only.

The Company welcomes the so-called labour dynasties and fosters their development.

The Company supports generational continuity by showing respect for veteran workers' experience and ensuring that knowledge and traditions are passed on to young employees, including within family dynasties.

## Efficiency.

The Company recognises its responsibilities to its shareholders, investors and partners and therefore considers operational efficiency to be its fundamental value. The Company works towards continuous profit growth enabled by the strategic initiatives of supervision and governance bodies, top management and shareholders.

## Security.

When it comes to the implementation of security measures and the avoidance of potential wrongdoings, the Company takes a balanced, carefully regulated approach.

## Social responsibility.

The Company is a socially responsible business that places a high priority on addressing the environment issues, ensuring employee safety, and implementing social initiatives.



Below are the principles of professional ethics and intra-corporate conduct that are binding for all employees of the Company:

- Professionalism
- Integrity and responsibility
- Interaction and collaboration
- Image and reputation
- Confidentiality

The Company does not compromise its values for profit, viewing them as a link between all areas of activity, and expects the same from its business partners.

The Company holds dear its corporate values and maintains a high level of the corporate culture.

In its operating activities, the Company makes use of financial, production, intellectual, human, social and reputational, and natural capitals (resources).

In its day-to-day operations, the Company balances out interests and creates values for all stakeholders, contributes to the economic growth of the regions where it operates, adheres to the idea of sustainable development, and ensures reliable and affordable energy supply to consumers. The core business of the Company is electricity transmission and distribution (95.5% of the Company's revenue in the reporting year). The Company offers prompt and reasonably priced connections to its power grids in order to guarantee the growth of the Republic of Adygeya and the Krasnodar Krai.

## CHANGE IN THE COST OF CAPITALS FOR 2024

### PRODUCTION

**CAPITALS AT THE BEGINNING OF 2024**

Total number of 35–220 kV substations, 6–10(35)/0.4 kV transformer substations — 26,570 substations.

Length of PTLs — 96,520 km.

The installed capacity of the substations totalled 18,387.8 MVA.

System average interruption duration index for point of delivery ($I_{saidi}$) —3.3403 h.

System average interruption frequency index, per point of delivery ($I_{saifi}$) — 1.3099 interruptions

**HOW THE COMPANY CREATED VALUE IN THE REPORTING YEAR**

RUB 19,368 million of capital investment (excl. VAT) assimilated.

Renewal of the following energy assets is underway:
- Commissioning of new, renovated and upgraded facilities, including under grid connection of consumers, renovation and upgrade of equipment
- Consolidation of grid assets within the Company
- Write-off of obsolete equipment
- Transfer to reserve or decommissioning of equipment

The volume of electricity transmission services totalled 24,192.3 million kWh, up 6.9% year-on-year (revenue was RUB 80,126.4 million).

Number of grid connections made in 2024 — over 37,000 with a total capacity of 772 MW (revenue – RUB 6,662 million)

**2024 RESULTS**

Total number of 35–220 kV substations, 6–10(35)/0.4 kV transformer substations — 27,566 substations.

Length of PTLs — 96,140 km.

The installed capacity of the substations totalled 18,953.9 MVA.

System average interruption duration index per point of delivery ($I_{saidi}$) — 3.2982 h, Down 1.3% year-on-year.

System average interruption frequency index per point of delivery ($I_{saifi}$) — 1.2401 interruptions, down 5.3% year-on-year.

Reliability targets were achieved, within the tolerances.

The number of accidents in the 0.4 kV and above grid dropped by 1.8% year-on-year

### HUMAN

Average headcount — 8,753 people.

Staffing level at the end of the year — 91.6%.

Employees with higher vocational education — 52.6% and with primary/secondary vocational education — 34.4%.

Annual acquisition order for working wear and shoes was fully completed.

The Company's workers received compensation payments, including the provision of voluntary health insurance (VHI) services

11,902 people trained (141% of average headcount). Training costs amounted to RUB 96.6 million.

Occupational health and safety costs in 2024 amounted to RUB 435.5 million, up 3.0% year-on-year. Comprehensive programmes to reduce the risk of electric shock to employees and third parties at the Company's power grid facilities, scheduled for 2024, were fully delivered.

To preserve workers' health and life, the Company purchased necessary safeguards and safety equipment in 2024

Average headcount — 8,466 people.

Staffing level at the end of the year — 89.4%.

Workers with higher vocational education — 52.7% and with primary/secondary vocational education — 34.0%.

Annual acquisition order for working wear and shoes was fully completed.

The Company's workers received compensation payments, including the provision of VHI services

### FINANCIAL

Net profit – RUB 6,167 million

Year-end net asset value – RUB 54,950 million

EBITDA – RUB 17,574 million

Revenue in 2024 – RUB 88,072 million, up RUB 13,514 million year-on-year.

EBITDA in 2024 – RUB 26,688 million, up RUB 9,114 million year-on-year.

The increase in figures is mainly associated with higher revenue from grid connection and electricity transmission

Profit amounted to RUB 10,878 million, up RUB 4,711 million year-on-year, driven by higher revenue from grid connection and electricity transmission, as well as growth in other income.

Year-end net asset value — RUB 64,021 million

The year-on-year increase in net assets totalled RUB 9,071 million and was spurred by the gains in equity attributable to year-end profit, as well as an year-on-year increase in cash balance.

### INTELLECTUAL

Actual value of R&D expenditure (IR&D) indicator — 0.15% of own revenue, with the target of 0.15%.

Actual value of the innovative products (goods, works, services) procurement indicator (IINNOVATION) — 6.5%, with the target of 4.8%

Delivery of the R&D Programme, integration of equipment and devices developed under R&D.

Introduction of innovative technologies and solutions

Actual value of R&D expenditure (IR&D) indicator — 0.19% of own revenue, with the target of 0.19%.

Actual value of the innovative products (goods, works, services) procurement indicator (IINNOVATION) — 5.76%, with the target of 4.9%

### SOCIAL AND REPUTATIONAL

High degree of social responsibility.

High level of business transparency: Company's website, mass media, Internet, and congress & exhibition events

Raising public awareness of the Company's operations: in 2024, there were around 29,600 publications about the company's operations in the federal, regional, and local media, as well as on social media platforms

Accumulation of reputation capital.

Percentage of positive and neutral news items regarding Rosseti Kuban's operations produced by the Company's PR teams was 91%

### ENVIRONMENTAL

The Stockholm Convention on Persistent Organic Pollutants' requirements are followed.

Work is underway to conserve biodiversity and provide ornithological safety

The Company set up a phased decommissioning of trichlorodiphenyl-containing equipment with its further safe disposal.

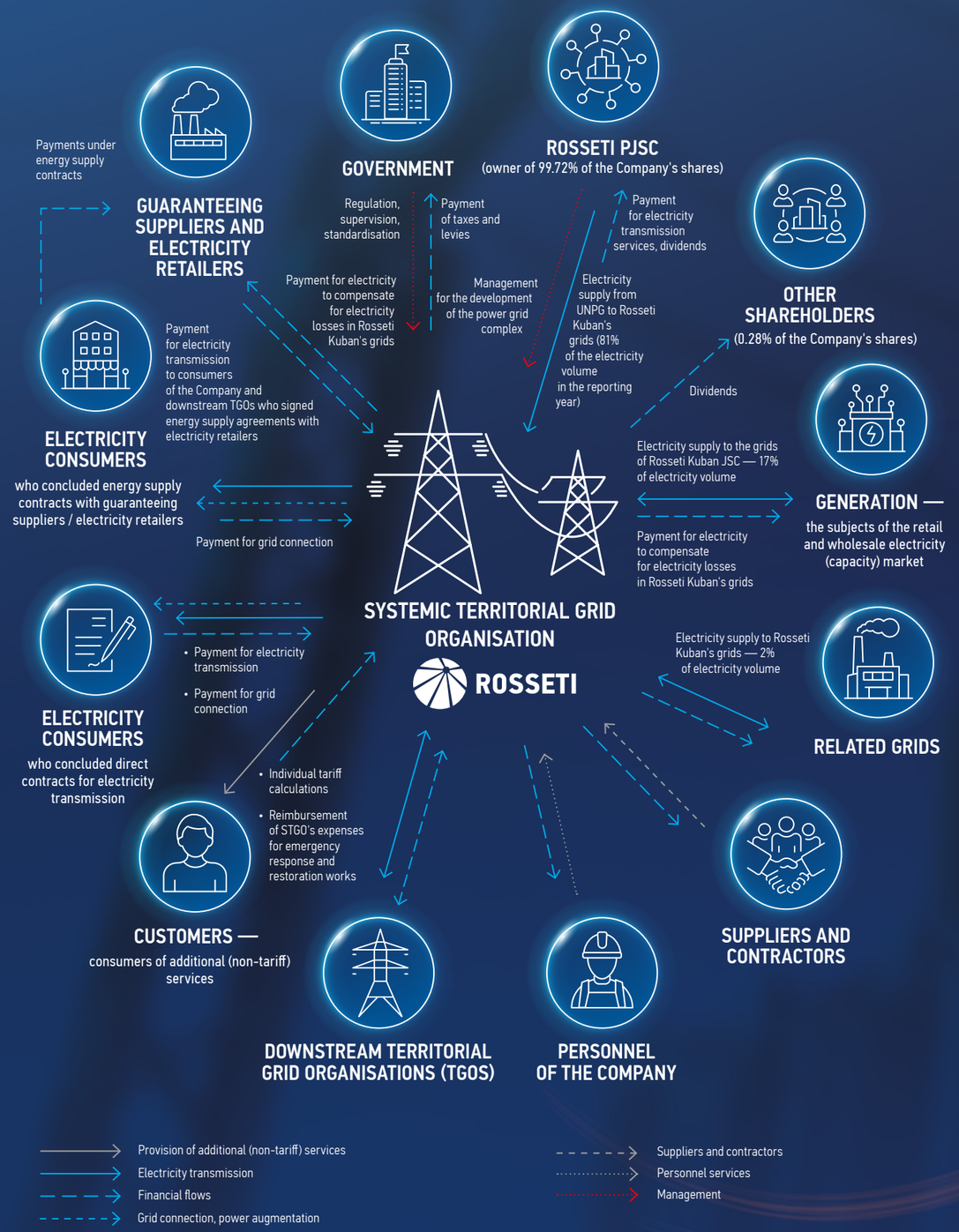
Installation of bird diverters on overhead power lines

In 2024, the Company followed through on its campaign to comply with the Stockholm Convention on Persistent Organic Pollutants, along with the cessation of polychlorinated biphenyls in equipment.

Provisions are in place to ensure shock-hazard protection of birds, protection of birds from injuries caused by overhead power lines, and protection of overhead power lines from the negative impact of bird droppings

In the reporting year, the share of revenue from the sale of electricity transmission and distribution services was 91.0%. Given the region's increasing power consumption and the grid connection of new customers, it is anticipated that the issuer will provide 25,221 million kWh of electricity transmission services in 2029 (104% more than in 2024).

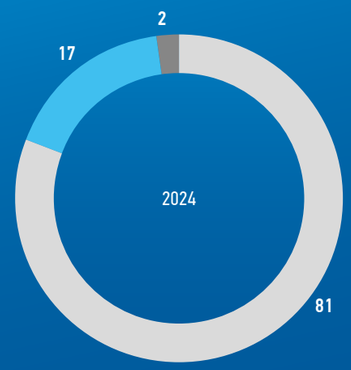
# SCHEME OF THE COMPANY'S MAIN BUSINESS PROCESSES








## The Company's grids receive electricity from:




- along the UNPG grids from Posseti PJSC
- directly from the generation facilities
- from related grids (Stavropolenergo, a branch of Rosseti Northern Caucasus PJSC; Karachaevo-Cherkesskenergo JSC; Rostovenergo, a branch of Rosseti South PJSC)

## Consumers of Rosseti Kuban's electricity transmission services:

- Guaranteeing suppliers (in the reporting year, NESK JSC and TNS Energo Kuban PJSC) — wholesale and retail market entities engaged in energy sales activities and obliged to conclude an agreement with any consumer who applies to it located within the catchment area
- Other companies involved in energy sales (74 in the reporting year)
- Some consumers (80 in the reporting year) that signed direct electricity transmission agreements with the Company (Novoroscement OJSC, Tamanneftegaz JSC, Eurochem-Belorechenskie Minudobrenia LLC, Agrofirma-Plemzavod Pobeda JSC, Sad-Gigant JSC, Verkhnebakansky Cementny Zavod OJSC, Abrau-Durso CJSC, Novoroslesexport JSC, RAMO-M JSC, NMTP PJSC, Kanevskoy Zavod Gazovoy Apparatury LLC, etc.)

The Company receives payment for its electricity transmission services from electricity retailers and from direct consumers, respectively.

To compensate for electricity losses occurred during transmission in the Company's grids, Rosseti Kuban buys the corresponding amount of electricity from guaranteeing suppliers such as TNS Energo Kuban PJSC and NESK JSC, as well as from VIE LLC and Lukoil-Kubanenergo LLC.

Since 2007, the region has had a common-pot tariff for electricity transmission services in place which applies to all consumers of electricity transmission services in the Krasnodar Krai and the Republic of Adygeya, regardless of which grid organisation they are connected to.

The main settlement model is the Pot At the Top: Rosseti Kuban JSC has the STGO status, i.e., the pot holder. According to this model, Rosseti Kuban JSC receives consumers' payments for electricity transmission services (regardless of which grid organisation they are connected to), then the Company settles accounts at individual tariffs with downstream grid organisations the consumer terminals are connected to.

# ORGANISATIONAL STRUCTURE

No changes were made to the organisational structure of the Company in 2024.
As of 31 December 2024, the Company's organisational structure is in effect,
as approved[1] by the Board of Directors of Rosseti Kuban PJSC on 30 November 2021.

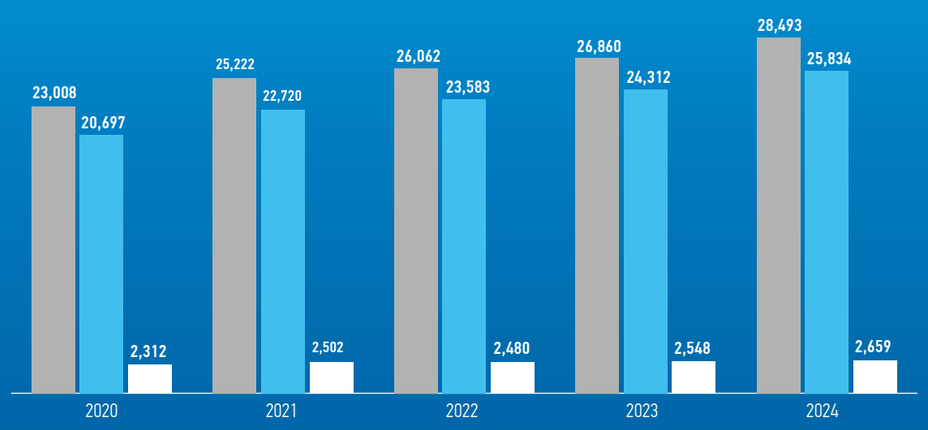
# KEY PERFORMANCE INDICATORS

| Indicator | 2020 | 2021 | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|---|---|
| **Financial indicators**[2] | | | | | | |
| Revenue (RUB million) | 49,369.6 | 57,669.7 | 63,738.9 | 74,557.5 | **88,071.6** | **+18.1** |
| Revenue (RUB million)[3] | 46,975.3 | 50,054.5 | 53,153.7 | 62,117.5 | **69,863.9** | **+12.5** |
| Net profit (loss) (RUB million) | –1,501.3 | 1,711.8 | 5,244.5 | 6,166.5 | **10,877.6** | **+76.4** |
| Net assets (RUB million) | 37,989.1 | 41,029.5 | 45,803.2 | 54,950.4 | **64,021.4** | **+16.5** |
| Loans and borrowings at the end of the year (RUB million) | 23,436.8 | 20,870.5 | 20,921.8 | 20,188.8 | **24,539.1** | **+21.5** |
| Return on equity (%) | –3.86 | 4.36 | 12.20 | 12.40 | **18.55** | **+6.15 p.p.** |
| Return on assets (%) | –1.80 | 2.10 | 5.78 | 5.81 | **8.64** | **+2.83 p.p.** |
| Amount of dividends declared in the reporting year based on the results of the previous year (RUB million) | 636.9 | 0.0 | 932.2 | 2,710.0 | **1,944.7** | **–28.2** |
| **Operating indicators** | | | | | | |
| Delivery to the Company's grid (million kWh) | 23,008.0 | 25,221.7 | 26,062.3 | 26,860.4 | **28,493.0** | **+6.1** |
| Volume of electricity transmission services rendered (million kWh) | 19,108.1 | 21,004.5 | 21,947.8 | 22,624.4 | **24,192.3** | **+6.9** |
| Electricity losses (million kWh) | 2,310.8 | 2,502.1 | 2,479.5 | 2,548.4 | **2,658.8** | **+4.3** |
| Connected consumer capacity (MW) | 650 | 788 | 795 | 845 | **772** | **–8.6** |
| Total length of overhead transmission lines and cable transmission lines by circuits (km) | 92,226.11 | 93,067.0 | 93,597.1 | 94,517.6 | **96,137.1** | **+1.7** |
| Installed capacity of 35–220 kV substations (MVA) | 11,471.07 | 11,561.03 | 11,826.4 | 12,080.3 | **12,255.2** | **+1.4** |
| Installed capacity of 10–6/0.4 kV substations in the distribution grid (MBA) | 5,073.26 | 5,640.37 | 5,978.038 | 6,307.5 | **6,698.6** | **+6.2** |
| System average interruption duration index per point of delivery ($I_{saidi}$, h) | 0.8870 | 4.0939 | 2.8424 | 3.3403 | **3.2982** | **–1.3** |
| System average interruption frequency index per point of delivery ($I_{saifi}$, interruptions) | 0.4592 | 1.2873 | 1.2195 | 1.3099 | **1.2401** | **–5.3** |
| Number of disturbances (emergencies) in the 110 kV and above power grid | 403 | 391 | 309 | 365 | **347** | **–4.9** |
| **Sustainable development** | | | | | | |
| Ratio of employees who received off-the-job training to average headcount (%) | 92 | 96 | 144 | 118 | **141** | **+23.0 p.p.** |
| Average training time per employee (academic hour) | 64 | 66 | 65 | 70 | **58** | **–17.1** |
| Specific occupational health and safety costs per employee (RUB '000) | 40.4 | 48.9 | 41.4 | 48.3 | **51.4** | **+6.4** |
| VMI and accident insurance coverage of employees (% of average headcount) | 100 | 100 | 100 | 100 | **100** | **Unchanged** |
| Amount of decommissioning of used trichlorodiphenyl-containing condensers (under the obligations of the Stockholm Convention on Persistent Organic Pollutants) (pcs) | 0 | 1,343 | 731 | 932 | **877** | **–5.9** |
| Provision of power grid facilities with bird diverters (pcs) | 4,978 | 4,217 | 2,977 | 2,350 | **2,722** | **+15.8** |
| **Regional development** | | | | | | |
| Capital investment utilisation (RUB million) | 4,658 | 5,871 | 11,469 | 12,579 | **19,368** | **+54.0** |
| Number of cooperation agreements with relevant universities and colleges in the region of the Company's presence | 30 | 62 | 40 | 55 | **55** | **Unchanged** |
| Number of students who completed internships at the Company's facilities | 701 | 468 | 741 | 807 | **576** | **–28.6** |
| Volume of tax deductions to federal, regional and local budgets (RUB million) | 3,990.1 | 5,400.5 | 6,841.6 | 7,463.1 | **8,629.2** | **+15.6** |

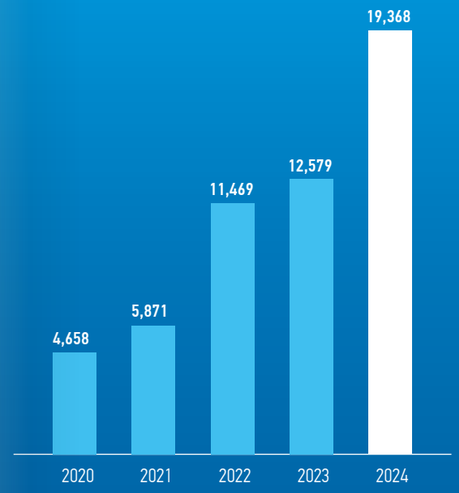
[1] Minutes No. 455/2021 dated 1 December 2021.
[2] The following data were used to calculate the indicators:
- for 2020 — balance sheet for 2021 ('As at 31 December 2020' column), profit and loss statement for January — December 2020 ('In 2020' column)
- for 2021 — balance sheet for 2022 ('As at 31 December 2021' column), profit and loss statement for January — December 2021 ('In 2021' column)
- for 2022 — balance sheet for 2023 ('As at 31 December 2022' column), profit and loss statement for January — December 2022 ('In 2022' column).

[3] Including administrative costs.

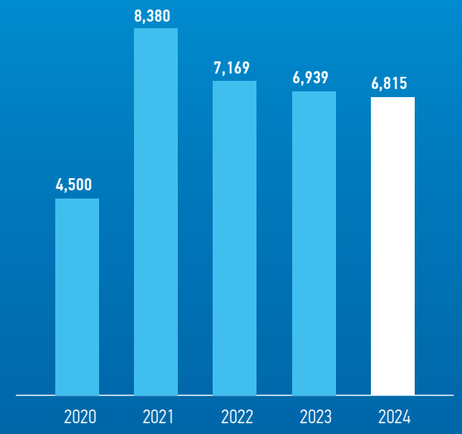
## Electricity delivery to/from the Company's grid and transmission losses for 2020–2024 (million kWh)



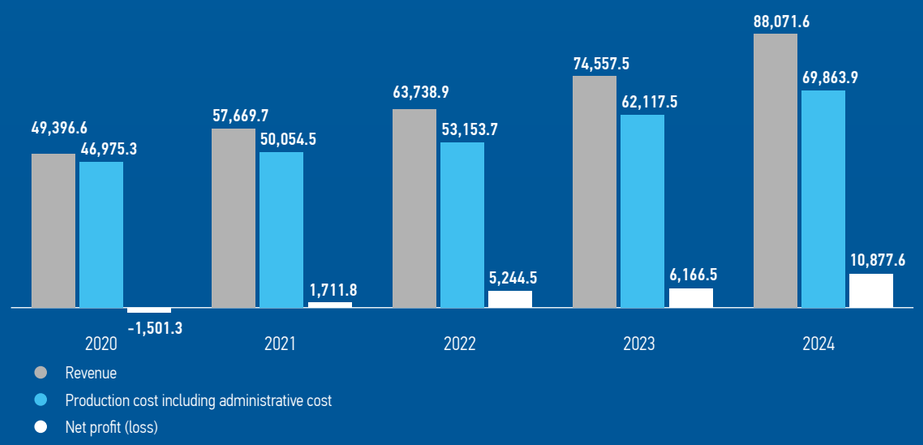

## Capital investments assimilated by the Company in 2020–2024 (RUB million, excl. VAT)



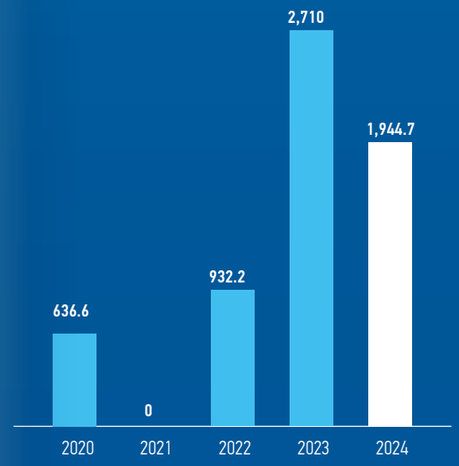

## Number of disturbances (emergencies) in the 0.4 kV and above grids in 2020–2024




## Changes in the Company's key economic indicators for 2020–2024 (RUB million)




## Amount of dividends declared in the reporting year based on the results of the previous year, in 2020–2024 (RUB million)



# HISTORY OF ORIGIN AND DEVELOPMENT OF THE KUBAN ENERGY SYSTEM AND ROSSETI KUBAN JSC

**XIXth century** — Start of the Kuban energy system — construction of small power plants in the region.

**1920** — Establishment of Soviet rule in Kuban, nationalisation of all industrial enterprises.

**1921**

Establishment of the Electricity Department under the Kuban Black Sea National Economic Council to manage power facilities in Kuban.

A total of 353 power plants with a total capacity of 13.7 MW were operating in Kuban. 16,200 light bulbs and 621 electric motors were connected to the power grid.

Establishment of the Vodeltram association, comprising the city and municipal and public water supply services, transport (tram) services and electricity supply services in Krasnodar. The length of the power transmission lines (PTLs) was 45 kilometres. The power grids were rated for 2 kV.

**1930s**

Establishment of the Northern Caucasus Energy Authority (Sevkavenergo), which also managed power facilities in Kuban.

Separation of Azcherenergo (Rostov-on-Don) from Sevkavenergo in 1934, transfer of power facilities of Kuban to Azcherenergo.

**1944**

Spin-off of the Krasnodar District Energy Authority (Krasnodarenergo) from Azcherenergo, with its core activities being the generation, distribution and sale of electricity and heat, restoration and development of the energy system, control of energy consumption and operational supervision of Kuban power installations. Krasnodarenergo managed power stations, substations, power grid regions (PGR), electricity retailing services, a mechanical repair plant, a central warehouse, a design and survey bureau, a production and research laboratory as independent self-supporting entities.

**Late 1950s — early 1960s** — Construction of 110 and 220 kV main PTLs to connect with the energy systems of Southern Russia and Transcaucasia. Electrification of the Krasnodar Krai railway network. Construction of electricity distribution grid facilities. Electrification of rural settlements.

**1963** — Kuban urban and rural power grid organisations were transferred from the regional department for public utilities to Krasnodarenergo.

**1972–1975** — Installation of two first gas turbine plants (GTP) in the USSR, each of 100 MW capacity, at Krasnodardskaya combined heat and power plant (CHPP). The total capacity of the CHPP, the block unit and the two GTPs was 959 MW.

**1970s — 1980s** — Significant increase in the construction of new PTLs due to explosive growth in electricity consumption. Total PTL length grew to 90,000 km, and the 35–500 kV substations exceeded 700 in number.

**1988** — Krasnodarenergo was wound up and transformed into the Krasnodar Production Association of Power Supply and Electrification (still named Krasnodarenergo).

**1993**

Krasnodarenergo was privatised and reorganised into Kubanenergo OJSC. Apart from local power grid operators, Kubanenergo included the Krasnodarskaya CHPP, Energonadzor, repair and construction enterprises, a training school, a corporate spa resort, and a summer pioneer camp.

49% of Kubanenergo's shares were transferred to RAO UES of Russia OJSC as a payment for authorised capital, and remaining 51% were acquired by employees and other parties eligible for benefits according to the State Privatisation Programme[1].

[1] State Programme of Privatisation of State and Municipal Enterprises in the Russian Federation for 1992 (approved by Resolution of the Supreme Soviet of the Russian Federation No. 2980-1 dated 11 June 1992) (revised on 1 July 1993).





**2004–2005** — During the reformation stage of Russia's electric power industry, Kubanenergo OJSC was released from service and non-core activities and dispatching functions by splitting them off into separate companies. Thus, the operational dispatch management was transferred to SO UES OJSC; Krasnodarenergoremont OJSC and Krasnodarenergosetremont OJSC, Energetik Health Resort OJSC, Plamya Health Facility OJSC were established. Non-state non-profit educational institution Kubanenergo Training Centre was set up.

**2006** — The reforms taking place in the electric power industry resulted into Kubanenergo splitting into Kuban Generating Company OJSC (generating capacities), Kuban Main Grids OJSC (grid facilities), Kubanenergosbyt OJSC (guaranteeing electricity supplier, purchase of electricity in the wholesale market to deliver it to the end users).

**2008–2012**

Since 1 July 2008, Kubanenergo OJSC became an associate company in IDGC Holding OJSC, which received a block of voting shares in Kubanenergo OJSC by way of succession under the spin-off balance sheet after the restructuring of RAO UES of Russia OJSC.

In 2012, IDGC Holding OJSC acquired a block of additional shares in Kubanenergo OJSC, and the Company became a subsidiary to IDGC Holding OJSC.

The Company's primary function in IDGC Holding OJSC lied in partaking in how the national distribution grid complex evolves.

**2013**

Using Rosseti OJSC as a base, a single power grid management company was established (which included main power transmission and distribution lines) aimed to coordinate all grid operators in Russia in terms of tariffs, technical policy and investment planning, to ensure transparency of financial and business operations, and in anti-corruption efforts.

Rosseti's share in the authorised capital of Kubanenergo OJSC rose to 92.24%

**2015** — Kubanenergo brand name included an indication of the Company's public status — Kubanenergo PJSC.

**2017** — The Company became a key participant of a national-level project involving development of advanced energy infrastructure on the Taman Peninsula to ensure the regional growth and enable power supply to the dry-cargo area of the seaport of Taman.

**2018** — The share of Rosseti PJSC in the authorised capital of Kubanenergo PJSC rose to 92.78%

**2019** — Commissioning of the Port 220 kV substation. Rosseti's share in the authorised capital of Kubanenergo PJSC rose to 93.44%

**2020** — While following the trend of transitioning to a single brand architecture of Rosseti Group in the Krasnodar Krai and the Republic of Adygeya, Kubanenergo PJSC was officially renamed into Rosseti Kuban PJSC.

**2022** — By the end of the reporting year, Rosseti's share in the total number of outstanding shares of the Company was 93.96%, and as of 9 January 2023 — 99.69%.

**2023** — Investments made allowed to commission 606 MVA of transformer capacity and 1,052 km of PTLs.

**2024**

In accordance with Federal Law No. 35-FZ dated 26 March 2024 "On Electric Power Industry", orders of the Governor of the Krasnodar Krai dated 4 September 2024 No. 214-r and the Head of the Republic of Adygeya dated 4 September 2024 No. 229-rg, the Company was designated as a systemic territorial grid organisation (STGO) in the Krasnodar Krai and the Republic of Adygeya.

The follow-on offering of the Company's shares commenced in 2021 was completed, increasing the Company's authorised capital by 19.2%.

# KEY EVENTS OF THE COMPANY

# 2024

## February

The Company wrapped up three major projects in Sochi with a total investment of about RUB 3 billion: after a comprehensive renovation, three highly-augmented 110 kV substations — Adler, Kudepsta, and Pasechnaya — were put into operation. The grand opening ceremony was attended by Veniamin Kondratyev, Governor of Krasnodar Krai, Andrey Ryumin, General Director of Rosseti Group, and Boris Ebzeev, Acting General Director of Rosseti Kuban PJSC.

The General Director of Rosseti, Andrey Ryumin, held a meeting with the management of the Company, which serves the Krasnodar Krai, the Republic of Adygeya, and the Sirius federal territory. The Head of Rosseti highlighted the positive momentum in the Company's production performance and active progress on projects aimed at regional development.

## March

During a working meeting in Moscow, the Head of the Republic of Adygeya, Murat Kumpilov, and the General Director of Rosseti PJSC, Andrey Ryumin, discussed the future of the region's power grid system. Investments in the upgrade and improvement of power grids in the Republic of Adygeya in 2024 will amount to about RUB 8 billion.

As part of the 80th anniversary celebrations for Rosseti Kuban PJSC (Krasnodarenergo), there was an award ceremony in Krasnodar for the best workers and a tribute to veterans of the Kuban energy sector. To mark the Company's anniversary, over 200 employees of Rosseti Kuban and its subsidiaries were presented with industry and corporate awards.

The Company held an open day for students from the Sochi Technical College, which is the Company's social partner in staff training.

## April

The Company began construction of power supply facilities for the A-289 new federal highway connecting Krasnodar, Slavyansk-na-Kubani, Temryuk, and the A-290 motorway connecting Novorossiysk and Kerch. The project is funded by the Russian Government's safe and high-quality roads programme (part of the federal programme to develop the federal highway system).

The Armavir Power Grids branch overhauled the Otradnaya — Udobnaya 35 kV PTL, which is 27 km long. The reliable power supply of over 17,000 consumers and dozens of vital social facilities depends on the stable operation of this energy facility.

The Company's branches held joint training exercises with regional divisions of the Ministry of the Russian Federation for Affairs of Civil Defence, Emergencies and Disaster Relief (EMERCOM of Russia), as well as dispatch departments, government agencies and local authorities of the Krasnodar Krai and the Republic of Adygeya in remedying power supply disruptions during the flood period.

## May

Rosseti Kuban PJSC attended the XXV All-Russian Scientific and Technical Conference, which focused on enhancing the reliability, effectiveness, and security of energy production.

Specialists from the Armavir Power Grids branch provided 1 MW of additional power for the expansion of the large meat processing enterprise Myastorg in Gulkevichi, Krasnodar Krai.









Specialists from the Labinsk Power Grids branch completed repairs to the Kompleks 110 kV substation in the Kurganinsky District, Krasnodar Krai. The substation supplies electricity to about 2,000 residents of the district, as well as 14 important social infrastructure facilities.

A corporate competition for energy workers in southern Russia was held in the village of Divnomorskoye, Krasnodar Krai. A total of 240 energy workers from Rosseti Kuban PJSC and Rosseti South PJSC took part in the sports competition.

Specialists from the Krasnodar Power Grids branch overhauled the Vitaminokombinat —Titarovskaya tyagovaya 110 kV PTL. The replacement of linear equipment improved the reliability of power supply to consumers in three settlements in the suburbs of Krasnodar.

## June

At the XXVII St. Petersburg International Economic Forum (SPIEF), the Company signed a number of agreements:

- Strategic cooperation agreement with Omsk Electromechanical Plant JSC
- Cooperation agreement with Zavod Elektrotechnicheskogo Oborudovaniya ZAO (Electrical Equipment Plant) on the development and supply of innovative domestic equipment and technologies to improve the efficiency of the power grid infrastructure

Specialists from the Timashevsk Power Grids branch completed repairs to the Primorsko-Akhtarskaya 110 kV substation. The energy facility provides electricity to 29 socially important and infrastructure facilities, as well as over 34,000 domestic consumers in four settlements in the Primorsko-Akhtarsky District, Krasnodar Krai.

On 14 June 2024, the annual General Meeting of Shareholders of Rosseti Kuban PJSC was held in the form of absentee voting. The shareholders approved a number of documents, which included the revised version of the Company's Articles of Association, the annual report, and the annual accounting (financial) statements for 2023. In addition, decisions were made on the distribution of profits based on the results of 2023 and on the payment of dividends.

As part of the 2024 repair programme, specialists from the Krasnodar Power Grids branch got 15 high-voltage substations and 24 transformer stations ready for the peak load season. The work done helped make the power supply more reliable for 400,000 people living in 33 rural localities in the central part of the Krasnodar Krai.

## July

Specialists from the Tikhoretsky Power Grids branch repaired equipment at 31 substations. Energy facilities supply electricity to 15 socially important and infrastructure facilities, as well as consumers in rural localities in the Tikhoretsky, Novopokrovsky, Pavlovsky, Beloglinsky and Krylovsky Districts of the Krasnodar Krai.

Krasnodar hosted a professional skills competition among student energy teams from Rosseti Kuban and Rosseti South. The event was attended by 16 teams from relevant higher and secondary educational institutions in the Krasnodar Krai, the Rostov, Volgograd and Astrakhan Oblasts, and the Republic of Kalmykia.

Furthermore, young specialists from the Company participated in the annual Forsazh-2024 Forum in the Kaluga Oblast.





# KEY EVENTS OF THE COMPANY

## August

Since the beginning of 2024, the Company's specialists have installed over 2,600 bird diverters on overhead transmission lines in the Krasnodar Krai and the Republic of Adygeya.

Specialists from the Sochi Power Grids branch ensured a reliable power supply to the venues of the New Wave International Music Competition for Young Performers, which took place at the Sirius federal territory from 22 to 27 August 2024.

During a working meeting in Krasnodar, Krasnodar Krai Governor, Veniamin Kondratyev, and Acting General Director of Rosseti Kuban PJSC, Boris Ebzeev, discussed issues related to the preparation and signing of a regulatory agreement. This document focuses on further developing the region's energy infrastructure and setting long-term tariffs.

Rosseti Kuban PJSC took part in a corporate professional skills championship organised under the standards of the Agency for the Development of Professions and Skills in the competence area of cable power lines operation. This event took place at the Rosseti Lenenergo training complex.

## September

The team from Rosseti Kuban PJSC came **first** in the corporate skills championship organised by the Agency for the Development of Professions and Skills in the competence area of intelligent electricity metering systems, which was held on 9 to 13 September in the Republic of Tatarstan.

## October

Since the beginning of 2024, Rosseti Kuban PJSC completed the grid conneciton of 27 healthcare facilities in the Krasnodar Krai and the Republic of Adygeya. The total power supplied to socially significant institutions amounted to 3 MW.

During the open day, specialists from the Krasnodar Power Grids branch of Rosseti Kuban held a technical tour for students from the Energy Faculty of the Kuban State Agrarian University.

The Company ensured reliable power supply to the venues of the FINOPOLIS 2024 Innovative Financial Technologies Forum, which took place on 16 to 18 October at the Sirius federal territory.

Rosseti Kuban PJSC took part in a meeting of the Government Commission on Ensuring the Security of Electricity Supply (Federal Headquarters) in Sochi, chaired by Deputy Minister of Energy of the Russian Federation, Evgeny Grabchak, on the preparation of electric power entities in the Southern Federal District for the heating season — 2024/2025.

A delegation from Rosseti Kuban PJSC led by Acting General Director, Boris Ebzeev, took part in the All-Russian Tariff Conference in Sochi.

Rosseti Kuban ensured reliable power supply to the venues of the XXIInd Mendeleev Congress on General and Applied Chemistry in the Sirius federal territory. The event was attended by 4,000 people, including foreign guests from 39 countries.

The Company launched a new career guidance project for senior school students called Energy Clubs at the branches of the Sochi Power Grids and Adygeyan Power Grids branches. The project put together by subsidiaries of Rosseti Group PJSC involves a deeper look at physics for ninth-grade students and will be based at Lyceum No. 8 in Maykop and Zorin Gymnasium No. 6 in Sochi.

## November

Since early 2024, the Armavir Power Grids branch has built and renovated 17 transformer substations and 14 km of PTLs. The total transformer capacity installed was 2.8 MVA.

Rosseti Kuban PJSC got over 80 km of high-voltage PTLs ready for winter in the Timashevskoye energy district. Since the beginning of the year, energy workers at the Timashevsk Power Grids branch have overhauled over 80 km of PTLs. The repaired PTLs supply electricity to five municipalities in the Krasnodar Krai (Timashovsky, Kalininsky, Kanevsky, Bryukhovetsky, and Primorsko-Akhtarsky districts) with a total population of over 300,000 people.

## December

Since the beginning of 2024, specialists from the South-Western Power Grids branch have built over 280 km of low-voltage PTLs and installed over 270 packaged transformer substations. The measures taken made it possible to introduce 115 MW of additional capacity for the grid connection of subsidised consumers in the suburbs of Novorossiysk, Anapa, Gelendzhik, as well as in the Abinsk and Krymsky Districts of the Krasnodar Krai.

Since the beginning of 2024, the Ust-Labinsk Power Grids branch has connected 420 agricultural facilities in the Vyselkovsky, Korenovsky, Tbilissky, and Ust-Labinsky Districts of the Krasnodar Krai to its power grids.

Specialists from the South-Western Power Grids branch started building a new high-voltage substation and a double-circuit segment of 110 kV PTL. The new energy facility is located in the industrial zone of Novorossiysk.

# 2025

## January

During a working visit to the Krasnodar Region, Deputy General Director and Chief Engineer of Rosseti PJSC, Evgeny Lyapunov, held an alignment meeting with the Company's management to discuss ensuring reliable power supply during the summer peak-load period.

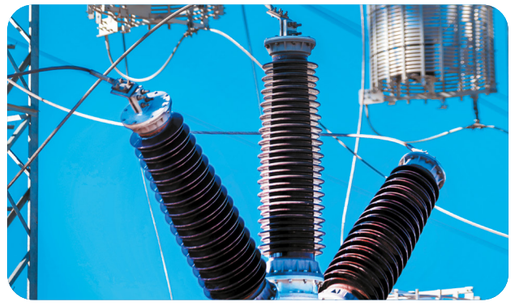
The Chairman of the Board of Directors of the Company and Deputy General Director for Legal Affairs of Rosseti PJSC, Daniil Krainsky, introduced the staff with a new Acting General Director of the Company, Alexey Rybin.

Within the shortest possible time, the Company's specialists completed work on grid connection of facilities involved in a major environmental clean-up operation aimed at mitigating the consequences of the tanker crash in the Kerch Strait. To connect the vibrating screening unit for polluted sand to the power grid, a PTL was laid in Voskresensky farmstead (a suburb of Anapa).

## February

The Head of the Republic of Adygeya, Murat Kumpilov, and the Acting General Director of Rosseti Kuban, Alexey Rybin, discussed issues related to the development of the region's power grid infrastructure and ensuring reliable power supply to consumers now that the Company has been granted STGO status.







# STRATEGIC REPORT

## ENERGY OF OPPORTUNITY

The Krasnodar Krai and the Republic of Adygeya are thriving regions with a strong agricultural, industrial, logistics, and tourism base. Rosseti Kuban JSC is committed to providing these regions with modern, dependable, and cost-effective power grid infrastructure to support their sustainable development.

**–4.9%**
year-on-year reduction of the accident rate in >110 kV grid

**2024**
year, when an automated information system for processing customer calls was implemented

**141%**
staff training plan completed in 2024



> Being part of the unified power distribution grid complex of Russia and Rosseti Group PJSC, the Company strives to achieve the goals set by the state.
>
> The Company's primary objective is to ensure long-term, reliable, high-quality and affordable energy supplies to consumers in the Krasnodar Krai, the Republic of Adygeya and the Sirius federal territory. This objective is achieved through the organisation of a highly efficient grid infrastructure that complies with international standards for electricity transmission tariffs. The specified tariff standards keep electricity costs at a reasonable level for the Russian economy and make the industry attractive to investors through offering adequate returns on investment.
>
> **Edgar Armaganyan**
>
> First Deputy General Director — Director of Sochi Power Grids Branch

# INDUSTRY OVERVIEW[1]

The Company operates in the Russian electric power industry, which is the most important basic sector for generating, transmitting, distributing and selling electricity to consumers. The electric power industry makes a significant contribution to national security and the socio-economic development of the country. The Russian energy system consists of the Unified Energy System (UES) of Russia, which includes seven integrated energy system (IES) — IES of Centre, IES of East, IES of Central Volga, IES of Urals, IES of North-West, IES of South and IES of Siberia, as well as isolated territorial energy systems.

The Russian Federation has one of the cleanest (low-carbon) fuel-energy balances among the greatest economies in the world, with over one-third of electricity generation coming from nuclear power, hydropower and other renewable energy sources (RES), and about half — from natural gas.

**The challenges facing the global energy sector are highly relevant to Russia's energy sector, while the specific threats are determined by the following issues common to the fuel and energy complex (FEC):**

- Slowdown in global economic growth, a change in consumption patterns and slumping demand for FEC products, overproduction of hydrocarbon energy resources and, as a consequence, persistently low prices for them
- Current and future demand for the main types of Russian fuel and energy products on the domestic market that is insufficient for innovative development, exacerbating dependence on demand and the situation on global markets for traditional energy resources
- Critical dependence of FEC companies on imported technology, equipment, materials, services and software in a number of the most promising areas of energy development
- Deficiency of investment resources (partly due to restraints on energy tariff growth, restricted access of fuel and energy companies to long-term financing from foreign investors, and underdevelopment of venture lending)
- Maintenance of non-market relations, alongside market relations, and burdens in the end-use of FEC products and services (including the cross-subsidisation)
- High uncertainty and often unpredictability of external conditions and factors affecting the development of the energy sector, including cultural conditions and factors, social changes, international relations, scientific discoveries and technical inventions
- Great challenges to scientific and technological development set out in the respective strategy (in particular the qualitative change in the nature of global and local energy systems, the growing importance of the power supply capacity of the economy and the ramp-up in the energy production and conservation, its transmission and efficient use)

**Alongside problems common to the fuel and energy sector, the electric power sector also faces industry-specific problems and risk factors, such as:**

- mismatch between the declared power consumption values during the grid connection and their subsequent actual values
- Low payment discipline of consumers in the retail electricity market
- Imperfections in the current model of relations and pricing in the energy and heat supply sector and competitive problem in the electricity and capacity markets
- Persistence of cross-subsidisation that reduces the efficiency of the centralised energy supply system
- Insufficient process automation and increased vulnerability of facilities due to the higher complexity of their control systems and algorithms

[1] In accordance with the Energy Strategy of the Russian Federation until 2035 (approved by Decree of the Government of the Russian Federation No. 1523-r dated 9 June 2020).





## Trends and challenges in the development of the energy sector

Changes in the population and rates of economic growth in various parts of the world are closely related to the potential for an increase in global energy consumption.

The global economy is expected to grow at a rate significantly higher than energy consumption (around 3% vs 1–1.2% per year).

The trend towards convergence in the contribution of major energy resources to the global fuel and energy balance will continue (a decline in the share of oil and coal against growth in the share of gas and non-carbon energy in the structure of global primary energy consumption). The share of electricity in end-use energy will increase.

Global energy markets, whose conditions have long ensured the robust development of the Russian Federation's energy sector and economy, are currently marked by a high degree of uncertainty and instability. They are undergoing profound transformations that could significantly alter the global energy landscape and pose new challenges to its development.

An important structural change in global energy will be the growth in the share of electricity in end-use energy — about 25% of overall energy consumption by 2040 — and, accordingly, an increase in the share of primary energy resources used to generate it. It is expected that over 40% of this increase will come from non-carbon resources.

During the forecast period, the electricity sector in most countries will be based on existing centralised power supply systems relying on large power plants that are either conventional (thermal, nuclear, hydroelectric) or solar and wind power plants operating as part of power supply systems.

New technologies for distributed power generation, microgeneration, controlled consumption, and virtual resource aggregation are creating fundamentally new conditions for the development of a competitive retail market based on automated local electricity trading platforms. On the one hand, this holds back electricity price increases and drives extra investment in developing flexibility management systems on the consumer side. On the other hand, there is less predictability for investors in terms of return on investment in wholesale generation facilities.

**ELECTRICITY CONSUMPTION IN THE RUSSIAN FEDERATION IS EXPECTED TO GROW TO 1,310–1,380 BILLION KWH BY 2035, PARTLY DUE TO THE ELECTRIFICATION OF RAIL TRANSPORT AND THE SPREAD OF ELECTRIC VEHICLES.**

# MACROECONOMIC TRENDS IN THE REPORTING YEAR

According to estimates by the International Monetary Fund (IMF), global gross domestic product (GDP) amounted to USD 109.02 trillion in 2024 (including Russia's GDP of USD 2.06 trillion, ranking 11th in the world). In the GDP ranking by purchasing power parity in the reporting year, Russia ranked fourth in the world.

Despite ongoing sanctions pressure from unfriendly countries, Russia's economy has demonstrated a high degree of resilience.

In 2024, Russia's GDP grew by 4.1%. Positive momentum was seen in industrial production, construction scope and consumer activity. The unemployment rate at the end of 2024 was 2.5% (in 2023 — 3.2%).

According to SO UES JSC, electricity generation by power plants in the UES of Russia amounted to 1,180.7 billion kWh in the reporting year, while consumption totalled 1,174.1 billion kWh, up 3.1% year-on-year (and up 2.7% when adjusted for comparable temperature conditions and excluding data for 29 February 2024). This testifies to the progressive development of the Russian economy, an increase in business activity, and the creation of new jobs.

**4 TH IN THE WORLD**

**Russia's place in the GDP ranking by purchasing power parity in the reporting year**

**+4.1%**

**Russia's GDP growth in 2024**

## Key factors determining the state of the Russian economy and influencing the electric power industry, %[1]

| Indicators (compared to the previous year) | 2023[2] | 2024 |
|---|---|---|
| Changes in GDP | 104.1 | 104.1 |
| Industrial production index | 104.3 | 104.6 |
| Production index for provision of electric power, gas and steam; air conditioning | 100.0 | 102.3 |
| Inflation | 5.9 | 8.5 |
| Changes in the key rate of the Bank of Russia | During the year, the key rate of the Bank of Russia rose from 7.5% to 16% | During the year, the key rate of the Bank of Russia rose from 16% to 21% |

[1] Sources: Federal State Statistics Service (Rosstat; for 2023, the data provided are revised); Bank of Russia.





# OUTLOOK FOR THE INDUSTRY

**According to the forecast of socio-economic development of the Russian Federation for 2025 and the planned period of 2026 and 2027[1] in the medium term:**

- Global prices will stabilise
- Rouble exchange rate will gradually depreciate to RUB 103.2 per US dollar in 2027
- Russian physical exports will continue to grow by 3.3% year-on-year throughout the forecast period
- Physical import volumes will rebound: in 2025, they will grow by 9.2% year-on-year, slowing to 4.3% by 2027
- Inflation rates at the end of 2025 are expected to stand at 4.5% year-on-year, with inflation reaching the target level of 4.0% from 2026 onwards
- In 2025–2027, GDP growth is expected to increase from 2.5% in 2025 to 2.8% in 2027
- Investment in fixed capital is projected to grow by an average of 2.1–3.3% per year
- Retail turnovers will slow down from 7.6% in 2025 to 4.1% by 2027, while the volume of paid services rendered to the population will fall from 6.4% in 2025 to 2.8% by 2027. Consumer demand will be supported by growth in real disposable household income in 2025–2027 by an average of 4.7% per year
- The labour market situation will remain stable as a result of support measures implemented by the Russian Federation Government
- The key external risk, namely a slowdown in the global economy, is likely to materialise. This turn of events could negatively affect demand for traditional Russian exports and lead to a decline in export prices. This, in turn, poses risks to the growth of export-oriented industries and to the budget
- There may be intensified sanctions pressure on the Russian economy
- There may be a shortage of workforce on the labour market
- The indexation of electricity transmission tariffs will be as follows:
  - in 2025, due to adjustments to the forecast inflation rate and wholesale gas price indexation rates for all consumer categories, as well as the implementation of major investment projects in the electricity sector, for the Unified National (All-Russian) Power Grid (UNPG) — 11.5%, for TGO grids — 11.6% with a 12.6% increase in the ultimate price of electricity for households
  - in 2026, for the UNPG — 8.5%, for the TGO grids — 6.3%. With that, the expected growth rate of the ultimate price of electricity for all consumer categories will be 5.2%
  - in 2027, regulated and ultimate electricity prices are expected to resume growth within the forecast inflation rate of 4.0% per annum

**In accordance with the Scheme and Programme for the Development of Power Supply Systems in Russia for 2025–2030 approved by the Ministry of Energy of the Russian Federation:**

- Electricity consumption in the UES of Russia is projected to grow to 1,298 billion kWh by 2030, with an average annual growth rate of 2.11%
- The expected maximum power consumption will increase to 186.7 GW by 2030, with an average annual growth rate of 1.46%
- The south-western part of the IES of South (the Company's catchment area) was identified as one of the areas where generation is technologically necessary.

[1] Source: Ministry of Economic Development of the Russian Federation (MED of Russia).

# STRATEGIC PRIORITIES AND DEVELOPMENT PROSPECTS

The goals and objectives of the Company's development strategy are in line with the national development goals of Russia and strategic objectives set for the power grid sector at the federal level:

1

By Decree of the President of the Russian Federation No. 309 dated 7 May 2024 'On the National Development Goals of the Russian Federation until 2030 and Beyond to 2036'

2

By the Energy Strategy of the Russian Federation until 2035 (approved by Decree of the Government of the Russian Federation No. 1523-r dated 9 June 2020)

3

By the Strategy for the Development of the Power Grid System of the Russian Federation (approved by Decree of the Government of the Russian Federation No. 511-r dated 3 April 2013)

**On 10 April 2017, the Company's Management Board approved the following strategic objectives for the Company:**

- To enhance reliability of electricity supply in the Krasnodar Krai and the Republic of Adygeya
- To ensure advanced grid development and advent of technology
- To improve the consumer experience and increase the accessibility of the power grid infrastructure
- To provide decent working conditions, improve professional competence and loyalty of the Company's personnel





## Achievement of the Company's strategic objectives in the reporting year and plans for the future

| Strategic objectives of Rosseti Kuban JSC | Results in the reporting year | Plans and targets for the future |
|---|---|---|
| To enhance reliability of electricity supply in the Krasnodar Krai and the Republic of Adygeya | Annually, the Company carries out comprehensive measures on retrofitting, upgrade and renovation of existing power grid facilities to achieve the following key objectives:<br>• To increase reliability of power supply to consumers<br>• To create a safe working environment for the personnel<br>• To slow down the rate of physical wear and tear of equipment<br>• To reduce the proportion of equipment that has reached the end of its service life in accordance with regulatory documentation<br>• To improve the equipment performance<br>• To ensure compliance with environmental protection and ecological safety requirements and regulations<br>• To cut down operating costs in the longer term<br>• To operate power grid facilities so to prevent accidents and mitigate their consequences if any<br><br>For more details, please see the Reliable and Efficient Operation of the Energy System section.<br><br>The Company's reliability indicators (Isaidi, Isaifi) remained within the target values set by the tariff regulatory authorities of the Krasnodar Krai, with the tolerance taken into account.<br><br>The number of accidents in the 110 kV and above grid dropped by 4.9% year-on-year | • To deliver production programmes in full<br>• To ensure timely and complete implementation of the repair programme<br>• To make preparations for the 2025/2026 heating season. Verification of readiness for heating season<br>• To strictly follow the rules of the Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor) and the Ministry of Energy of Russia<br>• To foster the safety culture among the Company's personnel |
| To improve the consumer experience and increase the accessibility of the power grid infrastructure | In terms of consumer experience:<br><br>The Company complied with the requirements of the Uniform Consumer Experience Standards for Grid Companies approved by Order of the Ministry of Energy of Russia No. 186 dated 15 April 2014 (hereinafter referred to as the Uniform Standards), including the requirements for timely, complete and accurate disclosure of information.<br><br>In the reporting period, the Company achieved the target indicator set for compliance with the Unified Quality Standards (Kq3 = 0). The indicator value is calculated using the Guidelines for Calculating the Reliability and Quality of Goods and Services Provided to the Organisation Managing the Unified National (All-Russian) Power Grid, approved by Order of the Ministry of Energy of Russia No. 1256 dated 29 November 2016.<br><br>In terms of grid connection quality:<br><br>The grid connection quality indicator (IGC) is 1.021; it is within the target range established by the Regional Energy Commission — the Price and Tariff Department of the Krasnodar Krai for the reporting year, with the tolerance taken into account.<br><br>To improve the accessibility of the power grid infrastructure:<br>• The contact centre was renovated, including:<br>– replacement of the telephone hardware and software<br>– introduction of an automated system for handling subscriber phone calls<br>– increase in the number of telephone lines from 90 to 120<br>– processing of every second call without operator involvement thanks to IVR[1] and auto-informing features<br>– average waiting time for an operator response from the moment the consumer selects a category in the interactive menu — up to 41 seconds (including IVR)<br>• implementation of an automated information system for processing customer calls | In terms of consumer experience:<br><br>To meet the requirements of the Unified Customer Experience Standards approved by Order of the Ministry of Energy of Russia No. 186 dated 15 April 2014.<br><br>In terms of grid connection quality:<br><br>To maintain the quality level of the grid connection within the target value for the reporting year set by the Regional Energy Commission — Department of Prices and Tariffs of the Krasnodar Krai (with the tolerance taken into account) with a trend towards its improvement |

[1] Interactive Voice Response (IVR) is a system of pre-recorded voice messages that routes calls within a call centre.

| Strategic objectives of Rosseti Kuban JSC | Results in the reporting year | Plans and targets for the future |
|---|---|---|
| To ensure advanced grid development and advent of technology | The primary goal of the advanced development of the Company's power grid is to determine the optimal course for grid upgrade and expansion in order to fill up any gaps in generating capacity and meet any anticipated long-term demand for generating capacity.<br><br>In 2024, the Company assisted in preparing the Scheme and Programme for the Development of Russia's Power Supply Systems for 2025–2030.[1] According to these documents, the Company will have to focus on helping the most problematic areas of the Kuban energy system (South-West and Central), which need their power infrastructure improved.<br><br>During the reporting year, innovative technologies were introduced in the following key areas of the innovation development programme:<br>• Transition to smart grids with a distributed intellectual automation and control system<br>• Transition to integrated business process efficiency and automation of control systems<br>• Application of advanced technology solutions and materials in power engineering<br>• Promotion of an innovative development management system and establishment of an innovative infrastructure<br><br>For more details, please see the Innovations subsection in the Operational Results section. | To participate in preparing the Scheme and Programme for the Development of Russia's Power Supply Systems.<br><br>To ensure innovative development of the Company to achieve target levels of innovation implementation and completion of research and development (R&D), as well as other indicators of innovation development programme |
| To provide decent working conditions, improve professional competence and loyalty of the Company's personnel | The average salary of production personnel at the Company's branches in 2024 is competitive and exceeds the average salary in the region where the Company operates.<br><br>The staff training plan for 2024 was over-fulfilled by 141%.<br><br>For more details, please see the Human Resources Management subsection of the Sustainable Development section. | To continue maintaining and improving the Company's competitive edge in the regional labour market, creating conditions for attracting and retaining qualified workforce, implementing the Company's policy of social responsibility to its employees |

## PROSPECTS FOR THE COMPANY'S DEVELOPMENT

**THE GROWTH OF THE RUSSIAN FEDERATION'S ENERGY SECTOR AIMS TO BOTH PRESERVE AND BOLSTER THE RUSSIAN FEDERATION'S STANDING IN THE INTERNATIONAL ENERGY ARENA AND ADVANCE THE NATION'S SOCIAL AND ECONOMIC DEVELOPMENT AS MUCH AS FEASIBLE.**

**THE MAIN OBJECTIVES AND KEY MEASURES FOR THE DEVELOPMENT OF THE RUSSIAN FEDERATION'S ENERGY SECTOR ARE TO IMPROVE THE RELIABILITY AND QUALITY OF POWER SUPPLY TO CONSUMERS TO A LEVEL COMPARABLE WITH THE BEST INTERNATIONAL STANDARDS, WHILE ENSURING THE ECONOMIC EFFICIENCY OF SUCH SERVICES AND IMPROVING THE EFFICIENCY OF THE POWER GRID SYSTEM.**

In order to close the generating capacity deficit and meet future consumer demand, the Company is seeking optimal ways to upgrade and expand the power grid complex, and is also participating in the development of a five-year plan and programme for the development of Russia's power supply systems. In accordance with this Scheme and Programme, the Company will have to focus on helping the most problematic areas of the Kuban energy system (South-West and Central), which need their power infrastructure improved.

[2] Approved by Order of the Ministry of Energy of Russia No. 2328 dated 29 November 2024.





# KEY PERFORMANCE INDICATORS

The achievement of the Company's priority development goals is assessed using a system of key performance indicators (KPIs) and functional key performance indicators (FKPIs) applied within the Company.

Since 2023, the KPI system of Rosseti Group has been shaped in line with Order of the Government of the Russian Federation No. 3579-r dated 28 December 2020 (hereinafter referred to as Order No. 3579-r).

In accordance with Order No. 3579-r, the KPI system is divided into two groups of indicators:
- KPIs are indicators related to the Company's strategic documents, based on which the effectiveness of the entire management team of the Company (head, deputy heads, chief accountant) is assessed.
- FKPIs are individual indicators established for the Company's executives personally, taking into account the specifics of the Company's business lines they supervise.

The KPI and FKPI system applied in the Company is linked to the size of the variable part of management remuneration (50% of incentive payments — for achieving KPIs and another 50% — for achieving FKPIs). Each indicator has a specific weight in the total amount of bonuses paid. Annual bonuses are paid subject to the achievement of relevant targets.



In 2024, the following year-on-year changes were made to the KPIs and FKPIs:
- FKPI 'Net borrowings and bond loans to finance the deficit in the investment programme' was replaced by FKPI 'Debt/EBITDA'
- FKPI 'Implementation of the Comprehensive Security Plan' was replaced by FKPI 'Safeguarding of the Organisation's Property'
- FKPI 'No Reservation and/or the Auditor's Modified Opinion Affecting the Reliability of the Annual Accounting (Financial) Statements' replaced by FKPI 'Number of Comments (Errors) on the Organisation's Accounting Practices Identified by the Auditor and the Auditing Commission during Audits Conducted at the End of the Reporting Period'
- A section entitled 'Bonus Reduction Indicators' was added, including the following bonus reduction indicators: 'Maximum Discrepancy in Losses at the End of the Reporting Period (Year)', 'Violation of the Transactions Procedure' and 'Timely Execution of Corrective Action Plans (CAPs)'
- FKPIs 'Staffing level', 'Control over the Timely Conduct of the Company's and Subsidiaries' Annual General Meetings of Shareholders and Annual General Meetings of Participants',[1] 'Effectiveness of the Transition to the Use of Domestic Radio-Electronic Products' and 'Effectiveness of the Provision of Additional Services' were added.

**THE COMPANY'S KPI AND FKPIS AND THEIR TARGET VALUES FOR 2024–2026 WERE ESTABLISHED BY A RESOLUTION OF THE COMPANY'S BOARD OF DIRECTORS DATED 20 DECEMBER 2024 (MINUTES NO. 579/2024 DATED 23 DECEMBER 2024) PURSUANT TO CLAUSE 15.1, ART. 15 OF THE COMPANY'S ARTICLES OF ASSOCIATION.**

[1] Annual General Meeting of Shareholders Annual General Meeting of Participants

## Achievement of KPIs and FKPIs in 2024

| Indicator | Method of calculation | Weight in the remuneration system / share of bonuses for 2024, % | UoM | Target/ threshold value for 2024 | Value achieved in 2024[1] | Assessment of achievement in 2024 (%, achieved/not achieved)[2] | Reasons for underachievement | Target for 2025[3] | Targets for 2026[4] |
|---|---|---|---|---|---|---|---|---|---|
| **Financial and economic KPIs** | | | | | | | | | |
| Return on invested capital (ROIC) | Ratio of operating profit adjusted for impairment/(reversal of impairment) of fixed assets, revenue from grid connection services, and accrual/(reversal of) provision for expected credit losses to the sum of average equity and long-term loans and borrowings | 10 | % | 9.3 | 12.5 | 120% (achieved) | – | 8.5 | 8.4 |
| Operating profit margin | Ratio of operating profit adjusted for impairment/(reversal of impairment) of fixed assets and revenue from grid connection services to revenue, minus revenue from grid connection services | 20 | % | 10.3 | 12.7 | 120% (achieved) | – | 10.3 | 10.6 |
| Net profit without impairment and grid connection | Net profit without impairment and grid connection profit/(loss) adjusted for impairment/(reversal of impairment) of fixed assets and revenues from grid connection services (including relevant income tax) | 20 | RUB '000 | 3,569,914 | 6,136,894 | 120% (achieved) | – | 3,163,412 | 4,482,857 |
| **Industry-specific KPIs** | | | | | | | | | |
| Level of electricity losses | Ratio of the volume of electricity losses in the Company's grids (calculated as the difference between electricity delivered to the grid and electricity delivered from the grid and domestic consumption) increased by the amount of differences for previous periods, settled against the Company, to the electricity delivered to the grid for the reporting period | 15 | % | 9.86 | 9.33 | 105% (achieved) | – | 9.84 | 9.81 |
| Readiness for heating season | Indicator that estimates the readiness of the Company to work during the heating season, based on monthly monitoring by the Ministry of Energy of Russia | 20 | ea | 1.0 | 1.0 | 100% (achieved) | – | 1.0 | 1.0 |
| Compliance with commissioning schedule | Ratio of the total actual volume of commissioning of fixed assets in the reporting year derived from the progress report on the Company's investment programme (in monetary terms, on the basis of the date when the construction completion certificate is signed off by the acceptance commission) to the planned one in accordance with the approved investment programme and implementation schedule | 15 | % | 93.5 | 112.1 | 120% (achieved) | – | 95.0 | 95.0 |
| **Bonus reduction indicators** | | | | | | | | | |
| Implementation of the Company's Development Plan | Bonus reduction indicator calculated against the number of unfulfilled items of the Company's Development Plan approved by the Board of Directors of the Company in the reporting period | –50 | % | 0 | 0 | Achieved | – | 0 | 0 |
| Maximum amount of differences in the amount of losses at the end of the reporting period (year) | Bonus reduction indicator, the size of which is calculated as the share of differences at the end of the reporting period (year) (not settled as of the end of the second month of the year following the reporting period) not covered by actional work, relative to the volume of electricity losses in the Company's grids | –10 | % | 3.50 | 0.05 | Achieved | – | 3.50 | 3.50 |
| Violation of the transactions procedure | The indicator assessing the absence of violations in the execution of major transactions, as well as related-party transactions and transactions requiring approval under the Company's Articles of Association | –10 | Number | 0.0 | 0.0 | Achieved | – | 0.0 | 0.0 |
| Timely completion of the CAP | The indicator assessing whether the Company fulfilled its CAPs in the reporting period, with the CAPs being developed and approved by the Company based on the results of control measures taken in relation to the Company and audits conducted by auditing commissions | –10 | % | 90.0 | 100.0 | Achieved | – | 90.0 | 90.0 |
| **Indicative indicators** | | | | | | | | | |
| Achievement of the Efficiency of Grid Connection Procedures of the National Investment Climate Rating | The indicator is determined on the basis of the achievement of benchmarks for the Efficiency of Grid Connection Procedures of the National Investment Climate Rating in the constituent entities of the Russian Federation within the Company's operational responsibility area | Indicative indicator | % | 100.0 | 108.4 | Achieved | – | 100.0 | 100.0 |

[1] For 2024, shows the expected achievement of KPIs and FKPs, taking into account the timing and preparation procedure of reports that provide initial data for calculations. The final actual values are to be approved by the Board of Directors of Rosseti Kuban JSC.

[2] If the KPI achievement rate exceeds 120%, the achievement rate shall be indicated as 120%. If the achievement rate is less than 80%, the achievement rate shall be indicated as 0%.

[3] The scope and target values of the indicators were approved by the decision of the Board of Directors of Rosseti Kuban PJSC dated 20 December 2024 (Minutes No. 579/2024 dated 23 December 2024) and are subject to revision (if necessary) by decision of the Board of Directors of the Company, taking into account the requirements of the Standard Procedure for Calculating KPIs and FKPIs for the management of subsidiaries of Rosseti PJSC approved by Order of Rosseti PJSC No. 171 dated 3 April 2025.

| Indicator | Method of calculation | Official responsible for achieving the FKPI | UoM | Target for 2024 | Value achieved in 2024[1] | Assessment of achievement (%; achieved/not achieved)[2] | Reasons for underachievement | Target for 2025[3] | Target for 2026 |
|---|---|---|---|---|---|---|---|---|---|
| **FKPI** | | | | | | | | | |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | Calculated as profit/(loss) before taxes, depreciation, amortisation and interest expense adjusted for impairment/(reversal of impairment) of fixed assets, and revenue from grid connection services | General Director<br>Deputy General Director for Economics and Finance | RUB '000 | 15,842,394 | 20,073,354 | 100% (achieved) | – | 16,598,928 | 17,901,525 |
| Achievement and verification of readiness for the heating season | The certificate of readiness for heating season shall be received by the Company in a timely manner by 5 November of the reporting year in accordance with the Rules for Assessing the Readiness of Electric Power Entities for the Heating Season, approved by Resolution No. 543 of the Government of the Russian Federation dated 10 May 2017 | General Director<br>Deputy General Director for Technical Issues — Chief Engineer | ea | 1.0 | 1.0 | 100% (achieved) | – | 1.0 | 1.0 |
| No significant accidents in power grids investigated by the Rostechnadzor | The calculation of this indicator takes into account accidents in the Company's power grids classified by the Rostechnadzor commission in accordance with clause 4 of the Rules for Investigation of the Causes of Accidents in the Electric Power Industry (approved by Resolution of the Government of the Russian Federation No. 846 dated 28 October 2009) | Deputy General Director for Technical Issues — Chief Engineer | Number | 0.0 | 0.0 | 100% (achieved) | – | 0.0 | 0.0 |
| Efficiency of innovations | Integral indicator of innovations assesses the extent to which three component indicators are met:<br>• R&D expenditure<br>• procurement of innovative products<br>• Quality of the development (updating) of the innovation development programme / implementation of the innovation development programme | Deputy General Director for Technical Issues — Chief Engineer | % | 98.0 | 98.0 | 100% (achieved) | – | 98.0 | 98.0 |
| Increase in labour productivity relative to 2022 | Ratio of value added by all types of services to the average annual number of employees. Comparison with the 2023 baseline | Deputy General Director — Head of the Office<br>Deputy General Director for Economics and Finance | % | 10.0 | 22.5 | 100% (achieved) | – | 15.0 | 20.0 |
| Active staff turnover | Ratio of the total voluntary redundancy under Clause 3 (termination of the employment agreement on the employee's part) and Clause 5 (transfer of an employee at their request or with their consent to work for another employer, or transfer to an elective job (position)) of Article 77 of the Labour Code of the Russian Federation to the average headcount in the reporting period | Deputy General Director — Head of the Office | % | 6.5 | 6.1 | 100% (achieved) | – | 6.5 | 6.5 |
| Staffing level | Defined as the ratio of the staff number reduced by the number of vacant positions to the staff number according to the Company's staffing table at the end of the reporting period | Deputy General Director — Head of the Office | % | 95.0 | 90.0 | 95% (achieved) | – | 95.0 | 95.0 |

[1] For 2024, shows the expected achievement of KPIs and FKPs, taking into account the timing and preparation procedure of reports that provide initial data for calculations. The final actual values are to be approved by the Board of Directors of Rosseti Kuban JSC.

[2] If the achievement rate of FKPI exceeds 100%, the percentage shall be indicated as 100%. If the achievement rate is less than 90%, the percentage shall be indicated as 0%.

[3] The scope and target values of the indicators may be adjusted by resolution of the Company's Board of Directors.

| Indicator | Method of calculation | Official responsible for achieving the FKPI | UoM | Target for 2024 | Value achieved in 2024[1] | Assessment of achievement (%; achieved/not achieved)[2] | Reasons for underachievement | Target for 2025[3] | Target for 2026 |
|---|---|---|---|---|---|---|---|---|---|
| Observance of grid connection deadlines | A comprehensive indicator that assesses the quality of the grid connection process, consisting of two components:<br>• quality of processing applications for grid connection<br>• quality of executing contracts for grid connection of applicants | First Deputy General Director — Director of Sochi Power Grids Branch<br>Deputy General Director for Development and Grid Connection<br>Deputy General Director for Investments | RU | 1.1 | 1.0 | 100% (achieved) | – | 1.1 | 1.1 |
| Debt/EBITDA | Ratio of long-term and short-term loans and borrowings to EBITDA | Deputy General Director for Economics and Finance | RU | 1.6 | 1.2 | 100% (achieved) | – | 1.8 | 1.6 |
| Efficiency of transition to domestic software | Defined as the share (percentage) of installed Russian (domestic) software in the Company-wide software scope as to the implementation of the in-house plan for transition to all-domestic software approved by the Company's Board of Directors | First Deputy General Director — Director of Sochi Power Grids Branch | % | 84.3 | 87.7 | 100% (achieved) | – | 88.9 | 90.0 |
| Effectiveness of the transition to the use of domestic radio-electronic products | Defined as the share (percentage) of Russian (domestic) radio-electronic products purchased by the Company in the company-wide scope as to the implementation of the plan to transition to the all-domestic radio-electronic products | Deputy General Director for Technical Issues — Chief Engineer | % | 77.0 | 94.2 | 100% (achieved) | – | 78.0 | 79.0 |
| Overdue receivables for electricity transmission services | Non-exceedance of the actual value of overdue receivables (excluding moratorium debt) at the end of the reporting period above the target value | Deputy General Director for Sale of Services<br>Deputy Director General for Corporate Governance | RUB '000 | 1,026,451.0 | 1,039,458.1 | 99% (achieved) | – | 907,893.0 | 840,743.9 |
| Safeguarding of the Organisation's Property | The calculation of this indicator takes into account cases of theft or deliberate damage to the Company's property | Deputy General Director for Technical Issues — Chief Engineer | – | 0.0 | 0.0 | 100% (achieved) | – | 0.0 | 0.0 |





| Indicator | Method of calculation | Official responsible for achieving the FKPI | UoM | Target for 2024 | Value achieved in 2024[1] | Assessment of achievement (%; achieved/not achieved)[2] | Reasons for underachievement | Target for 2025[3] | Target for 2026 |
|---|---|---|---|---|---|---|---|---|---|
| Enforcement of insider information protection requirements and maintenance of share listings | A comprehensive indicator assessing the level of corporate governance in the Company, consisting of two components:<br>• ensuring compliance with insider information protection requirements<br>• maintenance of share listings | Deputy Director General for Corporate Governance | Fulfilled / not fulfilled | Fulfilled | Fulfilled | 100% (achieved) | – | Fulfilled | Fulfilled |
| Timeliness of the annual General Meeting of Shareholders of the Company and its subsidiaries | The calculation of this indicator takes into account instances of failure by the Company and its subsidiaries to comply with the deadlines for holding the annual General Meeting of Shareholders established by the legislation of the Russian Federation | Deputy Director General for Corporate Governance | % | 100.0 | 100.0 | 100% (achieved) | – | 100.0 | 100.0 |
| Share of contracts concluded based on the results of electronic procedures | Calculated as a ratio of the number of electronic procurement procedures, which resulted in the conclusion of agreements associated with spending of funds, to the total number of procurement procedures (competitive and non-competitive), which resulted in the conclusion of such agreements | First Deputy General Director — Director of Sochi Power Grids Branch<br>Deputy General Director for Investments | % | 56.0 | 87.3 | 100% (achieved) | – | 60.0 | 64.0 |
| Number of comments (errors) on the organisation's accounting practices identified by the auditor and the auditing commission during audits conducted at the end of the reporting period | The assessment of the achievement of the indicator takes into account comments (errors) regarding accounting and reporting, comments regarding compliance with Russian Federation legislation on taxes and levies, as well as the level of materiality established by auditing standards | Chief Accountant – Head of the Department for Financial and Tax Accounting and Reporting | – | 0.0 | 0.0 | 100% (achieved) | – | 0.0 | 0.0 |
| Effectiveness of the Provision of Additional Services | This indicator assesses the achievement of planned revenue from the sale of additional services from other activities and the achievement of planned gross profit from the sale of additional services from other activities for the reporting period | First Deputy General Director — Director of Sochi Power Grids Branch | % | 100.0 | 111.0 | 100% (achieved) | – | 100.0 | 100.0 |

# KEY RISKS

## INFORMATION ON THE APPROVAL OF THE COMPANY'S PREFERRED RISK (RISK APPETITE) AND TARGET INDICATORS OF PREFERRED RISK (RISK APPETITE)

In accordance with the Risk Management and Internal Control Policy, subject to the requirements of the Procedure for Determining Preferred Risk (Risk Appetite), the Board of Directors of the Company approved the preferred risk (risk appetite) on 4 October 2023[1] .

**The following targets are set for preferred risk (risk appetite).**

- The Company provides reliable and high-quality power supply
- The Company seeks to maintain a strong financial position
- The Company ensures the enforcement of its Occupational Health and Safety Policy commitments and the development and improvement of its occupational health and safety management system and safety culture
- The Company ensures the development of the power grid system's human resources potential and maintains a consistently high staffing level
- The Company ensures the development and improvement of the accessibility of the power grid infrastructure
- The Company strives to reduce (minimise) its negative environmental impact
- The Company endeavours to reduce electricity losses during transmission and distribution
- The Company ensures that the rights of shareholders are respected
- The Company strives to ensure technological and innovative development by conducting and implementing scientific research
- The Company does not tolerate violations of the requirements established by the laws of the Russian Federation

**OPERATING WITHIN THE STATED PREFERRED RISK (RISK APPETITE) ALLOWS FOR A HIGHER DEGREE OF CONFIDENCE THAT THE COMPANY WILL ACHIEVE ITS OBJECTIVES.**

[1] Minutes No. 535/2023 dated 5 October 2023.





# INFORMATION ON KEY RISK MANAGEMENT

## Information on risk assessment method

Information on corporate-level risks that significantly affect the achievement of the Company's objectives, risk owners and key risk indicators used is contained in the Company's risk register[1].

Risk assessment shall comply with the Company's Risk Assessment and Monitoring Policy. Each identified risk is to be assessed to determine its materiality, taking into account the consequences of the risk materialising and the likelihood of it occurring. Risk assessment involves the use of qualitative and quantitative approaches, or a combination of both.

The impact of risks on the Company's activities is assessed at three levels of materiality, which provide a summary assessment of the probability and consequences of the risk materialising:

- **Moderate risk** does not have a material negative impact on financial and economic performance, but requires continuous monitoring for timely identification of possible increase in risk materiality.
- **Significant risk**, if materialised, could lead to significant deviations from KPIs, short-term suspension of operations, a downgrade in independent ratings and/or negative publicity.
- **Critical risk**, if materialised, may result in the failure to achieve the objectives set by the management bodies, as well as a prolonged disruption of operations, negative publicity in the media and a decline in the market quotation of the Company's shares.

The risk level was determined using the available risk assessment methods — either quantitative or qualitative.

Current risk levels are monitored using key risk indicators.

# INFORMATION ON THE ASSESSMENT OF KEY RISKS

| Risk ID | Risk | Risk materiality as of 01.01.2024 | Risk materiality as of 31.12.2024 | Risk management |
|---|---|---|---|---|
| CP-5 | Risks related to the impact of climate change on the Company's operations | Significant | Significant | 1. Conducting emergency response and restoration works<br>2. Insuring power grid property |
| OP-2 | Occurrence of a work-related accident | Critical | Critical | 1. Ensuring a safe working environment<br>2. Making sure that all organisational and administrative documents and health and safety programmes are followed<br>3. Medical examinations of employees<br>4. Ensuring the effective functioning and continuous improvement of the occupational health and safety management system<br>5. Using bodycams to record works carried out in electrical installations<br>6. Eliminating the causes of accidents within the established time frame<br>7. Training in premedical first aid techniques using a simulator<br>8. Providing psychophysiological support for professional reliability |
| OP-9 | Disruption and/or shutdown of critical information infrastructure facilities | Significant | Significant | 1. Making sure the technical specifications and design documents for building and renovating power facilities and setting up automated control systems include information security requirements<br>2. Responding to computer incidents<br>3. Analysing information security threats to important critical information infrastructure assets<br>4. Coordinating the terms of reference for information technology and telecommunications to make sure they meet the requirements of Federal Law No. 187-FZ dated 26 July 2017 'On the Security of Critical Information Infrastructure' |

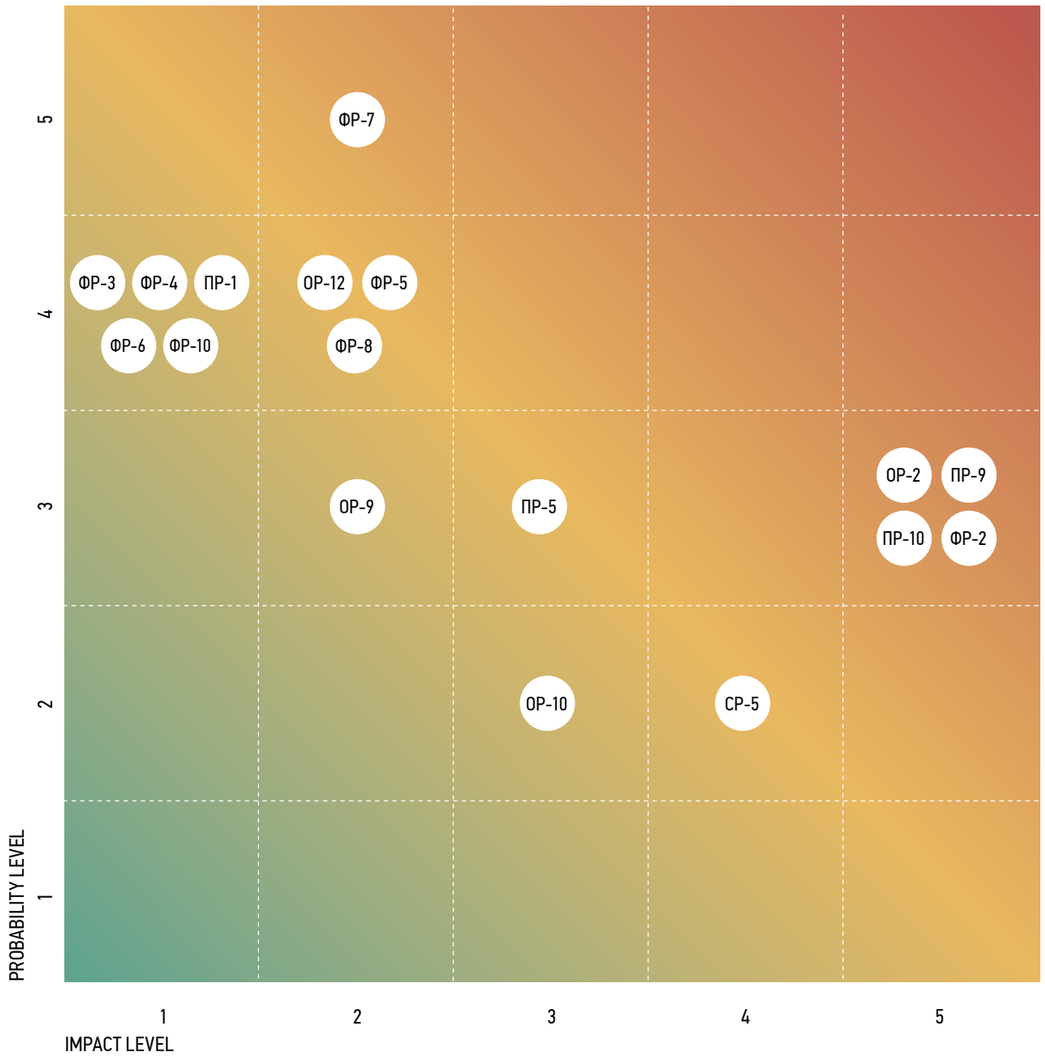
[1] Approved by the Management Board on 6 December 2023 (Minutes No. 41/2023 dated 6 December 2023).

| Risk ID | Risk | Risk materiality as of 01.01.2024 | Risk materiality as of 31.12.2024 | Risk management |
|---|---|---|---|---|
| ОР-10 | Unauthorised access to confidential information | Significant | Significant | 1. Monitoring compliance with rules for handling information constituting trade and/or official secrets<br>2. Monitoring compliance with corporate information handling policies<br>3. Monitoring compliance with personal data protection requirements<br>4. Conducting internal investigations |
| ОР-12 | Understaffing | Significant | Significant | 1. Organising staff recruitment (selection from the external labour market, talent pool)<br>2. Arranging staff training |
| ФР-2 | Failure to achieve the planned level of revenue from grid connection services | Significant | Critical | 1. Coordinating and monitoring the activities of all Company subdivisions involved in the grid connection process to ensure that the Company complies with the deadlines for procedures and measures |
| ФР-3 | Failure to achieve the planned level of revenue from additional (non-tariff) services | Significant | Significant | 1. Drafting/amending the business plan of the Company for the provision of additional (non-tariff) services<br>2. Analysing and adjusting the cost (calculation) of additional (non-tariff) services, taking into account market conditions and the cost of additional (non-tariff) services |
| ФР-4 | Exceeding the planned level of uncontrolled operating expenses for the purchase of electricity to compensate for losses, for the payment of services for the transmission of electricity via TGO grids, via the UNPG | Significant | Significant | 1. Monitoring the volume of electricity purchased to compensate for electricity losses in the Company's power grids and the volume of electricity transmission services provided to the Company via the UNPG grids<br>2. Making up the aggregate declared capacity of the Company for connections to the UNPG grid<br>3. Settling differences in the volume of electricity transmission services provided via the Company's power grids |
| ФР-5 | Exceeding the planned level of other operating (controllable and uncontrollable) expenses | Significant | Significant | 1. Analysing monthly, quarterly, and annual cost estimates<br>2. Monitoring compliance with established cost limits when agreeing terms of reference for competitive procedures and contracts |
| ФР-6 | Exceeding the planned level of interest expenses | Significant | Significant | 1. Negotiating with creditor banks, sending letters requesting consideration of a reduction in interest rates on loans<br>2. Conducting procurement procedures to select financial institutions to reduce the cost of credit resources amid competition among participating banks |
| ФР-7 | Exceeding the planned value of overdue accounts receivable for electricity transmission services | Significant | Significant | 1. Monitoring the progress of the action plan to reduce overdue receivables for electricity transmission services and settle differences Monitoring the achievement of planned electricity payment collection levels<br>2. Conducting measures to settle differences in determining the scope of obligations under contracts for the provision of electricity transmission services and/or the purchase of electricity for the purpose of compensating for process-related losses of electricity and preventing their occurrence in the future<br>3. Conducting claims work for the purpose of pre-trial settlement<br>4. Imposing full and/or partial restrictions on energy supply to consumers in arrears at the request of energy electricity retailers. Checking the enforcement of electricity consumption restrictions imposed on consumers who violate their obligations<br>5. Liaising with the Federal Bailiff Service during enforcement proceedings. Signing of cooperation agreements with the Federal Bailiff Service. Monitoring debt repayment under enforcement proceedings based on court decisions on the collection of overdue debts |



| Risk ID | Risk | Risk materiality as of 01.01.2024 | Risk materiality as of 31.12.2024 | Risk management |
|---|---|---|---|---|
| ФР-8 | Exceeding the planned debt burden level | Significant | Significant | 1. Managing the Company's debt position — controlling debt position limits |
| ФР-10 | Underliquidity | Significant | Significant | 1. Following up on the Company's payment schedule as part of the budget revenue and spending of the cash flow budget |
| ПР-1 | Violation of antitrust legislation | Significant | Significant | 1. Monitoring the legal protection of the Company's interests in state authorities and government bodies, as well as in courts in cases arising from administrative legal relations<br>2. Liaising with the Federal Antimonopoly Service (FAS Russia) on behalf of the Company. Establishing a consolidated legal position for the Company and ensuring the protection of the Company's interests in court and other law instances. Organising the recording and monitoring of the results of inspections, including requests and other materials from the FAS of Russia received by the Company, except for issues related to tariff regulation |
| ПР-5 | Violation of environmental legislation | Significant | Significant | 1. Carrying out a programme of industrial environmental monitoring at facilities that have a negative environmental impact, and submitting reports on the organisation and results of industrial environmental monitoring to the state authorities<br>2. Organising and monitoring the compensation payments for granting economic entities the right to carry out activities that have a negative environmental impact, and the submission of pollution fee declarations<br>3. Organising and supervising monitoring of negative environmental impacts and providing state authorities with information on atmospheric air protection and on the generation, treatment, disposal, neutralisation and placement of production and consumption waste |
| ПР-9 | Corruption-related offences by Company employees | Critical | Critical | 1. Working on the anti-corruption plan |
| ПР-10 | Unlawful actions of legal entities and individuals, including employees of subsidiaries and affiliated companies, causing economic damage and harm to business reputation | Critical | Critical | 1. Conducting analysis and verification of incoming information to identify (confirm) damage (losses) |

**Map of key risks of the Company**




## REALISATION OF KEY RISKS

Information on the realisation of critical and significant risks is reviewed by the Company's management bodies as part of the Report on the Organisation, Functioning and Effectiveness of the Company's Risk Management and Internal Control System (RM&ICS) for 2024.





# INFORMATION ON INFORMATION SECURITY RISKS AND CYBER THREATS

Due to a rise in cyber threats at the Company, the following information security risks were identified:

- Disruption and/or shutdown of the information infrastructure and telecommunication systems of power grid facilities caused by cyberattacks. This risk is assessed as significant due to the high level of consequences associated with disconnection of electricity consumers, material damage and reputational risks of the Company
- Unauthorised access to confidential information. This risk is assessed as significant and characterised by a medium level of consequences in the form of leakage of information constituting a trade secret or personal data.

In order to reduce (minimise) the above risks, the Company takes the following measures:

- Installation of technical security equipment, video surveillance systems, access control system and security alarm system
- Organisation and control over the physical security of the Company's most important power grid facilities
- Renovation of security equipment at the power grid facilities as set forth in the Company's Investment Programme
- Inclusion of information security requirements in terms of reference for information infrastructure facilities and telecommunication systems of power grid facilities, control over the subsequent construction of facilities in compliance with the terms of reference
- Ongoing monitoring of the actions of the Company's employees through information security systems
- Monitoring and analysis of external information security events
- Use of certified information security means



# INFORMATION ON SUSTAINABLE DEVELOPMENT RISKS

The Company's management and relevant departments remain focused on occupational health and safety, staff development, reduction of environmental impact and other ESG issues. Risks relating to sustainable development are managed by the Company's RM&ICS. Risk assessment and management take into account a wide range of factors, including ESG ones, which contributes to compliance with the Company's sustainable development principles.

The risks associated with the impact of climate change on the Company's operations are short-term in nature. As they have significant consequences and may have a negative impact on the quality and reliability of power supply, the Company assesses them as significant .

High outdoor air temperature in summer, typical for the region of the Company's presence, may entail the risk of overloading power supply centres, which will deteriorate the power supply to consumers. In order to minimise this risk, the Company regularly redistributes loads between power supply centres. Furthermore, the Company's Investment Programme will include measures to increase the capacity of power supply centres.

In the regions where the Company operates, there is a possibility of emergencies due to natural disasters (hurricanes, torrential rains, floods, snow drifts, mudslides, etc.). This may result in material damage to the local population, housing & utilities infrastructure and social facilities, as well as to the Company's power grid facilities. There might also be power outages and transport disruptions in the Company's catchment area.

In order to minimise the impact of adverse weather conditions, the Company takes the following steps:

- Constantly monitors weather conditions, develops and implements action plans to reduce the consequences for the Company (during spring floods and high water levels; during the thunderstorm season)
- Pre-plans and adjusts schedules for equipment repairs, taking into account weather conditions
- Carries out emergency response and restoration works
- Interacts with the insurance company to obtain compensation for damage caused to the Company's insured property as a result of natural disasters



Given the extent to which production activities affect soil, atmospheric air, surface and subsurface subsoil, flora and fauna, the Company places considerable emphasis on mitigating adverse effects on these natural environment components and guaranteeing environmental safety at power grid facilities. Risks related to the Company's environmental impact are long-term in terms of time of impact and are assessed by the Company as moderate, given the set of environmental risk management measures in place. In order to minimise these risks, the Company undertakes obligations to comply with the requirements of environmental legislation and performs the following measures:

- Implements the measures aimed at ensuring environmental safety and protection of the environment
- Upgrades equipment and applies innovative and environmentally friendly technologies in the renovation, retrofitting and construction of power grids, including decommissioning of polychlorinated biphenyl-containing equipment and replacing it with environmentally friendly one
- Monitors the negative environmental impact, complying with the established permissible impact rates, and submits to the regulatory authorities information on the protection of atmospheric air and on the generation, processing, utilisation, disposal, neutralisation, and disposal of production and consumption waste
- Ensures that suppliers of products and services comply with the requirements of legislation, standards, codes and internal documents of the Company regarding environmental protection and environmental safety

The Company adheres to the principles of continuous professional development of its employees and the creation of a favourable social and working environment. The social rights of the Company's employees encompass fair and favourable working conditions, protection against unemployment, fair and satisfactory remuneration, equal pay for equal work, as well as education, the opportunity to maintain the health and well-being of the individual and their family.

The Company works to ensure that the social rights of its employees are respected, to protect them from unemployment, to pay fair remuneration, to reimburse the costs of sports activities and to raise the level of education of the Company's employees.
The Company provides corporate support in improving the housing conditions of employees. There is a separate housing programme for employees recruited to the Company from other localities who do not have accommodation in the area where they work.

By time of impact, risks related to non-compliance with social rights and guarantees of employees are medium-term. Given the high level of social responsibility of the Company, these risks are assessed as moderate.



# OPERATIONAL RESULTS

## ENERGY IN NUMBERS

Rosseti Kuban JSC continues to operate with high reliability, despite the increasing workload and new infrastructure issues. The Company's performance aligns with the strategic objectives of the industry and the regions it serves.

**24,192** +6.9% vs 2023
**MILLION KWH**
volume of electricity transmission services provided

**520** **MVA**
transformer capacity and **1,703** **KM OF PTLS** commissioned in 2024

**76.4%**
net profit growth by 2023

**37,433**
number of executed grid connection agreements for a total capacity of 771.8 MW

# ELECTRICITY TRANSMISSION

The core business of Rosseti Kuban JSC is the transmission and distribution of electricity to consumers via power grids with a voltage of 110 kV and below. The Company's share in the regional electricity transmission market in 2024 was 78.2% (of the regional required gross revenue).

In 2024, electricity losses during transmission in the Company's grids stood at 9.33% (down 0.52 p.p. below the target set in the business plan). In 2024, the loss reduction efforts had an effect of 38 million kWh.

**Oleg Nischuk**
Deputy Director General for Sale of Services

## KEY INDICATORS

### Results of the Company's production activities for 2022–2024

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Delivery to the Company's grid (million kWh) | 26,062.30 | 26,860.40 | 28,492.99 | +6.08 |
| Electricity delivered from the grid to customers and related TGOs within the area of balance and operational responsibility (million kWh) | 23,582.80 | 24,312.0 | 25,834.22 | +6.26 |
| Losses of electricity in transmission: | | | | |
| • million kWh | 2,479.50 | 2,548.40 | 2,658.78 | +4.33 |
| • % | 9.514 | 9.488 | 9.331 | –0.16 p.p. |
| Volume of electricity transmission services provided: | | | | |
| • million kWh | 21,947.80 | 22,624.40 | 24,192.30 | +6.9 |
| • RUB million | 61,452.90 | 71,207.10 | 80,126.40 | +12.5 |

Based on the Company's performance in 2024, the volume of electricity transmission services provided amounted to

**24,192 MILLION KWH,**

up 1,568 million kWh year-on-year

**↑6.9%**

Actual electricity losses in the power grids of Rosseti Kuban JSC for the reporting year amounted to 2,659 million kWh (9.331% of the delivery to the grid). In 2024, the relative loss ratio was reduced by 0.16 p.p compared to 2023. The loss ratio target for the year was achieved.

One of its primary objectives is to reduce electricity losses.

Based on the year-end 2024 results, the effect of steps taken to reduce electricity transmission losses totalled 38 million kWh (RUB 210 million), including through:

- Organisational measures — 32 million kWh (RUB 184 million)
- Technical measures — 6 million kWh (RUB 26 million)

In the future, the efforts in this area will be continued.

The measures of the electricity loss reduction programme were implemented, and the target indicator of this programme, i.e. the level of electricity losses, was achieved.

## ELECTRICITY METERING

As at the end of the reporting year, there were 1,291,073 delivery points in the Company's area of operations, including:

- 118,928 delivery points to legal entities
- 1,127,592 delivery points to household consumers
- 10,897 delivery points to apartment buildings
- 33,656 delivery points with automatic metering

Under Federal Law No. 522-FZ dated 27 December 2018 'On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Development of Electricity (Power) Metering Systems in the Russian Federation,' the Company takes measures to develop smart electricity metering by replacing (installing, calibrating) metering devices.

In the Company's area of operations, there are

**1,291,073**
**DELIVERY POINTS**

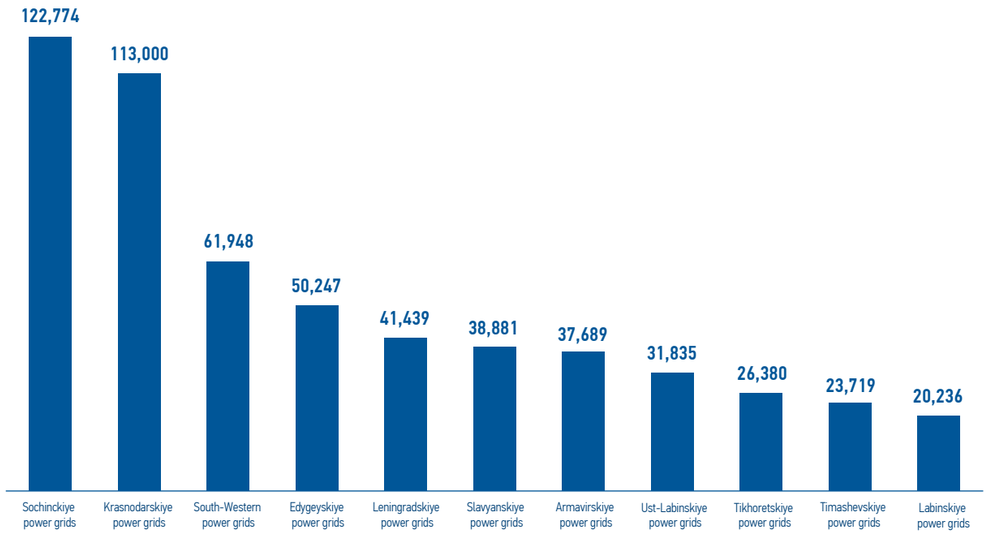
### Development of smart electricity metering in 2022–2024 (number of metering points)

| Indicator | 2022 | 2023 | 2024 target | 2024 actual |
|---|---|---|---|---|
| Scope of completion (introduction, implementation) of measures | 45,524 | 99,266 | 83,194 | 136,259 |
| Including: | | | | |
| • Installation/replacement of technical electricity meters | 1,950 | 0 | 0 | 0 |
| • Installation/replacement of fiscal electricity meters within the grid connection framework under the Investment Programme | 27,890 | 27,745 | 28,016 | 30,662 |
| • Installation/replacement of fiscal electricity meters in case of absence, breakdown, or expiry of the calibration interval/service life of meters, under the Investment Programme | 8,386 | 14,889 | 4,983 | 5,567 |
| • Installation/replacement of fiscal electricity meters in case of absence, breakdown, or expiry of the calibration interval / service life of meters, within the scope of operational activities | 7,298 | 27,210 | 39,188 | 52,315 |
| • Installation/replacement of electricity meters under energy service agreements | 0 | 12,183 | 0 | 38,498 |
| • Calibration of fiscal electricity metering devices upon expiry of their calibration interval within the scope of operational activities | 0 | 17,239 | 11,007 | 9,217 |

The cost of replacing (installing, recalibrating) electricity meters amounted to RUB 2,525.68 million, excluding VAT.

As of the end of the reporting year, the number of electricity meters with remote data collection was 568,148 (44.5% of the total number of delivery points). In 2024, 114,575 electricity meters were automated.

Total number of automated metering devices with remote data collection as of 31 December 2024 by branches of Rosseti Kuban JSC
(units)




In 2025, it is planned to keep rolling out smart electricity metering by replacing (installing, recalibrating) electricity meters that are missing, broken, past their calibration interval, or past their service life, as well as in cases of grid connection pursuant to the requirements of Federal Law No. 522-FZ dated 27 December 2018 'On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Development of Electricity (Power) Metering Systems in the Russian Federation'.





# GRID CONNECTION

In 2024, the planned targets for the grid connection procedure were achieved and exceeded. The demand for grid connections has continued to be quite strong. On average, at least 40,000 applications are filed per year. The Company concluded over 36,000 grid connection contracts with a total capacity of over 865 MW, and 37,000 contracts were executed for a connected capacity of 772 MW.

The average time required for grid connection was 108 days, which is significantly lower than the standard time limits established by current legislation for grid organisations. The average time for reviewing an application and sending an offer to conclude a grid connection contract does not exceed seven days.

The Company supervises the implementation of the grid connection procedure at all stages and levels.

Given the positive developments in cooperation between utility providers, regional and local authorities, Rosseti Kuban will strive to continuously improve key performance indicators, thereby strengthening its image as a customer-oriented company.

**Alexander Chepusov**
Deputy Director General
for Development and Grid Connection

The Company's main objectives regarding grid connection for the near future are to provide high-quality service to applicants, ensure the availability of the power supply infrastructure in terms of grid connection for consumers, and develop the power grid system.

Another important goal for Rossetti Kuban is to eliminate power grid restrictions.

These measures will enable the grid connection of new consumers and provide existing consumers with high-quality and reliable power supply.

The Company's grid connection of consumer terminals (power installations) of legal entities and individuals to power grids is governed by the following regulatory documents:

- Federal Law No. 35-FZ dated 26 March 2003 'On the Electric Power Industry'
- Rules for grid connection of consumer terminals of electricity consumers, generating facilities and grid facilities owned by grid organisations and other entities to power grids approved by Decree No. 861 of the Government of the Russian Federation dated 27 December 2004
- Decree of the Government of the Russian Federation 'On Pricing in the Field of Regulated Prices (Tariffs) in the Electric Power Industry' No. 1178 dated 29 December 2011
- Order of the FAS of Russia 'On Approval of the Guidelines for Determining the Grid Connection Fee' No. 490/22 dated 30 June 2022

The complete list of regulatory legal documents, as well as detailed information on the grid connection procedure at Rosseti Kuban JSC, is publicly available on the Company's official website in the To Consumers / Grid Connection section.

Changes in grid connection figures for 2022–2024 are given in Appendix 6 hereto.

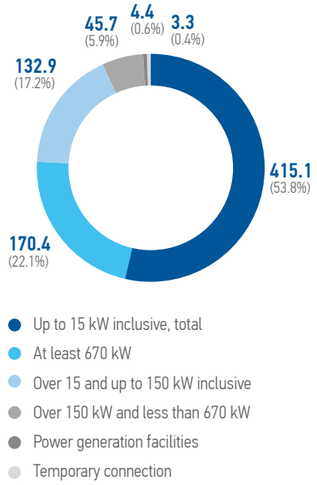
# COMPLETION OF GRID CONNECTION AGREEMENTS

During the reporting year, the Company completed 37,433 grid connection contracts. The total capacity of the completed grid connection agreements was 772 MW (17% above the target).

### Capacity connected in 2024 by consumer category (MW)

| Connection categories | Number of completed grid connection agreements | |
|---|---|---|
| | – | Total power (MW) |
| Up to 15 kW inclusive, total | 34,817 | 415.1 |
| Over 15 kW to 150 kW inclusive | 2,166 | 132.9 |
| Over 150 kW and up to 670 kW | 186 | 45.7 |
| At least 670 kW | 96 | 170.4 |
| Power generation facilities | 80 | 4.4 |
| Temporary connection | 88 | 3.3 |
| **Total** | **37,433** | **771.8** |

Structure of contracts completed in the reporting year for connected capacity (MW)








### The largest and most significant energy facilities of the following applicants connected to the Company's power grids in 2024

| Applicant | Facility | Connected capacity (MW) |
|---|---|---|
| RZD JSC | Grid connection of traction substation | 12.2 |
| Caspian Pipeline Consortium — R JSC | Grid connection of consumer terminals of the oil pipeline system (offshore terminal, tank farm and onshore facilities) | 10 |
| Specialised Developer Garantiya LLC | Grid connection of consumer terminals of a multi-storey residential complex in the central inner-city district of Krasnodar | 5.0 |
| Kopanskoy Industrial Park Management Company LLC | Grid connection of consumer terminals of a land plot for agricultural use | 5.0 |
| Rostelektroseti LLC | Grid connection for power supply to consumer terminals on a land plot for the construction of social and business buildings and structures of the second phase of the German Village residential complex in the Prikubansky intra-city district of Krasnodar | 5.0 |
| Federal State Institution Taman Federal Highway Administration | Grid connection of consumer terminals for the needs of a new high-speed highway to the crossing across the Kerch Strait (stage 1, sub-stage B, stage 2) | 4.6 |
| Specialised Developer YugStroyImperial LLC | Grid connection of consumer terminals for multi-storey residential buildings in Znamensky settlement | 4.2 |
| Ober Khutor LLC | Grid connection of consumer terminals in a hotel complex in the Adler district of Sochi | 4.0 |

As part of the Federal Trunk Network Development project, which is part of the Safe and High-Quality Roads national project, there was a power supply set up for the new A-289 four-lane motorway, which is about 130 km long. This route provides a long-distance approach to the Crimean Bridge, bypassing the city of Slavyansk-on-Kuban. We built three high-voltage power supply centres with a voltage rating of 35–110 kV, as well as over 119 km of PTLs with a voltage rating of 10–110 kV. The facility is provided with nearly 5 MW of capacity.

For the third consecutive year, the Company has been supplying electricity to electric vehicle charging stations as part of the project to implement the Concept for the Development of Electric Vehicle Production and Use in the Russian Federation. In 2024, the Company completed the grid connection of 24 charging stations with a total capacity of 3.6 MW, located in large settlements of the Krasnodar Krai and the Republic of Adygeya, as well as on regional roads.

As part of the regional programme on the upgrade of primary healthcare, the Company took steps in 2024 to ensure that over 40 healthcare facilities could be connected to the power grid. These include six outpatient clinics, 15 paramedic and midwifery stations, and 22 hospital's outpatient departments (five of which are children's polyclinics). The total capacity exceeded 4 MW.

Russia's southern regions have historically played a significant role in the nation's food supply. During 2024, the Company completed the grid connection of over 600 agricultural and food industry enterprises with a total capacity of 38 MW. Among the most notable facilities are agricultural land plots of Uchastie Krestiyanskoye Hozyaystvo LLC for 1.5 MW (Novokubansky District), Tkacheva Agrokompleks JSC for 0.9 kW (Dinskoy District) and Kalinin Selskokhozyistvennaya Kompaniya OJSC for 3 MW (Gulkevichesky District).

Over the past few years, the Krasnodar Krai and the Republic of Adygeya have been particularly attractive destinations for migrants. This trend naturally leads to increased demand for housing. To meet the demand, the Company allocated electric capacity to cover over 2,000 housing projects, with a total capacity of 166 MW.

Over 30 socially important facilities, such as schools, preschools, cultural institutions, and sports facilities, with a total capacity of over 2.5 MW, were connected to the power grid. In particular, capacity was provided for the new Sambo Palace sports arena in the Prikubansky District of Krasnodar, as well as for a new 1,000-strong school in Maykop, Republic of Adygeya. The grid connection of the school was accomplished while setting up the power supply for a large residential area in the southern part of the city, which includes multi-storey buildings, amenities, transport and engineering infrastructure.

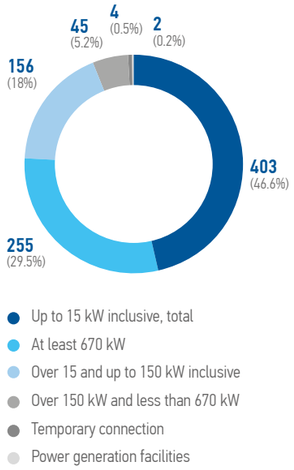
# CONSUMER DEMAND FOR GRID CONNECTION IN 2024

In 2024, the Company concluded 36,853 contracts for grid connection with a total capacity of 865 MW. The total cost amounted to RUB 11.2 billion excluding VAT. Since 2022, demand for grid connection services has remained at a consistently high level: on average, around 40,000 applications are filed each year and at least 30,000 contracts are concluded.

## Number of signed grid connection agreements

| | Number of contracts | |
|---|---|---|
| **Connection categories** | **–** | **Total power (MW)** |
| Up to 15 kW inclusive, total | 33,813 | 403 |
| Over 15 kW to 150 kW inclusive | 2,491 | 156 |
| Over 150 kW and up to 670 kW | 192 | 45 |
| At least 670 kW | 150 | 255 |
| Power generation facilities | 87 | 2 |
| Temporary connection | 120 | 4 |
| **Total** | **36,853** | **865** |

Structure of contracts by connected capacity signed in 2024 (MW)










# AMOUNTS OF REVENUE RECEIVED AND FUNDS RAISED

Revenue from grid connection services for the reporting year was RUB 6,662 million excluding VAT, which is 50% higher than the target and 173% higher than revenue for 2023 (RUB 2,438 million). The execution of several large and significant contracts in 2024, including some that were finished ahead of time, is what caused the revenue boost.

In 2024, cash proceeds from grid connection services amounted to RUB 10,202 million including VAT (almost three times higher than the target) Over-fulfilment of the cash proceeds target is driven by the receipt of large advances from applicants under grid connection contracts concluded in the fourth quarter of 2023 and payment received earlier than the schedule established by the contracts.

Revenue is
**50%**
higher than the target and 173% higher than revenue received in 2023

# GRID CONNECTION PLANS FOR 2025

In 2025, it is planned to carry out grid connection for the energy supply of large projects that are currently underway. These projects are of particular importance both for the regions where they are situated and for the country as a whole. These include:

- Construction of the Adler Bypass motorway as part of the project to build a new highway between Goryachy Klyuch and Adler, which will serve as a high-speed alternative to the A-147 motorway between Dzhubga and Sochi. The requested power capacity is 16.6 MW The customer is Rossiyskiye Avtomobilnye Dorogi, a state-owned company. The cost of grid connection is RUB 1.6 billion.
- Grid connection of solar power plants in the Seversky District of the Krasnodar Krai. The applicant is Vozobnovlyaemyye Istotnye Energii LLC (Hevel Group). The total capacity is 40.5 MW. The total cost of the grid connection contracts signed is RUB 762.6 million.

The planned revenue for 2025 will amount to
**RUB 6,641 MILLION EXCLUDING VAT**

# GRID CONNECTION OF GENERATION FACILITIES

During the reporting year, 116 contracts were in place for the grid connection of electricity generation facilities (including 101 microgeneration contracts). The total maximum capacity requested (excluding previously connected capacity) is 101.2 MW, and the cost is RUB 713.75 million excluding VAT. There were 80 contracts signed for the grid connection of generation facilities with a total capacity of 4.45 MW and a total cost of RUB 3.61 million (including 78 contracts for microgeneration facilities).

**80 AGREEMENTS**
for grid connection of generating facilities executed

# RELIABLE AND EFFICIENT OPERATION OF THE ENERGY SYSTEM

Our top priorities remain the same: integrating cutting-edge technologies into critical production procedures and guaranteeing the stable and uninterrupted functioning of the power grid in the Republic of Adygeya, the Sirius federal territory, and the Krasnodar Krai.

In the reporting year, the Company managed to achieve solid results thanks to the delivery of all production plans and programmes. Steps were taken to make the power grid more reliable, improve maintenance and repairs, introduce new technology, automate and mechanise production processes, and improve health and safety for the Company's employees. Getting the power grid ready for the extreme heat and the holiday season was given extra attention.

In September 2024, the Company was granted TGO status. As decided by the regional headquarters, effective from 2025, the Company is required to assist in remedying disturbances on ownerless power grids and facilities of third-party energy companies that require aid in dealing with the consequences of natural disasters.

**Vladimir Mikhailov**

Deputy Director General
for Technical Affairs — Chief Engineer

In 2024, Rosseti Kuban PJSC was able to meet its core production goal of keeping the power grid equipment running reliably. The Company successfully completed the repair programme in full and on schedule, and went through the steps to make sure power supply is more reliable for consumers in the Krasnodar Krai and the Republic of Adygeya, and got cleared to start the 2024/2025 heating season.

In the reporting year, the Company's reliability indices ($I_{saidi}$, $I_{saifi}$) did not exceed the target values set by the Krasnodar Krai State Tariff Regulation Department (KKSTRD) for the reporting year, taking into account the allowable deviation.

**In the reporting year, the Company's reliability indices ($I_{saidi}$, $I_{saifi}$) did not exceed the target values set by the Krasnodar Krai State Tariff Regulation Department (KKSTRD) for the reporting year, taking into account the allowable deviation:**

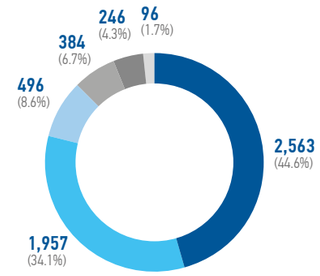
| Indicator | Values set by the KKSTRD: target | Values set by the KKSTRD: target within tolerance | Indicator value (actual) | Deviation from target (within tolerance), % |
|---|---|---|---|---|
| System average interruption duration index per point of delivery ($I_{saidi}$), h | 2.7886 | 3.6252 | 3.2982 | –9.0 |
| System average interruption frequency index per point of delivery ($I_{saifi}$), interruptions | 1.0809 | 1.4052 | 1.2401 | –11.7 |

In the reporting year, there was a

**4.9%**

year-on-year decrease in the number of service disruptions in 110 kV and higher grids.

### Main causes of accidents in Rosseti Kuban's power grids in 2024




During the reporting year, Rosseti Kuban did not record any cases of emergency shutdowns of power grid equipment due to fire.

The focus in 2024 was on:

- Maintaining the specified condition of production assets, including PTLs, substation equipment, relay protection and automation devices
- Identifying and eliminating defects in a timely manner based on the power equipment monitoring results
- Ensuring readiness for prevention of and response to service disturbances:
  - Agreements/contracts with contractors and related power grid organisations were updated, as well as with the EMERCOM of Russia and the Federal Service for Hydrometeorology and Environmental Monitoring,
  - 415 crews, 1,929 people and 788 units of equipment were made ready, including 22 mobile crews (123 people) armed with the right gear (22 motor vehicles and 27 special vehicles), as well as tools, rigging, spare parts kits, communication equipment, spare sets of special clothing, food rations and financial resources,
  - Company's emergency supplies are fully stocked,
  - Operational readiness of 121 emergency power supply sources (EPSS) with a total capacity of 14,274.5 kW was verified, including 110 mobile EPSSs with a total capacity of 13,810.5 kW,
  - Four joint exercises were conducted to drill emergency response procedures in the event of power supply disruptions, with the participation of the EMERCOM of Russia in the Krasnodar Krai and the Republic of Adygeya, as well as the executive authorities of the Krasnodar Krai and the Republic of Adygeya and local government bodies.

Successful preparations were made for the heating season. Every year, Rosseti Kuban confirms its readiness for the heating season by obtaining a readiness certificate. The results of the assessment of the readiness of energy companies for the 2024/2025 heating season were approved by Order No. 2147 of the Ministry of Energy of the Russian Federation dated 5 November 2024.

The Company's preparations for the flood period were supervised by the Central Flood Commission[1] as part of the efforts of the Kuban Headquarters and similar commissions of Rosseti Kuban[2] branches. During the preparation stage and during the flood period, 78 activities were taken, including:

- Power grid facilities in potential flood zones were monitored, and the list of such facilities was updated. According to the monitoring results, up to 359 facilities (2.2% of the total number of power grid facilities) fall into the potential flooding zone, including 111 main grid facilities (23 35–220 kV substations, 88 segments of 35–110 kV overhead transmission lines (OTL)) and 248 distribution grid facilities (164 segments with 10–0.4 kV OTL poles and 84 10/0.4 kV transformer substations).

[1] Approved by Order No. 40-od dated 23 January 2024 'On preparations and tasks for the successful weathering of the spring flood and high water period in 2024'.
[2] The Kuban Headquarters is a permanent coordinating body that includes the heads of the Company and its branches, representatives of contractor organisations, government bodies at various levels (as agreed), who have experience in planning and making decisions under conditions of actual or threatened power supply disruptions to consumers, in emergency response, etc. , as well as sufficient authority to mobilise the necessary resources.

  - Between 10 and 11 April 2024, drill exercises were held involving the management bodies, forces and resources of the territorial units of the functional subsystems of the Russian Unified Emergency Rescue Service (RUERS) of the Krasnodar Krai and the Republic of Adygeya to rehearse the response of management bodies, forces and resources of the Company in the event of emergencies and natural and man-made disasters caused by the impact of hazardous meteorological phenomena during the flood period.
- A total of 54 anti-accident exercises were conducted in the Company's power grid branches to mitigate potential consequences of flooding of power grid infrastructure.
- Flood commissions held 11 meetings to address issues of preventing and responding to potential service disturbances and/or emergencies at the Company's power grid facilities during the spring-summer flood period.
  - Rosseti Kuban took part in meetings of emergency response and fire safety commissions under the administrations of the Krasnodar Krai and the Republic of Adygeya. The commission meetings focused on the readiness of the Company's power grid facilities for the flood season; no claims or comments were raised by the executive authorities or the emergency response and fire safety commissions under the administrations of the aforementioned constituent entities of the Russian Federation.
- In accordance with the approved inspection schedule for power grid facilities located in high-risk areas, river crossings of OTLs, as well as 1,795 poles, and 107 site grid facilities were inspected. Inspections revealed no damage.
- Specialised equipment, machinery and mechanisms were made available and kept in good working order.
- A check was carried out to ensure that emergency supplies were available and stored appropriately, revealing:
  - that the equipment, materials and spare parts in the emergency supply kit comply with established standards,
  - that the storage conditions for equipment, materials, spare parts, and access routes can ensure the prompt loading of materials and equipment for delivery to the site of possible emergency damage,
- A check was carried out to ensure that crews were equipped with the necessary tools and gear, as well as protective equipment, and that specialised vehicles, machinery and engines were ready for operation, and that communication devices and warning systems were in working order. The check revealed no violations in the storage of protective equipment, tools, and devices.

The watercraft and water pumping equipment were checked to ensure they were ready for use. In the event of flooding, the available watercraft (four small vessels) and 22 motor pumps are all ready to go.

During the flood period, the Company's grids control centre also maintained daily communication with regional centres for hydrometeorology and environmental monitoring in the Krasnodar Krai and the Republic of Adygeya, the Hydrometeorological Centre in Sochi, and the crisis management centres of the Main Directorates of the EMERCOM of Russia for the Krasnodar Krai and the Republic of Adygeya. Real-time info on weather conditions and flood situations at water bodies in the Krasnodar Krai and the Republic of Adygeya was coming in.

During the flood period from 1 May to 30 September 2024, 153 daily hydrometeorological bulletins and 36 storm warnings on adverse meteorological phenomena were received, including information on threats of water level rise in the rivers of the Krasnodar Krai and the Republic of Adygeya (down 28.5% year-on-year).

All measures mandated by Rostekhnadzor to be completed by 2024 were done and no longer being monitored.

The Kuban Headquarters runs 24/7 to guarantee the dependable functioning of the power grid system in the event of power outages and other emergency scenarios involving disturbances in the power supply. Representatives of the Kuban Headquarters are regularly involved in ensuring the security of power supply in the Krasnodar Krai and the Republic of Adygeya.





# SALE OF ADDITIONAL (NON-TARIFF) SERVICES

«The company successfully continues to organise and develop additional (non-tariff) services in 2024 as part of its business diversification efforts.

The Company achieved its planned revenue targets for non-tariff services: revenue amounted to RUB 1,283.3 million (43% higher than the target).

Particular attention was paid to the provision of access to fibre optic communication lines (FOCL). Work was carried out to identify and eliminate uncontracted suspension of FOCLы at the Company's power grid facilities. Thus, the number of contracted poles increased by 83% by the end of 2024, reaching 485,677. The share of FOCL connection to OTLs was 27.6%, against a target of 18.2%. Year-on-year revenue growth in this area stood at 106% (RUB 163.1 million).

**Anatoly Abusalimov**
Head of the Department
for the Development of Non-Tariff Services

Rosseti Kuban provides consumers with a full range of additional (non-tariff) services:

- Lease and equipment placement services (lease of buildings, power grid facilities and vehicles; placement of communications equipment, outdoor advertising and other property)
- Maintenance and repair of power grid facilities and outdoor lighting networks
- Construction and installation works, design and survey works
- Consulting, organisational and technical services
- Other services

In 2024, the Company's revenue from the sale of additional services amounted to

**1,283.3**

**RUB MILLION**

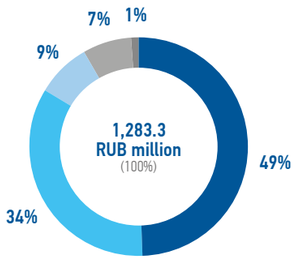
(43% above the target).

### Structure of revenue from additional services in 2022–2024

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Revenue from sale of additional (non-tariff) services related to other activities, total (RUB million) | 1,003.9 | 912.5 | 1,283.3 | +41 |
| Including: | | | | |
| • Leasing and placement of equipment | 148.9 | 199.5 | 630.7 | +216 |
| • Repair and maintenance services | 344.2 | 200.1 | 90.3 | –55 |
| • Construction and installation | 399.0 | 375.5 | 439.1 | +17 |
| • Consulting, organisational and technical services | 108.3 | 116.0 | 117.5 | +1 |
| • Agency services | 0 | 0 | 0 | 0 |
| • Communication and information technology services | 0.001 | 0 | 0 | 0 |
| • Other activity services | 3.5 | 21.3 | 3.2 | –85 |
| • Other services | 0 | 0.098 | 2.5 | +2,457 |
| Volume (share) of non-tariff revenue in total revenue of Rosseti Kuban PJSC (%) | 3.4 | 2.6 | 3.4 | +0.8 p.p. |

In 2024, the price list for additional (non-tariff) services was updated: it currently includes 476 services.

Structure of revenue received by the Company from the sale of non-tariff services in 2024




**7**
**MAJOR CONTRACTS**
for additional (non-tariff) services were put in effect in 2024

**In 2024, seven major contracts for the provision of additional (non-tariff) services were put into effect:**
- Two contracts for the placement of FOCLs on OTLs
- Two contracts for construction and installation works
- Contract for the introduction of full or partial restrictions (resumption) on electricity consumption
- Contract for taking reference readings and conducting performance checks on electricity meters
- Contract for on-line maintenance of power grid facilities

**As part of non-tariff activities, the Company was involved in two socially significant projects during the reporting year:**
- Grid connections on the applicant's side were made for the construction of a multi-apartment residential building in Primorsko-Akhtarsk.
- A 35 kV OTL was erected.

As part of the development of outdoor lighting network construction and maintenance services, the Company completed 51 contracts in 2024.

**Targets for sale of additional services** (RUB million)

| | | Forecast | | | |
|---|---|---|---|---|---|
| **Indicator** | **2025 target** | **2026** | **2027** | **2028** | **2029** |
| Revenue | 1,426.5 | 1,786.5 | 2,253.7 | 2,877.1 | 3,685.7 |
| Expenditures | 1,308.5 | 1,632.0 | 2,051.4 | 2,612.3 | 3,339.0 |
| Gross profit | 118.0 | 154.5 | 202.3 | 264.8 | 346.7 |

**8**
**MAJOR CONTRACTS**
for additional (non-tariff) services are to be executed in 2025

**In 2025, eight major contracts for the provision of additional (non-tariff) services are planned to be implemented:**
- Six contracts for construction and installation works
- Contract for the renovation of a 10 kV OTL
- Contract for the design and survey work





# INVESTMENT ACTIVITIES

Investments are the basis of reliable power supply and the most important component of Rosseti Kuban's performance.

The Company's investment programmes are drawn up in line with the plans and programmes for the development of Russia's power supply systems, as well as the technical condition of the power grids and available sources of financing, based on tariff and balance decisions.

The Ministry of Energy of Russia approves and supervises the implementation of the Company's investment programmes.

> In 2024, the investment programme envisaged the commissioning of 520 MVA of transformer capacity and 1,703 km of PTLs.
>
> In 2024, the renovations of eight priority facilities were completed, including two facilities in line with the Company's development plan to create accessible power supply infrastructure for industrial and investment sites in the Republic of Adygeya and Krasnodar Krai.
>
> **Viktor Korzhanevsky**
> Deputy Director General for Investment Activities

The Company's investment activities in the reporting year were aligned with the investment programme for 2024 approved by Order No. 17@ of the Ministry of Energy of Russia dated 18 November 2024.

## PROGRESS OF THE INVESTMENT PROGRAMME IN 2022–2024

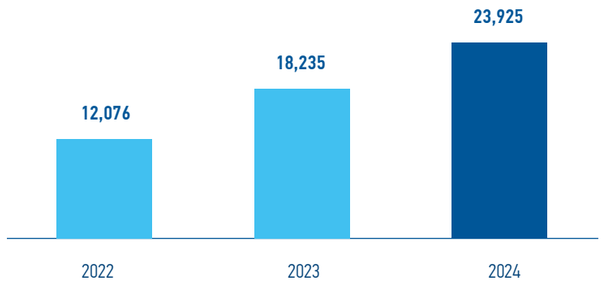
**Key performance indicators for the investment programme in 2022–2024**

| **Indicator** | **2022** | **2023** | **2024** | **Δ 2024/2023 (%)** |
|---|---|---|---|---|
| Amount of financing[1] (RUB million) | 12,076 | 18,235 | 23,925 | +31.2 |
| Capital investment utilisation (RUB million) | 11,469 | 12,579 | 19,368 | +54.0 |
| Commissioning as a part of fixed assets (RUB million) | 8,634 | 11,960 | 19,111 | +59.8 |
| Commissioning as a part of transformer capacities (MVA) | 579 | 606 | 520 | –14.2 |
| Commissioning as a part of PTL fixed assets (km) | 1,069 | 1,052 | 1,703 | +61.9 |

[1] Hereinafter, the Investment Activities section shows the amount of capital investment without compounded loan interests.

In 2024, the Company's overall financing increased by 31% year-on-year. This is explained by the fact that the bulk of investment activities related to the fulfilment of obligations under grid connection contracts were financed. Another reason lies with the facilities included in the development plan of Rosseti Kuban.

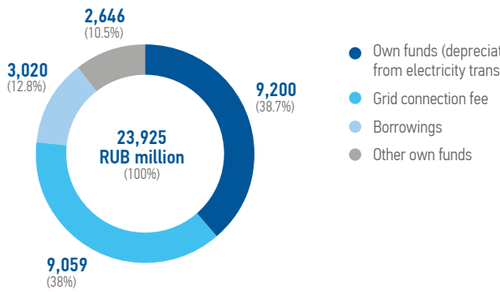
Changes in the Company's capital investment financing in 2022–2024 (RUB million, including VAT)




# FOCUS AREAS AND STRUCTURE OF CAPITAL INVESTMENT

The main focus areas of Rosseti Kuban's investment programme in 2024:
- Grid connection — 73%
- Retrofitting and renovation — 16%
- Investment projects under the prospective power supply development roadmap — 2%
- Other new construction — 2%
- Other investment projects — 7%

Investment programme financing sources in 2024 (RUB million including VAT)




## Structure of capital investment financing for 2022–2024 (RUB million)

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| **Total** | **12,076** | **18,235** | **23,925** | **+31.2** |
| Grid connection | 7,033 | 12,621 | 17,537 | +39.0 |
| Renovation, upgrading and retrofitting | 4,529 | 4,498 | 3,918 | –12.9 |
| Investment projects under the prospective power supply development roadmap | 93 | 725 | 441 | –39.2 |
| Other new construction of power grid facilities | 152 | 159 | 367 | 2.3x growth |
| Other investment projects | 269 | 232 | 1,662 | 7.2x growth |





# LONG-TERM INVESTMENT PROGRAMME

## Parameters of the Company's long-term investment programme for 2025–2028

| | Period | | | | | | |
|---|---|---|---|---|---|---|---|
| | actual | | | target[1] | | | |
| Indicator | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Amount of financing (RUB million) | 12,076 | 18,235 | 23,925 | 23,323 | 12,805 | 8,957 | 8,873 |
| Capital investment utilisation (RUB million) | 11,469 | 12,579 | 19,368 | 21,484 | 8,723 | 7,514 | 7,405 |
| Commissioning as a part of fixed assets (RUB million) | 8,634 | 11,960 | 19,111 | 24,558 | 10,199 | 7,666 | 8,956 |
| Commissioning as a part of transformer capacities (MVA) | 579 | 606 | 520 | 781 | 484 | 273 | 518 |
| Commissioning as a part of PTL fixed assets (km) | 1,069 | 1,052 | 1,703 | 1,242 | 998 | 942 | 915 |

The primary focus of Rosseti Kuban's long-term investment programme will be on renovation, upgrading and retrofitting of power grids.

# CAPITAL CONSTRUCTION QUALITY CONTROL

The current legislation of the Russian Federation[2] requires the construction supervision of capital construction and renovation projects to be applied. This supervision involves checking the compliance of technical regulations and the land plot development plan with the requirements of the design documentation and the results of engineering surveys.

For construction supervision of 16 facilities with a voltage of 35 kV and above, where construction and installation works were carried out in 2024, independent expert and inspection organisations were engaged.



[1] Plans for the long-term investment programme of Rosseti Kuban JSC were approved by Order No. 17@ of the Ministry of Energy of the Russian Federation dated 18 November 2024.
[2] Decree of the Government of the Russian Federation No. 468 dated 21 June 2010 'On the procedure for construction supervision during the construction, renovation and overhaul of capital construction projects'.

# KEY INVESTMENT PROJECTS WITH COMPLETED CONSTRUCTION IN 2024

## The main investment programme projects of Rosseti Kuban PJSC added to fixed assets in 2024

| Facility | Construction period | | Capacity commissioned | | Commissioning volume (RUB million excluding VAT) |
|---|---|---|---|---|---|
| | beginning | end | km | MVA | |
| Construction of a 10 kV distribution point (DP). Construction of four 10 kV cable lines (CL) running from the Plato 110 kV substation to the 10 kV DP | 2023 | 2024 | 9.91 | 0.00 | 369.03 |
| Renovation of IKEA 110 kV substation | 2020 | 2024 | 0.00 | 80.00 | 1,140.16 |
| Construction of the Novaya-Zapadnaya-2 110 kV PTL, tapped circuit I, and the Novaya-Zapadnaya-2 110 kV PTL, circuit II tapped to the Turgenevskaya substation | 2022 | 2024 | 7.71 | 0.00 | 626.07 |
| Construction of 6 10 kV CLs from the IKEA 110/10 kV substation to 2 10 kV PD No. 1, to 2 10 kV PD No. 2, to 2 10 kV PD No. 3, Republic of Adygeya, Takhtamukaysky District, former Adygeysky state farm. The applicant is Stroizakazchik, a state budgetary institution of the Republic of Adygeya | 2023 | 2024 | 79.95 | 0.00 | 564.25 |
| Construction of the Dorozhnaya – Pridorozhnaya 35 kV OTL to supply power to consumer terminals on the A-289 Krasnodar – Slavyansk-na-Kubani – Temryuk motorway and the A-290 Novorossiysk – Kerch motorway (stage 1, sub-stage B) | 2022 | 2024 | 38.73 | 0.00 | 665.20 |
| Renovation of the Ust-Labinskaya – Otkormbaza 35 kV OTL, the Ust-Labinskaya-220 – Selkhoztekhnika 35 kV OTL, and the Ust-Labinskaya 2 – Ust-Labinskaya-220 35 kV OTL to transfer part of the 35 kV load from the Ust-Labinsk 220 kV substation to the Novo-Labinskaya 220 kV substation | 2024 | 2024 | 1.45 | 0.00 | 37.17 |
| Renovation of power grid infrastructure of the Novorossiysk 110/35/6/10 kV substation with adjacent OTLs, including renovation of the double-circuit segment of the Kirillovskaya–Novorossiysk 110 kV OTL, 1 circuit tapped to the Lesnoy Port substation and the Novorossiysk–Novorosmetall 35 kV OTL with tap-offs, on the section of spans between poles No. 2–3 for Rostransmodernizatsiya facility | 2023 | 2024 | 0.40 | 0.00 | 67.55 |
| Renovation of power grid infrastructure of the Zapadnaya 35/6 kV substation with adjacent OTLs, including renovation of the Novorossiysk–Novorosmetall 35 kV OTL tapped to the Neftebaza and Lesnoy Port substations for Rostransmodernizatsiya facility | 2023 | 2024 | 0.56 | 0.00 | 61.58 |





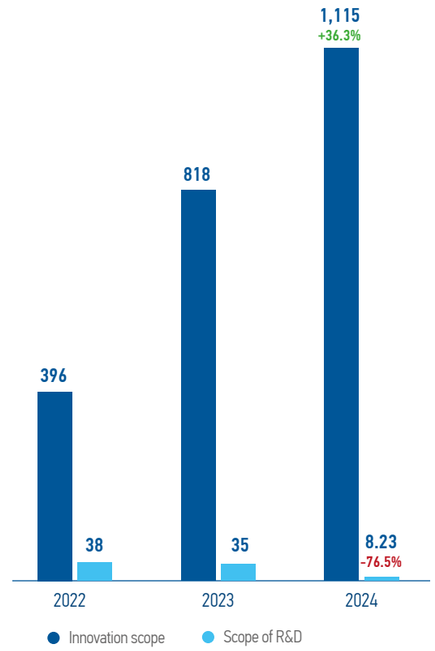
# INNOVATIONS

On 30 March 2021, the Board of Directors of Rosseti Kuban identified innovative development, together with follow-up control of the current Innovative Development Programme[1], as a priority area for the Company's operations.

The key areas of the current Innovation Development Programme for 2024–2029 with an outlook to 2035 include:

- Transition to smart 35–110 (220) kV substations
- Transition to smart grids with a distributed intellectual automation and control system
- Transition to integrated business process efficiency and automation of control systems
- Application of advanced technology solutions and materials in power engineering
- Promotion of an innovative development management system and establishment of an innovative infrastructure

Key innovation indicators for 2022–2024
(RUB million)




The decrease in R&D scope in 2022–2024 is attributable to the completion of four R&D contracts signed in 2019–2021 and the commencement of four new contracts in 2023–2024.

[1] Minutes No. 426/2021 dated 2 April 2021.

# COMPANY'S MAIN INNOVATIVE PROJECTS IMPLEMENTED IN 2024

## The main innovative projects of osseti Kuban implemented in 2024

| Project | Project description |
|---|---|
| Creation of a smart metering system in the Company's branches | Implementation timeframe: 2020–2030<br><br>In the reporting year, innovative smart electricity meters (SEMs) were installed in all branches of Rosseti Kuban.<br><br>Smart meters are introduced as part of Rosseti Kuban's investment programme aimed to create a metering system as required by Federal Law No. 522-FZ dated 27 December 2018 'On amendments to certain legislative acts of the russian federation in connection with the development of electricity (capacity) metering systems in the Russian Federation'. In the reporting year, smart meters also were installed during the grid connection of new consumers with a capacity of up to 15 kW.<br><br>The project aims to create a smart metering system and integrate it into the innovative systems being established: supervisory control and data acquisition system (SCADA), distribution management systems (DMS), and outage management systems (OMS).<br><br>The expected effect:<br>• Reduced operating costs by remotely taking readings and parameters of electricity supply to consumers<br>• Options for remote restriction and restoration of power supply to electricity consumers |
| Development of a customer relationship management (CRM) system | Implementation timeframe: 2024–2026<br><br>The digital transformation programme implemented by the Company during the reporting year included the project on the development of a customer relationship management (CRM) system, which involved the design, creation and implementation of automated information systems powered by domestic software platforms: an automated information system (AIS) for processing customer requests and an automated information system for grid connection (Tekhpris AIS).<br><br>Stages completed for the AIS for processing customer requests:<br>• development of a detailed plan<br>• design and commercial operation<br>• state registration of a computer software, with certificate No. 2024666989 dated 18 July 2024<br>• inclusion with the Russian software registry<br><br>Stages completed for the Tekhpris AIS:<br>• completion of one stage of design and survey work<br>• development of a business process review report, project charter, and business process optimisation proposals |
| Development of an information security system for critical information infrastructure facilities | Implementation timeframe: 2025–2029<br><br>The project on the development of an information security system for critical information infrastructure facilities involved the purchase and delivery of 17 units of ViPNet Coordinator hardware and software in 2024, as well as the installation software and hardware package to ensure the information security of critical information infrastructure during the renovation of the IKEA 110 kV substation. |
| Development of the Company's production asset management system (PAMS) | Implementation timeframe: 2022–2025<br><br>In 2024, a feature was added to automatically manage the schedule for taking equipment down for repairs, which integrates the repair schedule with the AERCS (Request SW, Repairs SW). This allowed us to:<br>• Increase the productivity of employees involved in drawing up annual and monthly shutdown schedules and coordinating shutdown requests through:<br>– automated generation of annual equipment repair (shutdown) schedules based on repair orders in the PAMS<br>– automated generation of monthly repair (shutdown) schedules based on the annual repair (shutdown) schedule approved by the system operator, with the option of making adjustments to the schedule in the PAMS (adding, deleting, or changing requests)<br>• Improve the quality of control and consistency of information between different information systems and functionalities<br>• Enhance the efficiency of the Company's information systems in terms of process management and power grid facility's management |





| Project | Project description |
|---|---|
| Development of advanced metering infrastructure (AMI) | Implementation timeframe: 2024–2029<br><br>A new feature was added to the automated system for selling electricity metering services as part of the development of advanced metering infrastructure (AMI) project. This feature automatically downloads contract numbers and connection certificates. The Consolidation subsystem was expanded to automatically fill in the other characteristics and property of unconsolidated entities. In addition, the functions for generating household reports were updated, and a number of improvements were made to increase the efficiency of business processes.<br><br>A special tool was added to the smart electricity metering system (SEMS) subsystem to optimise the work of electricity metering users during information exchange between the Pyramida-Seti software and the electricity metering system. Based on data from the Pyramida-Seti software obtained from the electricity metering system, this tool creates billing events for individuals and legal entities, as well as technical metering points, and then sends these events to the metering points of individuals and legal entities as part of information exchange with the guaranteed supplier (electricity retailer). To meet the requirements for providing access to the minimum set of SEMS functions,[1] the electricity metering system was added a feature for filling in meter identifiers along with a number of upgrades to improve business process performance. |
| Automation of business processes of the Company | The first stage of design and survey work for a domestic automated information system for financial and economic activities (FEA AIS) was completed, involving business process review with report generation; project charter; proposals for business process optimisation. |
| Use of innovative non-insulated wire and self-supporting insulated wire (SIW) during repairs of 0.4–10 kV OTLs | Implementation timeframe: 2021–2025<br><br>While working on the medium-term plan for the Innovative Development Programme for 2024–2028, we delivered and installed innovative non-insulated wire and SIPs made by Metsbytservis LLC (Tverenergokabel LLC), which features increased strength, higher throughput capacity and reduced power losses. The work was done as part of the 2024 maintenance and repair programme.<br><br>New maintenance and repair plans for wire replacement involve using innovative wire on 0.4–10 kV OTLs, including:<br>• on at least two 0.4 kV OTLs, each with a minimum length of 0.25 km<br>• at least two 6–10 kV PTLs, each with a minimum length of 1 km |
| Implementation of an innovative system for locating damage on 110 kV PTLs synced via FOCL (result of R&D by Rosseti Kuban PJSC) | Implementation timeframe 2024–2029<br><br>Under the project on the implementation of an innovative system for locating damage on 110 kV PTLs synced vis FOLC, based on the R&D results, PJSC Rosseti Kuban implemented a software and hardware package for locating damage on 35–750 kV PTLs synced via FOLC during the construction of the Moldovka 110 kV substation. Two OTLs were equipped with wave damage location equipment Bresler-0117.090.B1.B1. |

## Costs in the main areas of innovative development in 2022–2024 (RUB million excluding VAT)

| | | | 2024 | |
|---|---|---|---|---|
| Innovative development focus area | 2022 | 2023 | target | actual |
| Transition to smart grids with a distributed intellectual automation and control system | 392.5 | 765.1 | 668.10 | 880.71 |
| Transition to integrated business process efficiency and automation of control systems | 3.8 | 36.2 | 166.55 | 192.0 |
| Application of advanced technology solutions and materials in power engineering | 0.0 | 16.3 | 41.71 | 41.71 |
| Promotion of an innovative development management system and establishment of an innovative infrastructure | 0.5 | 0.3 | 8.23 | 8.23 |

[1] Approved by Decree of the Government of the Russian Federation No. 890 dated 19 June 2020.

# RESEARCH AND DEVELOPMENT

The Company's innovative development programme focuses on research and development (R&D) meant to promote cutting-edge technologies to create fundamentally novel methods, as well as applied research meant to improve the existing technologies. Four R&D themes were finalised in 2022–2024. In 2024, phases of two R&D projects were accepted.

### R&D results in 2024

| R&D description | Technical result |
|---|---|
| **Transition to smart grids with a distributed intellectual automation and control system** | |
| Research into the possibility of using the FCC frequency range for PLC in low-voltage power grids for data transmission from smart electricity meters | Implementation timeframe: 2024–2025<br><br>Results obtained:<br>• State standards and regulatory documentation of Rosseti PJSC on signal transmission via low-voltage power grids were reviewed<br>• A patent search was conducted in domestic and foreign databases in the field of the scientific work under study<br>• Technologies ensuring signal transmission in authorised frequency bands with authorized signal levels were analysed<br>• Particular technical requirements for hardware and software were developed for prototypes of smart electricity meters (SEMs) with PLC (FCC + CA) and the capability to switch the PLC frequency range via a backup RF channel<br>• Design documentation was developed for SEM prototypes with PLC (FCC + CA)<br>• 140 SEM prototypes were developed, manufactured and configured with PLC (FCC + CA) and the capability to switch the PLC frequency range via a backup RF channel<br>• Individual SEM prototypes with PLC (FCC + CA) were tested in laboratory conditions to check for proper functioning and switching of PLC frequency ranges |
| **Application of advanced technology solutions and materials in power engineering** | |
| Research into the prospects for using high-temperature wires, taking into account the shift of peak loads to periods of extremely high temperatures and the influence of temperature on the transmission capacity of OHLs | Implementation timeframe: 2024–2026<br><br>Results obtained:<br>• Patent searches and patent studies were carried out, and patent-protected technical solutions related to R&D and the relevant regulatory framework were analysed<br>• The climatic conditions, temperature and load regimes of existing overhead lines and bus arrangements were analysed, and typical OHLs for the power system were selected as reference models for R&D<br>• Research on optimising the design and material of OHL wires for use in extreme weather conditions was analysed<br>• Test programmes and procedures were devised, and test equipment was selected<br>• Test benches were debugged and the procedure was tested using AC wire as a reference one |

As a result of R&D work carried out in 2022–2024, four protection documents were obtained: three certificates of state registration of computer software and one certificate of state registration of a database. During the above period, six licence agreements for R&D results were concluded, and one R&D result was integrated into the production activities of the Company.





# FINANCIAL RESULTS

## TARIFF POLICY AND TARIFFS FOR THE COMPANY'S SERVICES

### Company's tariff policy

Prices (tariffs) for the Company's power transmission services and the grid connection fees are regulated by the state and set according to the KKSTRD orders. In the Krasnodar Krai, the Republic of Adygeya and the Sirius federal territory, where the Company operates, there are unified prices (tariffs) for each group of electricity consumers.

**The main legal acts that regulate relations in setting the regulated tariffs and the practice of their application are as follows:**

- Federal Law 'On electric power industry' No. 35-FZ dated 26 March 2003 (as amended)
- Decree of the Government of the Russian Federation 'On pricing in the field of regulated prices (tariffs) in the electric power industry' No. 1178 dated 29 December 2011 (as amended)
- Orders of the Federal Tariff Service (FTS of Russia):
  - On approval of the guidelines for the calculation of tariffs for electricity transmission services established using the required gross revenue long-term indexation technique No. 98-e dated 17 February 2012
  - On approval of the guidelines for the calculation of regulated tariffs and prices for electric (thermal) energy in the retail (consumer) market No. 20-e/2 dated 6 August 2004
- Order of the FAS of Russia No. 490/22 dated 30 June 2022 'On approval of the methodological guidelines for determining the grid connection fee' (effective from 2 September 2022)

### Tariffs for electricity transmission services

Starting from 2023, Rosseti Kuban PJSC moved to another long-term (5-years) period for tariff regulation of electricity transmission services. Rosseti Kuban's electricity transmission tariffs and long-term regulatory parameters for 2023–2027 were set by the KKSTRD using the long-term indexation of required gross revenue.

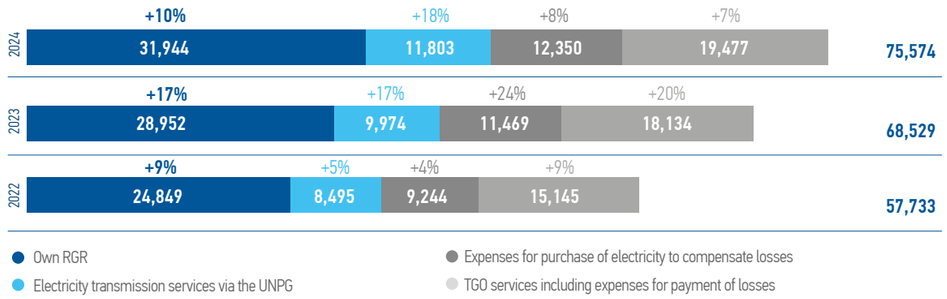
Tariffs for electricity transmission services in the Krasnodar Krai, the Republic of Adygeya, and the Sirius federal territory for 2024 were established by Order of the KKSTRD No. 32/2023-e dated 29 November 2023 (as amended by Order No. 35/2023-e dated 20 December 2023), with an increase of 9.1% from 1 July 2024 to the approved tariffs for the second half of 2023.

Information on tariffs for electricity transmission services in 2024 is available on the Company's official website in the To Consumers/Electricity Transmission/Tariffs for Electricity Transmission Services section.

### Tariffs for the Company's electricity transmission services for 2022–2024

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Region's required gross revenue (RGR) for electricity transmission approved under tariff and balance decisions (RUB million) | 57,733 | 68,529 | 75,574 | 10.3 |
| Including: | | | | |
| • Own RGR | 24,849 | 28,952 | 31,944 | 10.3 |
| • Expenses for electricity transmission services via the Unified National (All-Russian) Power Grid (UNPG) | 8,495 | 9,974 | 11,803 | 18.3 |
| • Expenses for purchase of electricity to compensate losses | 9,244 | 11,469 | 12,350 | 7.7 |
| • Expenditures on TGO services (according to the effective contractual scheme) | 15,145 | 18,134 | 19,477 | 7.4 |
| Including: | | | | |
| – to pay for electricity losses | 5,349 | 6,627 | 7,331 | 10.6 |
| – for upkeep of power grids of related TGOs | 9,797 | 11,508 | 12,146 | 5.5 |
| • common-pot net electricity delivery (million kWh) | 19,955 | 21,694 | 22,696 | 4.6 |
| • average tariff for electricity transmission services (RUB/kWh) | 2.89321 | 3.15887 | 3.32980 | 5.4 |

Changes in the structure of Rosseti Kuban's RGR for electricity transmission for 2022–2024 (RUB million)

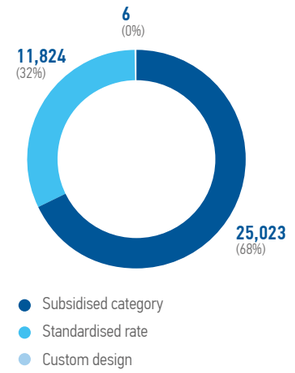



## Grid connection fee

For 2024, in accordance with the methodological guidelines for determining the grid connection fee approved by Order of the FAS of Russia No. 490/22 dated 30 June 2022 (hereinafter – Guidelines No. 490/22), Order of the KKSTRD No. 33/2023-e dated 6 December 2023 established standardised tariff rates, discounted rates per 1 kW of requested maximum capacity and fee formulae for the grid connection of consumer terminals.

In addition, if there is no technical capacity for grid connection as specified by the Rules of grid connection of consumer terminals, power generation facilities, as well as power grid facilities owned by grid organisations and other entities, as approved by Resolution of the Government of the Russian Federation No. 861 dated 27 December 2004, a fee for grid connection under an individual project is set by orders of the KKSTRD on a case-by-case basis.

Structure of grid connection contracts concluded in 2024, by grid connection fee




Effective 1 January 2024, the discounted rate for applicants from Krasnodar Krai, the Republic of Adygeya, and the Sirius Federal Territory, established for 2024 by Decision of the KKSTRD No. 33/2023-e dated 6 December 2023, is RUB 4,456.27 (including VAT) per 1 kW of requested maximum capacity, and effective 1 July 2024 — RUB 5,570.34 (including VAT) per 1 kW. However, for socially disadvantaged categories (low-income families, veterans, disabled people, citizens exposed to radiation as a result of the Chernobyl nuclear power plant disaster, and large families) the fee for grid connection of facilities with up to 15 kW capacity is set at RUB 1,114.07 (including VAT) per 1 kW of the requested maximum capacity.

Rosseti Kuban's detailed information on the established standardised tariff rates and the grid connection fee rates per unit of maximum capacity in 2024 is available on the Company's website in the To Consumers / Grid Connection / Tariffs for Grid Connection section.

### Fees for connection to the Company's power grids for 2022–2024

| Indicator | UoM | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|---|
| Standardised tariff rates to cover the costs of grid connection of consumer terminals, power grid facilities owned by grid organisations or other entities, with regard to the measures specified in para. 16a and para. 16c of Guidelines No. 490/22 | RUB/ connection | 12,522.51 / effective 01.12.2022 — 14,305.13[1] | 14,305.13 | 15,325.45 | +7.1 |
| | RUB/kW | 638.66 | – | – | – |

[2] Based on KKSTRD Order No. 38/2022-e dated 25 November 2022, a new rate of RUB 14,305.13 per connection was approved, effective 1 December 2022.





# FINANCIAL (ACCOUNTING) STATEMENTS OF THE COMPANY

> Accounting (financial) statements of Rosseti Kuban PJSC for 2024 was prepared in accordance with the laws of the Russian Federation. The Company received the auditor's opinion that the statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, as well as its financial performance and cash flows in 2024, in compliance with the accounting (financial) reporting standards set in the Russian Federation.
>
> **Ludmila Loskutova**
> Chief Accountant — Head of the Department for Financial and Tax Accounting and Reporting

The financial statements are compiled on the basis of the accounting and reporting rules in force in the Russian Federation, established by Federal Law No. 402-FZ 'On Accounting' dated 6 December 2011, federal accounting standards and other accounting regulations approved by the Ministry of Finance of the Russian Federation.

The annual accounting (financial) statements of Rosseti Kuban PJSC for 2024 prepared under RAS include (please see Appendix 4):

- Balance Sheet
- Profit and Loss Statement
- Statement of Changes in Equity
- Statement of Cash Flows
- Explanatory Notes to the Balance Sheet and Statement of Financial Results
- Auditor's opinion

## Summary of significant accounting policies of the Company

The Company maintains its accounting records of fixed assets in accordance with Federal Accounting Standard FAS 6/2020 Fixed Assets approved by Order of the Russian Ministry of Finance No. 204n dated 17 September 2020. Items of fixed assets are entered into the books at their historical cost, which is determined by the method of receipt, i.e., purchased, created using own resources, built, received free of charge, etc.

Borrowing costs related to the formation of an investment asset (items of fixed assets, property complexes and other similar assets that require a large amount of time and expense to acquire and/or build) are included in the value of the depreciable asset.

Items of fixed assets are depreciated on a straight-line basis over their useful lives.

Profit or loss from the disposal, write-off and gratuitous transfer of fixed assets is recorded in the profit and loss statement under other income and expenses.

Fixed assets include the lease rights in accordance with the Federal Accounting Standard on Lease Accounting (FAS 25/2018), taking into account exemptions for leases with a term of less than 12 months or lease items with a market value of no more than RUB 300,000. The useful lives of the lease rights are determined on the basis of the lease terms.

The Company's stock accounting follows the Federal Accounting Standard on Stocks FAS 5/2019 approved by Order of the Ministry of Finance of the Russian Federation No. 180n dated 15 November 2019.

The accounting of revenue and other earnings is aligned with Accounting Regulations (PBU 9/99) Income of the Organisation, approved by the Order of the Ministry of Finance of Russia No. 32n dated 6 May 1999.

The Company has provisions resulted from potential compensation payments for carry-over vacations, unsettled claims from power suppliers to compensate for losses and electricity transmission services, judicial proceedings and other payments to employees in accordance with PBU 8/2010 Provisions, Contingent Liabilities and Contingent Assets, approved by Order of the Ministry of Finance of Russia No. 167n dated 13 December 2010.

The Company makes provisions for doubtful accounts receivable that are outstanding or highly unlikely to be repaid when due under the contract and are not secured by relevant guarantees.

The Company holds reserves against the devaluation of financial investments in case of their sustained material reduction in their value.

## Prior adjustments

No prior adjustments were made to the accounting (financial) statements.

**The Company prepared consolidated financial statements in compliance with the requirements of Federal Law No. 208-FZ 'On Consolidated Financial Statements' dated 27 July 2010 (Appendix No. 5).**

The consolidated financial statements of Rosseti Kuban PJSC and its subsidiaries for the year ended 31 December 2024 were prepared in accordance with Federal Law No. 208-FZ dated 27 October 2010 'On Consolidated Financial Statements' and in accordance with International Financial Reporting Standards IAS 1 'Presentation of Financial Statements' and IFRS 10 'Consolidated Financial Statements' and include:

- Consolidated statement of profit or loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information
- Independent auditor's report

The consolidated financial statements include two purchased subsidiaries with 100% participation of Rosseti Kuban PJSC in their authorised capital:

- Energoservis Kubani JSC
- Energetik Health Resort JSC

## Auditor's details

Rosseti PJSC conducted centralised procurement procedures for the right to conclude a contract for the provision of services for the mandatory annual audit of RAS reporting and IFRS reporting of Rosseti's subsidiaries and affiliates for 2024–2026. Based on the results of these procedures, a decision was made to conclude a contract with the leader of the collective participant — TSATR – Audit Services Limited Liability Company (TIN: 7709383532) (legal address: 77 Sadovnicheskaya Nab., bld. 1, Moscow, Russian Federation, 115035). Member of the collective participant — Intercom-Audit LLC (TIN: 7729744770) (legal address: 2 3rd Yamskogo Polya Ul., bld. 13, floor 7, premise XV, room 6, Moscow, 125124, Russian Federation (Minutes of the Procurement Commission Meeting dated 14 March). The leader of the collective participant — TSATR – Audit Services LLC, member of the collective participant — Intercom-Audit LLC, is a member of Sodruzhestvo Self-Regulatory Organisation of Auditors Association (SSRO AA), included in the register of auditors and audit organisations of the SSRO AA under the main registration number 12006020327. The Auditor was approved by the resolution of the Annual General Meeting of Shareholders of Rosseti Kuban PJSC (Minutes No. 51 dated 17 June 2024).

The cost of the services provided by the Company's audit organisation — an association of auditors (collective participant) comprising TSATR – Audit Services LLC (leader of the collective participant) (TIN: 7709383532) and Intercom-Audit LLC (member of the collective participant) (TIN: 7729744770) in 2024 for the audit of the accounting (financial) statements under RAS and the audit of the consolidated financial statements of the Company under IFRS shall be RUB 7,055,739 (Seven million fifty-five thousand seven hundred thirty-nine) 10 kopecks, including VAT at 20% — RUB 1,175,956 (One million one hundred and seventy-five thousand nine hundred and fifty-six) 52 kopecks. There are no deferred and overdue payments for services rendered by the auditor.

In 2024, B1 — Consult LLC provided external independent assessment services for the Company's internal audit activities in the amount of RUB 1,010,000. TSATR – Audit Services LLC and B1 — Consult LLC are members of B1 Group, an international network of audit organisations.

**Full name of the audit firm:**
TSATR – Audit Services Limited Liability Company.

**Abbreviated name of the audit firm:**
TSATR – Audit Services LLC.

**Location and postal address:**
75 Sadovnicheskaya Nab., Moscow, 115035, Russia.

**Tel./fax:** +7 (495) 755-97-00.

**Website:** b1.ru.





# RESULTS OF FINANCIAL AND ECONOMIC ACTIVITIES

> According to the year-end results, the Company managed to maintain an upward trend in net profit. The financial result for 2024 amounted to RUB 10,877.6 million (up RUB 4,711.1 million year-on-year). The main drivers were higher revenue from grid connection and electricity transmission, as well as growth in other income.
>
> The Company's management took exhaustive measures to contain cost escalation, optimise interest expenses, improve the efficiency of the procurement management system, reduce the unit cost of energy equipment operation, reduce grid losses and enhance energy efficiency.
>
> In 2024, the Company did not receive any state support funds (subsidies).
>
> **Kirill Iordanidi**
> Deputy General Director for Economics and Finance

**Revenue from services (total)** for the reporting period amounted to RUB 88,071.6 million, up RUB 13,514.1 million year-on-year (RUB 74,557.5 million), including:

- Revenue from electricity transmission services totalled RUB 80,126.4 million, up RUB 8,919.2 million year-on-year (RUB 71,207.1 million). The increase can be attributed to a 7% rise in the volume of electricity transmission services provided, amounting to 1,567.9 million kWh, as well as the impact of electricity transmission tariffs for 2024 approved by the KKSTRD.
- Revenue from grid connection was RUB 6,661.9 million, up RUB 4,224.0 million year-on-year (RUB 2,437.9 million). This is related to fulfilling grid connection contracts with major applicants, including Upravtodor Taman (revenue of RUB 2,227 million), Stroizakazchik, a state budgetary institution of the Republic of Adygea (revenue of RUB 693 million), Bastion LLC (revenue of RUB 249 million), etc.
- Revenue from other activities amounted to RUB 1,283.3 million, up RUB 370.8 million year-on-year (RUB 912.4 million). This mainly stems from the conclusion of a lease agreement for the power grid assets of Port 220 kV substation with the Taman-Port 220 kV OTL (first circuit) and the Taman-Port 220 kV OTL (second circuit).

**The cost of production (including administrative expenses)** for 2024 amounted to RUB 69,863.9 million, up RUB 7,746.4 million year-on-year (RUB 62,117.5 million). The growth was driven by an increased cost of purchased electricity to compensate for losses, transmission services provided by Rosseti PJSC (as a UNPG management organisation), services provided by distribution grid companies, maintenance and repair services, as well as an increase in depreciation and amortisation, other material expenses and personnel expenses.

**Profit before tax amounted** to RUB 15,260.3 million, up RUB 6,712.9 million year-on-year.

The Company's financial result (profit) for 2024 exceeded last year's figure and totalled RUB 10,877.6 million.

**The key drivers behind the financial results were as follows:**

- (+) Increase in revenue by RUB 13,514.1 million
- (–) Year-on-year increase in the cost of production including administrative expenses by RUB 7,746.4 million
- (+) Year-on-year improvement in other income and expenses from profit by RUB 945.2 million
- (–) Year-on-year increase in income tax by RUB 2,001.8 million

## Key financial and economic indicators of the Company for 2022–2024 (RUB million)

| Sl.No. | Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|---|
| **Indicators from the Company's RAS accounting (financial) statements[1]** | | | | | |
| 1 | Revenue from sales of products (services) | 63,739 | 74,557 | 88,072 | +18.1 |
| | Including: | | | | |
| 1.1 | • from electricity transmission | 61,453 | 71,207 | 80,126 | +12.5 |
| 1.2 | • from grid connection | 1,282 | 2,438 | 6,662 | +2x |
| 1.3 | • from electricity sales | 0 | 0 | 0 | 0 |
| 1.4 | • from other activities | 1,004 | 912 | 1,283 | +40.6 |
| 2 | Cost of products (services) | –52,991 | –62,057 | –69,794 | +12.5 |
| 3 | Gross profit | 10,748 | 12,501 | 18,278 | +46.2 |
| 4 | Administrative expenses | –163 | –61 | –70 | +14.9 |
| 5 | Selling and marketing expenses | 0 | 0 | 0 | 0 |
| 6 | Profit (loss) from sales | 10,585 | 12,440 | 18,208 | +46.4 |
| 7 | Interest receivable | 109 | 439 | 2,574 | +5x |
| 8 | Interest payable | –2,663 | –2,346 | –4,158 | +77.3 |
| 9 | Income from shareholdings | 0 | 4 | 8 | +91.6 |
| 10 | Other income, total | 3,558 | 2,960 | 3,245 | +9.6 |
| 11 | Other expenses, total | –4,409 | –4,950 | –4,616 | –6.8 |
| 12 | Profit (loss) before tax | 7,180 | 8,547 | 15,260 | +78.5 |
| 13 | Income tax and other charges | –1,936 | –2,381 | –4,383 | +84.1 |
| 14 | Financial result | 5,244 | 6,167 | 10,878 | +76.4 |
| 15 | EBITDA[2] | 16,141 | 17,574 | 26,688 | +51.9 |
| **Indicators calculated on the basis of the Company's IFRS consolidated financial statements** | | | | | |
| 16 | Net debt/EBITDA (units) | 1.28 | 0.54 | 0.32 | –40.7 |
| 17 | Current liquidity ratio (units) | 0.57 | 0.88 | 0.65 | –26.1 |
| 18 | Financial leverage (units)[3] | 1.16 | 1.20 | 1.17 | –2.5 |
| **Indicators from the RAS accounting financial) statements of the Company[1]** | | | | | |
| 19 | Share of non-current borrowings (%) | 77.57 | 73.51 | 40.91 | –32.6 p.p. |
| 20 | Net cash flow (RUB million) | 4,109 | 8,544 | 3,409 | –2.5x |

[1] The following data were used to calculate the indicators:
- for 2022 — Profit and loss statement for January — December 2023 (in 2022 column)
- for 2023 — Profit and loss statement for January — December 2023 (in 2023 column)
- for 2024 — Profit and loss statement for January — December 2024 (in 2024 column)

[2] EBITDA was calculated as follows: pre-tax profit before interest expense, depreciation, amortisation and net charge/(reversal of) impairment loss on fixed assets and rights-of-use assets.

[3] The following data were used to calculate the indicator:
- For 2022 — Consolidated statement of cash flows for 2023 (For the year ended 31.12.2022 column).
- For 2023 — Consolidated statement of cash flows for 2024 (For the year ended 31.12.2023 column).
- For 2024 — Consolidated statement of cash flows for 2024 (For the year ended 31.12.2024 column).





The year-on-year decrease in the Net Debt/EBITDA ratio for 2024 was driven by higher EBITDA and lower net debt.

The lower current liquidity ratio in 2024 as compared with 2023 is caused by an increase in current liabilities, including the transfer from long-term to short-term debt on loans maturing in less than 12 months under the terms of the agreement.

The year-on-year decrease in financial leverage is spurred by the outstripping growth rate of long-term liabilities over the growth rate of equity.

The decrease in the share of long-term borrowings in 2024 is attributed to partial conversion of debt from long-term to short-term, with a maturity of less than 12 months as at 31 December 2024.

The lower net cash flow in 2024 as compared to 2023 is explained by a decrease in net cash generated from operating activities, as well as higher purchases of fixed assets and intangible assets.

# SETTLEMENTS FOR ELECTRICITY TRANSMISSION SERVICES

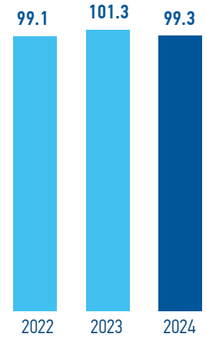
In order to reduce accounts receivable, the Company takes the following measures:
- Claim-related work is ongoing, including the collection of penalties for untimely payments
- Reciprocal liabilities are offset
- Restricted energy delivery regime is introduced, including upon requests from electricity retailers
- Dispute resolutions are handled through pre-trial and court proceedings

At year-end 2024, accounts receivable for electricity transmission services rose by RUB 0.1 billion and amounted to RUB 6.5 billion as at 31 December 2024.

The accounts receivable for electricity transmission services was driven up higher current debt at the end of the period as a result of the increase in revenue from electricity transmission services.

The rate of payment for electricity transmission services in 2024 fell by 2.0 p.p. year-on-year, as some customers failed to pay for the services they received.

Changes in the rate of cash collection for electricity transmission services in 2021–2023 (%)




The Company maintains a high level of settlements with TGOs for electric power transmission services by offsetting homogeneous counterclaims.

Changes in the level of settlements with grid organisations for 2022–2024 (%)



# CONSOLIDATION OF POWER GRID ASSETS

Pursuant to the Development Strategy of the Power Grid Complex of the Russian Federation, namely its goal to reduce the number of TGOs, the Company continued consolidating the grid assets in the Krasnodar Krai and the Republic of Adygeya during the reporting year.

Consolidation efforts were primarily focused on TGOs that did not meet the criteria for classifying owners of power grid assets as TGOs[1]. The KKSTRD approved individual transmission tariffs for 32 TGOs for 2024.[2] In accordance with Resolution of the Government of the Russian Federation No. 807 dated 30 April 2022, effective from 2025, 11 TGOs in Rosseti Kuban catchment area will no longer meet the criteria for classification of owners of power grid facilities as TGOs. The Company took active steps to consolidate the power grid assets owned by horticultural and gardening non-profit associations and record them on its balance sheet. The results achieved were sent to the Ministry of Fuel and Energy and Housing and Utilities of the Krasnodar Krai.

Following the granting of STGO status in the reporting year, the Company undertook the following steps:

- Signed agreements on mitigating the consequences of emergencies at power grid facilities:
  - with organisations continuing to operate as TGOs after 1 January 2025 (Yug-Energose LLC, Yugstroy-Elektroset LLC, Kuban Set LLC, Kubanelektroset LLC, EKSTECH LLC, Maykopskaya TPP LLC, Akton LLC, Kedr LLC, Rostekelecroseti LLC, SetEnergogrup LLC, Elektroseti Kubani JSC, and Krasnodarenergo LLC),
  - with Transenergo LLC, which lost its TGO status on 1 January 2025,
- interacted with executive authorities and local government bodies in the Krasnodar Krai and the Republic of Adygea on the conclusion of agreements on the transfer of power grid facilities to the Company's free possession and use, belonging to the constituent entities of the Russian Federation and municipalities, for the purpose of their operation, renovation, upgrade and retrofitting,
- participated in a meeting of the commission on ensuring the security of power supply in the Krasnodar Krai, in order to perform the functions of the STGO in concluding the above-mentioned agreements.

**In 2024, Rosseti Kuban consolidated 21,144.25 c.u. with a length of 1,780.16 km and a capacity of 1,690.08 MVA, concluded 577 agreements, including:**

- 114 agreements for the transfer of energy facilities on a gratuitous basis from non-commercial organisations and individuals,
- 345 lease agreements, including 13 agreements with TGOs, 13 agreements with municipalities and 319 agreements with other owners,
- 116 transactions for the gratuitous use of property (113 with municipalities and 3 with other owners),
- took ownership of 112 ownerless energy facilities.

[1] Approved by Resolution of the Government of the Russian Federation No. 184 dated 28 February 2015 'On the classification of power grid owners as territorial grid organisations' (as amended).
[2] Order No. 32/2023-e dated 29 November 2023.



## Monitoring of power grid consolidation volumes for 2022–2024

| | Power grid assets consolidated over the period | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | 2023 | | | 2024 | | |
| Indicator | MVA | km | c.u. | MVA | km | c.u. | MVA | km | c.u. |
| **Total** | **1,498.67** | **1,455.59** | **17,932.23** | **1,587.18** | **1,400.67** | **19,202.23** | **1,690.08** | **1,780.16** | **21,144.25** |
| Acquisition of power grid facilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease of power grid facilities[1] | 1,411.68 | 938.44 | 16,217.14 | 1,535.75 | 1,094.22 | 18,020.31 | 1,529.24 | 858.88 | 17,719.40 |
| Other (permanent ownership and rights of use)[2] | 61.46 | 427.96 | 1,202.21 | 33.60 | 249.34 | 855.67 | 37.27 | 225.52 | 859.11 |
| Other (temporary ownership and rights of use) | 25.53 | 89.19 | 512.88 | 17.83 | 57.11 | 326.25 | 123.57 | 695.76 | 2,565.74 |



[1] The amount of leased power grid facilities is shown on an accrual basis from the date the energy facilities are leased to the Company.
[2] The amount of power grid facilities taken into the ownership of the Company is shown for the reporting year.

# DIGITAL TRANSFORMATION

On 13 September 2024, the Board of Directors of Rosseti Kuban approved an updated digital transformation programme until 2030[1] (hereinafter referred to as the Programme).

The Programme aims to increase the Company's operational efficiency across all functional areas in both conventional and emerging service markets.

**The major goals of the digital transformation are**

- to improve the efficiency of operations and reliability of service delivery,
- change the logic of processes and offer new services through the introduction of high-tech solutions.

## In the reporting year, the Company delivered 13 projects in five functional areas of Rosseti Group's digital transformation strategy

| Sl.No. | Project | Functional area of Rosseti Group's digital transformation strategy | Results planned |
|---|---|---|---|
| 1 | R&D: Development of a unified IoT platform[2] for dispatching data about the status of substation equipment | Operation and diagnostics | An IoT platform software complex designed to collect, process, store and transfer data from various types of monitoring devices into a unified system so that the data can be used for calculating diagnostic parameters and forecasting their development |
| 2 | R&D: Development of a software package for the assessment and prediction of the technical condition and propagation of defects in 35–110 kV power transformers based on measurements performed by the automated monitoring and diagnostics system, as well as PAMS data[2], with the provision of relevant recommendations to operating personnel | | Software package for the assessment and prediction of the technical condition and propagation of defects in 35–110 kV power transformers based on measurements performed by the automated monitoring and diagnostics system, as well as PAMS data, with the provision of relevant recommendations to operating personnel |
| 3 | Implementation of the Company's PAMS development plan for 2022–2024. | | Rollout of the Company's PAMS development plan for 2022–2024. |
| 4 | Establishment of a system to protect critical information infrastructure facilities of the Company | Information security | Creation of an information security system at significant critical information infrastructure facilities of the Company, bringing facilities into compliance with the requirements of Federal Law No. 187-FZ dated 26 July 2017 'On the security of critical information infrastructure of the Russian Federation' |
| 5 | Creation of a comprehensive information security system (design and survey work) | | Creation of a comprehensive information security system for the Company's protected facilities |
| 6 | Creation of a unified security management centre within the Company, integrated with a unified vertical operational, process and situational management system (design and survey work) | | Modification of process control of the power grid system |
| 7 | R&D: Automated classification of accidents based on machine learning methods | Information security | The system is designed to automate and analyse information security events by configuring and implementing algorithms for automatic classification of local area network node behaviour and user actions based on machine learning methods |
| 8 | Performance of design and survey work for the creation of an automated information system for Investment Activity (Investment AIS) | Design, investment and construction | • Survey<br>• Terms of reference for the creation of Investment AIS<br>• Engineering design and estimate documentation |
| 9 | Automation of procurement activities | Procurement, logistics, purchasing | Automation of procurement activities |
| 10 | Performance of design and survey work for the creation of an automated information system for financial and economic activities (FEA AIS) | Preservation of sustainable financial health and corporate governance | design and survey work for the creation of FEA AIS |
| 11 | Development of the Company's electronic document management system (EDMS) in terms of ensuring federated exchange | | Ensuring the execution of logically distributed document processing business processes between different EDMS installations within the Company |
| 12 | Integration of a subsystem for accounting and processing of design and estimate documentation | | Ensuring automation of work processes with design and estimate documentation at the design stage in the Company |
| 13 | Introduction of the Kontur.Diadok electronic document management system | | • Organisation of electronic document management for primary documents (delivery notes, work/service acceptance certificates and invoices) between the Company and its contractors<br>• Distribution of document flows within the Company |

The planned funding for the Programme's projects in 2024 is RUB 236.5 million, with RUB 105.2 million actually allocated to projects. During the reporting period, four projects worth RUB 35 million were completed.

## Key indicators of the Programme for 2022–2024

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Share of managers, specialists and non-manual workers trained in digital skills in the average headcount (%) | 13.2 | 13.0 | 10.7 | –2.3 p.p. |
| Amount of financing of the Programme (RUB million) | 279.7 | 722.5 | 1,029.9 | +42.5 |
| Including: | | | | |
| • domestic electronic products | 53.8 | 143.2 | 367.7 | +156.8 |
| • domestic software | 212.5 | 518.3 | 557.0 | +7.5 |
| • drafts of the Programme's medium-term plan | 13.4 | 61.0 | 105.2 | +72.5 |

[1] Minutes No. 569/2024 dated 13 September 2024.
[2] Internet of things.
[3] Production asset management system on the 1C platform.

# DEVELOPMENT OF THE COMPANY'S CORPORATE INFORMATION SYSTEMS

In the reporting year, the Company continued to develop corporate information systems. In 2025, the Company plans to continue developing its corporate information systems.

## Measures for the development of corporate information systems in 2024:

| Sl.No. | Corporate information systems | Development activities |
|---|---|---|
| 1. | Automated information system for processing customer calls | Some features were taken from the corporate software package (CSP) and integrated into a local platform for automated registration, handling of requests, processing of calls, and generation of statistical reports.<br>AIS for processing customer calls was put into operation and included in the Register of domestic software.<br>The Company acquired intellectual property rights to the AIS for processing customer calls |
| 2. | Corporate software package (CSP) | • The CSP was integrated with AIS for processing customer calls (for transferring consumers, objects, and addresses from the CSP)<br>• A module for exchanging applications with the power grid services portal of Rosseti Group (hereinafter referred to as the RF Portal) was developed using a unified integration platform. |
| 3. | Electronic document management system (EDMS) | • The transition was made to an updated module for document exchange between subsidiaries of Rosseti Group PJSC.<br>• The integration is done with the AIS processing customer calls to transfer consumer requests from the EDMS. |
| 4. | Automated equipment repair control system (AERCS) | • The server-side portion was installed, configured and migrated to the domestic operating system – Astra Linux, and the database was transferred to the domestic database management system (DBMS) – Postgres Pro.<br>• A new subsystem, Energy Facility Repair Plans, was implemented, and an integration with the PAMS was developed to create/approve maintenance and repair schedules, equipment shutdown schedules, and exchange information on urgent requests. |
| 5. | Production asset management system (PAMS) | The Repair Schedules subsystem was implemented to automate the scheduling of equipment repairs by integrating the PAMS and AERCS software packages. |
| 6. | Corporate information system '1C:Enterprise. Management of a manufacturing organisation' | • The system was integrated with the CSP for sending reports on grid connection services and additional services provided.<br>• Automatic exchange of electronic documents with external contractors was set up using the Kontur. Diadok electronic document management service<br>• The generation of actual costs and their comparison with the business plan were configurated<br>• Cashier workstations were configured to accept customer payments by bank card.<br>• The system was updated to comply with current legislation on bookkeeping and tax accounting, calculation of taxes and contributions, and preparation of accounting and financial statements |
| 7. | Automated information system for payroll calculation and personnel management (PPM) | • The PPM database was migrated to the domestic DBMS – Postgres Pro.<br>• An accounting feature was added for personnel working on a rotational basis<br>• A feature was added to automatically email payslips with information about accruals and deductions<br>• The PPM system was updated to comply with current legislation on personnel records, employee remuneration, taxes and insurance contributions |
| 8. | System for electricity transport metering | • The subsystem of the intelligent electricity metering system was upgraded: data collection and storage in the required formats; data stream transfer to the RF Portal.<br>• Integration is configured with the Pyramida-Seti software package for the transfer of data on meters and their readings, with the forwarding of data to the RF Portal.<br>• Functions related to tariff groups were configured<br>• A feature was added to determine the calculated power profile coefficient when there are electrical connections between metering points |
| 9. | Automated system for calculation of labour costs for modifications (AS CLCM) | The AS CLCM was put into operation. It is designed to calculate labour costs and account for services under contracts for the maintenance of the Company's corporate information systems. |
| 10. | Unified integration platform (UIP) | As part of the trial operation of the UIP, work continued to refine the interaction with customers of Rosseti Group in terms of business processes for providing services and interacting with customers |



# SUSTAINABLE DEVELOPMENT

## ENERGY FOR LIFE

The Company strives to increase energy efficiency, reduce the environmental footprint and maintain the social well-being and economic prosperity of the Krasnodar Krai and the Republic of Adygeya.

**61.34** +4% vs 2023
**RUB MILLION**
social benefits for the Company's employees, their family members and retirees

**435.54** +3% vs 2023
**RUB MILLION**
Company's occupational health and safety costs

**70.9%** +90.2% vs 2023
**RUB MILLION**
environmental costs

The Company's understanding of sustainable development is consistent with the definition adopted by the United Nations (UN): Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The Company's main objective in the area of sustainable development is to maximise its operational pursuits' contribution to the UN SDGs and to generate added value for stakeholders in the context of relevant national and international goals.

Rosseti Kuban JSC is responsible for reliable, high-quality, and affordable electricity supply to consumers in the regions where it operates and understands the significance of its impact on the environment, society, and the sustainable development of the Krasnodar Krai, the Republic of Adygeya, and their economies.

On 29 December 2023, the Sustainable Development Policy of Rosseti PJSC and the Climate Change Policy of Rosseti PJSC were approved as internal documents of the Company .

**Rosseti Kuban's sustainable development areas:**

- Promotion of the economic growth of the Company and the regions where it operates
- Environmental protection
- Care for the public

## Guiding principles for Rosseti Kubans sustainable development initiatives

| Principles | Description |
|---|---|
| Safety of operations | Electric power assets are classified as high-risk infrastructural facilities. The life and health of employees and the population of the regions where the Company operates is the key priority of the Company. Rosseti Kuban takes all necessary measures to ensure safe operations and prevent electrical injuries among social groups at risk |
| Conservation of the environment | The Company assumes responsibility for the economic, social and environmental consequences of its activities and strives to minimise their negative environmental impact |
| Accommodation of stakeholders' expectations and interests | Rosseti Kuban recognises its stakeholders and incorporates their expectations and interests when setting strategic goals and priorities, as well as when conducting operational activities. The Company works to keep all stakeholders' interests in balance and to create welcoming environments that facilitate productive communication |
| Consistency and transparency | Rosseti Kuban understands the value of having a transparent and constant communication with stakeholders, which involves disclosing information on performance and sustainability plans on a regular basis in compliance with legal requirements. The Company publishes only trustworthy information about the outcomes of its operations, including in the annual report, and guarantees that all stakeholders have access to such information |
| Mutual respect as the foundation for ethical business practices | A fundamental element of the Company's corporate culture is its dedication to ethical business practices and cultivating respectful relationships. Rosseti Kuban always strives to fulfil its obligations under all circumstances. The Company does not tolerate corruption or bribery, aims to prevent them from happening, and expects the same zero tolerance from its employees, subsidiaries, and partners. Rosseti Kuban supports and encourages fair competition, in particular, it ensures transparency of the procurement process and does not restrict competition in procurement procedures |
| Risk management | The Company makes sure to identify, assess, and monitor risks, as well as take steps to minimise them. It also works out ways to develop and improve the risk management process based on best practices. |

[1] Resolution of the Board of Directors of Rosseti Kuban PJSC (Minutes No. 543/2023 dated 29 December 2023).
[2] Published on Rosseti Kuban's website in the About the Company / Constitutive and Internal Documents section.





# ENGAGEMENT WITH STAKEHOLDERS

Among the Company's stakeholders are state bodies, local authorities, public legal entities, shareholders and investors, other legal entities and individuals who may have an interest in Rosseti Kuban's performance and (or) may have a significant impact on the Company's activities and services.

## The key stakeholders of the Company

| Stakeholders | Engagement of Rosseti Kuban with stakeholders |
|---|---|
| **Internal stakeholders** | |
| Subsidiaries and affiliates of the Company (S&As) | These S&As are interested in disseminating the best corporate governance practices to them and maintaining their image as part of the Rosseti Group.<br>Interaction is effected through the management and control bodies of S&As in accordance with the applicable laws of the Russian Federation and local regulations, joint activities, as well as interaction on current issues within the framework of standard business processes, including reporting.<br>For more details, see Appendix 3 to the present Report |
| Personnel of the Company<br>Social partners (trade unions, employers' associations) | These parties are interested in an attractive business culture, competitive wages, social and health benefits, opportunities for personal, professional development, as well as work safety.<br>Interaction ways:<br>• Through the Collective Bargaining Agreement, a succession pool programme and targeted human resources assessment and development projects<br>• Through staff training and qualification improvement<br>• By holding meetings between management representatives and the personnel, professional competitions, cultural and sporting events<br>• Via the Council of Young Professionals and participation in the All-Russian Electrical Trade Union<br>• By onboarding and mentoring of new employees and support for veterans<br>For more details, see the Human Resources Management subsection of the Sustainable Development section |
| **Operating environment** | |
| Investment community (shareholders and investors) | These parties have an interest in the growth of total shareholder return, including dividend yield and capitalisation of the Company, its development, consideration of the interests of all shareholder groups, information transparency and openness of the Company, efficiency of production activities for sustainable development, as well as a high level of corporate governance. Interaction is through general meetings of shareholders, representation in management and control bodies, as well as through the disclosure of information about the Company. |
| Consumers of electricity and grid connection services, TGOs | Interaction is through customer service centres, the power grid services portal of Rosseti Group (hereinafter – RF TP Portal), and the contact centre with unified federal numbers — 8 (800) 100-15-52 and 8 (800) 220-02-20.<br>Individuals can also send messages (claims, complaints, applications, requests) through the online reception desk on Rosseti Kuban's official website.<br>For more details, see the Customer Relations subsection of the Sustainable Development section |

| Stakeholders | Engagement of Rosseti Kuban with stakeholders |
|---|---|
| Partners (suppliers, contractors, business partners, professional and industry associations, including international ones) | These parties are interested in mutually beneficial and long-term cooperation, stable financial condition of the Company, timely and accurate fulfilment of contractual obligations, transparency in procurement and rejection of corruption.<br>Interaction is through procurement procedures, negotiations, participation in topic-related forums, seminars and conferences with media participation, and through the corporate website.<br>For more details, see the Procurement subsection of the Sustainable Development section |
| State (federal, regional and local authorities) | The state is interested in ensuring the reliable and sustainable functioning of the energy system, discussing and reviewing government projects and decisions related to industry regulation, cooperating on planning and implementing territorial development programmes in the region of operation, participating in the Energy Strategy of Russia and the Strategy for Development of the Power Grid Complex of the Russian Federation, meeting medium-term and long-term demand for electricity, attracting additional investment to the region, creating new jobs, and increasing tax payments.<br>Interaction is carried out by setting tariffs for regulated activities, approval of investment programmes and reports on their implementation, participation in working groups to develop the electric power industry perspective development roadmap, conclusion of cooperation agreements, reporting to authorities and information disclosure in accordance with Russian legislation, transfer of tax payments, expert discussions, conferences, forums, working meetings and joint events with representatives of the authorities |
| **Social environment** | |
| Society (public, social, charitable and environmental organisations, scientific and educational institutions, non-consumers, media) | The said party is interested in reliable energy supply, employment, development of regions of presence, environmental protection, energy efficiency, implementation of social and charitable programmes, development of science and education, introduction of advanced scientific developments and technologies, demand for young promising personnel, full information about the Company's activities.<br>Interaction is through participation in charity projects, publications in the media and on the corporate website, press conferences, PR events, topic-related seminars, forums, competitions, meetings and topic-related events with veterans, students, schoolchildren, etc., application of measures to prevent electrical accidents with the population, participation in research and educational projects.<br>For more details, see the Disclosure of Information subsection of the Sustainable Development section |





# COMPANY'S CONTRIBUTION TO THE ACHIEVEMENT OF THE SDGS

**UN sustainable development goals**




The Company recognises the importance of all **17** SDGs



## SDGs to which the Company makes the greatest contribution, taking into account the specifics of its business

| Description of the SDGs | Rosseti Kuban's contribution |
|---|---|
| SDG 3. Good health and well-being (ensure healthy lives and promote well-being for all at all ages)  | The Company strives to ensure the safety of the general public and to preserve the health and welfare of its employees in the conduct of its operations through:<br>• Safe working conditions and labour protection<br>• Health and life insurance for personnel<br>• Promotion of sporting lifestyles |
| SDG 4. Quality education (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all)  | Employee training is among the priority areas. Recognising the specific nature of knowledge and skills required for work at power grid facilities, the Company assists in the development of employees' professional skills by:<br>• Training, retraining and professional development of personnel<br>• Development of the corporate personnel training system<br>• Enhancement of the training of new specialists for the power grid sector<br>• Co-operation with vocational universities and collages |
| SDG 7. Affordable and clean energy (ensure access to affordable, reliable, sustainable and modern energy for all)  | The Company secures reliable, high-quality and accessible electricity supply at affordable charges for the services provided to consumers by:<br>• Fulfilment of regulatory requirements for the operation of power grids to maintain the established indicators of reliability and quality of power supply to consumers<br>• Simplification of the procedure for grid connection of consumer terminals and generation facilities (including renewable energy sources (RES))<br>• Qualitative and timely implementation of investment projects in the area of grid connection<br>• Minimisation of the consumer's costs in accessing electricity<br>• Improvement of energy efficiency and reduction of power losses<br>• Improvement of the customer service quality<br>• Development of electronic services for customers |
| SDG 8. Decent work and economic growth (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)  | Rosseti Kuban JSC offers guaranteed opportunities for the comprehensive development of its employees and ensures decent labour conditions by:<br>• Creation of jobs in the regions of operations<br>• Appointment of employees primarily from the internal managerial talent pool<br>• Decent wages and working conditions and respect for employees' rights<br>• Collective bargaining<br>• Provision of compensations, social benefits and guarantees to employees<br>• Higher labour productivity<br>• Reduction of work-related injuries |
| SDG 9. Industry, innovation and infrastructure (build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation)  | The Company encourages the innovation and sustainable, green infrastructure through:<br>• Preservation and upgrade of power grid facilities<br>• Implementation of investment projects<br>• Implementation of the digital transformation strategy<br>• Technological and innovative development |

| Description of the SDGs | Rosseti Kuban's contribution |
|---|---|
| SDG 11. Sustainable cities and communities (make cities and human settlements inclusive, safe, resilient and sustainable)  | The Company ensures the safety of cities and settlements through the following:<br>• Reliability and stability of power supply to consumers<br>• Implementing projects within the framework of the national goal: Comfortable and Safe Living Environment<br>• Providing grid connection services to consumers, organising outdoor lighting and metering of electricity<br>• Developing a network of charging stations for public and private electric vehicles in the regions of the Company's presence<br>• Applying technical architectural solutions that promote rational use of the territory, as well as preservation of the integrity of the architectural appearance of cities and settlements |
| SDG 12. Responsible consumption and production (ensure sustainable consumption and production patterns)  | Rosseti Kuban adheres to the policy of rational consumption and production with the help of the following:<br>• Improvement of energy efficiency and reduction of losses<br>• Preferential use of clean technologies that do not cause significant environmental impact<br>• Rational utilisation of natural resources in the course of its activities<br>• Mitigation of negative environmental impact<br>• Effective functioning of the environmental management system |
| SDG 13. Climate action (take urgent action to combat climate change and its impacts)  | Rosseti Kuban takes an active part in combating climate change, including through the following:<br>• Cutting down greenhouse gas emissions<br>– Reducing losses in electricity transmission and distribution<br>– Setting up charging infrastructure<br>– Lowering the consumption of fuel and energy resources for the Company's own needs<br>• Ensuring that electricity from low-carbon sources is supplied to the grid and delivered to consumers<br>• Carrying out compensatory reforestation<br>• Improving the reliability and adaptability of the power grid complex to dangerous climatic events<br>• Mainstreaming energy saving and an appropriate lifestyle<br>• Promoting energy saving and improving energy efficiency |
| SDG 15. Life on land (sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss)  | The Company operates in accordance with the environmental protection requirements, including running the activities in following aspects:<br>• Biodiversity conservation, including ensuring ornithological safety of electric grid facilities and implementing measures to preserve aquatic biological resources and their habitat<br>• Land reclamation and compensatory reforestation<br>• Phased decommissioning of equipment containing polychlorinated biphenyls and its subsequent transfer for disposal |

# CUSTOMER RELATIONS

The Company's goal in the area of customer relations is to build a customer-centric model of operations and organisation of services and facilities based on efficient and comfortable interaction with customers through analysing customer experience and meeting the actual needs of both households and businesses.

Rosseti Kuban pays special attention to regularly informing consumers about the services it provides, ensuring comfortable framework for face-to-face service, and improving the accessibility of services through interactive tools.

The Company accommodates its customers through the TP Portal, as well as in the consumer service offices.

In 2024, Rosseti Kuban PJSC received almost 112,400 requests through interactive customer service tools, of which about 50% were grid connection applications.

Based on the results of 62 checks carried out on the basis of reports of electricity theft submitted by consumers via the call centre, off-the-meter electricity worth RUB 271,000 was detected.

In the reporting year, Rosseti Kuban PJSC actively cooperated with the representatives of the executive authorities of the Krasnodar Krai and the Republic of Adygeya, members of the public, businesses and potential consumers of the Company's services with respect to the issues related to the development of the power grid complex and higher availability of power infrastructure".

**Alexander Chepusov**
Deputy Director General
for Development and Grid Connection

The main function of the customer relations departments of Rosseti Kuban is to ensure prompt, unhindered resolution of issues related to grid connection, electricity transmission, organisation of electricity metering and additional services for citizens and legal entities in the Company's operational responsibility.

To maintain the high quality of Company services, 15 customer service centres and 39 customer service offices are available across the power grid regions.

In order to provide remote customer service, Rosseti Kuban operates a 24-hour call centre with a single federal number, 8 (800) 220-0-220, and a single short number, 220, for the power engineering specialists hotline, 'Light Line 220'. Call-centre operators inform the residents of the Krasnodar Krai and the Republic of Adygeya about any power supply issues and ongoing recovery work / planned repair schedules. Besides, the operators take messages from the customers concerning electricity theft and consult them about grid connection and other Company services.

## Company's customer relations indicators for 2022–2024 (thousand)

| Indicator | 2022 | 2023 | 2024 | Δ, 2024/2023, % (p.p.) |
|---|---|---|---|---|
| Total number of communications | 1,314.0 | 1,634.6 | 1,722.2 | +5.4% |
| Share of communications via digital channels (%) | 9.3 | 6.8 | 6.5 | –0.3 p.p. |
| Share of communications about inadequate quality of services (%) | 0.5 | 0.4 | 0.4 | – |
| Structure of communications by channel: | | | | |
| • Service offices | 60.9 | 70.9 | 72.4 | +2.1% |
| • Contact centre | 1,111.8 | 1,432.1 | 1,522.0 | +6.3% |
| • Mail | 17.8 | 19.2 | 15.3 | –20.3% |
| • Interactive tools | 123.3 | 112.3 | 112.3 | – |
| • Social networks and messengers | 0 | 0 | 0 | – |
| • Miscellaneous | 0 | 0 | 0 | – |

In 2024, 1,586,138 customers contacted the call centre of Rosseti Kuban PJSC (up 7% year-on-year).

In the reporting year, Rosseti Kuban received 7,796 complaints from service consumers.

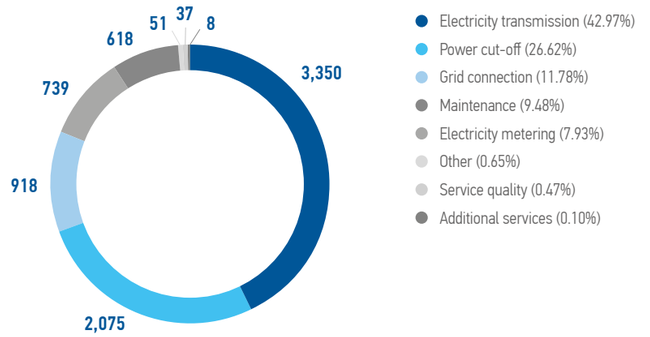
Complaints from consumers of services were addressed. The reporting period's scheduled activities aimed to eradicate the causes behind the complaints were carried out.

In 2024, Rosseti Kuban PJSC interacted with consumers both at customer service offices and via TP Portal.

Through the TP Portal, consumers are able to submit online applications and requests for the following:
- Grid connection
- Installation/replacement of metering devices
- Redistribution of capacity
- Restoration of grid connection documents
- Additional services, etc.

Moreover, through the TP Portal, consumers can calculate the cost of grid connection, familiarise themselves with scheduled outages, and take a survey to assess the quality and accessibility of grid connection services.

### Structure of customer complaints received by Rosseti Kuban in the reporting year



In 2024, the Company received 112,389 requests via electronic services, of which 58,242 were applications for grid connection.

A total of 49,015 package applications for grid connections were received by Rosseti Kuban PJSC in 2024. As a result, 35,961 grid connection contracts were concluded.

**Key outcomes of Rosseti Kuban's efforts pertaining to customer relations for 2024**

- Implementation of the automated information system (AIS) for processing customer requests built on a domestic platform
- Installation of a video surveillance system with audio recording function in consumer service centres
- Holding of 22 remote alignment meetings with potential and existing applicants, business representatives and executive authorities of the constituent entities of the Russian Federation on improving the accessibility of the energy infrastructure, including the possibility to submit electronic applications for grid connection. About 227 people took part in the alignment meetings
- Participation in a number of meetings chaired by the Deputy Minister of Construction, Housing and Utilities of the Russian Federation on the implementation of integrated tourism projects (Lagonaki, Abrau-Durso, Novaya Anapa), as well as the creation of supporting infrastructure facilities
- Holding of a seminar with representatives of the Ministry of Energy of Russia and the Federal Antimonopoly Service of Russia on the application of the rules for grid connection of consumers[1]

The following measures are planned for 2025 to develop a customer-oriented approach and improve the quality of services provided by the Company:

- To improve the efficiency of customer service by streamlining the processes for receiving and processing customer feedback
- To upgrade corporate automated systems for handling customer feedback to improve the accuracy and speed of processing

Rosseti Kuban uses a customer-centric approach to customer relations, implying:

- Identifying and examining customer needs
- Designing new services and facilities and upgrading the existing ones
- Improving customer satisfaction by providing services and facilities
- Establishing a customer service
- Organising the information disclosure process
- Following the customer service etiquette
- Improving the infrastructure of interaction and feedback tools with service customers
- Conducting research to assess the quality of customer service and analyse the results obtained

Implementation of the automated information system (AIS) for processing customer requests

Holding of **22 REMOTE ALIGNMENT MEETINGS** with potential and existing applicants

[1] Approved by Resolution of the Government of the Russian Federation No. 861 dated 27 December 2004 (as amended).





# HUMAN RIGHTS

## The Company respects and observes human rights.

All conditions necessary to ensure interaction with persons with disabilities are in place. For example, the entrance to the main customer service centre is equipped with a lifting platform for low-mobility groups. In addition, applications for most of the services provided by Rosseti Kuban can be submitted through the relevant electronic services. The grid connection service can also be paid for online.

Additionally, the main customer service centre has a specifically furnished children's area on its grounds.

**2 PEOPLE** with disabilities were employed at Rosseti Kuban's call centre

**IN 2024, ROSSETI KUBAN PJSC REGISTERED NO COMPLAINTS ABOUT HUMAN RIGHTS VIOLATIONS FROM CONSUMERS.**



# HUMAN RESOURCES MANAGEMENT

## RESULTS OF THE HR POLICY

The Company's HR and social policy is designed to ensure that the target benchmarks of the Strategy for the Development of the Power Grid Sector of the Russian Federation are achieved. The key objectives of the Company's HR and social policy:

- To plan the workforce requirements — to ensure availability of accurate information on current and forecast labour demand, both quantitative and qualitative, as necessary and sufficient to achieve the Company's objectives
- To recruit necessary skills when needed
- To improve the performance and increase labour efficiency across the Company
- To raise personnel loyalty, ensure interest in long-term labour relations with the Company.

These objectives are met by implementing the range of measures in various aspects of the Company activities and achieving the targets set in the following areas:

- Organisational design
- Headcount management
- Human resourcing and personnel development
- Personnel performance management (personnel motivation)
- Social benefits and social protection
- Occupational safety and work culture

In order to maintain a high level of social security of the Company's personnel, provide employees with guarantees and compensations, and ensure that Rosseti Kuban is staffed, the following measures were taken in 2024:

- Important amendments and additions were made to the collective bargaining agreement between the employer and employees of Rosseti Kuban PJSC for 2023–2025 regarding remuneration, internal labour regulations, and the expansion of benefits, guarantees, and compensations for the Company's employees
- A referral programme was introduced to improve staffing levels and motivate the involvement of the Company's employees in the recruitment process
- The Recognition programme was put in place to develop non-financial motivation, increase employee engagement, popularise the trade, and recognise employees' contribution to the achievement of common goals and the development of Rosseti Group by displaying information about outstanding employees on digital stands (monitors) installed in the office buildings of Rosseti Kuban
- The Young Worker project was introduced as a special form of employment for students combining work and study. Employed students with excellent academic records receive various scholarships
- All branches of the Company conduct regular medical checkups of personnel working in harmful and hazardous labour conditions
- Rosseti Kuban employees undergo training aimed at reducing occupational injuries and improving personnel qualifications
- The Company's employees and veterans are provided with lump-sum financial aid in case of birth of children, illness or loss of loved ones
- Employees and their children are entitled to receive vouchers to treatment-and-prophylactic and recreational organisations for health improvement and recreation
- Physical fitness and recreational activities are offered and mass sports are promoted in the corporate environment

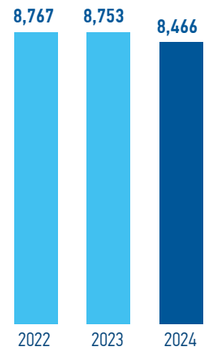




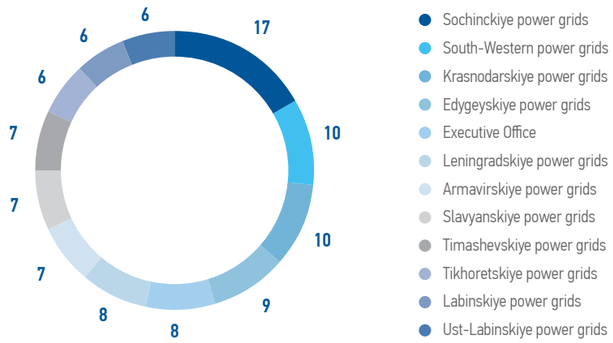
## STAFF HEADCOUNT AND BREAKDOWN

The Company's average headcount of employees for 2024 was 8,466 (down 3.3% year-on-year). The decrease in the average headcount was driven by the natural movement of employees.

Average headcount of Rosseti Kuban in 2022–2024 (people)




Distribution of the Company's average headcount by branches in 2024, (%)



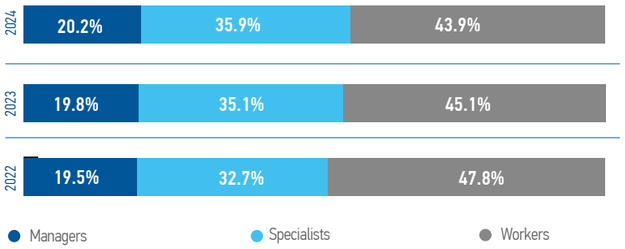

The Company's staffing level in 2024 was 89.4% (including 88.7% of production personnel).

The active turnover rate for the reporting year stood at 6.1%. During 2024, 1,071 employees were hired, including 912 people (85.2%) in production staff and 45 people (4.2%) in support staff.

**Analysis of voluntary turnover in the Company in 2022–2024 (%)**

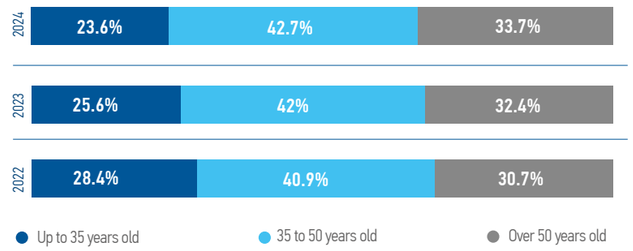
| Voluntary turnover rate | 2022 | 2023 | 2024 | Δ 2023/2024, p.p. |
|---|---|---|---|---|
| Total for the Company | 7.4 | 5.6 | 6.1 | +0.5 |
| **By age group:** | | | | |
| • under 35 years old | 11.7 | 9.1 | 11.2 | +2.1 |
| • 35 to 50 years old | 7.1 | 5.2 | 5.8 | +0.6 |
| • over 50 years old | 3.9 | 3.2 | 2.9 | –0.3 |
| **By gender:** | | | | |
| • women | 6.5 | 5.1 | 5.7 | +0.6 |
| • men | 7.8 | 5.7 | 6.3 | +0.6 |
| **By region:** | | | | |
| • Republic of Adygeya | 6.7 | 6.8 | 7.7 | +0.9 |
| • Krasnodar Krai | 7.5 | 5.4 | 6.0 | +0.6 |

Personnel structure by category for 2022–2024, (%)



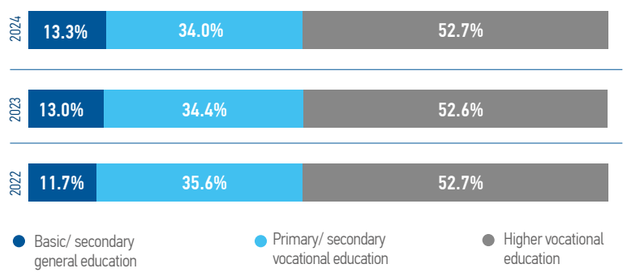

Over the last three years, the employee structure by personnel type has been relatively constant and is typical for power grid companies. The main share is made up of workers — 43.9%; managers — 20.2%, specialists —35.9%.

Personnel structure by age for 2022–2024, (%)



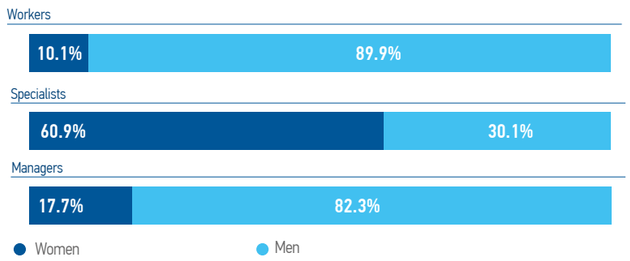

The average age of the Company's employees in 2024 was 44.1 years old (43.7 years old in 2023). Over the last two years, there has been an increase in the share of workers aged 35 to 50 (+1.8 p.p.) driven by a decrease in the share of workers under 35 (–4.8 p.p.) and an increase in the share of workers over 50 (+3.0 p.p.).

Personnel structure by education for 2022–2024, (%)




The employees of the Company have a decent level of education; 86.7% of them have a professional background, and 12 of them have a Ph.D. degree.

Structure of gender composition of personnel by category in 2024, (%)




The gender composition of the Company's employees also fits the typical profile of power grid companies. As of 31 December 2024, the percentage of men working for the Company is 70.1%, while the percentage of women is 29.9%.





# STAFF TRAINING AND DEVELOPMENT

Employee training is one of the priorities of the Company's human resources and social policies. This area is regulated by the following documents:

- Rules for Personnel Management in the Electric Power Industry of the Russian Federation approved by Order No. 796 of the Ministry of Energy of the Russian Federation dated 22 September 2020
- HR management procedure of Rosseti Kuban PJSC approved by Order No. 466-od dated 25 June 2024
- Regulations on Personnel Training at Rosseti Kuban PJSC approved by Order No. 681-od dated 26 November 2020
- Other regulatory documents and prescriptions and recommendations of the supervisory authorities

The Company's main provider of educational services is the in-house training centre, the Energy Institute for Continuing Education of Kubanenergo (hereinafter referred to as the Institute). In the reporting year, the share of employees trained at the Institute was 97% of the total number of trained employees of the Company.

### Training of Rosseti Kuban personnel in 2022–2024

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Number of employees who participated in off-the-job training programmes (man-courses[1]) / ratio to average staffing number (%) | 12,609/144 | 10,319/118 | 11,902/141 | +15.3 / +23 p.p. |
| • including in occupational health and safety / ratio to average staffing number | 6,657/76 | 5,526/62.3 | 8,417/99.4 | +52.3 / +37.1 p.p. |
| • including employees trained at in-house training centres / ratio to the total number of employees who received off-the-job training | 11,485/91 | 9,720/94 | 11,486/97 | +18.2 / +3 p.p. |
| Number of production personnel who received off-the-job training (man-courses) | 10,433 | 9,510 | 10,588 | +11.3 |
| • including hosted by the Institute | 10,039 | 9,116 | 10,312 | +13.1 |
| Distribution of the employees who took part in off-the-job training programmes by category (managers, specialists, workers) (%) | Managers — 52.1%<br>Specialists — 20.7%<br>Workers — 27.2% | Managers — 43.0%<br>Specialists — 16.2%<br>Workers — 40.8% | Managers — 39.14%<br>Specialists — 20.94%<br>Workers — 39.92% | Managers — (–3.8) p.p.<br>Specialists — +4.7 p.p.<br>Workers — (–0.8) p.p. |
| Number of employees who participated in educational programmes delivered through distance learning (man-courses) | 2,894 | 1,872 | 1,325 | –29.2 |
| Average number of training hours per employee by gender (man-courses) | Women — 40<br>Men — 75 | Women — 36<br>Men — 84 | Women — 32<br>Men — 69 | Women — (–11.1)<br>Men — (–17.9) |

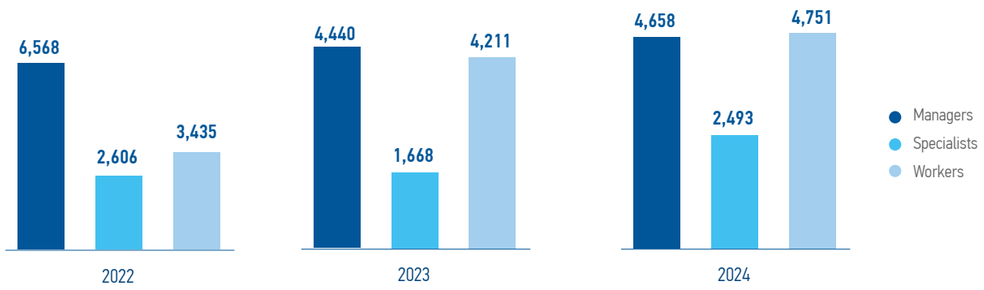
[1] Number of training courses taken by the employee during the year.

With the existing ratio of the off-the-job trainees in 2024 to the average headcount, the key indicator (30%) of the Company's human resources and social policy is achieved.

In 2024, there were fewer distance learning programmes given at the Institute. This occurred as a result of legislative reforms that mandated that personnel only receive face-to-face (theoretical and practical) training.

A significant share of the personnel falling under managers and workers categories in the total number of the trained personnel is explained by the mandatory nature of training for such categories and training frequency required by regulatory documents.

Structure of personnel who participated in off-the-job training in 2022–2024 (by category) (people)




**Company's training costs in 2022–2024** (RUB '000)

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Total training costs | 87,563 | 89,899 | 96,600 | +7.5 |
| Including: | | | | |
| • by the Institute | 76,681 | 80,678 | 88,510 | +9.7 |
| • by third-party educational institutions | 10,881 | 9,221 | 8,090 | –12.3 |

Every year, the Institute trains about 10,000 students in over 350 educational programmes aligned with the requirements of professional standards and applicable regulatory documents.

The Institute provides services in the following areas:
- Training in professional education programmes (training, retraining, advanced training of workers), continuing professional education programmes (professional retraining, advanced training of engineering staff)
- Conducting topic-related workshops and hands-on training aimed at developing corporate and managerial competencies
- Holding championships and vocational skills competitions at various levels under the worldskills methodology
- Hosting conferences, scientific and technical round tables with the participation of manufacturers and developers of state-of-the-art equipment
- Preparing teams for professional skill competitions

The Institute is accredited and was notified by the Ministry of Labour and Social Protection of the Russian Federation of its inclusion in the register of organisations providing educational services in the field of occupational safety and health. The programmes are based on modern innovative technologies using the latest teaching tools and methods. During the training period, students are provided with the necessary study materials, visual aids, handouts in the relevant areas of training.





Labour safety and fire safety remain the key areas of training (including under Government Decree No. 2464 dated 24 December 2021 and Order of the EMERCOM of Russia No. 806 dated 18 November 2021).

In order to qualitatively improve the level of professional competencies of the Company's managers and specialists engaged in innovation activities, together with the Ural Interregional Certification Centre, the Institute offered training under the advanced training programmes on Innovation Management System. Basic Requirements and Innovation Management System. Basic Requirements. Internal audit of the innovation management system in accordance with the requirements of GOST R ISO 19011-2021.

As part of updating Rosseti Group's digital transformation strategy for the period until 2030, 325 Company employees received training under the advanced training programme on Digitalisation of the Power Grid Sector.

In order to upgrade the qualifications of administrative and management personnel of electric power companies and provide them with special technical education, training course was given under the programme on Energy for Non-Energy Professionals. This course is designed to expand knowledge in the field of electric power engineering. The programme includes the study of technologies for the fundamentals of power grid company operations relevant for non-core specialists and managers.

To train specialists with advanced knowledge and skills in the field of organisation, management and sustainable functioning of land and property complex facilities, an additional professional programme (advanced training) on theory and practice of land and property relations and real estate management was put in place.

To study practicalities of the legal regulation of relations on the functioning of microgeneration facilities and to obtain clarifications on the basics of grid connection of microgeneration facilities, training was conducted under the programme of additional vocational education (advanced training) on grid connection of microgeneration facilities.

In order to ensure efficient and accident-free operation of the electric power system, the advanced training programme on operational and technological management in power grids was put in place. The training course provides trainees with the necessary knowledge and skills to successfully perform operational and technological tasks in power grids.

In 2024, the programme of additional vocational education (professional retraining) on electric power systems and grids was continued. This programme is based on a networking cooperation agreement jointly with Platov South Russian State Polytechnic University[1]. The programme is aimed at acquiring knowledge in the design and operation of electric power systems and electric grids of various levels, which will allow trainees to successfully solve practical tasks in their professional activity.

At the end of the training, Platov South Russian State Polytechnic University issues retraining certificates, granting the qualification of a specialist in the field of electric power systems and power grids and the right to conduct professional activities in the fields of electric power engineering and electrical engineering.

In 2024, the following additional vocational education (professional retraining) programmes were run to train members of the talent pools for technical positions:
- Service development and sale training school
- Dispatcher training school
- Site foreman of distribution power grids
- Labour safety and ensuring safety of production activities
- Professional trainer of safe behaviour at electric power companies (safety culture trainer)

In order to introduce live work standard operating procedures, the Institute offered training on the following programmes in 2024:
- Live work on overhead, cable power lines and switchgears up to 1,000 V (14 people completed the programme)
- Live work in electrical installations up to 1,000 V for engineering and technical workers (6 people completed the programme)

The following software is used in the Institute-based educational process:
- Asop-expert
- OlympOKS
- Dynamic computer simulator of a cabinet-type 6/0.4 kV substation
- Modus operational switching simulator

The training programme on live work on overhead, cable power lines and switchgears of up to 1,000 V was completed by

**14 PEOPLE**

[1] The former name of the institution was Novocherkassk Polytechnic Institute (1948–1993).

- TWR12 simulator complex on installation of 35 kV cable sealing box
- Prometheus distance education system
- Simulator for determining off-the-meter electricity consumption (Dipol Corporation)
- VR-simulator for building the commissioning skills for installation of Energomera metering systems
- DJI Flight Simulator — professional pilot training software based on DJI's advanced flight control technology to create the maximum extent realistic flight conditions

The labour season of the Company's student energy teams was organised. This season included a professional skills competition and a hackathon. The goal of the hackathon is to stimulate creative thinking of the younger generation and teamwork, as well as to find innovative approaches to problem solving. For three days, the participants were engaged in developing innovative projects for the maintenance and operation of distribution grids.

In addition, the students were trained in the additional educational programme for bridging participants of student teams of Rosseti Kuban PJSC, got a working trade of electrician for operation of metering devices and received their first entry in the future power engineers' employment book.

The All-Russian Scientific and Technical Conference was held in Divnomorskoye village (Gelendzhik), Krasnodar Krai, under the Company's leadership, to share advanced experience and knowledge in the energy sector. The theme of the conference is ways to improve reliability, efficiency and safety of energy production. The event was attended by heads of the technical and servicing units of Rosseti South PJSC and Rosseti Kuban PJSC, as well as managers and specialists of power equipment manufacturers (RiM JSC, Tavrida Elektrik YuSK JSC, MIRTEK TD LLC, Matrix, Bresler NPP LLC, NILED LLC, PC Elektrokoncept, Uncomtekh Engineering LLC, SVEL Group JSC, and others). The conference included scientific, practical, and pedagogical activities.

In addition to the Institute, the key providers of educational services are:

- Federal state budgetary educational institution Training and Methodological Cabinet of the Federal Service for Environmental, Technological and Nuclear Supervision
- State-owned educational institution of additional professional education Training and Methodological Centre for Civil Defence and Emergency Situations of the Krasnodar Krai
- SoftLine Education autonomous non-profit organisation of additional professional education
- EKRA Scientific and Educational Centre non-state educational institution of additional professional education
- Federal state autonomous educational institution of additional professional education St. Petersburg Power Engineering Institute for Advanced Training
- Federal state budgetary educational institution of higher education Kuban State University
- Limited Liability Company Corporate Electric Power University, etc.

In the reporting year, 326 employees of the Company (3.8% of the average headcount) were sent for independent qualification assessment to the Energia Qualification Assessment Centre (a branch of Energetik Health Resort JSC); out of those, 256 people (78.5%) successfully passed the professional examination and confirmed their professional qualification. In 2024, 1,460 people took part in business needs assessment in the comprehensive assessment of managers using the Assessment Centre method, assessment of professional competencies of specialists and managers, as well as psychodiagnostic assessment.

In 2024, the Company's business assessment involved

**1,786 PEOPLE**





## Indicators of evaluation procedures of Rosseti Kuban PJSC in 2022–2024 (people)

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Number of personnel who underwent assessment procedures / Ratio to the average headcount of personnel | 1,612 | 1,309 | 1,786 | +36.4 |
| Including: | | | | |
| • assessment of competences (corporate and managerial), including recruitment, transfer to a new position, selection to the talent pool, etc. | 1,200 | 1,037 | 1,460 | +40.8 |
| • independent assessment of qualification (in qualification assessment centres) | 412 | 272 | 326 | +19.9 |
| Headcount of talent pools | 325 | 421 | 349 | –17.1 |
| including: | | | | |
| • management pool | 239 | 307 | 349 | +13.7 |
| • youth pool | 86 | 114 | – | – |
| Share of leading positions filled by the talent pool 9%) | 62.16 | 68.47 | 84.30 | +15.8 p.p. |
| Share of leading positions staffed by internal candidates, including from the talent pools (%) | 53.80 | 51.70 | 22.00 | –29.7 p.p. |



# SOCIAL POLICY

The key principles of the Company's social policy include the creation of comfortable conditions for employees' work and rest, higher social security of employees and their better labour/social relations. The social focus of the Company is on the development of the social partnership, improvement of employees' social security, and creation of development prospects for the Company as a whole.

The Company places high importance on social support to energise staff members and raise their commitment to production tasks. The benefits and guarantees in place in the Company, as well as social programmes and employee support programmes, help attract and retain the most valuable employees, promote staff loyalty to the Company, and facilitate the achievement of the Company's goals.

While demanding the maximum commitment and improved performance from its staff, the Company acknowledges that it is necessary to provide the employees with extra social benefits and guarantees exceeding those prescribed by law and funded from the Company profits.

The social policy of the Company is aligned with the Sectoral Tariff Agreement of the Electric Power Industry of the Russian Federation, the collective bargaining agreement of the Company, by-laws, rules and other local regulatory documents.

In accordance with the collective bargaining agreement, as part of the social package, the Company's employees receive financial assistance in connection with childbirth, marriage registration, burial of close relatives, retirement, difficult financial situation (emergency case), status of families with many children, and in case of death of an employee as well. There is also compensation for childcare in pre-schools, etc.

**Social benefits for the Company's employees, their family members and retirees** (RUB million)

| Social events | 2022 | 2023 | 2024 |
|---|---|---|---|
| Monetary support for employees, veterans and retirees | 40.70 | 56.81 | 59.49 |
| Compensation payments | 1.13 | 2.17 | 1.85 |

The Company's collective bargaining agreement provides for assistance and support to employees in improving their housing conditions. This support is expressed in the form of financial assistance in repaying part of the interest on the loan. In the reporting period, the Company paid a total of RUB 23.45 million to 330 employees as financial aid.

Being a socially responsible company, Rosseti Kuban JSC takes care of the Company's veterans and retirees. Honouring the veterans and providing them with monetary support is an integral component of the Company's social performance. The Company provides monthly financial aid to non-working retirees. During the reporting period, over 2,400 veterans and retirees received various benefits totalling RUB 8.43 million (financial aid for Victory Day and Power Engineer's Day, monthly financial aid and financial aid upon application, etc.).

An important factor in improving the workforce efficiency is the promotion of health and recreation of employees and their children. In the reporting year, over 700 vouchers were purchased for recreation of employees and their family members, and more than 140 vouchers were purchased for health resort treatment. The Company also provided over 600 discounted vouchers to children's health camps.

The Company provides its staff with timely and quality medical care. Rosseti Kuban's employees are covered by voluntary personal insurance, which include voluntary health insurance (VHI) and voluntary accident and illness insurance.

In order to improve social protection of employees and develop non-material incentives, the Company is working on non-state pension programmes. Such programmes are aimed to ensure a respectable standard of living for employees when they reach retirement age and to establish favourable circumstances for the efficient handling of personnel concerns pertaining to employee recruitment, retention, and motivation.

The Company focuses on the development and maintenance of healthy lifestyle of its employees and arranges health, fitness, and participation sports among the employees and provides them with access to the sports facilities. The outcomes of the reporting year:

- Rosseti Kuban's combined teams took part in corporate sports events organised by Rosseti Group, including mini-football, volleyball and 3 × 3 basketball, as well as the All-Russian Physical Culture and Sports Complex 'Ready for Labour and Defence' (GTO) and a chess tournament
- More than 350 employees of Rosseti Kuban PJSC participated in the Open Athletic Contest of power industry employees in seven sports: mini-football, volleyball, table tennis, chess, weight lifting, swimming, and GTO all-round competitions
- Company's employees took part in the 'Man Walking' Russian Background Walking Championship in the Corporate Teams category
- The chess team of Rosseti Kuban PJSC took part in the Russian championship among corporate teams as well as in online tournaments among companies and institutions of the fuel and energy complex of Russia
- The basketball team of the Company took part in tournaments of the Interregional Amateur Basketball League
- 19 teams consisting of the Company's employees and their family members took part in the Mum, Dad, Me are a Sports Family contest
- employees of Rosseti Kuban PJSC participated in the regional GTO festival among labour collectives, as well as in regional and municipal competitions held in the Krasnodar Krai and the Republic of Adygeya

The Company pays considerable attention to cultural and educational events that help to unite and rally the Company's team, thus enhancing the internal corporate culture. The following were held in 2024:

- Events dedicated to the celebration of Defender of the Fatherland Day, International Women's Day, Victory in the Great Patriotic War of 1941–1945, Children's Day, and Knowledge Day
- Corporate contests titled Children Draw Power Engineering timed to celebrate the 80th anniversary of the Company's foundation and the professional holiday — Power Engineer's Day
- Children's drawing competition called Russia is My Homeland
- Children's drawing contests named Autumn through Children's Eyes and The Beauty of Energy
- Corporate children's creative contest titled Energy of Talents
- Children's New Year's crafts competition called Children of Power Engineers' Christmas Tree
- New Year's Eve celebrations (greeting for veterans, employees and children of the Company's employees)

More than 1,000 children took part in the qualifying and final stages of the children's competitions, and over 100 of them were awarded valuable prizes and gifts.

In order to preserve the regional, historical and cultural heritage of the energy industry, as well as to popularise the history of the energy sector, a corporate museum of the Company's energy sector was established.

Traditionally, the Company pays great attention to the preparation and celebration of the Power Engineer Day — the professional holiday of the Company.

In 2024, one employee of the Company's Sochi Power Grids branch (First Deputy Director — Chief Engineer) was awarded the honourable title of Honoured Power Engineer of the Russian Federation.



# YOUTH POLICY

**The Company's youth policy covers the three key areas:**

- Early career guidance of schoolchildren
- Practice-oriented personnel training at universities and colleges
- Professional development of junior specialists — employees of the Company

**Rosseti Kuban's youth policy implementation indicators in 2022–2024** (people)

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Number of schoolchildren participating in career guidance projects of Rosseti Group | 31 | 94 | 722 | + 6.7x |
| Number of partner universities/colleges in the regions where the Company operates | 40 | 41 | 55 | +34.1 |
| Number of university/college students trained under company-sponsored training contracts | 60 | 80 | 116 | +45.0 |
| Number of university/college students who completed internships with the Company | 741 | 807 | 876 | +8.6 |
| Number of university/college graduates employed by the Company in the reporting year | 63 | 62 | 23 | –62.9 |
| Number of young professionals who participated in corporate, regional or federal level competitions, forums, conferences | 10 | 10 | 11 | +10.0 |







Rosseti Kuban carries out comprehensive work with schoolchildren, including organising open days, career guidance lessons, energy safety lessons, and study tours to the facilities of the Company's branches. In 2024, the total number of sponsored students who took part in Rosseti Kuban's career guidance projects totalled over 14,000 people. In order to train professional personnel to meet future staffing needs, the All-Russian Schoolchildren Olympiad of Rosseti Group is organised, which is a unique opportunity to test oneself and learn about current problems and areas of development in the power industry by solving unusual and interesting problems. In 2024, 635 9th–11th grade students representing the regions where the Company operates competed in the Olympiad.

Vocational guidance is offered to schoolchildren in order to develop their interest in the power industry and to help them enter universities and colleges in their fields of study. As of the end of the reporting year, 55 cooperation agreements with educational organisations were in force in the region where the Company operates. Kuban State Agrarian University and Kuban State Technological University are among the partner universities.

The main areas of cooperation with universities and colleges are targeted education, practice-oriented training, vocational guidance, and the management of student teams.

As of the end of the reporting year, 116 students were studying at specialised universities under company-sponsored education agreements (of which 33 agreements were concluded in 2024). The focus areas of company-sponsored training include electric power and electrical engineering, agro-engineering and information systems & technologies.

The total number of students who took internships at the Company's facilities in the reporting year was 876 (807 students in 2023). During the 2024 summer work season, 104 students from partner universities were members of eight student teams.

To help student team members gain practical skills and have a deeper understanding of the occupation, the Company organised a series of events. Such events include training in working trades on the basis of the Energy Institute of Professional Development of Kubanenergo PJSC, as well as preparation for professional examination to obtain the qualification of an electrician for operation of electricity metering devices (third level of qualification). There are workshops organised to develop managerial and professional competences. The students also took part in a hackathon, professional skills competitions and a sports day.

In order to develop the competences of the Company's young specialists in the field of project activities and implementation of best practices and to promote the formation of inter-corporate communities, five employees of the Company in 2024 became participants of the Forsazh Forum of Young Specialists' Communities, and another five employees took part in the CASE-IN International Engineering Championship (League of Young Specialists).

**876 PEOPLE**
total number of students who took internships at the Company's facilities in the reporting year

**14,000 PEOPLE**
total number of sponsored students who took part in Rosseti Kuban's career guidance projects

As of the end of the reporting year,

**116 STUDENTS**
were studying at specialised universities under company-sponsored education agreements (of which 33 agreements were concluded in 2024)

# OCCUPATIONAL HEALTH AND SAFETY

## OCCUPATIONAL SAFETY

> Preserving the life and health of employees is the primary goal of the Company's occupational health and safety policy. The cornerstones of occupational safety at Rosseti Kuban JSC are preventing hazards and minimising harm to employees' health.
>
> **Vladimir Mikhailov**
> Deputy Director General for Technical Affairs — Chief Engineer

The Regulations on the Occupational Safety Management System (OSMS) are in force at all management levels in the Company. This document was put in place in order to improve the efficiency of the OHSMS, eliminate and/or minimise occupational risks in the field of labour protection and manage these risks, work out measures aimed at creating safe working conditions, preventing occupational injuries and occupational diseases, and monitor compliance with labour protection requirements.

**The current version of the Regulations on the OSMS complies with the requirements of the current Russian legislation and the interstate standards in the field of occupational safety, namely:**

- Labour Code of the Russian Federation
- Order of the Ministry of Labour of the Russian Federation No. 776n dated 29 October 2021 on approval of the model regulations on the health and safety management system
- GOST R 12.0.007-2009 Occupational Safety Standards System. Labour protection management system in organization. General Requirements on Development, Implementation, Audit and Improvement and GOST R ISO 9000-2015 Quality Management Systems. Fundamentals and vocabulary
- Interstate standards GOST 12.0.230-2007 Occupational Safety Standards System. Occupational Safety and Health Management Systems. General Requirements, GOST 12.0.002-2014 Occupational Safety Standards System. Terms and Definitions, GOST 12.0.230.1-2015 Occupational Safety Standards System. Occupational Safety and Health Management Systems. Guidance for Use of GOST 12.0.230-2007 and GOST 12.0.230.2-2015 Occupational Safety System Standards. Occupational Safety and Health Management Systems. Conformity Assessment. Requirements
- International standard ISO 45001:2018 Occupational Health and Safety Management Systems — Requirements with Guidance for Use.

The Regulations on the OSMS apply to all employees of the Company, at all workplaces, and in all subdivisions.

**The Company's main objectives in the field of occupational safety are as follows:**

- To create a healthy and safe working environment
- To reduce occupational injuries and work-related diseases
- To mitigate risks of accidents and incidents at hazardous production facilities
- To cushion the risks of road traffic accidents related to production activities
- To rule out workplaces with hazardous labour conditions
- To promote a high level of corporate safety culture

The management of the Company is in charge of upholding secure working conditions and labour safety, as well as their adherence to the established regulations. The Company fully complies with the requirements of Russian laws regarding the occupational safety obligations of the employer.

**The Company identifies and prevents hazards in the course of the following activities:**

- Assessment and management of occupational risks, with special attention paid to high-risk jobs
- Special assessment of work environment
- Industrial control of work environment
- Prevention of accidents and elimination of their consequences
- Special-purpose, comprehensive and operational inspections
- Use of instruments, devices, equipment and (or) complexes (systems) of instruments, devices, equipment (if available and feasible) providing remote video, audio or other recording of work processes, as well as ensuring storage of the obtained information for the purpose of control over work safety

**Occupational risk management activities include:**

- Analysis of the results of hazard identification and assessment of occupational risk levels, including assessment of the adequacy of existing risk management and control measures
- Development (if necessary) and implementation of additional (different from existing) measures to reduce occupational risks and/or new control measures
- Assessment of residual risk levels after implementation and adoption of additional measures to reduce their levels and/or new control measures
- Monitoring of the implementation of risk management measures at workplaces, as well as periodic analyses of the effectiveness of such measures

Activities to investigate workplace accidents include:

- Coordinating the reporting of accidents and occupational illnesses to the appropriate authorities and organisations
- Organising and ensuring a proper and timely investigation of an accident and occupational disease, minor injuries (microtraumas), as well as drawing up investigation materials in accordance with legal requirements

The management of the Company or its branches annually reviews and evaluates the achievement of occupational health and safety goals. Following the functional analysis of the OSMS in 2023, the effectiveness of the total corporate efforts of the Company is recognised as satisfactory.

During 2024, systematic work was carried out to improve occupational safety, prevent occupational accidents and improve working conditions:

- Occupational safety and health measures developed in accordance with the tentative list of measures to improve working conditions and occupational safety and to eliminate or reduce occupational risks or prevent their increase approved by Order No. 771n of the Ministry of Labour of the Russian Federation dated 29 October 2021.
- Measures were implemented under comprehensive programmes to reduce the risk of electric shock to Company personnel and third parties at the Company's power grid facilities.
- Annual analysis of labour safety results was carried out. Tasks for the next year were set, a list of measures to improve labour conditions and safety, eliminate/reduce occupational risks, prevent injuries was worked out, and an action plan for the development and improvement of safety culture was drawn up.
- Quarterly video conference calls were held with the participation of directors, first deputy directors — chief engineers and heads of branch divisions.
- Monthly occupational health and safety days were held, allowing many employees to be involved in the process of self-supervision and mutual supervision and increasing their knowledge and experience.
- Business games with the involvement of specialists in psychophysiological support of the reliability of professional activities of the Company's branches were held on the functioning of the labour safety system and timely identification of potential threats and risks to the health and life of the Company's employees. The Company's Adygeyan Power Grids and Labinsk Power Grids branches carried out comprehensive inspections of compliance with the requirements of regulatory and technical documents, regulatory legal acts in the operation of electrical installations, compliance with the requirements for safe operation of hazardous industrial facilities and the Company's organisational and administrative documents aimed at preventing occupational accidents and third-party injuries.
- Heads of branches, business units and their deputies carried out unannounced inspections of workplaces to check the personnel's compliance with occupational safety rules in organising and carrying out work in electrical installations.

In order to update documents and improve the Company's integrated management system, and in line with the requirements of ISO 45001:2018 Occupational Health and Safety Management Systems — Requirements and Guidelines for Use, the following Company standards were approved in the reporting year:

- Health and safety hazards and risks in occupational health and safety
- Occupational health and safety planning
- Monitoring and measurement in occupational health and safety

The Company's policy in the area of occupational health and safety and prevention of occupational injuries and occupational diseases is aimed at preserving the life and health of employees in the course of their labour activity, ensuring safe working conditions, and managing the risks of occupational injuries and occupational diseases.

The Company's personnel procedure approved the list of high-hazard jobs with separate requirements for work organisation and employee training. Information on safe work methods and techniques is communicated to employees as part of induction and on-the-job occupational health and safety briefings.

Employees who perform high-risk jobs undergo mandatory training in safe work practices at specialised educational institutions.

The Company's Executive Office and branches annually conduct industrial control over harmful and hazardous factors affecting employees and take sanitary and anti-epidemiological (preventive) measures to ensure the safety of human health.

All divisions of the Company carry out special labour assessment aimed at identifying and reducing the level of exposure of employees to harmful and/or hazardous production factors.

In the reporting period, the Company's branches and executive office carried out work to identify hazards and related consequences, assessing the significance of risks to prevent the Company's employees from developing occupational diseases and health deterioration as a result of their professional activities. A number of documents were approved, such as:

- List (register) of hazards and hazardous events
- Register of acceptable and unacceptable risks
- Maps of hazards, hazardous events and risk assessments
- Plan of measures to eliminate, reduce or control risk levels (includes deadlines and officials responsible for the implementation of measures)

Only small and moderate risks were identified in the Company.

Accidents are investigated in strict compliance with the requirements of Chapter 36.1 of the Labour Code of the Russian Federation and the Regulations on the Specifics of Investigation of Industrial Accidents in Certain Industries and Organisations. In order to organise work to investigate the causes and circumstances of industrial accidents, as well as to comply with the investigation deadlines, the Company's order approved the relevant standing commission.

Four occupational accidents were recorded in 2024, two of which were caused by road accidents involving third-party drivers. There were no accidents caused by electric current and fatal industrial accidents in the reporting year. In 2023, there were two accidents, one of which was a fatal group accident while doing work in an electrical installation.

No work-related diseases among the Company's personnel were detected in 2024.

Five nondisabling work-related minor injuries (micro-traumas) were registered in 2024.

In order to eliminate the root causes of injuries and reduce the number of injuries, behavioural safety audits are conducted at all Company divisions. In addition, there is a unified helpline, which automatically receives voice and text (SMS) messages from staff. The most frequent reports to the helpline are about occupational safety issues or facts of coercion to violate rules, as well as suggestions to improve working conditions.

To ensure safe working conditions at workplaces and to prevent occupational and third-party injuries, 11 training videos were made in the reporting period on the types of work performed. In addition, articles on occupational safety were published on the official web pages of the branches, and occupational safety review contests titled Best Production Unit, Best Crew Car and Best Crew were held. The winners of the review-contest are awarded with valuable gifts, and the personnel who took the first place are granted a surcharge in the amount of 15% of the employee's official salary (wage rate) for one year period.

The corporate newspaper Safe Labour has been published quarterly since 2022. A thematic telegram channel of the Company's occupational health, safety and production control department was created, where you can read useful materials on ensuring safe working conditions.

Specialists in psychophysiological support of the reliability of professional activity conduct psychophysiological examination and individual interviews with participants of accidents. The purpose of such meetings is to discuss the circumstances of accidents that have occurred and to conduct a questionnaire survey of violators of occupational safety regulations. In addition to raising awareness of the human factor in workplace safety and identifying risk and risky behaviour, group trainings were held to practise a predetermined algorithm of consecutive activities. An anonymous staff questionnaire was run twice to assess the quality of the work carried out to implement the zero injuries concept and to obtain feedback from the staff.

In order to organise joint actions of the employer and employees to ensure occupational safety requirements, prevent occupational injuries, occupational diseases and preserve the health of employees, meetings of occupational safety committees were held in the executive office and branches of the Company. Decisions of the meetings were formalised in minutes and sent to the Company's divisions for execution.

In order to prevent accidents related to falls from heights, specialists of the occupational health, safety, and industrial control department at all branches of Rosseti Kuban repeatedly held theoretical and practical training sessions on how to organise and perform safe work at heights.

Each team vehicle has the Disconnect, Check, and Ground checklist with a contact number of the helpline in conspicuous places.

In order to monitor the state of working conditions, means of protection, provide personnel with special clothing, footwear, sanitary conditions, prevent occupational injuries, improve industrial sanitation, enhance production culture, timely detect violations and deviations from the requirements of regulatory documents on labour safety, monthly Labour Safety Days were held in the Company's business units. During the Labour Safety Day, highly qualified employees of the branch and the Company's executive office held training sessions with the personnel of grid sections of power grid regions. The training sessions focused on the causes and circumstances of accidents that occurred in Rosseti's power grid sector, as well as the causes of violations of operational and dispatch discipline requirements by personnel. Psychological tests, lectures, etc. were conducted, possible consequences and responsibility of personnel for violations of labour safety rules and regulations, including criminal responsibility, were discussed.

## Information on work-related injuries and ill-health in the Company for 2022–2024

| Indicator | Period 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| **For employees** | | | | |
| Number of workers involved in work-related fatalities / number of work-related fatalities (people/fatalities) | 1/1 | 1/1 | 0 | –100 |
| Number of people injured in work-related accidents with severe injuries / number of work-related accidents with severe injuries (people/accidents) | 0 | 2/1 | 3/3 | 50/200 |
| **For persons who are not employees, but whose work and (or) workplace is controlled by the Company** | | | | |
| Number of workers involved in work-related fatalities / number of work-related fatalities (people/fatalities) | 1/1 | 0 | 1/1 | 100 |
| Number of people injured in work-related accidents with severe injuries / number of work-related accidents with severe injuries (people/accidents) | 0 | 0 | 0 | 0 |
| Number of work-related diseases that resulted in the death of an employee in the reporting year | 0 | 0 | 0 | 0 |
| Number of employees recognised as disabled as a result of a work-related illness in the reporting year | 0 | 0 | 0 | 0 |
| Number of persons diagnosed with work-related ill-health during the reporting period | 0 | 0 | 0 | 0 |

[1] Источником финансирования данных премий является специальный фонд, сформированный за счет экономии денежных средств в рамках фонда заработной платы, возникшей в результате неначисления премии работникам филиала за нарушение Правил.

Material and non-material system of personnel motivation was put in place. The collective bargaining agreement provides for a special type of bonus[1] for work without violation of the rules. In 2024, special bonuses are accrued to 306 employees in the working trades who have not violated the rules during their employment.

In addition, over 200 publications dedicated to such topics as 'They are the ones to look up to for occupational safety' and 'Man of Labour' were posted on the on the official webpages of the branches. The articles cover the best employees of the branch who work without violating the requirements of the rules.

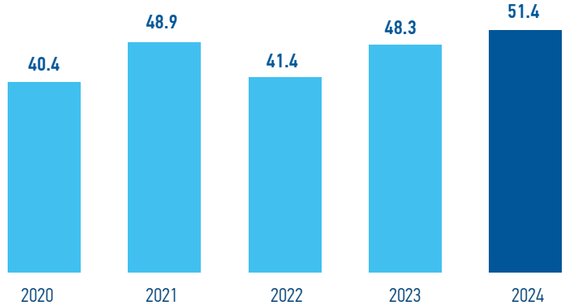
The Company's personnel at risk for health reasons, in addition to periodic medical examinations, are referred for additional medical examinations under the VHI.

To preserve workers' health and life, the Company purchased necessary safeguards and safety equipment in 2024. Annual acquisition order for working wear and shoes was fully completed.

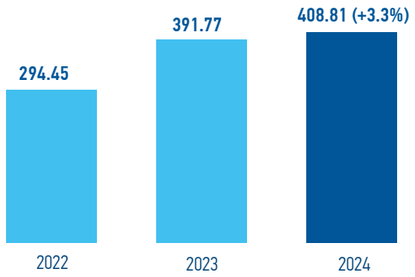
Occupational health and safety costs in 2024 totalled RUB 435.54 million (up 3.0% year-on-year). Specific occupational health and safety costs per employee in 2024 were RUB 51,400. The unit cost of personal protective equipment per employee in 2024 was RUB 34,000, which is 8.7% higher than in 2023.

In accordance with the Labour Code of the Russian Federation, the financing of measures to improve labour conditions and occupational health and safety in the Company amounted to at least 0.2% of the costs of products (works, services). The actual amount of funding for these initiatives was 0.58% of this total.

Costs of occupational health and safety measures by the Company per person in 2024 (RUB '000)




Changes in expenditures for occupational safety measures for the Company in 2022–2024 (RUB million)[2]




[1] The source of financing of these bonuses is a special fund formed at the expense of cash savings within the payroll bill resulting from non-accrual of bonuses to branch employees for violation of the rules.
[2] Excluding the cost of pre-trip medical examinations of drivers.





# INDUSTRIAL SAFETY

The operational supervision for industrial safety is aligned with the Company's Order No. 550-od dated 28 September 2021 on the appointment of persons responsible for operational supervision for industrial safety requirement implementation at hazardous facilities and with the Regulation of Operational Supervision for Industrial Safety Requirement at Hazardous Facilities approved by Order No. 1015-od dated 25 December 2024 and elaborated in line with the following documents:

- Federal Law No. 116-FZ dated 21 July 1997 on industrial safety of hazardous production facilities (as amended from time to time)
- Rostechnadzor Order No. 461 dated 26 November 2020 on approval of federal industrial safety codes and rules – safety rules for hazardous production facilities where lifting equipment is used (as amended)
- Decree of the Government of the Russian Federation No. 2168 dated 18 December 2020 on the organisation and implementation of production control over compliance with industrial safety requirements

The Company identified three hazardous production facilities registered with Rostechnadzor[1]. In 2024, the hazardous production facilities were operated following the requirements set out in technical reference documents.

The following measures were taken at the Company's hazardous production facilities in 2024:

- 144 industrial safety examinations
- 218 partial technical inspections of equipment
- 197 full-scale technical inspections of equipment
- 746 functional checks of safety equipment

In 2024, for the sake of industrial safety training and certification of employees, the following activities were undertaken:

- 213 employees underwent advanced training
- 487 employees were certified by the certification commission of the Company through Rostechnadzor's unified testing portal in the field of industrial safety, safety of hydraulic facilities, and safety in the electric power industry

Accounting and investigation of accidents and incidents at hazardous production facilities operated by the Company are aligned with the approved regulations on the procedure for technological investigation, accounting and analysis of incidents at hazardous production facilities operated by Rosseti Kuban PJSC[2].



[1] Certificate No. A30-00777 dated 13 October 2020.
[2] Approved by the Company's Order No. 950-od dated 13 December 2024.

# ENVIRONMENTAL PROTECTION

Environmental protection and ecological safety issues are a matter of particular concern for the Company. Rosseti Kuban JSC guarantees compliance with the most stringent requirements aimed at reducing environmental impact. The Company has all necessary mechanisms to prevent environmental risks. Preserving a favourable environment for present and future generations is achieved by complying with the requirements and standards established by the environmental protection legislation of the Russian Federation and international legal acts in the field of environmental protection. The senior management of Rosseti Kuban JSC undertakes to deliver the environmental policy and ensure that it is understood and complied with by all employees of the Company.

In 2024, Rosseti Kuban PJSC completed its campaign to comply with the provisions of the Stockholm Convention on Persistent Organic Pollutants, ceasing the use of polychlorinated biphenyls in its equipment.

Biodiversity conservation and ornithological safety are achieved through the installation of bird diverters and the construction/renovation of power lines using self-supporting insulated wires.

**Vladimir Mikhailov**
Deputy Director General
for Technical Affairs — Chief Engineer

The environmental policy of Rosseti Kuban JSC is based on the Constitution of the Russian Federation, federal laws and other regulatory legal acts of the Russian Federation, as well as international obligations of the Russian Federation in the field of environmental protection and the requirements of the national standard of the Russian Federation GOST R ISO 14001-2016 Environmental management systems. Requirements with guidance for use[1].

The goal of environmental policy is to preserve a favourable environment for present and future generations. To achieve this goal, the Company complies with the requirements and standards established by the environmental legislation of the Russian Federation and international legal acts in the field of environmental protection, and also introduces innovations, energy-efficient and energy-saving technologies. The Company's environmental protection activities focus on taking measures to prevent negative environmental impact, continuously improving its environmental management system, and involving personnel in environmental safety processes.

Started to put a stop to the usage of polychlorinated diphenyls in equipment, the decommissioning of equipment containing trichlorodiphenyl was completed in 2024. By switching to more environmentally friendly alternatives, the Company is showing its commitment to the Stockholm Convention on Persistent Organic Pollutants[2].

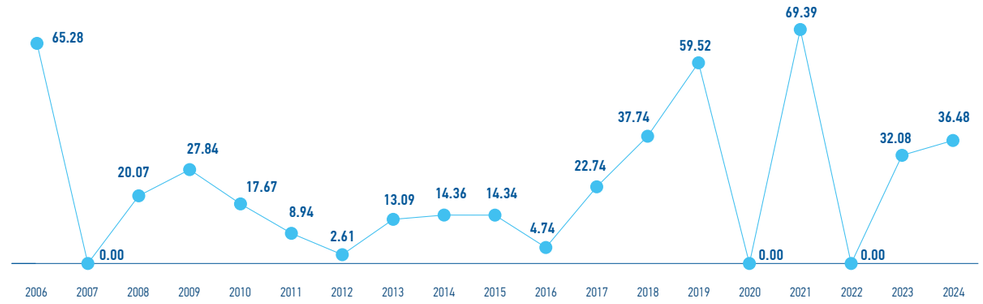
Since the start of the campaign to phase out equipment containing toxic persistent organic pollutants, the Company has dismantled 9,814 capacitors containing trichlorodiphenyl. Ecological safety was ensured during the transfer of 444.94 tonnes of waste from the aforementioned capacitors containing trichlorodiphenyl, which is classified as extremely hazardous waste, to specialised organisations for treatment.

Under an agreement concluded with the federal environmental operator, 877 trichlorodiphenyl capacitors were decommissioned and prepared for transfer to disposal in 2024. The mass of the waste was 36.48 tonnes.

A total of 81 Company facilities that have a negative impact on the environmental sustainability of the surrounding area were placed on the state register. All of these facilities have a negligible impact on the environment.

**444.94**
**TONNES**
of trichlorodiphenyl
ttransferred for treatment

Quantity of waste containing trichlorodiphenyl transferred for treatment (t)




## Rosseti Kuban's environmental indicators for 2022–2024

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Gross pollutant emissions into the air, total (t) | 35.04 | 34.77 | 34.64 | –0.4 |
| Volume of water consumption (thousand cu.m) | 68.86 | 62.53 | 78.96 | +26.3 |
| Volume of waste generated (t) | 2,696.79 | 3,498.60 | 3,234.67 | –7.5 |
| Volume of waste transferred for disposal and treatment (t) | 411.21 | 858.61 | 1,007.72 | +17.4 |
| Payments for adverse environmental effects (RUB '000) | 218.58 | 220.56 | 191.34 | –13.2 |
| Installation of bird diverters on power grid facilities (pcs) | 2,977 | 2,350 | 2,722 | +15.8 |

Rosseti Kuban PJSC is aware that, while providing consumers with the most efficient and environmentally friendly form of energy — electricity — the Company nevertheless has a negative impact on certain components of the natural environment, including soil, atmospheric air, surface and underground water, subsoil, flora and fauna, as well as other organisms.

Compared to 2024 indicators, gross air emissions remained at 2023 levels (a slight decrease of 0.4%), with actual emissions not exceeding maximum permissible pollutant concentrations. The main sources of atmospheric air pollution are the operation and maintenance (repair) of vehicles, diesel power plants, machine tools (milling, drilling, turning, and sharpening), septic tanks, as well as welding and painting works, chemical analyses of transformer oils, and storage of transformer and motor vehicle oils.

Rosseti Kuban keeps records of direct greenhouse gas emissions, which amount to less than 150,000 tonnes of carbon dioxide per year. Thus, the Company does not belong to organisations regulated by Russian legislation on limiting greenhouse gas emissions.

[1] Approved by Order of the Federal Agency for Technical Regulation and Metrology (Rosstandart) No. 285-st dated 29 April 2016.
[2] Ratified by Federal Law No. 164-FZ dated 27 June 2011.

Water consumption is organised using centralised water supply systems and underground water sources (water intake wells). The Company signed agreements with guaranteeing organisations for water supply and wastewater discharge.
The volume of water consumption and, accordingly, wastewater discharge altered by 29.7% in view of a higher demand for household needs in administrative buildings.

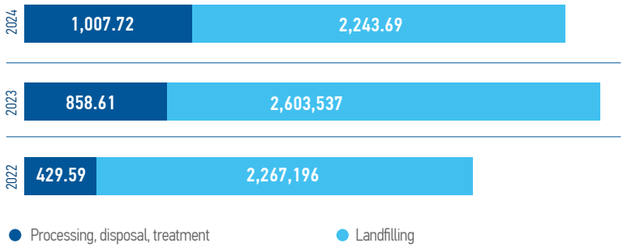
In 2024, there was a slight year-on-year drop (7.5%) in the amount of Class I and V hazardous waste generated from production activities.

Production waste generated shall be stored on production sites for no longer than 11 months, after which it shall be transferred to specialised organisations.

Waste management shall proceed as follows:
- The Company published and has in place internal guidelines on the handling of production and consumption waste.
- Waste storage areas (sites) were set up in line with Russian waste management laws.
- Selective accumulation of waste by type and hazard class is established.
- In accordance with Order of the Ministry of Natural Resources and Environment of Russia No. 1028 dated 8 December 2020, Rosseti Kuban keeps records of waste generation and movement.
- The personnel is informed about the rules of production waste management.
- Timely removal of hazard classes I–V wastes from industrial sites and their transfer to specialised organisations for further processing, disposal, treatment and/or placement.

Guided by the basic principles and priorities of state policy in the field of waste management, focused on the use/extraction of useful components from waste, in 2024 the Company transferred 17.4% more waste to specialised organisations for treatment, disposal and processing than in 2023.

### Waste transferred to specialised organisations (total) in 2022–2024 (t)




### Installation of bird diverters on power grid facilities (pcs)




Payments for negative environmental impact are made in due time and in full for the following types of impact:
- Air emissions from stationary sources
- Discharges of pollutants into water bodies
- Storage and landfilling of industrial waste (waste placement)

In 2024, the final payment amount declined slightly (by 13.2% to RUB 191,340) due to the transfer of a smaller amount of waste to specialised organisations for landfilling.

In 2024, federal environmental authorities did not conduct any inspections of the Company. No claims were made against the Company for non-compliance with environmental and sanitary and epidemiological legislation.

Planning and implementation of environmental protection measures were based on decisions adopted in the environmental policy on the introduction of innovations, energy-efficient and energy-saving technologies, as well as the best available technologies (BAT) for improving energy efficiency, ensuring compliance with environmental requirements and minimising the environmental impact.

To prevent the risk of bird kills, 35–110 kV power lines are equipped with special bird diverters.



The Company's managers and specialists in the field of environmental protection and ecological safety responsible for decision-making when carrying out activities that have or may have a negative impact on the environment passed the necessary training, which is confirmed by relevant documents. Retraining and training of newly hired personnel are carried out on a scheduled basis in specialised training institutions.

In 2024, 18 employees of Rosseti Kuban completed training under the programme on environmental protection and ensuring environmental safety at the enterprise.

Planning and implementation of environmental protection measures, as well as ensuring environmentally safe handling of production waste, were aligned with environmental policy decisions on compliance with the requirements and standards established by the environmental legislation of the Russian Federation and international legal acts in the field of environmental protection.

### Environmental costs for the Company as a whole for 2022–2024 (RUB '000)

| Current environmental costs, total | 2022 | 2023 | 2024 |
|---|---|---|---|
| **Total** | **32,575.91** | **37,268.72** | **70,903.58** |
| Including: | | | |
| • for atmospheric air protection | 13,107.97 | 9,934.10 | 9,577.63 |
| • for water supply and wastewater discharge | 0.00 | 0.00 | 0.00 |
| • for subsoil use | 125.70 | 224.72 | 233.68 |
| • for waste management | 7,740.29 | 9,549.78 | 25,062.85 |
| • for industrial environmental control | 832.76 | 1,184.85 | 1,248.74 |
| • for biodiversity conservation and restoration | 10,439.31 | 16,008.70 | 12,244.38 |
| • for implementation and functioning of the environmental management system | 0.00 | 0.00 | 0.00 |
| • for training on environmental safety and environmental management system | 264.00 | 146.00 | 476.84 |
| • miscellaneous | 65.88 | 220.57 | 22,059.46 |

Year-on-year changes in current environmental costs in 2024 were driven by the completion of 2022 and 2023 contractual obligations by the federal environmental operator to provide services for the treatment of waste containing trichlorodiphenyl.

The Company keeps its voluntary environmental responsibility mechanisms up to date. The environmental management system was put in place, assessed, and certified as compliant with the national standard GOST R ISO 14001-2016 Environmental Management System.

In order to assess the compliance of subdivisions' activities with the environmental policy, legislative requirements and internal regulations, and to identify opportunities for improving the environmental management system, Rosseti Kuban's auditors conduct a two-stage internal environmental audit. Throughout the year, auditors from the Company's executive office make visits to all branches, while branch auditors, in turn, visit the business units of the branches.

All of the Company's auditors are certified as Internal Auditors of Environmental Management Systems according to ISO 14001:2015.

In 2024, based on recertification conducted by the management system certification body —ROSTECHSERT LLC, the Company was certified as complying with the requirements of GOST R ISO 14001-2016 Environmental Management Systems.

# ENERGY CONSUMPTION AND ENERGY SAVING

During the reporting year, the Company carried out energy conservation and energy efficiency improvement activities in accordance with the following documents:

- Decree of the Government of the Russian Federation No. 161 dated 11 February 2021 on establishing requirements for regional and municipal energy saving and energy efficiency improvement programmes
- Federal Law of the Russian Federation No. 261-FZ dated 23 November 2009 on energy saving and enhanced energy efficiency, as well as amendments to certain legislative acts of the Russian Federation
- Decree of the Government of the Russian Federation No. 340 dated 15 May 2010 on the procedure for setting requirements for energy saving and energy efficiency improvement programmes of organisations engaged in regulated activities
- Decree of the Government of the Russian Federation No. 977 dated 1 December 2009 on investment programmes of electric power industry entities (as amended)
- Order of the KKSTRD dated 14 June 2023 No. 8/2023 on amendments to Order of the Krasnodar Krai Department of State Tariff Regulation dated 31 March 2023 No. 5/2023 On approval of requirements for energy saving and energy efficiency improvement programmes of organisations engaged in regulated activities in the Krasnodar Krai
- Law of the Krasnodar Krai on energy saving and energy efficiency improvement in the Krasnodar Krai No. 1912-KZ dated 3 March 2010
- The Company's Energy Saving and Energy Efficiency Improvement Programme for 2023–2027 approved by the Board of Directors' resolution dated 29 June 2022[1] (hereinafter referred to as the Programme).

To make sure that the Programme is implemented as is right and proper, Rosseti Kuban JSC appointed the persons responsible for arranging and monitoring its fulfilment, and established working groups as well.

**The targets of the Programme:**

- Reduction of electricity losses in transmission and distribution
- Consumption of energy resources for household needs
- Number of LED-based lighting devices

**Achievement of the Programme's targets:**

- Actual electricity losses during transmission and distribution on the power grids as of year-end 2024 amounted to 9.33%, with the plan of 8.89%, i.e., the indicator for reduction of electricity losses during transmission and distribution on the power grid failed to be met.
- The volume of energy resources consumption for household needs as of the end of 2024 was 3,660 TFOE against the plan of 4,040 TFOE, i.e., indicator for consumption of energy resources for household needs was met.
- Number of LED light fittings as of year-end 2024 was 97% of the total number of light fittings in use, with a plan of 75%, i.e. the indicator of number of LED light fittings is met.



[1] Minutes No. 482/2022.

## Indicators for energy consumption and energy savings in 2022–2024

| Indicators | UoM | Period 2022 | 2023 | 2024 (actual) | Δ 2024/2023 (%) |
|---|---|---|---|---|---|
| Consumption of energy resources for household needs of administrative and industrial buildings | thousand TFOE | 3.90 | 3.79 | 3.66 | –3.2 |
| | RUB million | 123.39 | 120.33 | 118.49 | |
| Consumption of natural resources for household needs of administrative and industrial buildings | thousand cu.m | 68.43 | 62.19 | 78.52 | +26.3 |
| | RUB million | 2.41 | 2.40 | 3.21 | |
| Motor fuel consumption by motor vehicles and special-purpose vehicles | thousand TFOE | 8.81 | 8.84 | 8.65 | –2.1 |
| | RUB million | 327.67 | 337.24 | 352.7 | |

## Amount of energy resources used by the Company in 2024

| Sr. No. | Type of resources | UoM | 2024 plan | 2024 actual | Variation (%) |
|---|---|---|---|---|---|
| 1. | Atomic energy | The resource is not used | | | |
| 2. | Thermal energy | Gcal | 3,089.33 | 2,906.40 | –5.9 |
| | | RUB million | 9.91 | 7.83 | |
| 3. | Electric energy | million kWh | 28.88 | 26.18 | –9.3 |
| | | RUB million | 132.97 | 109.93 | |
| 4. | Electromagnetic energy | The resource is not used | | | |
| 5. | Petroleum | | | | |
| 6. | Motor petrol | thousand litres | 4,159.27 | 4,325.34 | +4.0 |
| | | RUB million | 186.86 | 195.62 | |
| 7. | Diesel fuel | thousand litres | 3,099.01 | 3,046.50 | –1.7 |
| | | RUB million | 140.97 | 157.05 | |
| 8. | Furnace fuel oil | The resource is not used | | | |
| 9. | Natural gas | thousand cu.m | 115.32 | 86.77 | –24.8 |
| | | RUB million | 1.16 | 0.74 | |
| 10. | Coal | The resource is not used | | | |
| 11. | Oil shale | | | | |
| 12. | Peat | | | | |
| 13. | Others | | | | |

# MANAGEMENT SYSTEMS

The Company put in place an integrated management system that includes the following management systems.

## Quality Management System (QMS)

The QMS is a part of the Company's general management system, which is designed to ensure high quality of services provided in accordance with the requirements of regulatory documents, customer needs and expectations and to satisfy all stakeholders, including workers, shareholders, investors and partners of the Company.

In 2024, following a recertification audit, the Company's QMS was found to be fully compliant with the requirements of Russian national standard GOST R ISO 9001-2015 Quality Management Systems. Requirements . The certificate issued following the independent verification is valid until 26 February 2027.

## Environmental Management System (EMS)

The EMS is a part of Rosseti Kuban's overall management system with its own organisational structure, mechanisms, procedures and resources necessary for management of the environmental aspects of the Company's activities through developing and achieving the environmental policy goals.

In 2024, following a recertification audit, the Company's EMS was found to be fully compliant with the requirements of Russian national standard GOST R ISO 14001-2016 Environmental Management Systems. Requirements with Guidance for Use. The certificate issued following the independent verification is valid until 26 February 2027.

## Energy Management System (EnMS)

The EnMS is a part of Rosseti Kuban's overall management system, which has a well-defined organisational structure and focuses on fulfilling the provisions stated in the energy policy through the programmes on energy saving and energy efficiency improvement.

In 2024, following a recertification audit, the Company's EnMS was found to be fully compliant with the requirements of Russian national standard GOST R ISO 50001-2023 Energy Management Systems. Requirements and Guidance for Use and international standard ISO 50001:2018 Energy Management Systems — Requirements with Guidance for Use. The certificates issued following the independent verification are valid until 27 December 2027.

## Occupational Health and Safety Management System (OHSMS)

The OHSMS is a part of Rosseti Kuban's general management system that helps manage risks and improve occupational health and safety performance.

In 2024, following a recertification audit, the Company's OHSMS was found to be fully compliant with the requirements of Russian national standard GOST R ISO 45001-2020 Occupational Health and Safety Management System. Requirements with Guidance for Use. The certificate issued following the independent verification is valid until 26 February 2027.

[1] Approved by Order of Rosstandart No. 1391-st dated 28 September 2015 (together with explanation of the new structure, terminology and concepts, other international standards in the field of quality management and quality management systems developed by ISO/TC 176).





## Innovation Management System (IMS)

The IMS is part of the overall management system of Rosseti Kuban, which has many interconnected or interacting elements necessary for developing innovation policies and objectives, as well as processes for achieving the set goals.

In 2024, following a recertification audit, the Company's IMS was found to be fully compliant with the requirements of Russian national standard GOST R 56273.1-2014 and international standard CEN/TS 16555-1:2013 Innovation Management — Part 1: Innovation Management System. The certificate issued following the independent verification is valid until 26 February 2027.

The Company's management systems comply with the requirements of GOST R ISO 9001-2015, GOST R ISO 14001-2016, GOST R ISO 45001-2020, GOST R ISO 50001-2023 (ISO 50001) and GOST R 56273.1-2014 (CEN/TS 16555-1).

### Information on availability of certificates

| Management system | Certificate validity | Certification authority |
|---|---|---|
| GOST R ISO 9001 Quality Management System | 26.02.2027 | ROSTECHSERT LLC |
| GOST R ISO 14001 Environmental Management System | | ROSTECHSERT LLC |
| GOST R ISO 45001 Occupational Health and Safety Management System | | ROSTECHSERT LLC |
| GOST R ISO 50001 (ISO 50001) Energy Management System | 27.12.2027 | Russian Register Certification Association |
| GOST R 56273.1-2014 (CEN/TS 16555-1:2013) Innovation Management System | 26.02.2027 | ROSTECHSERT LLC |

Main participants of the management systems:
- Board of Directors of Rosseti Kuban
- Company's executive bodies — General Director and the Management Board
- Representative of the Company's management on the relevant management system
- Business unit that supports the functioning of management systems
- Business units of Rosseti Kuban and S&As involved in the functioning of management systems

### Key operating results of the management systems

| Outcomes | Sections of the Report that contain relevant information |
|---|---|
| Increased reliability and quality of power supply | Operational Results / Reliable and Efficient Operation of the Energy System |
| Higher safety of power supply | |
| Labour safety and health protection during production activities, including reduction of total number of accidents in keeping with labour safety and environmental protection statutory requirements | Sustainable Development / Occupational Health and Safety |
| Enhanced energy efficiency | Sustainable Development / Energy Consumption and Energy Saving |
| Environmental safety | Sustainable Development / Environmental Protection |
| Enhanced quality level of grid connection services | Operational Results / Grid Connection |
| Improved procurement performance | Operational Results / Innovations |

In general, the integrated management system performed well during the reporting year.

# ANTI-CORRUPTION POLICY OF THE COMPANY

The Anti-Corruption Policy of Rosseti PJSC and its S&As sets forth a consistent approach to compliance with Clause 13.3 of Federal Law No. 273-FZ dated 25 December 2008 on combating corruption in part that concerns the Company's obligations to develop and put in place measures to prevent and combat corruption, including:

- Identification and further elimination of causes of corruption (anti-corruption)
- Identification, prevention and suppression of corruption and sundry offences
- Minimisation and (or) liquidation of the consequences of corruption and sundry offences

In 2024, an amended version of the Anti-Corruption Policy of Rosseti Kuban was introduced and an anti-corruption plan for 2024 was approved.

## Focus areas of the Company's Anti-Corruption Policy and the measures taken to deliver them

| Focus area | Measures taken in 2024 |
|---|---|
| Establishment of the inner control and risk management process to prevent and combat corruption | Reports on the results of anti-corruption monitoring for 2023 and the first six months of 2024 were prepared and forwarded to the Management Board, the Audit Committee and further to the Board of Directors of the Company for review. The reports were reviewed and taken under advisement by the Audit Committee and the Board of Directors of the Company unconditionally.<br>The second line of defence report for 2023, along with the results of self-assessment of control procedures efficiency and quarterly updated passports of functional risks, business process risks, and progress report on the risk management action plan for the anti-corruption sub-process were prepared and forwarded to the Company's management. |
| Identification and clearing of conflict of interests | Annual declaration of conflicts of interest by employees for 2023 was completed:<br>• Declarations were submitted by 2,469 employees. During the 2023 declaration campaign, no cases of conflict of interest or pre-conflict situations were identified.<br>Corporate Ethics Compliance and Conflict of Interest Commission had two meetings.<br>They reviewed the submitted statements of income, property and property liabilities born by the top managers or their immediate family members in 2023. As a result, no signs of affiliation, conflict of interest, or pre-conflict cases were identified.<br>Conflicts of interests were declared for candidates for vacant positions at the Company. In 2024, 247 opinions were issued on the screening of candidates applying for vacant positions at Rosseti Kuban PJSC, 64 of which were negative. |
| Development and introduction of standards and procedures to ensure good practice | In 2024, agreements on compliance with the requirements of the Anti-Corruption Policy and the Code of Corporate Ethics and Conduct of Employees were obtained from 100 new hires of the Company's Executive Office.<br>The Company developed and approved nine organisational decrees on anti-corruption compliance and the implementation of its Anti-Corruption Policy. |
| Review and verification of reports of possible corruption and sundry abuses | In 2024, the Company received four reports of possible corruption and other abuses via the feedback form in the Anti-Corruption Policy section of Rosseti Kuban's website.<br>The Company carefully looked into every such report. Based on the results of the examinations of the reports, the information contained therein was not confirmed. |
| Anti-corruption measures in interaction with partners and subcontractors | Data on concluded contracts, additional agreements and subcontractors of the Company's counterparties were entered daily into an automated system for analysing and collecting information on beneficiaries. In 2024, over 71,000 contracts and additional agreements were uploaded.<br>The procurement documentation underwent the approval procedure. In 2024, we participated in 798 procurement procedures. The initial (maximum) price was reduced by a total of RUB 6.02 million under nine procurement procedures. Four procurement procedures worth RUB 194.45 million were cancelled.<br>More than 7,300 agreements submitted for procurement procedures include an anti-corruption clause and a beneficiary disclosure obligation for the counterparty. |
| Combating bribery of foreign public officials and officials of public international organisations | In 2024, the Company did not receive any requests from representatives of state authorities and law enforcement agencies of the Russian Federation, international and other organisations regarding the prevention and control of bribery of foreign public officials and officials of public international organisations. |
| Legal education and building the basics of law-abiding behaviour among employees. Employee counselling and training | The Company continuously updates its legal framework and takes all the necessary measures and anti-corruption procedures to instil zero tolerance to corruption in its employees.<br>Over 2024, 908 employees of the Executive Office and branches of Rosseti Kuban PJSC underwent entry training under a programme on preventing and combating corruption.<br>The Company modified its Territory without Corruption stand to increase the efficacy of awareness, education, and other initiatives designed to combat corruption.<br>Along with the representatives of the Corporate Governance Department and Security Department, the representatives of the Company participated in the meetings of the working group, in the meeting of the Rosseti Central Commission on Compliance with Corporate Ethics and Conflict of Interest Resolution, as well as in the end-of-year meeting |

**For 2025, the Company scheduled to approve and put in place its annual anti-corruption plan and to enhance the following mechanisms:**

- Identification and clearing of conflict of interests
- Compliance with anti-corruption procurement standards
- Prevention of corruption in interaction with partners and subcontractors

[1] Published on Rosseti Kuban's website in the About the Company / Anti-Corruption Policy section.

# ECONOMIC SECURITY OF OPERATIONS

Ensuring the economic security of operations is one of Rosseti Kuban's most important tasks.

In the reporting year, to achieve this task, the Company was involved in:

- Protecting the Company's interests against external and internal threats of an economic nature
- Combating the unaccounted electricity consumption and an increase in accounts receivable
- Interacting with law enforcement and supervisory authorities
- Conducting inspections/checks of the following:
  - Whistleblowing reports of individuals and legal entities
  - Potential and current counterparties of the Company (their business reputation, financial condition, persons employed, the authenticity of documents provided by them and the existence of compromising information about them)
- Identifying and preventing possible unscrupulous practice of citizens, legal entities and counterparties of the Company

**The most significant results of economic security activities of the Company in the reporting year**

- Compensation in the amount of RUB 137.2 million was paid for damages caused by unlawful actions of third parties against the Company.
- The Company established a practice of countering illegal encroachments by unscrupulous applicants for grid connections (splitting of land plots, using front persons, etc.)
- The amount of damage prevented in 2024 is three times higher than in 2023.
- The process of engaging third-party service providers to recover doubtful and bad debts under enforcement documents was initiated due to the growing number of enforcement documents on debts for electricity transmission services.

### Key performance indicators for ensuring the Company's economic security in 2022–2024

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Number of audits carried out with the involvement of security divisions in the area of financial and economic activities to detect, prevent and recover (repay) damage | 10,396 | 2,347 | 1,397 | –40,5 (the variation is due to changes in the grid reporting methodology) |
| Anti-corruption control of the stages of procurement activities (review of analytical notes, issues submitted to meetings of the Central Procurement Body (Central Tender Commission)), anti-corruption expertise of draft agreements, check of procurement participants for possible affiliation with Company employees | 2,211 | 1,960 | 1,390 | –29.1 |
| Number of considered reports about possible corruption and fraud received through the hotline | 11 | 17 | 4 | –76.5 |
| Material damage prevented, based on the results of the work completed (RUB million) | 284.06 | 302.29 | 1,166.3 | +3.9x |
| Share of security personnel trained in the Company's human rights policy or specific security procedures and their application (%) | 34 | 28 | 30 | +2 p.p. |





# DISCLOSURE OF INFORMATION

## DISCLOSURE SYSTEM

The Information Policy of Rosseti Kuban is aimed at the complete satisfaction of shareholders, investment community, client, contractor, relevant market regulators, public authorities, employees and other interested parties seeking complete, relevant and accurate information about the Company and its activities, as well as the free and unhindered access to such information.

During the reporting year, the Company had public status and disclosed all information about its activities as required by Article 30 of Federal Law No. 39-FZ dated 22 April 1996 on the securities market and its own Regulations on Information Policy.

### Principles of information transparency of the Company

| Principle | Implementation of principles |
|---|---|
| Regularity, consistency and timeliness | • Continuity of the disclosure process. Rosseti Kuban has a procedure in place to coordinate the work of all services and business units related to information disclosure or the activities of which may result in the need to disclose information<br>• Disclosure of information that may materially affect the valuation of the Company and the value of its securities as soon as practicable<br>• Disclosure of material information in the Russian Federation<br>• Timely provision of information about Rosseti Kuban's position on rumours or unreliable data creating a wrong impression of the Company's situation and the value of its securities, which puts the interests of shareholders and investors at risk |
| Availability and accessibility | Rosseti Kuban uses a variety of information disclosure channels and methods, primarily electronic, accessible to the majority of stakeholders, which ensure free and unencumbered access of stakeholders to the information disclosed by the Company on a free-of-charge basis and without performing special procedures to become familiar with it |
| Reliability, completeness and comparability | The Company provides:<br>• Clarity and consistency of the information disclosed and the comparability of the data provided (the ability to compare the Company's performance over different time periods)<br>• Objective and balanced nature of the information provided. When reporting on its activities, the Company does not refrain from disclosing negative information that is material to shareholders and investors.<br>• Neutrality in financial and other disclosures, i.e., independence from the interests of any individuals or groups of individuals. Information is not neutral if the choice of its content or form of presentation is intended to achieve certain results or effects |

Rosseti Kuban's information transparency is based on the maximum exercise of the rights of shareholders, their representatives, potential investors and other interested parties to receive information on the Company's activities. The prerequisites for this are:

- Protection of restricted information, including information constituting a state, commercial or other secret protected by law, including personal data, as well as insider information
- Compliance with the rules for the distribution and use of insider information as set out in the Company's internal documents

Apart from the data subject to obligatory disclosure, Rosseti Kuban publishes detailed information on its operations, securities and shareholders, as well as its governing and control bodies, significant transactions, and subsidiaries and affiliates. Furthermore, the Company also endeavours to disclose material non-financial information, which helps to form an objective and comprehensive view of Rosseti Kuban's impact on the environment, social sphere, and economy.

In parallel with the disclosure of information in Russian, the Company also discloses its annual report and accounting (financial) statements in English and other languages and ensures free access to them.

The disclosure of the information about the Company operations is mostly done through publishing the data on the corporate website, in the news feed of Interfax-CRKI LLC, in printed and electronic media, as well as via meetings, interviews, and briefings with the Company's shareholders and other stakeholders, etc.

The information policy shall be put in effect by the sole executive body of the Company.

The Board of Directors controls the implementation of the Information Policy Regulations by considering the annual reports of the General Director on compliance with the information policy.

The Company ensures the preparation and disclosure of the annual report, which provides shareholders and investors with a full picture of Rosseti Kuban's activities and development during the reporting year. For this purpose, in addition to the information required by Russian law, the Company strives to include in the annual report further information as provided for by the Regulation on Information Policy.

The annual reports of the Company for 2015, 2016, 2018–2021 and 2023 were shortlisted by relevant annual report competitions held by Moscow Exchange and the RCB media group in the category of the Best Annual Report of a Company with a Capitalisation of under RUB 40 billion. The 2022 Annual Report of Rosseti Kuban PJSC took third place in the 2023 Annual Report Competition held by Moscow Exchange PJSC in the Best Corporate Governance Disclosure category, and was also shortlisted for the Grand Prix in the Best Annual Report of a Company with a Capitalisation of under RUB 40 billion category.

Pursuant to the resolutions of the Annual General Meeting of Shareholders of Rosseti Kuban dated 14 June 2024[1], trading of the Company's shares on the stock exchange will be discontinued on 13 December 2024.

On 28 December 2024, the Bank of Russia decided to exempt the Company from the obligation to disclose information under Article 30 of Federal Law No. 39-FZ dated 22 April 1996 on the securities market. This resolution came into effect on the day after the information about the entry of the Company's name, which does not indicate its public status, into the Unified State Register of Legal Entities was published in the news feed.

On 24 January 2025, the reference to the Company's public status was removed from its name, as announced by the Company on 27 January 2025 in the news feed of Interfax-CRKI LLC and on its website.

Thus, starting from 28 January 2025, the Company is exempt from the obligation to disclose information under Article 30 of Federal Law No. 39-FZ dated 22 April 1996 on the securities market.

[1] Minutes No. 51 dated 17 June 2024.





# COMMUNICATIONS WITH GOVERNMENTAL BODIES AND PUBLIC ORGANISATIONS

Ensuring effective interaction with target audiences and implementing Rosseti Group's unified communication policy is the Company's priority in the area of government relations and public relations.

In the reporting year, the Company was actively present in the public space of the regions, providing information support for working meetings of Rosseti Kuban's management with representatives of federal, regional and municipal authorities.

**Throughout 2024, information support was provided for the participation of the Company's senior management in working meetings and discussions with representatives of Rosseti Group, the Russian Ministry of Energy, and the authorities of the Krasnodar Krai and the Republic of Adygeya:**

- Working meeting chaired by Andrey Ryumin, Head of Rosseti Group, with the Company's management on the results of work, production performance figures and the implementation of regional development projects (February 2024)
- Working meeting between the head of Rosseti Group, Andrey Ryumin, and the head of the Republic of Adygeya, Murat Kumpilov, on the modernisation and development of the region's power grid, in particular the power supply to tourist facilities in the republic (March 2024)
- Working meeting between Acting Director General of the Company, Boris Ebzeev, and Governor of the Krasnodar Krai, Veniamin Kondratyev, on the signing of a Regulatory Agreement aimed at developing the region's energy infrastructure, as well as amendments to legislation on the introduction of a single centre of responsibility for the reliability of electricity supply in the regions — STGO (August 2024)
- A meeting on preparing the region for the autumn-winter period of 2024/2025 was held under the chairmanship of Deputy Minister of Energy of the Russian Federation, Evgeny Grabchak, with the participation of First Deputy General Director of Rosseti Kuban PJSC, Edgar Armaganyan, and Deputy General Director for Technical Issues — Chief Engineer of the Company, Vladimir Mikhailov (October 2024)
- A meeting chaired by Deputy Prime Minister of the Russian Federation, Alexander Novak with the participation of Acting Director General of Rosseti Kuban PJSC, Boris Ebzeev, on the development of power generation and the electric power industry in the Sochi energy district (November 2024)
- A working meeting chaired by Deputy General Director and Chief Engineer of Rosseti PJSC, Evgeny Lyapunov, with the Company's management on ensuring the reliable operation of infrastructure during the summer peak load period (January 2025)
- A working meeting between the Acting General Director of Rosseti Kuban JSC, Alexey Rybin, and the Head of the Republic of Adygeya, Murat Kumpilov, on the development of the republic's power grid and ensuring reliable power supply to consumers in light of the Company being granted STGO status (February 2025)

**The following PR campaigns were run:**

- Information support for the implementation of the Company investment and repair programmes, the preparations to and operations during autumn and winter of 2024/2025
- On the prevention of non-contractual and unaccounted consumption of electricity
- On the prevention of illegal placement of fibre-optic communication lines at the Company's energy facilities
- On the prevention of electric injuries to third-parties, including children and adolescents, at power grid facilities
- On the explanation concerning the connection procedures for the Company grids (including the meetings with small and medium-sized business representatives), extending the list of additional services, the fulfilment of energy service contracts for the installation of remote electricity meters for the customers to reduce the electricity losses
- On the creation of awareness among the customers in the Krasnodar Krai and the Republic of Adygeya about the acts of illegal electricity meter replacement by third parties
- On coverage of the summer work season of student energy teams
- On information support for emergency restoration work and elimination of process disruptions at the Company's facilities in the event of hazardous natural phenomena

# SOCIAL COMMUNICATIONS

In 2024, Rosseti Kuban PJSC continued to implement targeted communication programmes aimed at strengthening its image as a socially responsible company.

Over 14,000 schoolchildren in the Krasnodar Krai and the Republic of Adygeya participated in events held as part of a comprehensive programme to reduce the risk of injuries to personnel and third parties at the power grid facilities of Rosseti Kuban PJSC in the reporting year. Over 540 lectures and lessons on electrical safety were held, involving children and teenagers aged 5 to 17.

To prevent electric trauma among children, topic-related tours and open days were organised. A total of about 80 preventive initiatives were held. The Company's website features an information platform dedicated to the prevention of electrical injuries among children, which contains methodological materials for conducting thematic discussions on electrical safety for children to assist teachers and parents. Preventive materials are posted on official corporate pages on the social network VKontakte and the Telegram messenger.

To mark the 79th anniversary of Victory in the Great Patriotic War, an internal communication project entitled The Feat of Energy Workers was launched on the official social media pages of Rosseti Kuban, featuring information about energy workers who are veterans of the war. The Company's official website continues to host Immortal Regiment, a virtual historical and memorial project, where employees share family stories about their relatives who fought in the Great Patriotic War.

In August 2024, representatives of Rosseti Kuban opened a themed educational camp called #VmesteYarche (Brighter Together) at the Orlyonok All-Russian Children's Centre in the Tuapse District of the Krasnodar Krai. They also held a series of lectures entitled Energy of the New Era, master classes on electrical safety, and an intellectual game called Energy Charge.

In November 2024, the Company's specialists held thematic educational events for the participants of the All-Russian Engineering Session "School of Young Power Engineer" at the Smena All-Russian Children's Centre in Sukko settlement, Anapa, Krasnodar Krai. More than 70 young men and women — high school and college students from 32 regions of Russia — took part in the said events. The Company's specialists held a series of lectures entitled Energy of the New Era, talked about innovative equipment at the energy facilities of Rosseti Group, employment and career opportunities, and also held a master class entitled Safe Energy on electrical safety rules and an intellectual game called Energy Charge.

# MEDIA RELATIONS

To promote brand recognition, positive image, and expand the audience of its media influence, the Company undertook close interactions with the leading regional and industrial media in 2024.

Public media events involving the Company's staff and management were aimed at building a positive and holistic image of the Company, strengthening its business reputation and increasing its publicity capital.

According to the SCAN-Interfax monitoring system, the total number of materials (printed, electronic, radio, TV) mentioning the Company in 2024 was about 30,000. Social networks recorded about 9,400 messages (including reposts) initiated by the Company.

During the reporting period, the corporate website of Rosseti Kuban, PJSC posted about 560 news articles on the implementation of production and social programmes. The information was also published on the Company's official social media accounts.

**The Company's most significant activities reflected in the federal and regional media during 2024:**

- Implementation of the investment campaign of Rosseti Kuban PJSC — opening of the highly automated Adler, Kudepsta and Pasechnaya 110 kV substations in Sochi after renovation
- Elimination of the consequences of the disaster and rehabilitation of power grid facilities during 2024
- Upgrade of electricity metering systems for household and industrial consumers in the area of responsibility of the Company
- Prevention of illegal placement of FOCLs on overhead transmission line supports within the Company's area of responsibility
- Prevention of unauthorised electricity consumption and theft of electrical equipment
- Prevention of electrical injuries to third parties at the Company's facilities
- Other socially oriented and internal projects of Rosseti Kuban PJSC

In 2024, the Company continued to add content to its corporate website and improve its structure in order to comply with standards for the timely disclosure of mandatory and voluntary information in order to ensure maximum transparency.

# CONVENTION AND EXHIBITION EVENTS

In January 2024, Rosseti Kuban's delegation took part in the Power Industry Day at the Russia International Exhibition and Forum in Moscow at the VDNKh Exhibition of Economic Achievements. Rosseti Kuban's specialists represented the Company at the stands of the regions of southern Russia, held master classes on electrical safety prevention and quizzes on the history of the power industry for visitors to the exhibition.

In March 2024, a delegation from Rosseti Kuban PJSC headed by Boris Ebzeev, Acting General Director, participated in the business and cultural programme of the World Youth Festival, which took place in the Olympic Park of the Sirius Federal Territory.

In May 2024, a delegation from Rosseti Kuban, led by Deputy General Director for Technical Issues and Chief Engineer, Vladimir Mikhailov, took part in the Kuban Scientific and Practical Conference 'Ways to Improve the Reliability, Efficiency and Safety of Energy Production.' This conference was held at the Company's subsidiary, Energetik Health Resort JSC, in the village of Divnomorskoye, Gelendzhik, Krasnodar Krai.

In June 2024, Acting Director General of Rosseti Kuban PJSC, Boris Ebzeev, took part in the business programme of the St. Petersburg International Economic Forum (SPIEF-2024). A cooperation agreement was signed at the forum between Rosseti Kuban PJSC and ZETO CJSC on the development and supply of innovative domestic equipment and technologies to improve the efficiency of the power grid infrastructure, including through the introduction of automation systems and smart distribution grids.

In July 2024, a delegation from Rosseti Kuban PJSC led by Deputy General Director for Technical Issues and Chief Engineer, Vladimir Mikhailov, took part in the 9th International Scientific and Technical Conference on the development and improvement of the reliability of electrical distribution grids in Moscow.

In July 2024, specialists from Rosseti Kuban took part in the Forsage International Forum of Young Professionals (Kaluga Region), which was held with the support of the Russian Ministry of Energy and the Coordinating Council for the Development of Young Professionals at the Public Chamber of the Russian Federation.

In October 2024, a delegation from Rosseti Kuban led by Acting General Director, Boris Ebzeev, took part in the All-Russian Tariff Conference in Sochi, which brought together representatives of regulated organisations, regulators at all levels, the industry community and state-owned companies.

# PROCUREMENT

The Company performs procurement activity according to Federal Law on procurement of goods, work, and services by certain types of legal entities No. 223-FZ dated 18 July 2011, other statutory regulations of the effective legislation of the Russian Federation, the Company's Articles of Association, and the Unified Procurement Standard of Rosseti PJSC (Procurement Regulations) (hereinafter referred to as the Standard).

This Standard was adopted by a resolution of the Board of Directors of Rosseti PJSC on 29 December 2022[1] and approved as an internal document of Rosseti Kuban by a resolution of the Company's Board of Directors on 26 January 2023[2]. The Company's collegial working body for the development and implementation of unified procurement policy, ensuring the proper level of competition in procurement, objectivity, impartiality, and transparency of procurement procedures, fair and equal treatment of all participants in procurement procedures, and choosing contractors based on the results of regulated procedures is the Central Tender Committee.

**Procurement principles:**

- Information transparency of procurements
- Equality, fairness, absence of discrimination and unreasonable competition restrictions against the procurement participants
- Appropriate and efficient spending of monetary assets for acquiring the goods, works, services, and compliance with measures to reduce the customer expenditures
- Lack of restriction to participate in procurement by establishing unmeasurable requirements for procurement participants
- Transparency and manageability of procurement activities
- Professionalism and competence of employees involved in procurement activities of Customers
- Compliance with applicable legislation governing the arrangement of procurement activities, as well as anti-corruption legislation, including the anti-corruption procurement activity standard (Appendix to the Standard)

The methods to perform procurement procedures and the conditions for their application are determined by the Standard.

## Procurement methods used by the Company

| Indicator | Methods of procurement |
|---|---|
| Competitive | • Tender, auction<br>• Requests for offers, requests for quotations<br>• Competitive pre-qualification<br>• Request for prices based on the results of competitive pre-qualification |
| Non-competitive | • Pre-qualification<br>• Request for prices based on the results of competitive pre-qualification<br>• Price comparison<br>• Purchase from a single supplier (contractor)<br>• Procurement through participation in procedures arranged by product sellers |

[1] Minutes No. 604 dated 30 December 2022.
[2] Minutes No. 508/2023 dated 27 January 2023.





## Participation of SMEs in procurements organised by the Company

As part of the roadmap for cooperation with SMEs, the Company has been running a partnership programme between Rosseti Kuban and SMEs[1] since 2014. In 2018, the Company joined a partnership programme between Rosseti Group and SMEs , which established a unified register of participants in the Partnership Programme. Thus, SMEs become partners for all S&As of Rosseti PJSC.

Since 2014, the Company has had an advisory body for ensuring the efficiency of purchases made by the Company, including those from SMEs. In addition to Company employees, the body also includes representatives of SME Corporation JSC, the Infrastructure and Educational Programmes Fund, the Russian Union of Industrialists and Entrepreneurs (RSPP), OPORA RUSSIA All-Russian Public Organisation of Small and Medium-Sized Businesses, Delovaya Rossiya All-Russian Public Organisation, and the Chamber of Commerce and Industry of the Russian Federation.

In order to expand opportunities and encourage the participation of contractors (suppliers, contractors) in the procurement of goods, works and services for the needs of Rosseti PJSC in accordance with Article 16.1 of Federal Law No. 209-FZ dated 24 July 2007 on the development of small and medium-sized enterprises in the Russian Federation, Rosseti PJSC has been implementing a SME Development Programme since 2023 with a view to their potential participation in the procurement of goods (works, services) for the needs of Rosseti PJSC. The Company ensures the implementation of this programme alongside other subsidiaries and affiliated companies of Rosseti PJSC.

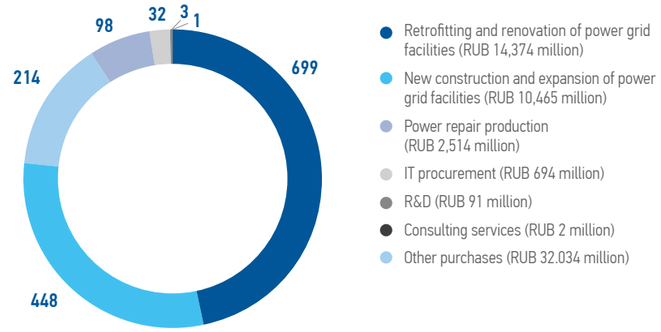
## Key results of the Company's procurement activities in 2024

In 2024, the Company summed up the results of 1,495 procurement procedures totalling RUB 60,174.1 million. Using electronic commerce means, 1,397 purchases were made for RUB 58,543.3 million, which was 100% of the total volume of purchases (excluding purchases from a single supplier).

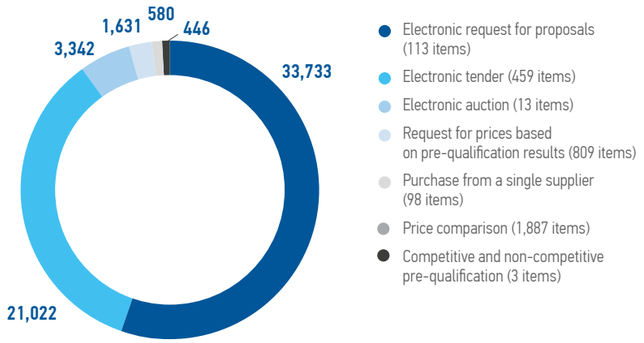
In the reporting year, regulated procurement resulted in economic benefits of RUB 1,633.9 million (2.6% of the planned declared procurement value) for the Company.

At the end of 2024, results were finalised for 31 procurements for innovative and high-tech products, totalling RUB 4,346.3 million

### The Company's procurement structure in 2024 by type of activity
(procurement procedures)




### Procurement structure of the Company in 2024 by procurement method
(RUB million of procurement procedures value)




[1] Order No. 231 dated 6 March 2018.

### Procurement performance of the Company for 2022–2024 (%)

| Indicator | 2022 | 2023 | 2024 | Δ 2024/ 2023 (p.p.) |
|---|---|---|---|---|
| Share of open procurement procedures in total procurement volume | 95 | 97 | 97 | – |
| Share of procedures carried out using e-commerce means (electronic trading platforms) in the total volume of purchases (excluding purchases from a single supplier) | 100 | 100 | 100 | – |
| Savings achieved (share of planned announced procurement value) (%) | 11.8 | 3.5 | 2.6 | –0.9 |
| Share of procurements from SMEs | 81.2 | 72.0 | 69.5 | –2.5 |
| Share of procurements from SMEs only | 25.2 | 31.4 | 33.9 | +2.5 |

## Improvement of procurement activities

The Company purchases goods and services primarily on a competitive basis from suppliers offering the best value for money, and optimises its procurement activities by:

- Using techniques to reduce the marginal purchase price
- Increasing the share of competitive procedures
- Introducing mandatory actions to reduce prices of procurement participants (rebidding, pre-contractual negotiations)
- Adhering to the Company's procurement policy and the SME Partnership Programme
- Functioning the advisory body on ensuring the effectiveness of purchases conducted by the Company, including from SMEs

## Supply chain management

The Company's supply chain management strategy aims to optimise the procurement of goods and services through competitive procedures.

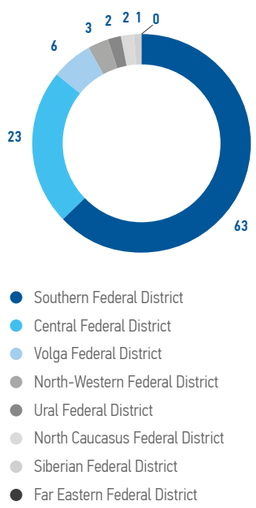
In order to ensure effective interaction with its counterparties, Rosseti Kuban participates annually in the assessment of suppliers and equipment for the energy sector through a questionnaire organised by TEC rating agency.

**Types of suppliers involved in the supply chain:**

- Financial and credit organisations
- Contractors (construction and installation, design and survey works, etc.)
- Suppliers (supply of materials, equipment, spare parts, etc.)
- Others (security, mail, administrative services)

Supplies and services for the Company's needs are provided by organisations from 36 regions of the Russian Federation, but the priority share of suppliers is made up of regional companies (63%).

Geography of the Company's suppliers in 2024 (%)








# IMPORT SUBSTITUTION AND RELATIONS WITH EQUIPMENT MANUFACTURERS

In order to ensure the technological security of the power grid complex and reduce dependence on foreign products, equipment, technical devices, as well as the work/services of foreign companies and the use of foreign software, the Company is guided by the corporate import substitution plan of Rosseti PJSC. In the reporting year, the Company's Order No. 104-od dated 13 February 2024 approved the action plan for the implementation of the corporate import substitution plan of Rosseti PJSC.

The corporate import substitution plan of Rosseti PJSC provides for an annual reduction in the share of foreign equipment in the total volume of equipment purchases and the establishment of target values. One of the key tasks for achieving the import substitution targets is to ensure innovative development through the creation of scientific and technical potential. The Research, Development and Technology Programme (R&D) is playing a big part in this.

Import substitution is greatly aided by Rosseti Kuban's continuous collaboration with domestic colleges and equipment manufacturers. For example, an R&D contract was signed in 2024 to explore the prospects of using high-temperature wires, taking into account the shift in peak loads during periods of extremely high temperatures and the impact of temperature on the transmission capacity of overhead transmission lines. This agreement stipulates the use of modern domestic high-temperature wire that is highly competitive with foreign equivalents.

For the Company, the planned share of imports in total purchases in 2024 should not exceed 4.6%. In fact, the share of imported equipment and materials in total procurement in 2024 was 16.71%, including purchases from manufacturers that are members of the Eurasian Economic Union (EAEU), and 5.99% excluding purchases from non-EAEU manufacturers. The identified deviations are related to the need to purchase key equipment manufactured in China, as it is impossible to manufacture and deliver the equipment within the timeframe required by the investment programme using domestic manufacturing plants.

In 2024, Rosseti Kuban's digital transformation programme was updated. The updated programme contains a plan of transition to the predominant use of domestic radio-electronic products until 2024 and an action plan for software import substitution for 2022–2024.

The share of expenses on procurement of Russian software and related works (services) in the total expenses on procurement of software and related works (services) in 2024 was 98%, which is 2.4% higher than the planned value. Investments in domestic IT solutions totalled RUB 557 million.

The following domestic software was put into use during the reporting year:

- The SpaceVM virtualisation system was put into operation on seven servers.
- VK WorkMail mail servers with a domestic domain were deployed. User workstations are being migrated.
- Servers running on a domestic operating system (more than 60 servers) are now in operation.
- Work was completed on the deployment of a contact centre using domestic VoxDistro software.

Investments in Russian radio-electronic products accounted for 94% of total expenditures on the purchase of radio-electronic products. That said, the planned key performance indicator (KPI) for effectiveness of transition to domestic radio-electronic products for 2024 stands at 77%

The following domestic server, network and computer equipment was supplied during the reporting year:

- Three data storage systems (AeroDisk AQ440CXД) were purchased to ensure the operability of the systems in use.
- Two servers (Graviton C2242I), three voice gateways (Eltex SMG-1016M), six Eltex switches and 87 telephone sets were purchased. This equipment's needed to set up a call centre using local software that can handle up to 80 operators.
- Twenty-eight service routers and two commutators were purchased for the executive office and branches of the Company. A test bench was assembled, and a standard configuration for the Company's branches is being drafted.
- Yadro servers and AeroDisk data storage system were purchased for the Pyramida Seti software complex. New server equipment will increase the number of metering units that can be processed.
- A total of 163 domestic laptops (KVADRA NAU LE14U) were purchased to equip employees involved in the installation and maintenance of smart electricity metering systems.

The following are planned for 2025:

- To introduce a domestic virtualisation system to replace imported hypervisors with domestic ones
- To deploy domestic operating systems on servers and user workstations
- To transition to the use of domestic email
- To migrate the call centre to VoxDistro, a comprehensive domestic solution

# CORPORATE GOVERNANCE REPORT

## ENERGY OF SOLUTIONS

Rosseti Kuban JSC operates in accordance with strict corporate governance principles, which are designed to guarantee the reliability of the region's energy supply, align with government objectives in the electric power sector, and foster confidence among all interested parties.

**6.43**
**RUB BILLION**
investments raised through additional issue of shares

**4.9**
**AVERAGE SCORE**
assessment of the Board performance for 2023-2024 corporate year

**144**
**ISSUES ADDRESSED**
at the Board meetings in 2024

It is safe to say that the Company's efforts in the reporting year to improve corporate governance were successful:

The management bodies of the Company made all the decisions that were required and sufficient to guarantee the Company's present and strategic operations in a timely and complete manner. The endeavour involved active participation from all members of the Company's governing bodies.

The Company did not record any corporate conflicts.

The Bank of Russia, a mega-regulator of the financial market, did not reveal any violations of the requirements pertaining to securities circulation and information disclosure by the Company.

In accordance with the decision of the General Meeting of Shareholders of the Company in 2024, trading of the Company's shares on the stock exchange was halted with the view to change the organisational and legal status. All measures were carried out duly and in due time in accordance with applicable law, and the rights of shareholders were fully observed.

During the reporting year, the Company completed the placement of additional shares, receiving RUB 6.43 billion in investments.

In the reporting year, RUB 1.945 billion was allocated for the payment of dividends for 2023.

**Oleg Musinov**
Deputy General Director for Corporate Governance







# MEMORANDUM OF THE CONTROLLING SHAREHOLDER (ROSSETI PJSC) ON CONTROLLED POWER GRID COMPANIES

Public Joint Stock Company Federal Grid Company — Rosseti (Rosseti PJSC) is a public joint stock company with a state share of 76.9936% in the issued shares[1].

Rosseti PJSC controls 19 power grid companies: Rosseti Kuban PJSC[2], Rosseti Lenenergo PJSC, Rosseti Moscow Region PJSC, Rosseti Volga PJSC, Rosseti North-West PJSC, Rosseti Northern Caucasus PJSC, Rosseti Siberia PJSC, Rosseti Urals PJSC, Rosseti Centre PJSC, Rosseti Centre and Volga Region PJSC, Rosseti South PJSC, Rosseti Tomsk PJSC, Rosseti Tyumen JSC, Rosseti Yantar JSC, Rosseti Siberia Tyvaenergo JSC, Chechenenergo JSC, RES JSC, Energetik JSC, Electromagistral JSC.

Rosseti PJSC considers these controlled shareholdings to be strategic assets and does not plan to dispose of them.

## Key assets-related objectives

Rosseti PJSC's key objective in managing these subsidiaries is to develop the power grid sector based on cutting-edge innovative technologies to meet customer demand and the socio-economic growth goals of the Russian Federation.

**Rosseti PJSC defined the strategic development priorities for the companies of the Group:**

- **Ensuring a reliable,** high quality and affordable electricity supply and contributing to the energy security of the Russian Federation
- Ensuring further **improvements in the efficiency** of the core business, including through digitalisation and innovation
- **Developing new business areas** (non-tariff services and consumer services) through the digital transformation to ensure the Company's resilience to changes in the sector
- **Implementing the principles of sustainable development**

[1] Including the outstanding shares of the additional issue of securities (state issue number 1-01-65018-D-109D dated 21 August 2023).
[2] Abbreviated corporate name until 24 January 2025 – Rosseti Kuban PJSC.

## Corporate governance principles

Rosseti PJSC manages the companies of the Group in accordance with unified corporate standards meant to ensure the efficiency of business processes and their quality control and to mitigate corporate risks as well.

As a controlling shareholder, Rosseti is fully aware of the importance of improving corporate governance in Group companies and is committed to ensuring openness and transparency of their activities and to implementing the recommendations of the Corporate Governance Code in their business practices.

While following best corporate governance practices, Rosseti PJSC makes sure that every year the number of independent directors on Rosseti Group's Boards of Directors whose shares are traded on exchanges is sufficient to comply with listing rules and corporate governance principles. To ensure the independence and objectivity of Rosseti Group's Boards of Directors of Group's companies, Rosseti plans to maintain the number of independent directors on the boards at least at the current level.

Rosseti's representatives also participate in the annual General Meetings of Shareholders of Group's companies in order to build a dialogue with minority shareholders on the Company's development prospects.

Rosseti PJSC guarantees compliance with market principles in the conduct of financial and business activities of the Group's companies.

Rosseti, as a controlling shareholder, supports the initiatives of Group companies to protect the rights and interests of minority shareholders.

The dividend policy of Rosseti Group is founded on the strict observance of shareholder rights as prescribed by Russian law and is targeted at enhancing the investment appeal of Group companies whose securities are admitted to organised trading.

The amount of dividends recommended for payment is set by the Boards of Directors of Rosseti Group based on financial results, including those determined on the basis of consolidated IFRS statements.








# GENERAL INFORMATION ON CORPORATE GOVERNANCE OF THE COMPANY

**Corporate governance objectives of the Company:**

- To observe the rights and interests of shareholders
- To grow shareholder value and investment attractiveness
- To make a profit based on the results of operations
- To ensure effective management of assets owned

**Corporate governance principles of the Company**

**Fairness**
The Company commits to treating all shareholders fairly and equally, defending their rights, and giving them the chance to get strong protection in the case that such rights are violated

**Transparency**
The Company ensures timely disclosure of information about its activities in line with current laws, as well as free access to such information for shareholders and other interested parties

**Accountability**
The Board of Directors of the Company is accountable to the Company's shareholders

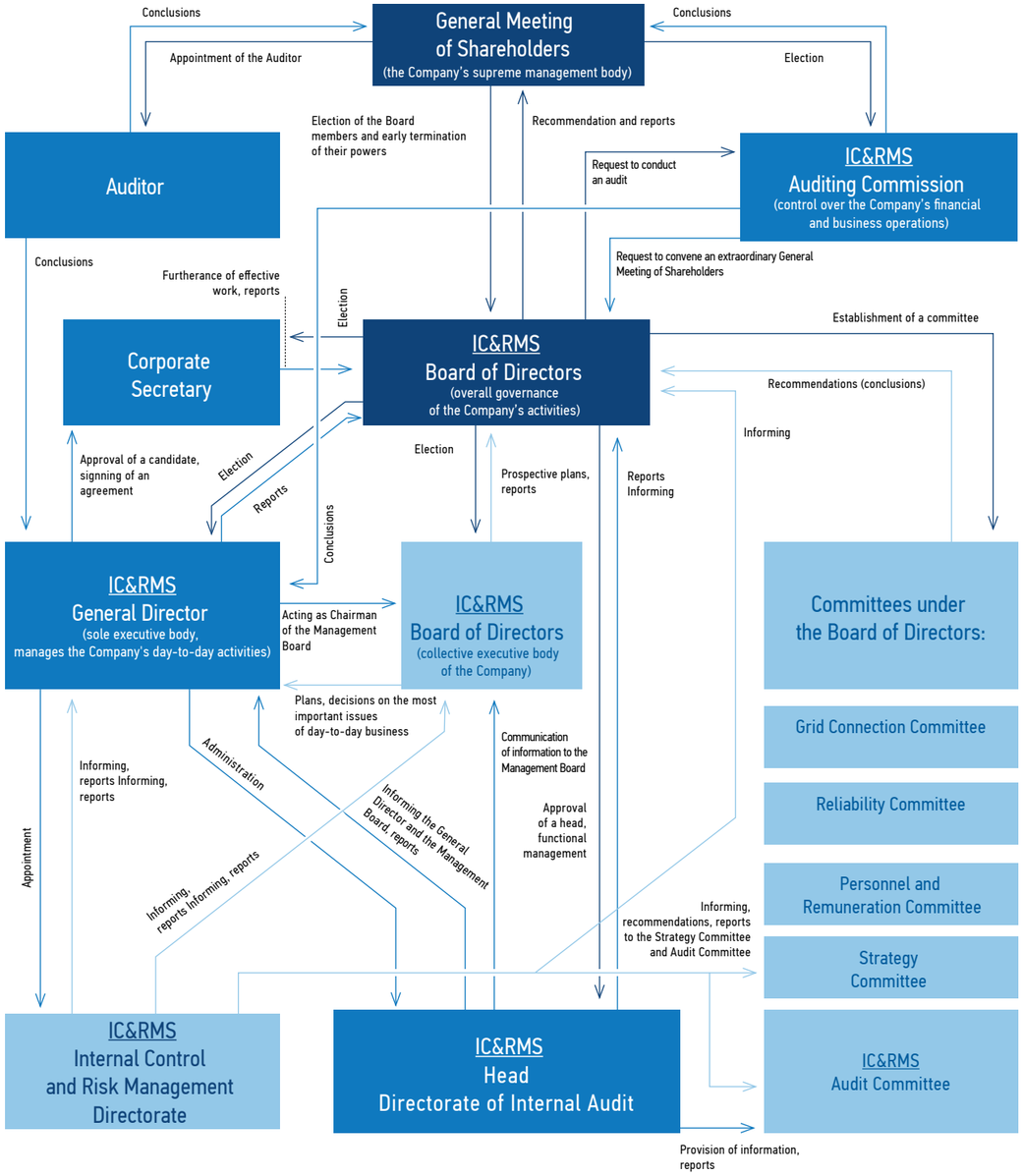
**Responsibility**
The Company recognises and ensures the rights of shareholders and all interested parties as stipulated by the laws of the Russian Federation

**Key documents regulating corporate governance in the Company[1]:**

- Articles of Association
- Regulations on the Company's management bodies (General Meeting of Shareholders, Board of Directors, Management Board)
- Regulations on Committees under the Board of Directors
- Corporate Governance Code
- Auditing Commission Regulations
- Regulations on the Dividend Policy
- Regulations on the Corporate Secretary of the Company
- Procedure for interaction between the Company and business entities whose shares (stakes) are owned by Rosseti Kuban JSC
- Policy on the ownership of shares in the Company, its S&As and other entities by members of the Board of Directors

[1] The documents mentioned herein and other internal corporate governance documents of the Company are published on the website of Rosseti Kuban JSC in the About the Company / Constitutive and Internal Documents section.

# CORPORATE GOVERNANCE STRUCTURE OF ROSSETI KUBAN JSC




**IC&RMS** - Key participants of the Internal Control and Risk Management System





The Company has a Corporate Governance Code in place in order to ensure and protect the rights and interests of all of its shareholders, to improve corporate governance practices, to ensure transparency of the Company's management efficiency and to confirm its commitment to following the recommendations and advanced principles of corporate governance.

Rosseti Kuban JSC also bides by the principles and recommendations of the Corporate Governance Code of the Bank of Russia. The report on compliance with Corporate Governance Code in 2024 is available in Appendix 1. The Board of Directors certifies that all report data contain full and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia.

## THE COMPANY'S CORPORATE GOVERNANCE PRACTICES

A total of 174 corporate events were held in 2024, including:

- one General Meeting of Shareholders
- 38 meetings of the Board of Directors, with 99.8% attendance by Board members, up 0.1% p.p. year-on-year
- 82 meetings of the committees under the Board of Directors
- 53 meetings of the Management Board

In 2024, in accordance with Russian law, the annual General Meeting of Shareholders was held in the form of absentee voting, with shareholders being given the opportunity to vote by filling out electronic ballot forms on the official website of the registrar — IRC – R.O.S.T. JSC.

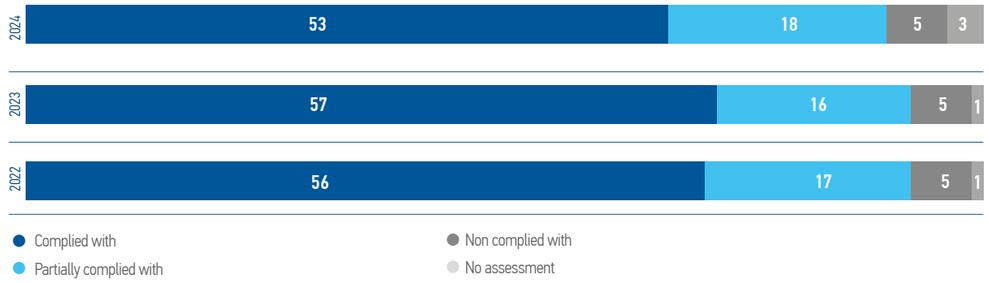
The management bodies of the Company made all the decisions that were required and sufficient to guarantee the Company's present and strategic operations in a timely and complete manner. The endeavour involved active participation from all members of the Company's governing bodies.

In the reporting year, the Company's internal audit function conducted an assessment of corporate governance at the end of the 2023/2024 corporate year against its compliance with the laws of the Russian Federation, principles and recommendations of the Corporate Governance Code of the Bank of Russia, Listing Regulations of the Moscow Exchange and the best corporate practices. The assessment uses the Company's methodology approved by Order No. 536-od dated 19 July 2024 in accordance with Order No. 303 dated 8 July 2024 of Rosseti PJSC.

The purpose of the assessment is to provide the Company's bodies with an independent review of the current state of the Company's corporate governance system in comparison with the target state.

Following the results, the internal audit recognised the Company's corporate governance as corresponding to the developed practice level; it also noted that the potential for improvement on a number of issues depends on the standing of the main shareholder, controlling persons and other external factors that the Company cannot have influence on.

Changes in the Company's compliance with the Bank of Russia's Corporate Governance Code in 2022–2024



The Board of Directors and its committees conducted a self-assessment of their performance for the 2023/2024 corporate year during the reporting year, and they gave their work and organisation a relatively high rating (with a maximum score of 5 and an overall average score of 4.9, as in the previous corporate year).

In 2025, the Company will continue its efforts to ensure the effective functioning of the Company's bodies and upgrade corporate governance based on an analysis of best practices in non-public joint stock companies.

**The results of the assessment of the Company's corporate governance in the 2023–2024 corporate year by the internal audit function**

| | | For the 2023/2024 corporate year | | For reference: compliance with the applicable criteria | |
|---|---|---|---|---|---|
| **Component** | **Maximum score** | **score of the Company** | **compliance with the applicable criteria (%)** | **for 2022/2023 corporate year (%)** | **for 2021/2022 corporate year (%)** |
| Shareholders' rights | 59 | 57 | 97 | 94 | 94 |
| Board of Directors | 128 | 99 | 77 | 77 | 77 |
| Executive management | 34 | 20 | 59 | 70 | 70 |
| Transparency and disclosures | 128 | 112 | 88 | 88 | 88 |
| Risk management, internal control and internal audit | 61 | 59 | 97 | 97 | 97 |
| Corporate social responsibility, business ethics and compliance | 31 | 31 | 100 | 100 | 100 |
| **Total score** | **441** | **378** | **86** | **86** | **86** |







# GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is a supreme management body of the Company. The General Meeting of Shareholders abides by the laws of the Russian Federation, the Articles of Association of the Company, and the Regulations on the General Meeting of Shareholders.

The competence of the General Meeting of Shareholders is determined by the Federal Law on Joint Stock Companies and the Articles of Associations of the Company.

Resolutions of the General Meeting of Shareholders of the Company are published on the corporate website in the About the Company / Management / General Meeting of Shareholders section.

**The Company held one General Meeting of Shareholders in 2024.**

| | |
|---|---|
| **Date of the General Meeting of Shareholders (closing date for receipt of completed voting ballots)** | 14.06.2024 |
| **Date and number of the Minutes of the General Meeting of Shareholders** | No. 51, 17.06.2024 |
| **Quorum of a General Meeting of Shareholders (% of total number of outstanding voting shares)** | 99.72% for all agenda items |
| **Key resolutions made by the General Meeting of Shareholders** | • To approve the annual report and the annual accounts of the Company for 2023.<br>• To approve the following distribution of the Company profit (loss) for 2023:<br>– RUB 308,326 thousand — to the reserve fund<br>– RUB 1,944,691 thousand — for dividend payments<br>– RUB 3,913,503 thousand — for the development of the Company<br>– RUB 0 thousand — to recover losses from previous years<br>• To pay dividends on the Company's ordinary shares for the year ended 2023 in the amount of RUB 4.874327 per ordinary share in monetary terms.<br>• To elect members to the Company's Board of Directors and the Auditing Commission.<br>• To appoint an auditor.<br>• To approve the Company's Articles of Association in a new wording.<br>• To apply to the Bank of Russia with a request to exempt Rosseti Kuban PJSC from the obligation to disclose information in accordance with Article 30 of Federal Law No. 39-FZ dated 22 April 1996 'On the Securities Market'.<br>• To apply to Moscow Exchange PJSC with a request to exclude all ordinary shares of Rosseti Kuban PJSC from the list of securities admitted to organised trading on Moscow Exchange PJSC.<br>• To amend the Articles of Association of Rosseti Kuban PJSC to exclude the reference to the Company being a public company. |

In the reporting year, in accordance with the laws of the Russian Federation and pursuant to the decision of the Board of Directors of Rosseti Kuban PJSC, the General Meeting of Shareholders was held in the form of absentee voting.

The resolutions of General Meeting of Shareholder to be enforced were accomplished.

# BOARD OF DIRECTORS

The Board of Directors is a collective governance body executing the general management of the Company's operations, defining its strategy, controlling the operations of the executive bodies of the Company, the implementation of resolutions made by the General Meeting of Shareholders, and the respect of the legitimate interests of the shareholders of the Company.

**Main goals and objectives of the Board of Directors:**

- To define the development strategy of the Company, which is aimed to enhance its market value and investment attractiveness, to receive maximum profits, and expand assets of the Company
- To provide the exercise and protection of the rights and legitimate interests of the shareholders, as well as to assist in corporate conflict resolution
- To provide for full, reliable and objective disclosure of the Company's information to shareholders and other parties concerned
- To establish effective internal controls
- To conduct regular assessment of executive body activities and the Company's management operations

**To achieve the goals and objectives set, the Board of Directors abides by the following principles:**

- Decisions are to be made based on reliable information about the Company's operations
- Shareholders' rights to involvement with the management of the Company and the acquisition of the dividends and the Company's information are not to be restricted
- Interests of various shareholder groups are to be balanced and the Board of Directors shall make decisions that are objective and in the best interests of all of the Company's shareholders

In its operations, the Board of Directors abides by Federal Law on Joint Stock Companies and other federal laws and regulations of the Russian Federation, the Company's Articles of Association and the Regulation on the Board of Directors[1].

## D&O insurance of Board members

Starting from 25 September 2023, D&O insurance was provided under the single liability insurance contract concluded between Rosseti PJSC and the leader of the collective participant, Joint Stock Company Insurance Company of Gas Industry (SOGAZ JSC), acting on behalf of the consortium members: Joint Stock Company VSK Insurance, Joint Stock Company AlfaStrakhovanie and Limited Liability Company Sberbank Insurance.

**Expenses incurred by the Company for D&O insurance of Board members in 2022–2024** (RUB million)

| 2022 | 2023 | 2024[2] |
|---|---|---|
| 7.5 | 5.5 | – |

[1] The Regulation on the Board of Directors of Rosseti Kuban, PJSC is published on the Company's website in the About the Company / Constitutive and Internal Documents section.
[2] In 2024, the liability of the members of the Company's Board of Directors is insured under a single insurance agreement concluded by Rosseti PJSC with an insurer covering directors and officers of Rosseti's subsidiaries and affiliates.





# MEMBERSHIP OF THE BOARD OF DIRECTORS

The Company's General Meeting of Shareholders elects the 11-member Board of Directors, who will serve in that capacity until the following annual General Meeting of Shareholders. If the Board of Directors is elected at an extraordinary General Meeting of Shareholders, the members of the Board of Directors are deemed elected for the period until the date of the next annual General Meeting of Shareholders.

First-time directors are given an opportunity to get an insight into the Company's strategy, corporate governance, risk management and internal control systems, the allocation of responsibilities among the Company's executive bodies and other material information on the Company's operations and financial and business activities.

During the reporting year, there were two compositions of the Company's Board of Directors:

- Elected by the Annual General Meeting of Shareholders of the Company on 16 June 2023 and acting until the election of the Board of Directors in its new composition on 14 June 2024 (first composition); ten of the 11 members of the Board of Directors of this composition were re-elected to the current Board of Directors
- Current composition of the Board of Directors elected at the Annual General Meeting of Shareholders of the Company on 14 June 2024 (second composition)



## Current composition of the Board of Directors of Rosseti Kuban JSC (second composition)[1]

### 1. Danil Krainskiy, Chairman of the Board of Directors, non-executive director[2]

| | | | |
|---|---|---|---|
| **Year of birth** | | 1979 | |
| **Education** | | Higher. Graduated from Moscow State Law Academy, with major in legal studies, lawyer | |
| **Primary employment and position held** | | Deputy General Director for Legal Support of Rosseti PJSC | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2018 | present time | Rosseti Lenenergo PJSC | Member of the Board of Directors |
| | 2022 | Lenenergo Energy Service Company JSC | Chairman of the Board of Directors |
| 2019 | present time | Rosseti Lenenergo PJSC | Member of the Management Board |
| 2020 | present time | Rosseti Ural PJSC | Chairman of the Board of Directors |
| | | Rosseti Moscow Region PJSC | Member of the Board of Directors |
| | | Energotrans LLC | Member of the Board of Directors and the Management Board of the managing organisation (Rosseti Lenenergo PJSC) |
| | 2023 | Rosseti Northen Caucasus PJSC, Rosseti Centre PJSC, Rosseti Siberia PJSC | Member of the Board of Directors |
| 2021 | present time | Rosseti South PJSC | Chairman of the Board of Directors |
| | | Rosseti Kuban JSC | Member of the Strategy Committee of the Board of Directors |
| | 2022 | Rosseti North-West PJSC | Member of the Board of Directors |
| | 2023 | TDC PJSC, Rosseti Sibiria Tyvaenergo JSC, Rosseti Volga PJSC, STC UES JSC, Rosseti Tyumen JSC, Rosseti Yantar JSC, Rosseti Tsifra JSC, STC FGC UES JSC | Chairman of the Board of Directors, member of the Board of Directors |
| 2022 | present time | Rosseti PJSC | Member of the Management Board |
| | 2023 | CECM UES JSC | Member of the Board of Directors |
| 2023 | present time | Energetik JSC | Chairman of the Board of Directors |
| Tenure on the Board of Directors of the Company | | Since 3 June 2021 | |

[1] Consent to the disclosure of personal information set out in the Corporate Governance Report section was obtained from all people who are or were members of the Company's governing and control bodies.
Information on the primary employment of the members of the Board of Directors and their positions in governing bodies of other organisations is given in accordance with the data provided by them to the Company as of the end of the reporting year.

[2] The status of the Board members (executive, non-executive, independent) is defined by the criteria of the Corporate Governance Code of the Bank of Russia.



### 2. Grigory Gladkovskiy, non-executive director

| | | | |
|---|---|---|---|
| **Year of birth** | | 1984 | |
| **Education** | | Higher. Graduated from the MGIMO, major in finance and credit, international economist with knowledge of foreign languages | |
| **Primary employment and position held** | | Individual entrepreneur | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2019 | present time | Operator ASTU JSC | Member of the Board of Directors |
| 2020 | | NWEMC JSC, Rosseti Research and Engineering Centre JSC, ENIN JSC | Member of the Board of Directors |
| | 2023 | REC FGC UPS JSC | Member of the Board of Directors |
| Tenure on the Board of Directors of the Company | | Since 3 June 2021 | |

### 3. Anna Zabortseva, independent director

| | | | |
|---|---|---|---|
| **Year of birth** | | 1985 | |
| **Education** | | Higher. Graduated from the Siberian Academy of Public Service, with major in finance and credit, economist<br><br>Completed professional retraining:<br><br>• RANEPA, Master of Business Administration,<br>• Higher School of the RANEPA, Master of Public Administration for Executives | |
| **Primary employment and position held** | | Chairman of the Electricity and Industry Committee of the Krasnodar Krai Branch of OPORA RUSSIA | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2018 | 2021 | Industrial Technologies LLC | General Director |
| 2020 | 2023 | OS-Centre LLC | |
| 2023 | present time | Rosseti Kuban JSC | Member of the Strategy Committee of the Board of Directors |
| Tenure on the Board of Directors of the Company | | Since 16 June 2023 | |

## 4. Alexander Kazakov, non-executive director

| | | | |
|---|---|---|---|
| **Year of birth** | | 1948 | |
| **Education** | | Higher. Graduated from Moscow Engineering and Economic Institute named after S. Ordzhonikidze, with major in economics, engineer-economist Holds a doctorate decree in Economics | |
| **Primary employment and position held** | | Professional Director | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2018 | 2021 | IDGC of Centre PJSC | Chairman, member of the Board of Directors |
| | present time | Rosseti Centre and Volga Region PJSC | |
| 2020 | 2021 | Rosseti Volga PJSC | Member of the Board of Directors |
| 2021 | present time | Rosseti South PJSC | Member of the Board of Directors |
| | | Rosseti Kuban JSC | Member of the Audit Committee of the Board of Directors, member of the Personnel and Remuneration Committee of the Board of Directors |
| 2022 | present time | Rosseti Volga PJSC | Member of the Board of Directors |
| **Tenure on the Board of Directors of the Company** | | Since 3 June 2021 | |

## 5. Madina Kaloeva, non-executive director

| | | | |
|---|---|---|---|
| **Year of birth** | | 1980 | |
| **Education** | | Higher. Graduated from the North Ossetian State University n.a. K. Khetagurov, with major in legal studies, lawyer | |
| **Primary employment and position held** | | Director for Corporate Governance — Head of Corporate Governance Department of Rosseti PJSC | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2014 | 2021 | Index of Electric Power Industry of FGC UPS LLC | Member of the Board of Directors |
| | present time | UES SakRusenergo JSC | Member of the Supervisory Board |
| | | MTCES JSC | Member of the Board of Directors |
| 2015 | 2021 | FGC Asset Management LLC | Member of the Board of Directors |
| | 2023 | IT Energy Service LLC | |
| 2017 | present time | APBE JSC | Member of the Board of Directors |
| 2021 | present time | Rosseti Centre and Volga Region PJSC, ENIN JSC | Member of the Board of Directors |
| | 2022 | Rosseti Tsifra JSC, NWEMC JSC | |
| | 2023 | Kuban Main Grids JSC, Rosseti Property Management JSC, Rosseti Technical Customer Centre JSC | |
| | 2021 | DVEUK-UNPG JSC | |
| 2022 | present time | Rosseti Yantar JSC, Rosseti Tyumen JSC | Member of the Board of Directors |
| | | Rosseti Kuban JSC | Member of the Strategy Committee of the Board of Directors |
| | 2023 | Rosseti North-West PJSC | Member of the Board of Directors |
| | | Rosseti Kuban PJSC | Member of the Audit Committee of the Board of Directors |
| 2023 | present time | Rosseti Siberia Tyvaenergo JSC | Member of the Board of Directors |
| **Tenure on the Board of Directors of the Company** | | Since 31 August 2021 | |

## 6. Konstantin Kravchenko, non-executive director

| | | | |
|---|---|---|---|
| **Year of birth** | | 1973 | |
| **Education** | | Higher. Graduated from Voronezh Polytechnic Institute, with major in PGR design and technology, design & process engineer Holds a candidate degree in Technical Science | |
| **Primary employment and position held** | | Deputy General Director for Digital Transformation of Rosseti PJSC | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2020 | 2021 | The person did not hold any positions in the issuer or in the management bodies of other organisations during this period | |
| 2021 | present time | MTCES JSC, PJSC Rosseti Centre and Volga Region PJSC | Member of the Board of Directors |
| | 2022 | Chitatekhenergo JSC | Acting General Director of Rosseti Tsifra JSC — managing company Chitatehenergo JSC |
| | | Infrastructure Investments-3 LLC | Member of the Board of Directors |
| | 2023 | Rosseti Siberia PJSC, FTC JSC | |
| | | Rosseti Tsifra JSC | Acting General Director |
| | 2024 | Rosseti Tsifra JSC, Rosseti Tyumen JSC, IT Energy Service LLC | Member of the Board of Directors |
| 2022 | present time | Rosseti South PJSC | Member of the Board of Directors |
| | 2023 | NWEMC JSC | |
| 2024 | present time | NWEMC JSC | |
| **Tenure on the Board of Directors of the Company** | | Since 30 December 2021 | |

## 7. Mikhail Medvedev, independent director[1]

| | | | |
|---|---|---|---|
| **Year of birth** | | 1969 | |
| **Education** | | Higher. Graduated from the Saint-Petersburg State University of Economics and Finance, with major in finance and credit, economist | |
| **Primary employment and position held** | | Advisor to the General Director of Avangard JSC | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2017 | 2021 | Rosseti Kuban PJSC | Member of the Reliability Committee of the Board of Directors |
| 2019 | present time | Rosseti Kuban JSC | Member of the Strategy Committee of the Board of Directors |
| 2023 | | | Member of the Audit Committee of the Board of Directors |
| **Tenure on the Board of Directors of the Company** | | Since 16 June 2017 | |

[1] Mikhail Medvedev was an independent member of the Board of Directors of the Company for seven years from the 2017–2018 corporate year to the 2023–2024 corporate year. In the 2024–2025 corporate year, Mr. Medvedev, elected to the Board of Directors for the eighth time, in accordance with clause 104 of the recommendations of the Corporate Governance Code of the Bank of Russia, is recognised as a person related to the Company, hence cannot be independent. Thus, in the first composition of the Board of Directors in the reporting year, Mr. Medvedev is an independent director, while in the second composition he is not independent any more.

## 8. Alexey Molskiy, non-executive director

| | | | |
|---|---|---|---|
| **Year of birth** | | 1980 | |
| **Education** | | Higher. Graduated from Moscow Power Engineering Institute, with major in power systems and grids, engineer, and economics and management of electric power enterprises, engineer-economist | |
| **Primary employment and position held** | | Deputy General Director for Investments and Capital Construction of Rosseti PJSC | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2014 | 2023 | NPP Market Council Association | Member of the Supervisory Board |
| | present time | UES SakRusenergo JSC | Chairman, member of the Supervisory Board |
| 2016 | 2020 | FGC UES PJSC | Member of the Management Board |
| 2015 | 2024 | TaigaEnergoStroy JSC | Member of the Board of Directors |
| 2019 | present time | CECM UES JSC | |
| | 2023 | Tomsk Main Power Grids OJSC | Chairman, member of the Board of Directors |
| | 2020 | Energosetproekt JSC | Chairman of the Board of Directors |
| 2020 | present time | RNC CIGRE | Member of the Presidium |
| | | Rosseti Moscow Region PJSC, Energocentre JSC | Member of the Board of Directors, Chairman of the Board of Directors |
| | | Rosseti Kuban JSC | Chairman of the Grid Connection Committee of the Board of Directors |
| | 2023 | Rosseti PJSC | Member of the Management Board |
| | | Yantarenergosbyt JSC | Member of the Board of Directors |
| 2021 | present time | Rosseti Volga PJSC, Rosseti Northen Caucasus PJSC, Rosseti Tsifra JSC, Rosseti Scientific and Technical Centre JSC | Member of the Board of Directors |
| | 2021 | Rosseti South PJSC | |
| | 2022 | Rosseti Centre PJSC | |
| | 2023 | TDC PJSC, Rosseti Siberia Tyvaenergo JSC, Rosseti North-West PJSC, Rosseti Siberia PJSC, Rosseti Tyumen JSC, Rosseti Technical Customer Centre JSC | |
| 2022 | present time | Rosseti PJSC | Member of the Management Board |
| | | Rossetti Lenenergo PJSC, Mobile GRES JSC | Member of the Board of Directors |
| | 2022 | IDGC of Urals OJSC | |
| **Tenure on the Board of Directors of the Company** | | Since 3 June 2021 | |

## 9. Natalia Paramonova, non-executive director

| | | | |
|---|---|---|---|
| **Year of birth** | | 1970 | |
| **Education** | | Higher. Graduated from:<br>• Gubkin State Academy of Oil and Gas, major in process automation, engineer<br>• Institute of Business and Politics, major in accounting, analysis and audit, economist | |
| **Primary employment and position held** | | First Deputy Head of the Tariff Policy Department of Rosseti PJSC | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2019 | 2021 | Rosseti Siberia PJSC, FTC JSC | Member of the Board of Directors |
| 2020 | 2021 | Rosseti Volga PJSC | |
| | 2022 | Kuban Main Grids JSC | |
| 2022 | present time | Rosseti Northern Caucasus PJSC | |
| | 2023 | Rosseti Yantar JSC, STC UES JSC | |
| 2023 | present time | Rosseti South PJSC | |
| | 2024 | Rosseti North-West PJSC | |
| 2024 | 2024 | Electromagistral JSC | |
| **Tenure on the Board of Directors of the Company** | | Since 14 June 2024 | |

## 10. Vladimir Kharitonov, non-executive director

| | | | |
|---|---|---|---|
| **Year of birth** | | 1978 | |
| **Education** | | Higher. Graduated from Peoples' Friendship University of Russia, with major in power engineering, master of engineering and technology. Holds a candidate degree in Technical Science.<br><br>Underwent professional retraining at the RANEPA under the MBA programme on Top Manager, with major in management | |
| **Primary employment and position held** | | Deputy General Director — Head of the Office of Rosseti PJSC | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2018 | 2021 | FTC JSC, STC UES JSC | General Director |
| | present time | Rosseti Research and Engineering Centre JSC (formerly FTC JSC) | Member of the Board of Directors |
| 2019 | present time | Rosseti Property Management JSC (formerly STC UES JSC) | |
| | | Digital Energy Association | Member of the Management Board |
| 2021 | 2022 | REC FGC UPS JSC | General Director |
| | present time | Rosseti Scientific and Technical Centre JSC, Rosseti Tsifra JSC, ENIN JSC | Member of the Board of Directors, Chairman of the Board of Directors |
| 2022 | 2022 | IDGC of Urals OJSC | |
| | present time | Rosseti Centre and Volga Region PJSC | |
| 2023 | present time | Rosseti Volga PJSC, Rosseti North-West PJSC, Rosseti Tyumen JSC | |
| | | Rosseti PJSC | Member of the Management Board |
| **Tenure on the Board of Directors of the Company** | | Since 16 June 2023 | |



## 11. Boris Ebzeev, executive director until 27 December 2024 / non-executive director since 28 December 2024

| | | | |
|---|---|---|---|
| **Year of birth** | | 1975 | |
| **Education** | | Higher. Graduated from Lomonosov Moscow State University, with major in legal studies, lawyer. Holds a candidate degree in Legal Sciences | |
| **Primary employment and position held** | | Chairman of the Management Board, General Director of Rosseti Centre PJSC | |
| **Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2014 | 2024 | Rosseti South PJSC | Chairman of the Management Board, General Director |
| 2015 | present time | Rosseti South PJSC | Member of the Board of Directors |
| 2018 | | VMES JSC | Chairman of the Board of Directors |
| 2021 | 2024 | Rosseti Kuban PJSC | Chairman of the Management Board, Acting General Director (part-time) |
| 2023 | present time | Energoservis Yuga JSC | Chairman of the Board of Directors |
| 2024 | | Rosseti Centre and Volga Region PJSC | General Director of the managing organisation – Rosseti Centre PJSC, Chairman of the Management Board |
| **Tenure on the Board of Directors of the Company** | | Since 31 August 2021 | |

## Members of the Board of Directors of the Company elected at the annual General Meeting of Shareholders of the Company on 16 June 2023 and effective until the election of a new Board of Directors on 14 June 2024 (first composition):

1. **Daniil Krainskiy, Chairman of the Board of Directors**
2. Grigory Gladkovskiy
3. Anna Zabortseva
4. Alexander Kazakov
5. Madina Kaloeva
6. Konstantin Kravchenko
7. Mikhail Medvedev
8. Alexey Molskiy
9. Vladimir Kharitonov
10. Boris Ebzeev

The above members of the Board of Directors were re-elected to the current Board of Directors. For more details, see the Current Board of Directors of Rosseti Kuban JSC (second composition) subsection.

### 11. Dmitry Bakharev, non-executive director

| | |
|---|---|
| **Year of birth** | 1979 |
| **Education** | Higher. Graduated from Moscow Power Engineering Institute (Technical University), with major in economics and management at the enterprise, engineer-economist |
| **Primary employment and position held** | First Deputy Head of the Tariff Policy Department of Rosseti PJSC |

**Participation in governing bodies of other organisations, in committees of the Company's Board of Directors for the last five years:**

| Period | | Organisation | Position |
|---|---|---|---|
| **from** | **to** | | |
| 2020 | 2023 | The person did not hold any positions in the issuer or in the management bodies of other organisations during this period | |
| **Tenure on the Board of Directors of the Company** | | From 16 June 2023 to 14 June 2024 | |

Share of independent directors:
- in the first composition of the Board of Directors — 2/11
- in the second composition of the Board of Directors — 1/11

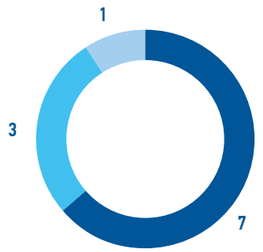




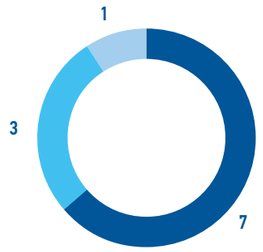
## Structure of the Board of Directors (persons)

### By length of service (average length of service on the Board of Directors of both compositions — 3.2 years)

First composition

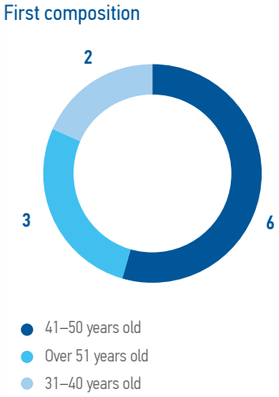



Second composition

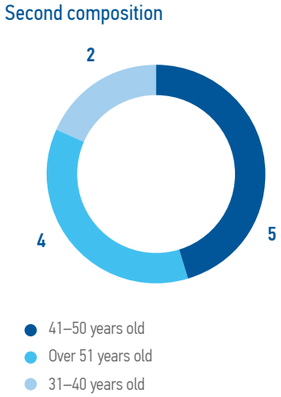



### By age (average age of the members of the Board of Directors of both compositions — 49 years)

First composition

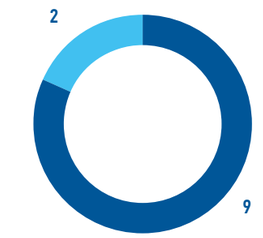



Second composition

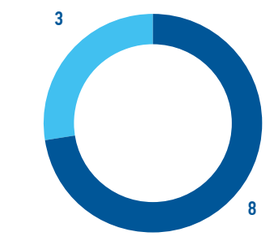



### Gender composition

First composition

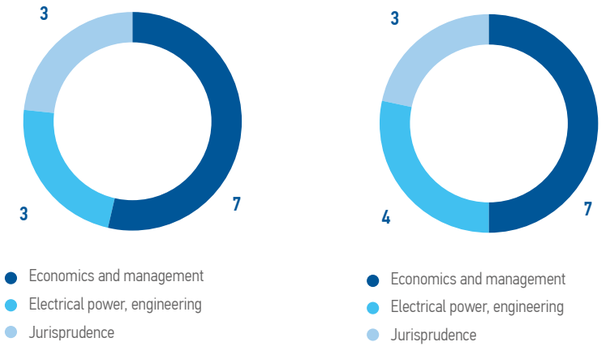



Second composition



### By competences (some members of the Board of Directors have two higher education degrees)

First composition




Second composition




All members of the Board of Directors of the Company in 2024 are citizens of the Russian Federation.

**None of the members of the Board of Directors:**

- Owned the shares of the Company and its S&As or made transactions with them during the reporting year[1]
- Took training courses at the expense of the Company
- Had family ties with people who are members of the bodies that manage and/or control the financial and economic activities of the Company
- Was held administratively liable for financial improprieties, offence regarding tax and fees or security market, or had any criminal record for economic crimes or crimes against the state
- Hold positions in the management bodies of commercial organisations during the period when bankruptcy proceedings were initiated against these organisations and/or one of the bankruptcy procedures provided for by the insolvency legislation of the Russian Federation was introduced
- Had any conflicts of interest (including those related to participation in the governing bodies of the Company's competitors) in the reporting year
- Received any loans (borrowings) from the Company

[1] According to the data provided to the Company by the Board members.





# PERFORMANCE OF THE BOARD OF DIRECTORS

In 2024, a total of 38 Board meetings were conducted, three of those were in a mixed format (in person and absentia), and the rest — in absentia (by polling).

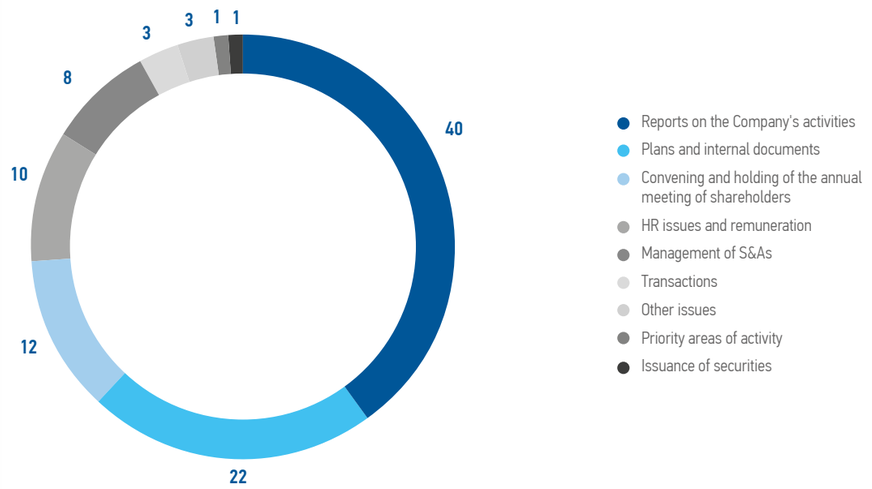
**38** BOARD MEETINGS

### Activity of the Board of Directors

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of the Board meetings held | 44 | 38 | 38 |
| • Including in person (in mixed format) | 3 | 4 | 3 |
| Number of issues discussed | 162 | 144 | 144 |
| • Including decisions taken | 162 | 144 | 144 |
| Number of tasks given to the Company's executive bodies | 34 | 20 | 45 |
| Average attendance of the Board meetings by the Board members (%) | 99.2 | 99.7 | 99.8 |

Structure of the issues considered by the Board of Directors in 2024 is consistent with its role in the governance of the Company.

### Structure of issues reviewed by the Board of Directors of the Company in 2024 (%)



## Key decisions made by the Board of Directors of the Company in the reporting year

**Company's long-term plans and programmes approved/endorsed**
- Investment programme
- Updated Digital Transformation Programme
- KPIs and functional KPIs of the management staff and their target values
- Plan for the development of the production asset management system and resource plan for its implementation

**Company' annual and quarterly plans and programmes approved**
- Business Plan
- Time-phased-action plan to reduce overdue receivables for electricity transmission services and to resolve disputes
- Non-state pension scheme for employees

**Priority business areas identified**
- Ensuring reliable power supply to the venues:
  - World Youth Festival
  - Ministerial Conference of the Russia-Africa Partnership Forum

**Company's internal documents approved**
- Environmental Policy
- Standard for conducting public technological and price audits of investment projects
- Roadmap for the implementation of quality standards for consumer care
- Antitrust compliance policy
- Updated scheme of communication network development
- New edition of the Regulations on the Internal Audit Directorate
- Amendments to the Company Development Plan

**Decision taken**
- On the Company's adherence to the amendments to the Uniform Procurement Standard of Rosseti PJSC (Procurement Regulations)
- On self-assessment of the performance of the Board of Directors and its committees

**Reports reviewed**
- Report of the General Director on various aspects of the Company's financial and business activities and the implementation of the Board's resolutions
- Report of Committees of the Board of Directors on the work performed

**Positions detemined**
- Positions of representatives of the Company at general meeting of shareholders and on the Boards of Directors of the Company's S&As

**At meetings held in mixed format during the reporting year, the Board of Directors reviewed the reports:**
- On the results of implementation of the business plan and investment programme
- On the progress on the higher-priority investment projects
- On the implementation of the Company's Development Plan
- On the Company's use of financial support





## Participation of the Board members of the Company in meetings of the Board of Directors and its committees in 2024

| Full name | Members of the Board of Directors | Number of meetings attended by a Board member (from those they were able to attend)[1] Board of Directors | Reliability Committee | Audit Committee | Strategy Committee | Personnel and Remuneration Committee | Grid Connection Committee |
|---|---|---|---|---|---|---|---|
| Daniil Krainskiy | First and second | 38 out of 38 | – | – | 19 out of 19 | – | – |
| Grigory Gladkovskiy | First and second | 38 out of 38 | – | – | – | – | – |
| Anna Zabortseva | First and second | 38 out of 38 | – | – | 19 out of 19 | – | - |
| Alexander Kazakov | First and second | 38 out of 38 | – | 18 out of 18 | – | 15 out of 15 | – |
| Madina Kaloeva | First and second | 38 out of 38 | – | – | 19 out of 19 | – | – |
| Konstantin Kravchenko | First and second | 38 out of 38 | – | – | – | – | – |
| Mikhail Medvedev | First and second | 38 out of 38 | – | 18 out of 18 | 19 out of 19 | – | – |
| Alexey Molskiy | First and second | 38 out of 38 | – | – | – | – | 9 out of 9 |
| Vladimir Kharitonov | First and second | 36 out of 38 | – | – | – | – | – |
| Boris Ebzeev | First and second | 38 out of 38 | – | – | – | – | – |
| Dmitry Bakharev | First | 16 out of 16 | – | – | – | – | – |
| Natalia Paramonova | Second | 22 out of 22 | – | – | – | – | – |

**Work plan for the second half of 2024 – first half of 2025** was approved by the decision of the Board of Directors dated 18 October 2024 (Minutes No. 574/2024 dated 18 October 2024). It covers the following focus areas:
- Strategic development of the Company
- Mid-term and short-term planning of the Company's operations
- Workflow management of the Board of Directors
- Follow-up on the resolutions of the Board of Directors and the General Meeting of Shareholders

The plan includes:
- Essential issues to be considered at the Board meetings
- Deadline for consideration of issues accurate to within a month
- Format of meetings (with the right to define the final format of the meeting by the Chairman of the Board of Directors, in accordance with para. 6.12 of the Regulations on the Board of Directors)
- List of people (Company's executive bodies) responsible for the preparation of issues to be considered at the meetings of the Board of Directors

## Performance appraisal of the Board of Directors

In the reporting year, the Board of Directors conducted a self-assessment of its performance for the 2023–2024 corporate year, rating its work and its organisation quite highly, as it did for the previous corporate year.

[1] Information on the participation of the Board's members in committees work is given only for the period when those persons were sitting on the Board of Directors.

| Sl. No. | Assessment criteria | Average score[1] | Assessment statement |
|---|---|---|---|
| 1 | The Board performing key functions in the management of the Company:<br>• Shaping and overseeing the implementation of the strategy<br>• Ensuring the establishment and effective operation of the internal control and risk management system and overseeing its effectiveness<br>• Evaluating the performance of senior management, implementing an effective incentive system | 5.0 | The track record of the Company's Board of Directors is fairly highly rated by the majority of Board members.<br>The Board of Directors is actively involved in the work of the executive bodies, assessing their work and shaping their incentive system. The Board of Directors utilises various tools to monitor the executive bodies, including regular management reports on various areas of activity |
| 2 | Safeguarding of assets | 4.9 | The practice of the Board of Directors in terms of ensuring competitive procurement and control over the implementation of the procurement policy is highly appreciated.<br>The practice of the Board of Directors in terms of control over controlled organisations is sufficiently in line with the recommendations of the Corporate Governance Code and is also highly appreciated by the members of the Board of Directors.<br>The Board of Directors' expanded authority to analyse and approve material transactions gives it more control over the safeguarding of the Company's assets |
| 3 | Composition and structure of the Board of Directors | 4.9 | In general, the main competencies required for effective operation are evenly distributed among the members of the Company's Board of Directors. Members of the Board of Directors have expertise in accounting and corporate finance, strategic management, corporate governance, risk management, as well as in areas specific to the Company's business.<br>Independent directors are able to create their own opinions based on their professional qualifications, experience, and independence. They are also able to make fair and unbiased decisions without consulting the Company's executive bodies, certain shareholder groups, or other stakeholders. |
| 4 | Organisation of the work of the Board of Directors, including:<br>• Management of the Board activity<br>• Infrastructural support<br>• Interaction of the Board of Directors with the Company's management<br>• Interaction of the Board of Directors with Board Committees | 4.9 | The practice of organising the work of the Board of Directors of the Company in terms of organisational, legal, information and infrastructure support, interaction of the Board of Directors with committees of the Board of Directors and the Company's management is generally effective |
| 5 | Chairman of the Board of Directors:<br>• Ensures efficient organisation of work of the Board of Directors, preparation and holding of its meetings<br>• Members of the Board of Directors freely interact with the Chairman of the Board of Directors<br>• Ensures a constructive and open atmosphere when discussing matters at meetings of the Board of Directors<br>• Ensures and encourages discussion of debatable and controversial issues by members of the Board of Directors | 5 | The Chairman of the Board of Directors of the Company ensures efficient operation of the Board of Directors and organisation of its meetings |

[1] The maximum score is 5.





# COMMITTEES UNDER THE BOARD OF DIRECTORS

**In order to provide for the efficient general governance of the Company by its Board of Directors, the following committees were established:**

- Reliability Committee
- Audit Committee
- Strategy Committee
- Personnel and Remuneration Committee
- Grid Connection Committee

The committees have the status of collegial advisory bodies to the Board of Directors. Main tasks and functions of the Committees:

- Preliminary consideration of the issues within the competence of the Board of Directors or under investigation of the Board of Directors to oversee the activities of the Company's executive bodies
- Development of necessary recommendations for the Board of Directors and executive bodies of the Company
- Consideration of other issues by order of the Board of Directors

The activities of each of the Committees are governed by respective Regulations[1].

The personal compositions of the committees (with the exception of the Audit Committee and Strategy Committee) and their chairpersons are elected by the Board of Directors of the Company from candidates nominated by members of the Board of Directors, for a term until the first meeting of the new Board of Directors.

Members of Audit and Strategy Committees are elected for a term until the next election of the respective committee.

The work of the committees is aligned with the action plans created after considering the action plan of the Board of Directors, decisions made by the Board of Directors and committees, suggestions made by the committee members, and the General Director.

On 12 July 2024, the Board of Directors reviewed the Committees' progress reports for the 2023–2024 corporate year[2].

During the reporting year, 82 committee meetings were held and 148 issues were addressed; all issues subject to preliminary review by the committees of the Board of Directors were reviewed by them in a timely manner.

In the reporting year, members of the Committees carried out a self-assessment of their performance for the 2023–2024 corporate year, rating their work and its organisation quite highly and confirming their compliance with the Committee Regulations.

[1] The Regulations on the Board of Directors' Committees of the Company are published on the Company's website in the About the Company / Constitutive and Internal Documents section.
[2] The reports of Board Committees are published on the Company's website in the About the Company / Management / Committees under the Board of Directors section.

### Results of the self-assessment of the Board committee performance

| Sl. No. | Committees under the Board of Directors | Performance assessment, average score[1] |
|---|---|---|
| 1 | Reliability Committee | 4.9 |
| 2 | Audit Committee | 5.0 |
| 3 | Strategy Committee | 4.8 |
| 4 | Personnel and Remuneration Committee | 4.9 |
| 5 | Grid Connection Committee | 4.8 |

There is a remuneration for the participation of committee members in committee meetings. The overall remuneration amount for the members of the Board Committees in 2024 amounted to RUB 2,993 thousand. The Company has no outstanding remuneration to the committee members.

# RELIABILITY COMMITTEE

| | |
|---|---|
| **Committee establishment date** | 15 September 2006 |
| **Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved** | No. 281/2017 dated 21 July 2017 |
| **Key tasks of the Committee** | Drawing up and giving recommendations (conclusions) to the Board of Directors on the following aspects of its activities:<br>• Expert evaluation of production programmes, plans for technical retrofitting, renovation, new construction and repair of power grid facilities, analysis of their development and execution in terms of ensuring the requirements for reliability of operation and technical condition of the power grids<br>• Evaluation of the completeness and adequacy of measures taken based on accident investigation results, as well as control over their implementation<br>• Expert evaluation of the quality of investigations of the causes of disturbances (accidents)<br>• Expert evaluation of the Company's emergency planning activities (emergency preparedness, set-up and execution of emergency restoration procedures at power grid facilities)<br>• Expert evaluation and implementation control for the programmes of prevention and personnel and third-party injury risk mitigation at the power installations of Rosseti Kuban PJSC<br>• Control and assessment of the Company's technical services performance in terms of ensuring operational reliability and safety of power grids<br>• Expert evaluation of the internal technical control system in the Company<br>• Expert evaluation of the occupational safety management system<br>• Expert evaluation of the environmental policy implementation programme<br>• Expert evaluation of the fire and industrial safety system |
| **Members of the Board of Directors in office in the reporting year** | Committee composition from 14 August 2023 to 26 June 2024, current Committee composition elected on 23 July 2024.[2]<br>1. **Palina Kanyuka (Chair of the Committee)**, Deputy Chief Engineer of Rosseti PJSC<br>2. **Vladimir Mikhailov**, Deputy General Director for Technical Issues — Chief Engineer, member of the Management Board of Rosseti Kuban JSC<br>3. **Alexander Pilyugin**, Deputy Director of Rosseti branch — Technical Supervision Centre |

[1] The maximum score is 5.
[2] The positions of the members of the Board Committees are given at the date of their election.

| Performance results of the Committee in the reporting year | Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| | Number of Committee meetings held | 17 | 20 | 21 |
| | • Including in person (in mixed format) | – | – | – |
| | Number of issues discussed | 41 | 32 | 29 |
| | Share of issues preliminarily considered by the Committee with preparation of recommendations to the Board of Directors in the total number of issues considered (%) | 34.1 | 40.6 | 51.7 |
| | Average attendance of the Committee meetings by the Committee members (%) | 100 | 97.9 | 100 |

In the reporting year, the Committee provided the Board of Directors with recommendations on the following crucial issues:
- On approval of the following:
  - Updated Digital Transformation Programme
  - Plan for the development of the production asset management system and resource plan for its implementation
- On consideration of the following reports:
  - On the fulfilment of the investment programme
  - On the implementation of the power grid facilities renovation programme
  - On the delivery of the plan for the development of the production asset management system and resource plan for its implementation
  - On the implementation of the digital transformation programme
  - On the delivery on the action plan for the transition to the predominant use of domestic software
  - On the achievement of readiness for heating season
  - On the work done by the Reliability Committee in the 2023–2024 corporate year

In the reporting year, the Committee also addressed the following issues:
- Maintenance and repair programme of power facilities
- Quality assessment of the accident cause investigations and assessment of the adequacy and sufficiency of actions to neutralise them
- An action plan aimed at eliminating violations identified by the commission of the Ministry of Energy of Russia to assess the Company's readiness for the heating season
- Information on the level of reliability of the services provided by the Company
- Company's management reports:
  - On the Company's performance during the heating and flood periods
  - On readiness to work in heating and flood periods, to organise and carry out emergency response and restoration
  - On the delivery of the maintenance and repair programme for the Company's facilities

# AUDIT COMMITTEE

| | |
|---|---|
| **Committee establishment date** | 16 October 2009 |
| **Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved** | No. 233/2016 dated 18 March 2016, as amended by No. 253/2016 dated 28 October 2016 and No. 494/2022 dated 26 October 2022 |
| **Key tasks of the Committee** | • To review the Company's financial statements and supervision of their preparation<br>• To monitor the reliability and efficiency of the internal control system, risk management system and corporate governance practices<br>• To control over external audits and selection of the auditor<br>• To ensure independence and objectivity of the internal audit function<br>• To control over the efficiency of the system for countering unfair practices of the Company's employees or third parties |
| **Members of the Board of Directors in office in the reporting year** | Committee composition from 1 August 2023 to 23 July 2024, current Committee composition elected on 23 July 2024<br>1. **Anton Ulyanov (Committee Chairman)**, Internal Audit Director — Head of the Internal Audit Department of Rosseti PJSC, Chairman of the Internal Audit Commission of Rosseti Kuban JSC<br>2. **Alexander Kazakov**, member of the Board of Directors of Rosseti Kuban JSC<br>3. **Mikhail Medvedev**, adviser to General Director of Avangard JSC, member of the Board of Directors of Rosseti Kuban JSC |

**Performance results of the Committee in the reporting year**

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of Committee meetings held | 15 | 14 | 18 |
| • Including in person (in mixed format) | 3 | 3 | 4 |
| Number of issues discussed | 43 | 44 | 41 |
| Share of issues preliminarily considered by the Committee with preparation of recommendations to the Board of Directors in the total number of issues considered (%) | 44.2 | 45.5 | 46.3 |
| Average attendance of the Committee meetings by the Committee members (%) | 100 | 100 | 100 |

In the reporting year, the Committee provided the Board of Directors with conclusions (recommendations) on the following critical issues:

- On approval of the following:
  - Report on the implementation of the action plan and the results of the internal audit activity, including the results of the self-assessment, as well as measures to develop and improve the internal audit activity
  - Format of the external independent assessment of internal audit activities
  - Antitrust compliance policy
  - Work plan and budget of the Internal Audit Directorate
- On consideration of the candidate of the Company's audit organisation for auditing of the Company's statements for 2024 and on determination of the compensation paid for these services
- On approval of the new version of the Regulations on the Internal Audit Directorate
- On consideration of the following reports (information):
  - On the organisation, functioning and effectiveness of the Company's risk management and internal control system
  - Internal audit report on the evaluation of measures to identify and dispose of non-core assets
  - Anti-corruption monitoring report
  - Internal audit on the assessment of reliability and efficiency of the Company's risk management and internal control system
  - Company's accounting (financial) statements prepared under RAS
  - Report of the Audit Committee of the Board of Directors on its work for the 2023–2024 corporate year

In the reporting year, the Audit Committee of the Board of Directors also considered the following:

- Reviewed the information provided by the audit organisation on the main issues of the Company's accounting (financial) statements and the consolidated financial statements prepared under IFRS
- Approved the opinion on the quality of the audit, the auditor's reports and the effectiveness and quality of the external audit of the Company's accounting (financial) statements
- Reviewed reports (information) of the Company's management:
  - On implementation of the corrective measures to eliminate gaps identified by the Company's Auditing Commission, Company's internal audit, third-party control and supervision bodies on measures taken to address the information about potential cases of unfair practices of employees, and following the results of investigations made
  - On non-standard operations and events of the Company, as well as regarding the formation of a reserve on doubtful debts and estimated liabilities

# STRATEGY COMMITTEE

| | |
|---|---|
| **Committee establishment date** | 5 February 2010 |
| **Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved** | No. 358/2019 dated 16 August 2019 |
| **Key tasks of the Committee** | To develop recommendations (conclusions) concerning the following issues and submission of them to the Board of Directors:<br>• Strategic development and business priorities<br>• Company's innovation development<br>• Organisation of business processes<br>• Business planning<br>• Dividend policy<br>• Risk management<br>• Efficiency assessment for the operations of the Company and its S&As |
| **Members of the Board of Directors in office in the reporting year** | Composition of the Committee from 29 August 2023 to 16 August 2024.<br>1. **Alexey Polinov (Committee Chairman)**, Deputy General Director for Economics and Finance of Rosseti PJSC<br>2. **Antoniades Alekos Archimedes**, Acting Investment Director — Head of Investment Planning Department of Rosseti PJSC<br>3. **Konstantin Guselnikov**, General Director of FinInvest Consulting LLC<br>4. **Anna Zabortseva**, Chairman of the Electric Power and Industry Committee of the Krasnodar Krai Branch of OPORA RUSSIA, member of the Board of Directors of Rosseti Kuban PJSC<br>5. **Kirill Iordanidi**, Deputy General Director for Economics and Finance of Rosseti South PJSC, Deputy General Director for Economics and Finance (part-time) and member of the Management Board of Rosseti Kuban PJSC<br>6. **Madina Kaloyeva**, Director for Corporate Governance — Head of the Corporate Governance Department of Rosseti PJSC, member of the Board of Directors of Rosseti Kuban PJSC<br>7. **Daniil Krainskiy**, Deputy General Director for Legal Support of Rosseti PJSC, Chairman of the Board of Directors of Rosseti Kuban PJSC<br>8. **Yulia Leshchevskaya**, Acting Deputy General Director for Strategy of Rosseti PJSC<br>9. **Mikhail Medvedev**, adviser to General Director of Avangard JSC, member of the Board of Directors of Rosseti Kuban PJSC<br><br>Current membership of the Committee elected on 16 August 2024:<br>1. **Alexey Polinov (Committee Chairman)**, Deputy General Director for Economics and Finance of Rosseti PJSC<br>2. **Antoniades Alekos Archimedes**, Investment Director, Head of Investment Planning and Reporting Department of Rosseti PJSC<br>3. **Konstantin Guselnikov**, General Director of FinInvest Consulting LLC<br>4. **Anna Zabortseva**, Chairman of the Electric Power and Industry Committee of the Krasnodar Krai Branch of OPORA RUSSIA, member of the Board of Directors of Rosseti Kuban JSC<br>5. **Kirill Iordanidi**, Deputy General Director for Economics and Finance of Rosseti South PJSC, Deputy General Director for Economics and Finance (part-time) and member of the Management Board of Rosseti Kuban JSC<br>6. **Madina Kaloyeva**, Director for Corporate Governance — Head of the Corporate Governance Department of Rosseti PJSC, member of the Board of Directors of Rosseti Kuban JSC<br>7. **Daniil Krainskiy**, Deputy General Director for Legal Support of Rosseti PJSC, Chairman of the Board of Directors of Rosseti Kuban JSC<br>8. **Yulia Leshchevskaya**, Chief Advisor of Rosseti PJSC<br>9. **Mikhail Medvedev**, adviser to General Director of Avangard JSC, member of the Board of Directors of Rosseti Kuban JSC |

**Performance results of the Committee in the reporting year**

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of Committee meetings held | 23 | 25 | 19 |
| • Including in person (in mixed format) | 2 | – | – |
| Number of issues discussed | 48 | 50 | 38 |
| Share of issues preliminarily considered by the Committee with preparation of recommendations to the Board of Directors in the total number of issues considered (%) | 89.6 | 94.0 | 94.7 |
| Average attendance of the Committee meetings by the Committee members (%) | 100 | 100 | 100 |

Recommendations were made to the Board of Directors concerning the following critical issues:
- On approval of the draft investment programme
- On the priority area of activity – ensuring reliable power supply to the venue of the Ministerial Conference of the Russia-Africa Partnership Forum
- On approval of the following:
  - Standard for conducting public technological and price audits of investment projects
  - Updated Digital Transformation Programme
  - Company's business plan
  - Amendments to the development plan
  - Time-phased-action plan to reduce overdue amount for electricity transmission services rendered and to resolve disputes
  - KPIs and functional KPIs of management staff
  - Reports on achievement of KPIs and functional KPIs of the management staff, implementation of innovative development programmes, digital transformation
- On consideration of the following reports:
  - of the Strategy Committee of the Board of Directors on the work done in the 2023–2024 corporate year
  - On execution of the business plan, investment programme, development plan of the Company, use of funds for financial support of the development plan
  - On the progress on the higher-priority investment projects
  - On the organisation, functioning and effectiveness of the Company's risk management and internal control system
  - On delivery on the action plan for the transition to the predominant use of domestic software

# PERSONNEL AND REMUNERATION COMMITTEE

| | |
|---|---|
| **Committee establishment date** | 6 August 2010 |
| **Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved** | No. 194/2014 dated 1 August 2014 |
| **Key tasks of the Committee** | To develop recommendations (conclusions) concerning the following issues and submission of them to the Board of Directors:<br>• Establishing criteria for selecting and evaluating candidates for the Board of Directors and executive bodies of the Company<br>• Setting principles and criteria for remuneration of members of the Company's management and control bodies<br>• Approving (adjusting) internal documents that regulate issues in the field of remuneration and material incentives<br>• Appointing the Acting General Director of the Company<br>• Conducting regular assessment of the performance of the General Director and members of the Management Board of the Company<br>• Pre-approving candidates for the positions defined by the Board of Directors of the Company |
| **Members of the Board of Directors in office in the reporting year** | Committee composition from 14 August 2023 to 26 June 2024, current Committee composition elected on 3 July 2024<br>1. **Daria Borisova (Committee Chair)**, Director for HR Management and Organisational Development of Rosseti PJSC<br>2. **Alexander Kazakov**, member of the Board of Directors of Rosseti Kuban JSC<br>3. **Konstantin Suvorovskiy**, Head of the Remuneration, Organisational Design and Personnel Administration Department of Rosseti PJSC |

**Performance results of the Committee in the reporting year**

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of Committee meetings held | 13 | 13 | 15 |
| • Including in person (in mixed format) | – | – | – |
| Number of issues discussed | 26 | 18 | 24 |
| Share of issues preliminarily considered by the Committee with preparation of recommendations to the Board of Directors in the total number of issues considered (%) | 69.2 | 72.2 | 58.3 |
| Average attendance of the Committee meetings by the Committee members (%) | 100 | 100 | 100 |

Recommendations were made to the Board of Directors concerning the following issues:
- On the evaluation of the Board of Directors and its committees and on consideration of the results
- On changes to the composition of the Company's Management Board
- On appointment of the Acting General Director of the Company
- On approval of addenda to the Company's collective bargaining agreement for 2023–2025
- On approval of KPIs and functional KPIs of the management staff for 2024–2026,
- On preliminary approval of candidates for the positions defined by the Board of Directors of the Company
- On approval of reports on KPIs and functional KPIs of the management staff for 2023
- On establishment of the Committee's budget
- On review of the report of the Personnel and Remuneration Committee on works performed in the 2023–2024 corporate year
- On approval of the Corporate Secretary performance report

The Personnel and Remuneration Committee of the Board of Directors also reviewed information on the performance of the Company's Deputy General Directors





# GRID CONNECTION COMMITTEE

| | |
|---|---|
| **Committee establishment date** | 11 October 2011 |
| **Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved** | No. 281/2017 dated 19 July 2017 |
| **Key tasks of the Committee** | To develop recommendations (conclusions) concerning the following issues and submission of them to the Board of Directors:<br>• Improvement of the legal framework of the anti-trust law and provision of equal-opportunity access to the grid connection services<br>• Improvement of the Company's internal standards for ensuring equal-opportunity access to the grid connection services<br>• Development of principles and criteria for assessing the Company's performance efficiency regarding connecting customers to power grids<br>• Assessment of the Company's performance related to grid connection of consumers<br>• Assessment of the Company's performance efficiency in the improvement of power grid development plans in the regions of presence<br>• Analysis of the current situation in the Company and the preparation of suggestions for the Board of Directors concerning customers' grid connection and the future development of the grid in general |
| **Members of the Board of Directors in office in the reporting year** | Committee composition from 14 August 2023 to 26 June 2024, current Committee composition elected on 16 August 2024<br>1. **Alexey Molskiy (Committee Chairman)**, Deputy General Director for Investment and Capital Construction of Rosseti PJSC, member of the Board of Directors of Rosseti Kuban JSC<br>2. **Marina Gazdanova**, Deputy Head of Grid Connection and Infrastructure Development Department — Head of Additional Services and Customer Services Development Department of Rosseti PJSC<br>3. **Dmitry Zhuravlev**, Deputy General Director for Development and Grid Connection of Rosseti South PJSC<br>4. **Oleg Klinkov**, Director for Customer Relations — Head of Technological Development Department of Rosseti PJSC<br>5. **Alexander Chepusov**, Acting Deputy General Director for Development and Grid Connection of Rosseti Kuban JSC |

**Performance results of the Committee in the reporting year**

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of Committee meetings held | 8 | 8 | 9 |
| • Including in person (in mixed format) | 2 | – | 2 |
| Number of issues discussed | 17 | 15 | 16 |
| Share of issues preliminarily considered by the Committee with preparation of recommendations to the Board of Directors in the total number of issues considered (%) | 23.5 | 20.0 | 37.5 |
| Average attendance of the Committee meetings by the Committee members (%) | 100 | 100 | 100 |

Recommendations were made to the Board of Directors concerning the issues:
- On approval of the roadmap for implementation of service quality standards for service consumers and their compliance
- On review of the current situation on the Company's grid connection of consumers based on the results of 2023
- On review of the Grid Connection Committee's progress report for the 2023–2024 corporate year

The following management reports were reviewed:
- On preparation of initial data for the scheme and programme of development of electric power systems of Russia for 2024–2029
- On the Company's current activities in grid connection of consumers
- On the progress on the roadmap for the development of additional (non-tariff) services

# EXECUTIVE BODIES

The General Director, who is the sole executive body, and the Management Board (the collective executive body) are in charge of executive management of Rosseti Kuban JSC.

The General Director and the Management Board are accountable to the General Meeting of Shareholders and the Board of Directors.

Pursuing the Articles of Association of the Company, the General Director is elected by the Board of Directors and chairs the Management Board. All the Management Board members are also elected by the Board of Directors, as suggested by the General Director, in the number to be determined by a decision of the Board of Directors.

Each member of the Management Board, including its chairperson, shall have the experience, knowledge and qualifications necessary for the proper discharge of the duties entrusted to them. The General Director and the members of the Management Board act in good faith and the best interests of the Company and all of its shareholders. To prevent any conflicts of interests and the related adverse impacts for the Company, the members of the Management Board shall disclose to the Company all and any information about their business activities outside the interests of the Company.

## GENERAL DIRECTOR

According to the Articles of Association of Rosseti Kuban JSC, the General Director is change of the executive management of the Company according to decisions of the General Meeting of Shareholders, the Board of Directors and the Management Board.

All of the aspects of current operations management in the Company, except for matters reserved for the General Meeting of Shareholders, the Board of Directors, and the Management Board, fall within the remit of the General Director.

The General Director shall act on behalf of the Company without a power of attorney, subject to the restrictions stipulated by the legislation of the Russian Federation, the Article of Association and decisions of the Board of Directors of Rosseti Kuban JSC.

Relations of the General Director with the Board of Directors
- The Board of Directors approves the Procedure for calculating and evaluating KPIs of the General Director, their target values and reports on their performance
- The General Director regularly submits to the Board of Directors reports on the Company's performance results, including reports on implementation of the duties and resolutions of the General Meeting of Shareholders and the Board of Directors by the General Director.

The functions of the sole executive body (General Director) of the Company in the reporting year were performed by:
- until 28 December 2024 — Boris Ebzeev (Acting General Director, part-time)[1]
- since 28 December 2024 — Alexey Rybin (Acting General Director, part-time)[2].

[1] For more details on Boris Ebzeev, see the Composition of the Board of Directors subsection of the Corporate Governance Report section herein.
[2] For more details on Alexey Rybin, see the Composition of the Management Board sub-section of the Corporate Governance Report section herein.





# MANAGEMENT BOARD

The Management Board is responsible for the implementation of the Company's goals, strategy and policy and manages the day-to-day operations within its remit.

The key objectives of the Management Board:
- To uphold the rights and legitimate interests of the Company's shareholders
- To prepare suggestions on the Development Strategy of the Company
- To implement the financial and economic policy of the Company, draw up decisions on the major issues related to its current economic operations and coordinating the operation of its departments
- To increase the efficiency of the internal control and risk monitoring systems
- To ensure a high level of income from the Company's assets and the maximum profit from the Company's operations

Relations of the Board of Directors and Management Board of the Company
- The Board of Directors elects the members of the Management Board, establishes the remuneration and compensation paid to them, monitors the compliance of the Management Board's activities with the Company's approved strategy, and hears the Management Board's progress reports on the Company's approved strategy.
- The Management Board develops and submits prospective plans for the implementation of the Company's core activities, business plan, annual report, follow-up report on how the Management Board fulfils the resolutions of the General Meeting of Shareholders and the Board of Directors.

The Company's Management Board acts in compliance with the Articles of Association and the Regulations on the Management Board[1] approved by the resolution of the General Meeting of the Shareholders.

## Composition of the Management Board

In the reporting year, the Management Board consisted of seven members.

During the reporting year, the composition of the Company's Management Board underwent the following changes due to personnel movements:
- due to early termination of powers of the Acting General Director, Boris Ebzeev ceased to be the Chairman of the Management Board of the Company
- in connection with the appointment of Alexey Rybin as Acting General Director, he became Chairman of the Management Board of the Company
- authorities of Yulia Galinova, a member of the Management Board, were terminated
- Oleg Musinov was elected as a member of the Management Board



[1] The Regulations on the Management Board of the Company is published on the Company's website in the HYPERLINK About the Company / Constitutive and Internal Documents section.

# Current membership of the Management Board as at the end of the reporting year

## 1. Alexey Rybin, Chairman of the Management Board

| | | | |
|---|---|---|---|
| **Year of birth** | 1972 | | |
| **Education** | Higher. Graduated from:<br>• Zhukovsky Kharkov Aviation Institute, major in aviation engines and power plants, mechanical engineer<br>• Rostov State University, major in legal studies, lawyer<br>• National Research University MPEI, with major in power engineering and electrical engineering, Master's degree<br><br>Additional education:<br>Russian Presidential Academy of National Economy and Public Administration, professional retraining programme Executive Master of Business Administration: Strategic Management and Leadership, Master of Business Administration (MBA) | | |
| **Information on employment of a Chairman of the Management Board and on participation in governing bodies of other organisations over the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2012 | 2021 | Rosseti South PJSC | Deputy General Director for Economics and Finance |
| 2013 | present time | | Member of the Management Board |
| 2021 | 2024 | | Deputy General Director – Director of the Volgogradenergo branch of Rosseti South PJSC |
| | 2025 | VMES JSC | General Director (part-time) |
| 2018 | present time | VMES JSC | Member of the Board of Directors |
| 2024 | present time | Rosseti South PJSC | Chairman of the Management Board, General Director |
| | | Rosseti Kuban JSC | Chairman of the Management Board, Acting General Director (part-time) |
| **Date of assuming the position of the Chairman of the Company's Management Board** | | 28 December 2024 | |





## 2. Edgar Armaganyan

| | | | |
|---|---|---|---|
| **Year of birth** | 1984 | | |
| **Education** | Higher. Graduated from:<br>• Kuban State Agrarian University, major in electrification and automation, engineer<br>• Moscow Institute of Entrepreneurship and Law, with major in organisation management, manager<br><br>Additional education:<br>• Bauman Moscow State Technical University, major in management with professional status of organisation controlling<br>• Kuban State University, with major in legal studies: civil law relations<br>• Russian Presidential Academy of National Economy and Public Administration on the MBA programme – Top Manager, major in management | | |
| **Information on employment of a member of the Management Board and on participation in governing bodies of other organisations over the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2009 | present time | Rosseti Kuban JSC | First Deputy General Director — Director of Sochi Power Grids Branch |
| 2016 | | Energoservice Kuban JSC | Chairman of the Board of Directors |
| **Date of election to the Management Board** | | 28 August 2014 | |

## 3. Julianna Jabrailova

| | |
|---|---|
| **Year of birth** | 1981 |
| **Education** | Higher. Graduated from:<br>• Kuban Institute of International Business and Management, major in finance and credit, economist<br>• Kuban State Agrarian University, Bachelor's degree in agro-engineering |

**Information on employment of a member of the Management Board and on participation in governing bodies of other organisations over the last five years:**

| Period | | Organisation | Position |
|---|---|---|---|
| **from** | **to** | | |
| 2014 | present time | Rosseti South PJSC | Deputy General Director — Head of the Office |
| 2016 | | | Member of the Management Board |
| 2016 | | Energetik Recreation Facility JSC | Chairman of the Board of Directors |
| 2017 | | Rosseti South PJSC | Director of Kubanenergo branch (part-time) |
| 2018 | | ERA of Russia Association | Member of the Supervisory Board |
| 2021 | | Rosseti Kuban JSC | Deputy General Director — Head of the Office (part-time) |
| **Date of election to the Management Board** | | 30 June 2021 | |





## 4. Kirill Iordanidi

| | |
|---|---|
| **Year of birth** | 1985 |
| **Education** | Higher. Graduated from:<br>• University of Indianapolis (Indiana, USA), major in economics and finance<br>• International College (Intercollege, Republic of Cyprus), major in management<br>• South Russian State University of Economics and Service, Master's degree in management<br><br>Additional education:<br>• MGIMO (University) of the Ministry of Foreign Affairs of the Russian Federation, MBA programme on Management and Regulation of Economic Activity in the International Power Industry, Master of Business Administration |

**Information on employment of a member of the Management Board and on participation in governing bodies of other organisations over the last five years:**

| Period | | Organisation | Position |
|---|---|---|---|
| **from** | **to** | | |
| 2016 | 2021 | Rosseti South PJSC | Head of the Department of Economics |
| 2017 | present time | Energetik Recreation Facility JSC | Member of the Board of Directors |
| | 2021 | Sokolovskoye Agricultural Enterprise JSC | Chairman, member of the Board of Directors |
| 2019 | 2021 | YugStroyMontazh LLC | Member of the Board of Directors |
| 2021 | present time | Rosseti South PJSC | Deputy General Director for Economics and Finance, member of the Management Board |
| | 2021 | Rosseti Kuban PJSC | Assistant General Director, Acting Deputy General Director for Economics and Finance (part-time) |
| | present time | Rosseti Kuban JSC | Deputy General Director for Economics and Finance (part-time), member of the Strategy Committee of the Board of Directors |
| **Date of election to the Management Board** | | 30 September 2021 | |

## 5. Viktor Korzhanevskiy

| | | | |
|---|---|---|---|
| **Year of birth** | | 1977 | |
| **Education** | | Higher. Graduated from Serikbayev East Kazakhstan Technical University, major in instrumentation, electrical engineer | |
| **Information on employment of a member of the Management Board and on participation in governing bodies of other organisations over the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2020 | present time | Rosseti Kuban JSC | Deputy General Director for Investments |
| | | Energoservice Kuban JSC | Member of the Board of Directors |
| **Date of election to the Management Board** | | 27 August 2020 | |





## 6. Vladimir Mikhailov

| | | | |
|---|---|---|---|
| **Year of birth** | | 1982 | |
| **Education** | | Higher. Graduated from:<br>• South Russian State Technical University (Novocherkassk Polytechnic Institute), major in electrical systems and grids, engineer<br>• Trubilin Kuban State Agrarian University, Master's degree in state and municipal management<br><br>Additional education:<br>• South Russian State Technical University (Novocherkassk Polytechnic Institute), major in safety of technological processes and productions in power engineering and power supply<br>• Bauman Moscow State Technical University, professional retraining in the Management programme<br>• ANO Retraining Centre Informzaschita, professional retraining in Information Security. Security of restricted-access information that does not contain information constituting a state secret using cryptographic and non-cryptographic methods | |
| **Information on employment of a member of the Management Board and on participation in governing bodies of other organisations over the last five years:** | | | |
| **Period** | | **Organisation** | **Position** |
| **from** | **to** | | |
| 2020 | 2021 | Southern Energy Company LLC | Executive director |
| 2022 | 2022 | Rosseti Kuban PJSC | Assistant General Director of Business Administration in the Department of Business Administration, Acting Deputy General Director for Technical Affairs — Chief Engineer |
| | present time | Rosseti Kuban JSC | Deputy General Director for Technical Affairs — Chief Engineer, member of the Reliability Committee of the Board of Directors |
| | | Energoservice Kuban JSC | Member of the Board of Directors |
| **Date of election to the Management Board** | | 11 October 2022 | |

## 7. Oleg Musinov

| | |
|---|---|
| **Year of birth** | 1972 |
| **Education** | Higher. Graduated from:<br>• Khabarovsk State Academy of Economics and Law, major in legal studies, lawyer<br>• Don State Agrarian University, major in power engineering and electrical engineering, Master's degree<br><br>Additional education:<br>• Volgograd State University — professional retraining of managerial personnel for the national economy of the Russian Federation in management, type B<br>• MGIMO (University) of the Ministry of Foreign Affairs of the Russian Federation, Executive MBA programme, Master of Business Administration (MBA) |

**Information on employment of a member of the Management Board and on participation in governing bodies of other organisations over the last five years:**

| Period | | Organisation | Position |
|---|---|---|---|
| **from** | **to** | | |
| 2014 | present time | Rosseti South PJSC | Deputy General Director for Legal and Corporate Governance |
| 2018 | present time | VMES JSC | Member of the Board of Directors |
| 2019 | present time | Rosseti South PJSC | Member of the Management Board |
| 2021 | 2022 | Rosseti Kuban PJSC | Assistant to the General Director (part-time) |
| 2024 | present time | Rosseti Kuban JSC | Deputy General Director for Corporate Governance (part-time) |

| | |
|---|---|
| **Date of election to the Management Board** | 25 October 2024 |





The average age of the Management Board member is **45 YEARS**

There is **1 WOMAN** on the Management Board.

**ALL MEMBERS OF THE COMPANY'S MANAGEMENT BOARD ARE CITIZENS OF THE RUSSIAN FEDERATION**

None of the Management Board members held any positions in the governing bodies of any commercial organisations when bankruptcy procedures were initiated and/or implemented against these companies as specified by the insolvency (bankruptcy) laws of the Russian Federation.

None of the Company's Management Board:
- Owned the Company shares or closed transactions with them during the reporting year[1]
- Made any transactions with the Company in the reporting year
- Received any loans (credits) from the Company
- Had family ties with people who are members of the bodies that manage and/or control the financial and economic activities of the Company
- Was held administratively liable for financial improprieties, offence regarding tax and fees or security market, or had any criminal record for economic crimes or crimes against the state
- Had any conflicts of interest with the Company

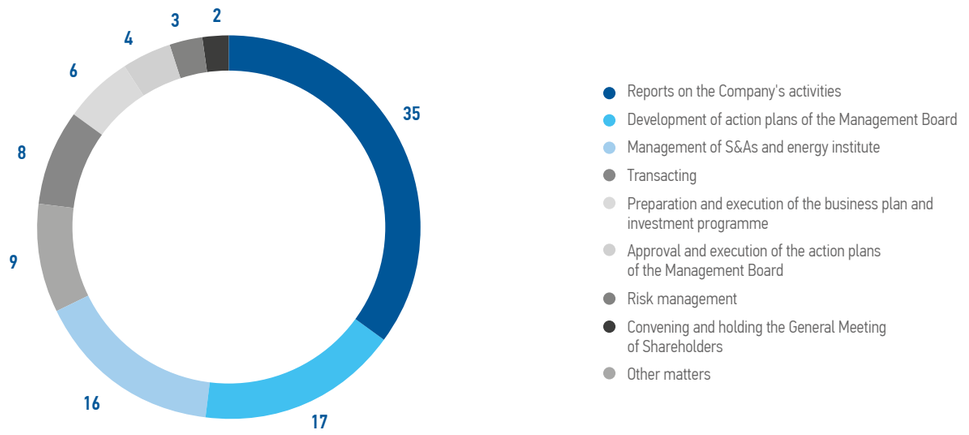
## Performance of the Management Board

### Activity of the Management Board

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Number of meetings held | 46 | 43 | 53 |
| In person | – | – | – |
| Number of issues discussed | 215 | 191 | 187 |

The Management Board meetings in the reporting year were conducted according to its work plans and at the initiative of the Chairman of the Management Board.

Breakdown of the issues discussed by the Committee in 2024 (%)




[1] According to the data provided to the Company by the Management Board members.

# CORPORATE SECRETARY

The Board of Directors of the Company elects the Corporate Secretary[1] in order to duly comply with the procedure for preparing and holding the General Meeting of Shareholders and for organising the activities of the Board of Directors.

The Corporate Secretary is the official of Rosseti Kuban JSC that makes sure that the Company complies with the laws of the Russian Federation, the Articles of Association, and internal documents that guarantee the exercise of rights and legal interests of the Company's shareholders. The Corporate Secretary reports to the Board of Directors, which determines the provisions of the Corporate Secretary contract, the amount and the payment procedures for the remuneration, and the bonus principles.

The Corporate Secretary submits an annual report on his/her work to the Board of Directors for approval, which is to be previously reviewed by the Personnel and Remuneration Committee of the Board of Directors.

During the reporting year, the functions of the Company's Corporate Secretary were performed by **Ekaterina Didenko**.

| | |
|---|---|
| **Year of birth** | 1975 |
| **Education** | Higher. Graduated from Kuban State Agrarian University, major in legal studies, lawyer<br><br>Completed professional retraining at Bauman Moscow State Technical University under the programme on management. controlling in the electric power industry<br><br>Received advanced training courses at Non-State Educational Institution Moscow International Institute of Econometrics, Informatics, Finance And Law under the programme on fundamentals of property management in RAO UES of Russia S&As |
| **Primary employment and position held** | Head of the Corporate Support Department of Rosseti Kuban JSC |

**Participation in governing bodies of other organisations over the last five years:**

| **Period** | | **Organisation** | **Position** |
|---|---|---|---|
| **from** | **to** | | |
| 2016 | 2021 | Energetik Health Resort JSC | Member of the Board of Directors |
| 2018 | 2020 | Energoservice Kuban JSC | |
| **Period of acting as the Company's corporate secretary** | | Since 8 June 2023 | |

[1] The functions, appointment and displacement procedures, rights and duties of the Corporate Secretary are aligned with the Regulations on the Corporate Secretary as approved by the Board of Directors (published on the website of Rosseti Kuban JSC in the About the Company / Constitutive and Internal Documents section).

In the reporting year, Ekaterina Didenko:

- Own neither Company's nor S&As' shares, or made transactions with them during the reporting year
- Had no family ties with people who are members of the bodies that manage and/or control the financial and economic activities of the Company
- Was not held administratively liable for financial improprieties, offence regarding tax and fees or security market, or had any criminal record for economic crimes or crimes against the state
- Did not hold positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under the Russian insolvency (bankruptcy) laws were initiated against these organisations
- Had no conflicts of interest (including those related to participation in the management bodies of the Company's competitors) in the reporting year
- Received no loans (credits) from the Company

On 12 July 2024 (Minutes No. 564/2024 dated 12 July 2024), the Board of Directors approved the report of the Corporate Secretary for the 2023–2024 corporate year, in particular containing:

- Statistical information on meetings of the Board of Directors
- Information on absence of observations from Board members and their committees on the activities of the Company's Corporate Secretary
- Information on the functions performed by the Corporate Secretary of the Company in the reporting period as the secretary of the General Meeting of Shareholders of the Company, support of the current activities of the Board of Directors, etc.



# AUDITING COMMISSION

The Auditing Commission is a permanent elected internal control body of the Company.

The Auditing Committee periodically reviews the financial and economic activities of the Company, the activities of its business units and separate subdivisions and the Company's governing bodies through documentary and field audits (inspections):

- Legitimacy and economic feasibility of the business and finance transactions carried out by the Company during the period audited
- Completeness and accuracy of the representation of business and financial transactions in the Company's documents

The objectives of the Auditing Commission:

- To control over the Company's financial and business operations
- To conduct independent assessment of the reliability of the data contained in the annual report of the Company and annual accounting statements
- To confirm the fairness of the representations contained in the Company's report on related-party transactions

The Auditing Commission shall act in the interests of the Company's shareholders and shall be accountable to the General Meeting of Shareholders.

In performing its functions, it shall be independent of the officials, management bodies and heads of business units of the Company's executive office.

The competence of the Auditing Commission is defined by Federal Law No. 208-FZ dated 26 December 1995 'On Joint Stock Companies', as well as the Articles of Association of the Company.

Pursuant to Article 24.4 of the Company's Articles of Association, the remit of the Auditing Commission covers:

- Inspection (audit) of the financial, accounting, payment and settlement and other documentation of the Company related to the Company's financial and economic activities for the compliance with the legislation of the Russian Federation, the Articles of Associations and internal documents of the Company
- Check and analysis of the financial condition of the Company, its solvency, the functioning of the internal control and risk management system, liquidity of assets, the ratio of own and loaned funds, correctness and timeliness of accruals and payment of interest on bonds, income on other securities
- Control over the expenditure of the Company's funds under the approved business plan and budget of the Company
- Control over the generation and use of the reserve fund and other special funds of the Company
- Verification of the timeliness and correctness of settlement transactions with counterparties and the budget, as well as settlement transactions for remuneration, social insurance, accrual and payment of dividends and other settlement transactions
- Monitoring of the compliance with the established procedure for writing off debts of insolvent debtors to the Company's losses
- Verification of the Company's business operations carried out under the concluded agreements
- Verification of the compliance with the use of material, labour and financial resources, financial and economic activities of current agreements, norms and standards, approved estimates and other documents regulating the activities of the Company
- Control over the safety and use of fixed assets
- Verification of the cash account and property of the Company, the efficient use of assets and other resources of the Company, identifying the causes of non-production losses and expenses, determining reserves for improving the financial condition of the Company
- Verification of the compliance with the requirements to eliminate violations and deficiencies identified by the Auditing Commission of the Company
- Drawing-up of recommendations for the governing bodies of the Company
- Other actions (measures) related to the audit of the financial and economic activities of the Company

The Auditing Commission abides by the laws of the Russian Federation, the Articles of Association of the Company and the Regulations on the Auditing Commission[1].

The Auditing Commission consists of five members.

[1] The Regulation on the Auditing Commission is published on the Company's website in the About the Company / Constitutive and Internal Documents / Internal documents section.





# MEMBERS OF THE AUDITING COMMISSION

During the reporting year, there were two compositions of the Company's Auditing Commission.

## The current composition of the Auditing Commission was elected at the annual General Meeting of Shareholders of the Company on 14 June 2024 (Minutes No. 51 dated 17 June 2024).

### 1. Anton Ulyanov (Chairman)

| | |
|---|---|
| Year of birth | **1979** |
| Education | **Higher. Graduated from:**<br>• Moscow State Law Academy, major in legal studies<br>**Completed professional retraining courses in:**<br>• in the Institute of Internal Auditors, professional retraining, chief auditor — 2024<br>• IVA Training Centre LLC, Internal Auditor. Professional level —2021<br>• Consulting, Training and Methodological Centre of the Audit Chamber of Russia LLC, Head of an independent internal control unit. Professional Standard for specialist in internal control (internal controller). Level 7 —2021 |

Positions held or being held by a member of the Auditing Committee in the issuer and in governing bodies of other organisations for the last three years in chronological order, including part-time positions (indicating the period during which the person held the said positions):

| Period | | Organisation | Position |
|---|---|---|---|
| from | to | | |
| 2020 | 2022 | the person did not hold any positions in the issuer or in the management bodies of other organisations during this period | |
| 2022 | 2023 | Rosseti Centre and Volga Region PJSC, Rosseti Siberia PJSC, Rosseti Volga PJSC, Rosseti Northen Caucasus PJSC, Mobile GRES JSC[1] | Member of the Board of Directors |
| 2023 | present time | Rosseti Kuban JSC | Chairman of the Audit Committee of the Board of Directors |

[1] Name until 26 September 2023

## 2. Viktor Tsarkov

| | |
|---|---|
| Year of birth | **1977** |
| Education | **Higher. Graduated from:**<br>• Moscow Institute of Economics, Management and Law, major in finance and credit<br>• Russian Presidential Academy of Public Administration, major in state and municipal management<br>**Completed advanced training in:**<br>• Self-regulated organisation of auditors Russian Union of Auditors (Association), Intrecon Intellect Training and Methodological Centre of the Russian Union of Auditors, qualification awarded: professional internal auditor, issued in 2017<br>• Institute of Internal Auditors, qualification awarded: chief auditor (7th level of qualification), issued in 2023 |

Positions held or being held by a member of the Auditing Committee in the issuer and in governing bodies of other organisations for the last three years in chronological order, including part-time positions (indicating the period during which the person held the said positions):

| Period | | Organisation | Position |
|---|---|---|---|
| from | to | | |
| 2020 | 2021 | The person did not hold any positions in the issuer or in the management bodies of other organisations during this period | |

## 3. Svetlana Trishina

| | |
|---|---|
| Year of birth | **1979** |
| Education | **Higher. Graduated from:**<br>• Amur State University, major in finance and credit<br>**Completed professional retraining:**<br>• International Academy of Expertise and Assessment, major in internal audit and control in commercial organisations and advanced training courses in internal audit<br>**Completed advanced training in:**<br>• Enterprise Reform Centre LLC, qualification certificate (Ministry of Labour Order No. 398n). Code E qualification 7: management (governance) of the internal audit service, issued in 2024. |

Positions held or being held by a member of the Auditing Committee in the issuer and in governing bodies of other organisations for the last three years in chronological order, including part-time positions (indicating the period during which the person held the said positions):

| Period | | Organisation | Position |
|---|---|---|---|
| from | to | | |
| 2020 | 2021 | The person did not hold any positions in the issuer or in the management bodies of other organisations during this period | |



## 4. Olga Pyatakova

| | |
|---|---|
| Year of birth | **1974** |
| Education | **Higher. Graduated from:**<br>• Volgograd State Academy of Architecture and Civil Engineering, major in industrial and civil construction<br>• Plekhanov Russian University of Economics, major in finance and credit<br>**Qualification certificates awarded:**<br>• Certificate of Professional Accountant No. 253651 issued by the decision of the Presidential Council of the Institute of Professional Accountants and Auditors of Russia dated 28 February 2013 certified as Chief Accountant.<br>**Completed advanced training in:**<br>• Enterprise Reform Centre LLC, qualification certificate (Ministry of Labour Order No. 398n). Code E qualification: management (governance) of the internal audit service, issued on 20 June 2022. |

Positions held or being held by a member of the Auditing Committee in the issuer and in governing bodies of other organisations for the last three years in chronological order, including part-time positions (indicating the period during which the person held the said positions):

| Period | | Organisation | Position |
|---|---|---|---|
| from | to | | |
| 2020 | 2024 | The person did not hold any positions in the issuer or in the management bodies of other organisations during this period | |

## 5. Elena Kabizskina

| | |
|---|---|
| Year of birth | **1964** |
| Education | **Higher. Graduated from:**<br>• Far Eastern Technical Institute of the Fish Industry, major in economics and organisation of foodstuffs management. |

Positions held or being held by a member of the Auditing Committee in the issuer and in governing bodies of other organisations for the last three years in chronological order, including part-time positions (indicating the period during which the person held the said positions):

| Period | | Organisation | Position |
|---|---|---|---|
| from | to | | |
| 2020 | 2024 | The person did not hold any positions in the issuer or in the management bodies of other organisations during this period | |

## Composition of the Auditing Commission elected by the annual General Meeting of Shareholders of the Company on 16 June 2023 (Minutes No. 50 dated 21 June 2023) and effective from 17 June 2023 to 14 June 2024.

### 1. Elena Roptanova

| | |
|---|---|
| Year of birth | **1974** |
| Education | **Higher. Graduated from:**<br>• Samara State Academy of Economics, major in economics and management at enterprises<br>**Completed advanced training in:**<br>• Institute of Internal Auditors, qualification: internal audit expert (7th level), issued on 13 October 2022. |

Positions held or being held by a member of the Auditing Committee in the issuer and in governing bodies of other organisations for the last three years in chronological order, including part-time positions (indicating the period during which the person held the said positions):

| Period | | Organisation | Position |
|---|---|---|---|
| from | to | | |
| 2021 | 2023 | The person did not hold any positions in the issuer or in the management bodies of other organisations during this period | |

### 2. Olga Ostroukhova

| | |
|---|---|
| Year of birth | **1975** |
| Education | **Higher. Graduated from:**<br>• Moscow State Mining University, major in informatics and computer science, and Bachelor's degree in engineering and technology<br>• Moscow State Mining University, major in information and software CAD, Master's degree in engineering and technology<br>• Moscow State University of Economics, Statistics and Informatics (MESI), major in finance and credit<br>**Completed advanced training in:**<br>• Professional Retraining Centre on the accounting and taxation programme — 2018<br>• Institute of Internal Auditors, qualification: Chief Auditor (7th level), issued on 10 October 2022. |

Positions held or being held by a member of the Auditing Committee in the issuer and in governing bodies of other organisations for the last three years in chronological order, including part-time positions (indicating the period during which the person held the said positions):

| Period | | Organisation | Position |
|---|---|---|---|
| from | to | | |
| 2020 | 2023 | The person did not hold any positions in the issuer or in the management bodies of other organisations during this period | |





### 3. Anton Ulyanov[1]

### 4. Viktor Tsarkov

### 5. Svetlana Trishina

Members of the Auditing Commission have no shares in the authorised capital of the Company and its S&As. There were no transactions between the Company and the members of the Auditing Commission in 2024. The Company did not bring any claims against the members of the Auditing Commission.

Based on the questionnaires provided by the members of the Auditing Commission, the Company believes that:

- The members of the Auditing Commission have no family ties (spouses, parents, children, adoptive parents, adopted children, siblings, grandparents, grandchildren) with members of the Board of Directors, members of the collegial executive body, a person holding the position (performing functions) of the sole executive body of the Company
- The members of the Auditing Commission were not held administratively liable for violations in the field of finance, taxes and fees, securities market, or criminally liable (including record of conviction) for economic and (or) public-order crimes
- The members of the Auditing Commission did not hold positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under Article 27 of the Federal Law on insolvency (bankruptcy) were initiated against those organisations

## TRACK RECORD OF THE AUDITING COMMISSION

During 2024, the Auditing Commission of the Company held five meetings in the form of joint attendance, which dealt with issues related to planning the work of the Auditing Commission, the election of its Chairman and Secretary, as well as issues directly related to the conduct of audits.

Decisions of the Company's Auditing Commission are published on the Company's official website[2].

In 2024, the Company's financial and economic activities for 2023 were subject to auditing procedure.

The auditing programme covered the following issues (Minutes of the meeting of the Auditing Commission No. 3 dated 18 January 2024):

- Assessment of accuracy of the accounting (financial) statements formed as of 31 December 2023
- Business and financial analysis of the Company as at 31 December 2023
- Assessment of the consistency of the Company's Annual Report 2023
- Checking whether the legislation of the Russian Federation regarding compliance with the procedure for concluding related-party transactions is complied with
- Verification of the Company's activities related to the organisation of technological and price audit of progress reports on the investment programme of the Company, as well as measures to eliminate violations and shortcomings contained in the conclusions of expert organisations based on the results of technological and price audit of progress reports on the investment programme of the Company
- Other issues

The report of the Auditing Committee was approved by the decision of the Company's Auditing Committee for 2023 (Minutes No. 4 dated 26 April 2024), according to which an opinion was expressed on the reliability of the data in all material respects contained in the Company's annual report for 2023 and the Company's annual accounting (financial) statements for 2023.

There were no facts of distortion of the information contained in the report on interested party transactions concluded in 2023.

This report was included in the materials provided to the Company's shareholders in preparation for the annual General Meeting of Shareholders of the Company in 2024.

[1] The Annual General Meeting of Shareholders of the Company held on 14 June 2024 re-elected A. Ulyanov, V. Tsarkov and S. Trishina to the Auditing Commission. For more details, see above.

[2] Decisions of the Auditing Commission meetings are published on the Company's website https://rosseti-kuban.ru in the About the Company / Control of Business Activity / Auditing Commission section.

# REMUNERATION SYSTEM FOR MANAGEMENT AND CONTROL BODIES

## REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

In the reporting year, remuneration and expenditure reimbursement for the Board members were accrued and paid in accordance with the revised Regulations on Remuneration and Reimbursement Payment to the Board of Directors of the Company approved by the resolution of the annual General Meeting of Shareholders of Kubanenergo PJSC on 20 June 2019 (Minutes No. 42 dated 20 June 2019) (hereafter – Regulations).

According to the Regulations, the remuneration to the members of the Board of Directors is paid quarterly in the period starting from the candidate election to the Board and finishing at the end of the Board's office.

The amount of remuneration for sitting on the Board of Directors for each of the Board members was calculated against the overall number of the Board of Directors meetings in the reporting quarter and the number of meetings every Board member attended.

The remuneration consists of base and additional parts:

- The base part of the remuneration S (1) is calculated as per the formula:

**$S(1) = R_{base} / 4 \times 100/130 \times (n/m)$,**
where:

- $R_{base}$ is the amount of the base annual remuneration by reference to the Company's revenue under RAS calculated for the last completed reporting year before the election of the Company's Board of Directors.

| The amount of the Company's revenue under RAS calculated for the last completed reporting year before the election of the Company's Board of Directors | $R_{base}$ (RUB) |
|---|---|
| Over RUB 200 billion | 3,000,000 |
| Over RUB 70 billion | 2,700,000 |
| Over RUB 30 billion | 2,200,000 |
| Over RUB 10 billion | 1,600,000 |
| Over RUB 1 billion | 1,000,000 |
| Over RUB 600 million | 800,000 |
| Less than RUB 600 million | 600,000 |

- n — the number of meetings of the Board of Directors (irrespective of the form of a meeting) attended by a Board member in the reporting quarter
- m — the total number of meetings of the Board of Directors (irrespective of the form of a meeting) in the reporting quarter
- additional part — premiums expressed in per cents relative to the remuneration base part:
  - 30% — for the Chairman of the Company's Board of Directors
  - 20% — for the Chairman of a specialised Committee under the Board of Directors
  - 10% — for the membership in a specialist committee under the Company's Board of Directors

Premiums for performing the duties of a Chairman and/or Board member are not paid if there are no Committee meetings held within the reporting quarter.

Remuneration is not paid to the members of the Board of Directors if they did not take part in more than 50% of the meetings held in the reporting quarter.

The remuneration is paid to the members of the Board of Directors within 30 calendar days after the end of the reporting quarter.

The Regulations on Remuneration to the Board of Directors:

- Does not apply to the members of the Board of Directors that are simultaneously members of executive bodies
- States that remunerations are not accrued and paid to the Chairman or members of the Company's Board of Directors if the federal legislation restricts or prohibits them to receive any payments from commercial organisations
- Provides for the right of the Board members to receive reimbursement of expenditures associated with attending the meetings of the Board of Directors, its committee, general meetings of shareholders of the Company according to the rules for reimbursement of travel expenses valid at the time of the meeting and established for top managers of the Company

**Remuneration accrued and paid to members of the Company's Board of Directors** (RUB '000)

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Basic remuneration for participation in meetings of the Board of Directors | 15,991 | 12,091 | 17,582 |
| Premium of 30% to the Chairman of the Board of Directors | 508 | 381 | 537 |
| Premium of 20% to the Chairman of a specialist committee under the Board of Directors | 999 | 558 | 358 |
| Premium of 10% for membership in a specialist committee under the Board of Directors | 719 | 592 | 1,252 |
| **Total** | **18,217** | **13,622** | 19,729 |

The Company did not pay any other remunerations to the members of the Board of Directors.

The expenses of the Board of Directors members were not reimbursed in the reporting year.

The Company has no remuneration or reimbursement payments overdue to the Board of Directors members.

The Company did not provide any loans (credits) to the Board of Directors members.

## REMUNERATION OF MEMBERS OF EXECUTIVE BODIES

In accordance with the decision of the Board of Directors of the Company on 29 June 2023 (Minutes No. 524/2023 dated 30 June 2023), members of the Management Board of the Company are classified as senior managers of the Company.

In accordance with the Regulations on Remuneration and Material Incentives for High-Ranking Executives of Rosseti Kuban PJSC approved by the Board of Directors of the Company on 29 June 2023 (Minutes No. 524/2023 dated 30 June 2023), if a high-ranking manager is elected to the Management Board of the Company, remuneration shall be paid by setting an additional payment for membership in the collegial executive body (Management Board) of the Company in the amount corresponding to the minimum wage under Article 133 of the Labour Code of the Russian Federation.

**Remuneration and reimbursement of expenses paid to the members of the Company's executive bodies for 2022–2024** (RUB '000)

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Remuneration for sitting on the Management Board | 1,667 | 802 | 933 |
| Salary | 38,185 | 56,169 | 42,751 |
| Bonuses | 36,204 | 24,902 | 54,228 |
| Reimbursement of expenses | 2,291 | 1,433 | – |
| Other types of remuneration | 2,192 | 1,640 | – |
| **Total** | **80,539** | **84,946** | 97,912 |

For the members of executive bodies, the Company has no remuneration or reimbursement payments overdue.

# REMUNERATION AND REIMBURSEMENT FOR THE AUDITING COMMISSION MEMBERS

According to the effective Regulations on the Remuneration and Reimbursement Paid to the Auditing Commission of the Company[1], as approved by the annual General Meeting of Shareholders dated 25 May 2018 (Minutes No. 40 dated 28 May 2018), the members of the Auditing Commission receive remunerations depending on the results of the work during the corporate year and their involvement with the work of such controlling body.

The remuneration amount for the Auditing Commission is calculated while taking into consideration the following:

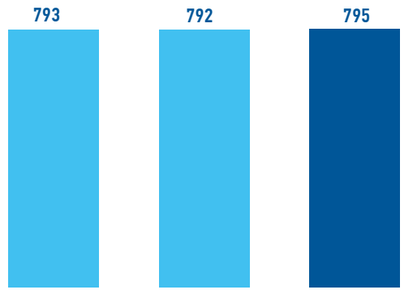
- Size of the base part of the remuneration set according to the Company RAS profits for the financial year
- Personal involvement modifier for the Auditing Commission members, reflecting their participation in meetings and inspections, as well as their fulfilment of additional duties as chairman or secretary of the Auditing Commission.

No remuneration is paid to a member of the Auditing Commission who has not participated in more than half of the meetings held during their membership in the Auditing Commission.

Reimbursement of expenses related to the participation in the meetings of the Auditing Commission is performed to the extent of the real expenditures according to the standard regulations.

The expenses of the Auditing Commission members were not reimbursed in the reporting year. For the members of the Auditing Commission, the Company has no remuneration or reimbursement payments overdue.

**Remuneration accrued and paid to the members of the Auditing Commission**
(RUB '000)






[1] The Regulations on the Remuneration and Reimbursement Paid to the Auditing Commission of the Company is published on the Company's website in the About the Company / Constituent and Internal Documents section.
[2] The Regulation is applied to the members of the Auditing Commission, in respect of which the federal law prescribes a restriction or prohibition on receipt of any payments from commercial organisations.





# MATERIAL TRANSACTIONS MADE BY THE COMPANY IN 2024

| Sl. No. | Categories of material transactions | | Material terms of the transaction (parties, subject, price, validity period) in the reporting year |
|---|---|---|---|
| 1 | Transactions recognised as major transactions under Chapter X of the Federal Law on Joint Stock Companies | | The Company did not enter into any major transactions in the reporting year |
| 2 | Related-party transactions (Chapter XI of the Federal Law on Joint Stock Companies) | | In the reporting year, the Company concluded two related-party transactions. The Report on related-party transactions concluded by the Company in 2024 is given in Appendix 2 herein |
| 3 | Transactions for the sale of shares (interests) in Company-controlled S&As that have of a significant importance to the Company and result in the loss of control over those legal entities | | The Company has no S&As that are of significant importance |
| 4 | Transactions with property of the Company (including several interrelated transactions) made by the Company, the value of which exceeds the amount specified in the Company's Articles of Association or which is material to its business operations | Transactions (including several interrelated transactions) involving non-current assets of the Company amounting to more than 10% of the book value of such assets according to the financial statements as at the last reporting date | Power grid property lease agreement with a purchase option between Rosseti Capital JSC (lessor) and the Company (lessee); this agreement is an related-party transaction, for more details see Appendix 2 hereto |
| | | Transactions (including several interrelated transactions) related to the acquisition, alienation or possibility of alienation of property comprising fixed assets, intangible assets, construction in progress, the purpose of which is generation, transmission, dispatching, distribution of electricity and heat in cases (amounts) determined by individual decisions of the Board of Directors of the Company, or, if the specified cases (amounts) are not determined by the Board of Directors of the Company | In the reporting year, the Company signed two lease agreements for power grid property falling under these criteria with a purchase option:<br>• between Rosseti Capital JSC (lessor) and the Company (lessee)<br>• between the Company (lessor) and Rosseti PJSC (lessee)<br>Both agreements are related-party transactions; for more details, see Appendix 2 hereto |
| | | Transactions (including several interrelated transactions) related to the acquisition, alienation or possibility of alienation of property comprising fixed assets, intangible assets, construction in progress, the purpose of which is not associated with generation, transmission, dispatching, distribution of electricity and heat in cases (amounts) determined by individual decisions of the Board of Directors of the Company, or, if the specified cases (amounts) are not determined by the Board of Directors of the Company | No such transactions were made |

| Sl. No. | Categories of material transactions | | Material terms of the transaction (parties, subject, price, validity period) in the reporting year |
|---|---|---|---|
| 4 | Transactions with property of the Company (including several interrelated transactions) made by the Company, the value of which exceeds the amount specified in the Company's Articles of Association or which is material to its business operations | Transactions for more than five years on the transfer for temporary possession and use or temporary use of real estate, power grid facilities or the receipt for temporary possession and use or temporary use of real estate, in cases (amounts) determined by individual decisions of the Board of Directors of the Company, or if such cases (amounts) are not determined by the Board of Directors of the Company | No such transactions were made |
| 5 | Establishment of a legal entity controlled by the Company that is material to its operations | | No such transactions were made |







# RISK MANAGEMENT AND INTERNAL CONTROL

## FUNCTIONING OF THE RM&ICS

Rosseti Kuban JSC put in place a risk management and internal control system (hereinafter referred to as the RM&ICS), the purpose of which is to ensure the implementation and maintenance of an efficient RM&ICS that complies with generally recognised practices and standards in the field of risk management and internal control, the requirements of regulatory and supervisory authorities, and contributes to the achievement of the operational goals of the Company's financial and economic activities, as well as ensuring reasonable confidence in achieving the Company's goals and the development strategy of Rosseti Group PJSC, including ensuring reliable, high-quality, and affordable power supply to consumers.

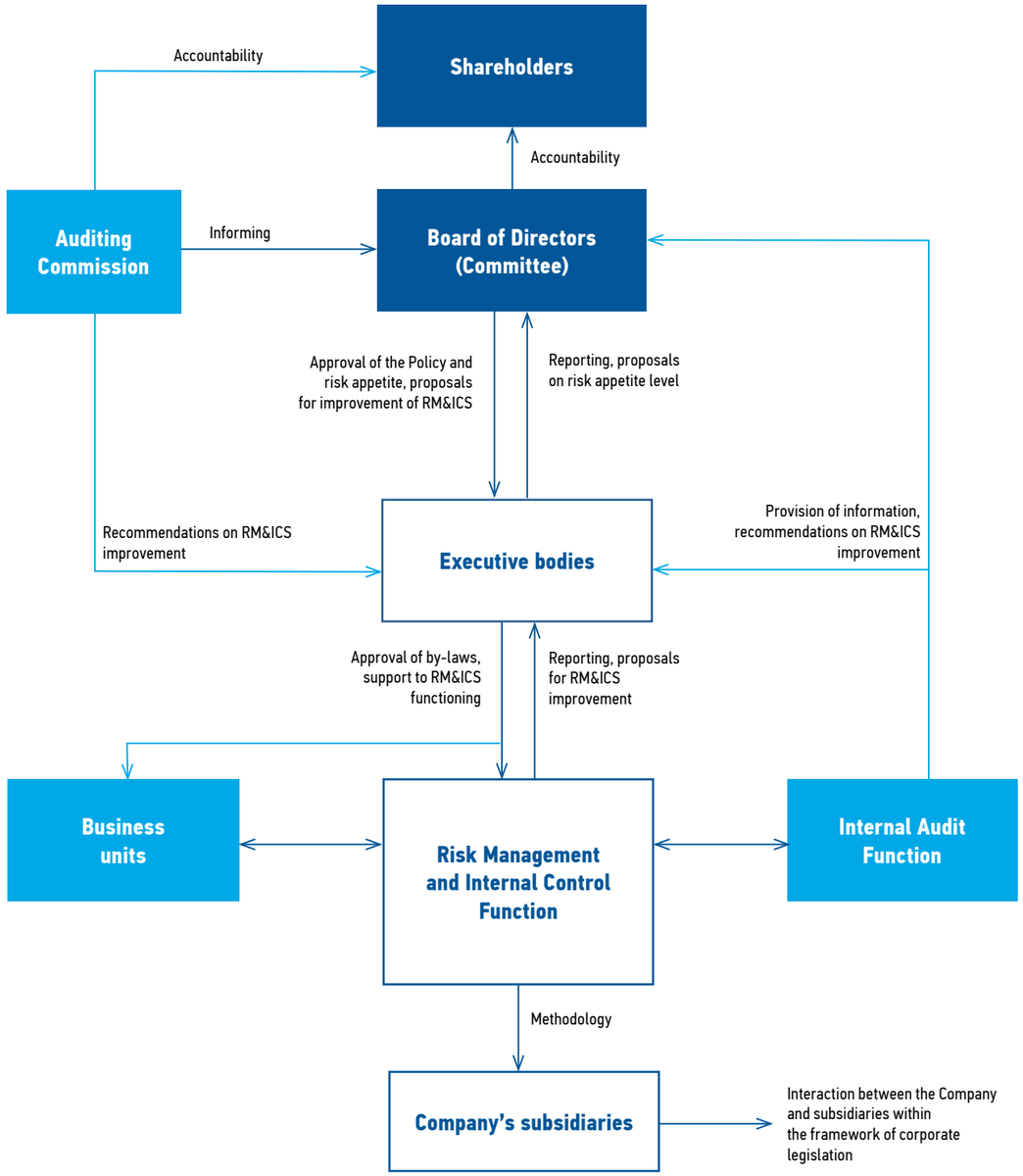
The main documents that regulate the organisation and functioning of the RM&ICS in the Company are:

- Risk Management and Internal Control Policy approved by resolution of the Company's Board of Directors No. 521/2023 dated 16 June 2023 (Order No. 727-od dated 27 October 2023)
- Preferred Risk Appetite (Minutes of the Board of Directors No. 535/2023 dated 5 October 2023)
- RM&ICS Development Programme for 2023–2024 (Order No. 401-od dated 14 June 2023)
- Procedure for organising risk management and internal control (Order No. 699-od dated 23 September 2024)
- Risk Assessment and Monitoring Methodology (Order No. 835-od dated 4 December 2023)
- Procedure for determining preferred risk (risk appetite) (Order No. 705-od dated 19 October 2023)
- Glossary on risk management and internal control (Order No. 43-od dated 25 January 2023)
- Risk Register for 2024 (Minutes of the Management Board Meeting No. 41/2023 dated 6 December 2023)

## PATTERN OF INTERACTION OF RM&ICS PARTICIPANTS

The internal control and risk management framework covers all areas of activity and all levels of corporate governance: the Board of Directors, the authorised committee of the Board of Directors, the Company's Auditing Commission, the Company's executive bodies, managers and employees at all management levels of the Company, the Internal Control and Risk Management Directorate and the Internal Audit Directorate.

**Interaction of RM&ICS participants (vertical interaction within the RM&ICS)**








# INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT FUNCTION

The Company's organisational structure was approved by decision of the Board of Directors (Minutes No. 241/2016 dated 31 May 2016). As a result, the Internal Control and Risk Management Department was established that is an independent unit responsible for the implementation, development and improvement of the Company's unified framework to building internal control and risk management systems, as well as for methodological and organisational support for the implementation of preventive and current control in the Company.

In accordance with the Company's risk management and internal control policy and the Regulations on the Internal Control and Risk Management Department, the following functions and tasks are assigned to the department:

- Coordination and methodological support for the RM&ICS
- Implementation of control measures on RM&ICS issues
- Prevention of corruption and management of corruption risks
- Control over counterparties' financial stability, support for liquidation and bankruptcy procedures

# INFORMATION ON THE RESULTS OF THE INTERNAL AUDIT ASSESSMENT OF THE RELIABILITY AND EFFECTIVENESS OF THE RM&ICS FOR THE REPORTING YEAR

The Internal Audit Department of the Company conducts an annual internal independent assessment of how effective and reliable the RM&ICS is.

The results of the RM&ICS reliability and efficiency assessment and recommendations designed to improve the efficiency of RM&ICS functioning are included in the internal auditor's report submitted annually for consideration by the Company's governance bodies.

The internal audit report on the assessment of the reliability and effectiveness of the RM&ICS based on the results of 2024 was reviewed at the meeting of the Board of Directors on 15 May 2025 (Minutes No. 595/2025 dated 15 May 2025).

Based on the average score for compliance with the target criteria at the end of 2024, the Company's RM&ICS maturity level remained unchanged from 2023 and was rated at 5.0 out of 6.

# LIST OF KEY MEASURES AIMED AT IMPROVING THE RM&ICS TAKEN DURING THE REPORTING YEAR

With a view to developing and improving the RM&ICS, the Company's ordered to approve the RM&ICS Development Programme of Rosseti Kuban PJSC for 2023–2024.

**In the reporting year, the Company implemented the following key activities aimed at the improvement of the RM&ICS:**

- Regulatory and methodological documents on risk management and internal control were developed / updated:
  - Procedure for organising risk management and internal control
  - Format of the report on the organisation, functioning and effectiveness of the risk management and internal control system, format of the risk management report
  - Risk management and internal control system development programme
- Current control over the targeted and effective use of funds was exercised when approving documents for procurement procedures
- Control measures were carried out to assess the adequacy, effectiveness and efficiency of the RM&ICS, including as part of comprehensive audits of the financial and economic activities of the Company's branches and audits of subsidiaries, when reviewing materials submitted for approval by collegial bodies, and during the analysis of information on audits conducted by external control (supervisory) bodies
- Financial stability was subject to monthly monitoring, counterparty liquidation and bankruptcy proceedings were supervised

### Changes in the RM&ICS indicators for 2022–2024

| Indicators | Period 2022 | 2023 | 2024 | Δ 2024/2023 (%) |
|---|---|---|---|---|
| Number of control activities aimed at risk identification and minimisation[1] | 2 | 4 | 4 | 0 |
| Number of procurement materials (issues) reviewed | 1,216 | 1,149 | 1,058 | –7.9 |
| Number of eliminated violations based on the results of inspections conducted by external control bodies | 121/70 | 164/52 | 4 163/98 | + 25.4 times[2] / +46 p.p.[3] |
| Total amount of cancelled fines after appealing against the decision to impose administrative penalties (RUB million) | 0 | 2.4 | 0.6 | –75.0 |
| Total amount of funds received by the Company from counterparties in bankruptcy and liquidation proceedings (RUB million) | 12.9 | 25.2 | 0 | –100.0 |
| Total amount of cash saved by the Company due to acquisition of its own debt to debtors under bankruptcy proceedings at auctions (RUB million) | 0 | 0 | 0 | 0 |

[1] The calculation of the indicator takes into account the initiation of and participation in official inspections/audits of financial and economic activities/control measures taken by risk owners to manage risks.
[2] The increase is attributable to growth in the number of inspections and violations identified in 2024.
[3] The increase is driven by the timing of corrective measures approved by the Company's orders.



The 25.4-fold increase in the number of violations eliminated based on the results of inspections conducted by external control bodies is explained by the rise in the number of inspections and violations identified in 2024, as well as the deadlines for corrective measures approved by the Company's orders. The total amount of cancelled fines imposed as a result of inspections by external control (supervisory) bodies decreased by 75% as a result of various approaches and interpretations by the FAS Russia authorities of the amended legislation regulating the procedure for calculating the cost of grid connection of consumers. In 2024, the Company did not receive any cash from counterparties undergoing bankruptcy or liquidation proceedings due to the absence of assets held by these counterparties.

# MAIN AREAS FOR IMPROVEMENT OF THE RM&ICS FOR THE NEXT YEAR

Main tasks for 2025 as to the improvement of the Company's RM&ICS:

- Decomposition and interconnection of corporate-level risks with business process risks
- Upgrading of the risk assessment and monitoring methodology
- Updating of risk matrices and control procedures
- Participation in control measures: audits, reviews, checks of the financial and economic activities of subsidiaries, service checks
- Participation in training events for employees of Rosseti Group PJSC on the organisation and functioning of the RM&ICS



# INTERNAL AUDIT

The objective of the internal audit is to assist the Board of Directors and executive bodies of the Company in improving the efficiency of the Company's management and improving its financial and economic activities.

Such assistance is effected through a systematic and consistent review and assessment of risk management, internal control and corporate governance systems as tools to provide reasonable assurance of achieving the Company's objectives.

The risk-based approach is applied in organising the functioning of the internal audit system in the Company. Internal audit activities in the Company take into account information on ESG factors, risks and opportunities related to such factors that have a significant impact on the Company's development and performance indicators, as well as other issues of the Company's sustainable development.

The Internal Audit Directorate is a subdivision responsible for the implementation of the internal audit function in the Company.

The Internal Audit is functionally accountable to the Board of Directors, while the latter:

- Establishes principles and approaches of organisation of the internal audit, as well as approves internal documents defining the Company's policy in terms of the internal audit
- Controls and organises the Internal Audit activities, among other things, approves the Regulations on Internal Audit Department, action plan, progress report on action plan, and internal audit budget, preliminary approves the resolutions of the Company's sole executive body concerning the appointment or dismissal (at the employer's initiative) of the internal audit head, disciplinary penalties, approves employment contract and remuneration provisions for the internal audit head, considers the quality assessment results for internal audit

The goals and objectives, organisational and functional principles, roles and responsibilities of the Internal Audit Directorate are set out in the Internal Audit Policy of the Company approved by the resolution of the Board of Directors dated 15 June 2023 (Minutes No. 521/2023 dated 16 June 2023).

In 2024, the average number of personnel performing the internal audit function was 5.5 FTEs.

The Company approved the following internal audit documents:

- The Company's Internal Audit Policy and the Code of Ethics for Internal Auditors of Rosseti Group of Companies, as amended, approved by the decision of the Board of Directors on 15 June 2023 (Minutes No. 521/2023 dated 16 June 2023)
- Regulations on the Internal Audit Department, approved by the Audit Committee of the Company's Board of Directors on 14 February 2024 (Minutes No. 154/2024 dated 14 February 2024) and endorsed by the Company's Board of Directors on 7 March 2024 (Minutes No. 548/2024 dated 7 March 2024) and approved by the General Director of the Company on 7 March 2024
- The revised Internal Audit Quality Assurance and Improvement Programme of the Company, approved by the decision of the Board of Directors of the Company dated 18 April 2022 (Minutes No. 473/2022 dated 21 April 2022) and effective pursuant to the Company's order No. 270-od dated 12 May 2022
- Corporate standards for the internal audit functions and the practical application standards elaborated in compliance with the international standards for the professional practice of internal auditing[1]

The feedback from the Audit Committee is submitted to the Head of Internal Audit during the interactions with the Audit Committee including the participation in its meetings, the analysis of its resolutions/recommendations concerning the issues in the competence of the internal audit, and also by polling the members of Audit Committee.

In accordance with the Company's Internal Audit Quality Assurance and Improvement Programme, a survey was conducted to assess the satisfaction of the Audit Committee of the Company's Board of Directors with the performance of the internal audit function in 2024.

The average score based on the survey results was 4, indicating a high level of satisfaction with the Audit Committee's activities of the Company's internal audit function in 2024.

The Company put an action plan in place for the development and improvement of the Company's internal audit activities for the period from 2020 to 2024, approved by a resolution of the Company's Board of Directors dated 30 March 2020 (Minutes No. 383/2020 dated 2 April 2020) and amended by a resolution of the Company's Board of Directors dated 19 February 2021 (Minutes No. 420/2021 dated 24 February 2021). In terms of events planned for 2024, the action plan for improvement of Company's internal audit is implemented to the fullest extent.

In 2024, B1-CONSULT LLC conducted an external independent assessment of the Company's internal audit activity (conducted at least once every five years; the next one — in 2029). Based on the results of this assessment, B1-CONSULT LLC concluded that the internal audit activities generally comply with the requirements of the International Professional Standards for Internal Auditing and the Code of Ethics of the Institute of Internal Auditors.



[1] With the new International Standards for Internal Auditing from the Institute of Internal Auditors coming into effect on 9 January 2025, the internal standards that regulate the Company's internal audit activities are set to be updated.

# SHARES AND DIVIDENDS

## AUTHORISED CAPITAL AND AUTHORISED SHARES

| Indicator | As at the beginning of 2024 | As at the end of 2024 |
|---|---|---|
| Type, category (type) | Ordinary shares | |
| Nominal value of each share | RUB 100 | |
| Authorised capital | 33,465,783,700 | RUB 39,896,607,600 |
| Number of outstanding shares | 398,966,076 | |
| State registration number of the securities issue and state registration date | No. 1-02-00063-A dated 08.07.2003 (main issue), No. 1-02-00063-A dated 01.04.2021 (additional issue of shares) | No. 1-02-00063-A dated 08.07.2003 (main issue) |
| Presence/absence of a special right of the Russian Federation to participate in the Company's management (golden share) | No special right of the Russian Federation to participate in the management of the Company (golden share) | |
| Availability of authorised shares in accordance with the Articles of Association | 142,649,400 ordinary shares with a total par value of RUB 14,264,940,000 | 78,341,161 ordinary shares with a total par value of RUB 7,834,116,100 |
| Number of own shares on the Company's balance sheet | 0 | 123,488 |
| Number of shares of the Company owned by its controlled entities | 0 | |

During the reporting year, the placement of additional shares, which began in 2021, was completed, the Company's authorised capital increased by RUB 6,430,823,900, and the number of authorised shares decreased by 64,308,239.

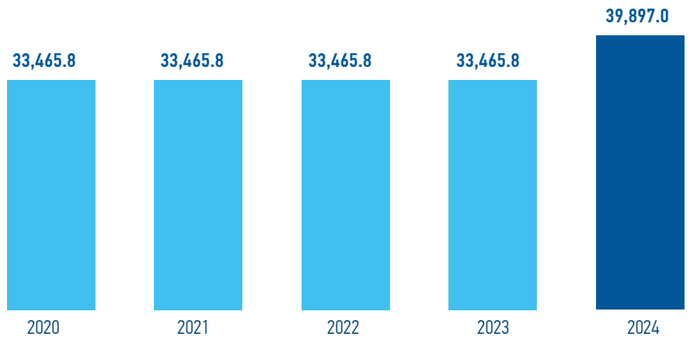
The Company did not place any preferred shares.

During the reporting year, the Company repurchased

**123,488 OF ITS OWN SHARES**

(0.0310% of the authorised capital)

Change in the Company's authorised capital in 2020–2024 (RUB million)




The shareholders of Rosseti Kuban PJSC presented their shares for buyback by the Company following the adoption of the following decision on 14 June 2024 by the Company's Annual General Meeting of Shareholders (Minutes No. 51 dated 17 June 2024) on the application for delisting of shares of Rosseti Kuban PJSC:

- Apply to the Bank of Russia with a request to exempt Rosseti Kuban PJSC from the obligation to disclose information in accordance with Article 30 of Federal Law No. 39-FZ dated 22 April 1996 'On the Securities Market'
- Apply to Moscow Exchange PJSC with a request to delist all ordinary shares of Rosseti Kuban PJSC (state registration number of the issue 1-02-00063-A) from the list of securities admitted to organised trading on Moscow Exchange PJSC
- Amend the Articles of Association of Rosseti Kuban PJSC to exclude the reference to Rosseti Kuban PJSC being a public company,

in accordance with the appendix posted on the Company's official website at: https://rosseti-kuban.ru

In accordance with Article 75 of Federal Law No. 208-FZ dated 26 December 1995 'On Joint-Stock Companies,' shareholders of Rosseti Kuban PJSC who voted against the adoption of the resolution or did not participate in the voting shall be deemed to have obtained the right to demand buyout of their shares in Rosseti Kuban PJSC.

The buyback price for one ordinary share of Rosseti Kuban PJSC at the request of Rosseti Kuban's shareholders was determined by the decision of the Board of Directors of Rosseti Kuban PJSC dated 27 April 2024 (Minutes No. 555/2024 dated 27 April 2024) at RUB 393.8, payable in monetary terms.

Shareholders' requests for the buyback of their shares in Rosseti Kuban PJSC (hereinafter referred to as the "Requests") were accepted between 15 June 2024 and 29 July 2024, with the deadline for the buyback of shares set for 28 August 2024.

The Company allocated a total amount of RUB 48,629,574.4 for the buyback of 123,488 of its own shares. The amount specified did not exceed 10% of the net asset value of Rosseti Kuban PJSC as of the date of the decision that gave rise to the shareholders' right to demand that the Company buy back their shares (RUB 58,225,737 thousand).

The report on the shareholders' requests was approved by the decision of the Company's Board of Directors on 2 August 2024 (Minutes No. 566/2024 dated 2 August 2024).

The Articles of Association of the Company states that each registered ordinary share of the Company grands the equal scope of rights to its holder. The rights of the shareholders are specified in the Company's Articles of Association.

## ISSUE OF ADDITIONAL SHARES

During the reporting year, in accordance with the decision of the General Meeting of Shareholders dated 24 February 2021 to increase the authorised capital, the Company placed additionally issued shares, the state registration of which was made by the Bank of Russia on 1 April 2021.

The listing prospectus containing the conditions of the placement of securities and registered by the Bank of Russia also on 1 April 2021 provided for a maximum placement period of one year from the date of state registration of this additional issue of securities.

On 25 April 2022, the Bank of Russia registered a prospectus for the Company's securities providing for the extension of the offering period of additional shares until 1 April 2023 by extending the deadline for the collection of offers to 2 March 2023.

On 25 May 2023, the Bank of Russia registered a prospectus for the Company's securities providing for the extension of the offering period of additional shares until 1 April 2024 by extending the deadline for the collection of offers to 1 March 2024.

On 1 April 2024, the placement of additional shares was completed.

On 22 April 2024, the Bank of Russia sent Rosseti Kuban PJSC an extract from the register of issue securities, according to which the additional shares placed are part of the main issue.

On 17 May 2024, state registration of changes to the Company was completed in terms of increasing the authorised capital by the amount of additional shares issued.

## Information on issue of additional shares

| | |
|---|---|
| **Issue goals** | Financing of measures to create energy infrastructure for investment projects in the Republic of Adygeya, renovation of power supply centres in the Sochi energy district, including reimbursement of costs incurred by the Company, increasing the financial stability of Rosseti Kuban PJSC and reducing its debt load |
| **Number of securities of additional issue to be placed** | 69,583,132 |
| **Share placement price** | RUB 100 per one share |
| **Form of payment for shares** | Monetary funds |
| **Period of preemptive right for the acquisition of additionally issued shares** | 10 April 2021 to 3 February 2022 |
| **Number of the Company's securities placed as a result of shareholders exercising their preemptive right to purchase securities** | 9,003,528 |
| **Period for collection of offers for acquisition of shares of additional issue (including extension)** | 11 February 2022 to 1 March 2024 |
| **Number of the Company's securities placed by public offering as of 1 Aptil 2024** | 55,304,711 |
| **Share of placed shares in the total volume of additional issue as of 31 December 2024** | 92.4% |
| **The amount of investment attracted through the placement of additional shares** | RUB 6.43 billion |
| **Information on the additional issue of Rosseti Kuban shares on the Company website** | Home / For Shareholders and Investors / Information Disclosure / Disclosure of information at specific stages of the securities issue procedure / Additional stock issues of Rosseti Kuban PJSC (state registration number 1-02-00063-A dated 1 April 2021) |





# SHARE CAPITAL

The Company's major shareholder as of 31 December 2024 was Rosseti PJSC, owning 99.72% of the Company's voting shares. In this case, the Russian Federation indirectly owned voting shares of Rosseti PJSC by virtue of its predominant interest in the Company.

There are no other shareholders of Rosseti Kuban JSC who own more than 5% of the Company's shares.

The Company has no information about any shareholder agreement made.

During the reporting year, 123,488 treasury shares (0.031% of the authorised capital) recorded on the Company's balance sheet.

There are no cross-holdings of the Company's shares.

## Structure of the Company's share capital for 2020–2024 (%)

| Name of shareholders | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Rosseti PJSC | 93.44 | 93.58 | 93.96 | 99.72 | 99.72 |
| Federal Agency for Public Property Management | 6.22 | – | – | – | – |
| Treasury shares on the Company's balance sheet | – | – | – | – | 0.03 |
| DVEUK-UNPG JSC | – | 6.09 | 5.73 | – | – |
| Miscellaneous | 0.33 | 0.33 | 0.31 | 0.28 | 0.25 |

## Statistical information on registered persons in the shareholder register of the Company PJSC as of 31 December 2024

| Type of personal account / other account and category of registered person | Number of shares | % of placed shares |
|---|---|---|
| Account of unidentified persons | 3,370 | 0.0009 |
| Issuer's treasury account | 123,488 | 0.0310 |
| Legal entities — owners (14 accounts) | 397,850,009 | 99.7203 |
| Individuals — owners, including co-ownership accounts (1,777 accounts) | 322,544 | 0.0808 |
| Nominee holders (5 accounts) | 666,665 | 0.1671 |
| **TOTAL in the register:** | | |
| **(1,798 accounts)** | **398,966,076** | **100.0000** |

# EQUITY MARKET AND THE COMPANY'S CAPITALISATION

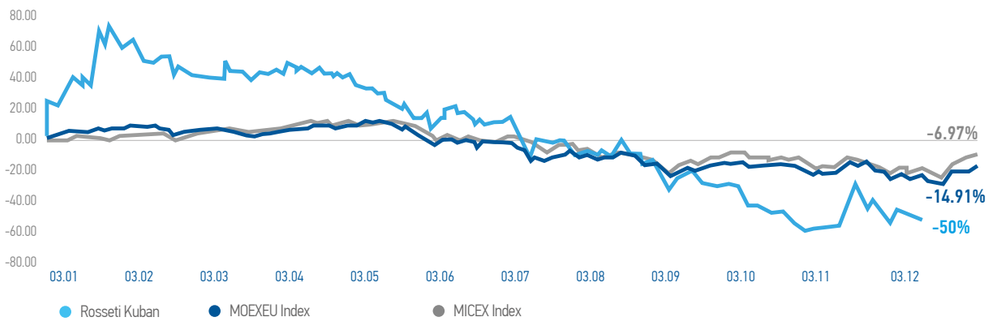
Shares of Rosseti Kuban PJSC until 13 December 2024 are traded on Tier 3 of the List of Securities Admitted to Trading on the Moscow Exchange; ticker: KUBE, ISIN code: RU0009046767.

The decision to delist the Company's shares was made by Moscow Exchange PJSC in connection with the Company's initiative based on the relevant resolution adopted on 14 June 2024 by the Annual General Meeting of Shareholders of Rosseti Kuban PJSC.

The Company's market capitalisation at the end of 2023 amounted to RUB 107.88 billion, and as of 12 December 2024 (the last day of trading of the Company's shares on the Moscow Exchange) — RUB 56.73 billion.

The maximum capitalisation (based on the closing price) in 2024 was approximately RUB 191.6 billion, and the minimum capitalisation was RUB 48.8 billion. In the reporting year, the share price rose by 50% (closing price calculation) on the back of a 6.97% decrease in the MICEX Index and a 14.91% decrease in the MICEX Power Index.

### Changes in the share price of Rosseti Kuban PJSC




### Movements of price per one share of Rosseti Kuban PJSC in 2024

| Closing price (end of 2023) | Minimum price (RUB) | Maximum price (RUB) | Closing price 10.12.2024 (RUB) | Relative gain for the period (%) |
|---|---|---|---|---|
| 270.4 | 120.4 | 524.8 | 141.8 | –47.6 |

### Quotations and traded value

| Indicator | 2022 | 2023 | 2024 | 2024/2023 (relative gain, %) |
|---|---|---|---|---|
| Weighted average price at the end of the period (RUB) | 56.3 | 270.4 | 143.4 | –46.97 |
| Market capitalisation as of the last day of trading (RUB billion) | 20.38 | 107.88 | 56.73 | –47.41 |
| Trading volume (million shares) | 2.51 | 15.45 | 4.43 | –71.33 |
| Amount of financing (RUB million) | 156.16 | 4,138.97 | 1,473.83 | –64.39 |

The trading volume of the Company's stock on the Moscow Exchange in 2024 amounted to RUB 1,473.83 million / 4.43 million shares. Thus, in 2024, trading activity was low, with the volume of trade (in monetary terms) falling by 64.39% compared to the same period in 2023. The reduced trading activity is a result of the decision by the Company's top management to delist the shares.

The Company's shares were not included in the calculation of stock market indices during the reporting year.



# DIVIDENDS

The dividend policy of the Company is the set of principles and methods used in the Company to determine the ratio between the capitalised portion of the Company profits and the amounts paid as dividends, as well as the system of relations and principles for determining the procedures and the terms of dividend payment, the establishment of Company responsibility for the dividend payment.

The dividend policy of the Company is based on the strict observance of the shareholders' rights as prescribed by the existing laws of the Russian Federation, the Articles of Association, and the internal documents of the Company. The dividend policy of the Company is aimed at raising the investment attractiveness of the Company and increasing its market capitalisation. The Policy is based on the balance of the interests of the Company and its shareholders.

The dividend policy of the Company is aligned with the Regulations on the Dividend Policy approved by the resolution of the Board of Directors on 31 January 2018 (Minutes No. 297/2018 dated 1 February 2018) and published on the corporate website in the About the Company/ Constitutive and Internal Documents section.

**Main principles of the Company's dividend policy:**

- Complying the Company's dividend accrual and payment practices with the legislation of the Russian Federation and corporate governance standards
- Striking an optimal balance of interests of the Company and its shareholders
- Determining the size of dividends in the amount of not less than 50% of net profit measured on the basis of financial statements, including consolidated financial statements prepared under International Financial Reporting Standards and calculated in accordance with the procedure established by the Regulations on Dividend Policy
- Ensuring that dividend payments can be made on a quarterly basis if the relevant criteria are met
- Ensuring the maximum transparency (relatability) of the dividend calculation mechanism and dividend payout procedures
- Supporting the positive dynamics of dividend payment volumes provided that the net profits of the Company increase
- Making the information on the Company's Dividend Policy available to the shareholders and other interested parties
- Maintaining the required level of the financial and technical conditions in the Company (Investment Programme implementation), supporting the Company development prospects

### Profit distribution for 2021–2023[1] (RUB '000)

| Indicator | For 2021 (Annual General Meeting of Shareholders 2022) | For 2022 (Annual General Meeting of Shareholders 2023) | For 2023 (Annual General Meeting of Shareholders 2024) |
|---|---|---|---|
| Retained earnings (uncovered loss) of the reporting period, including: | 1,711,834 | 5,244,477 | 6,166,520 |
| Reserve fund | 85,592 | 262,224 | 308,326 |
| Profit for development | 694,019 | 2,272,209 | 3,913,503 |
| Dividends | 932,223 | 2,710,044 (interim dividends based on the results of 9 months of 2022 (Minutes of the Extraordinary General Meeting of Shareholders No. 49 dated 08.12.2022) — RUB 1,943,544 thousand)<br>dividends payable — RUB 766,500 thousand | 1,944,691 |
| Recovery of losses of prior periods | 0 | 0 | 0 |

On 14 June 2024, the extraordinary General Meeting of Shareholders of the Company decided to pay dividends on ordinary shares of the Company from the net profit of the Company for 2023 in the amount of RUB 1,944,691 thousand in monetary form.

In accordance with the Company's Articles of Association, the annual General Meeting of Shareholders will decide on the distribution of profits based on the results of 2024.

[1] Decisions on the distribution of profits for 2021–2023 were adopted by resolutions of the Company's Annual General Meeting of Shareholders dated 16 June 2022 (Minutes No. 48 dated 21 June 2022), dated 5 December 2022 (Minutes No. 49 dated 8 December 2022), 16 June 2023 (Minutes No. 50 dated 21 June 2023), and 14 June 2024 (Minutes No. 51 dated 17 June 2024).

## History of dividend payments made by the Company in 2021–2024

| | Dividend period (year) | | | | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 9 months of 2022 | 2022 | 2023 |
| Number and date of the Minutes of the General Meeting of Shareholders, when the dividend payment decision was made | The General Meeting of Shareholders of the Company (Minutes No. 45 dated 4 June 2021) decided not to pay dividends based on the 2020 results | No. 48 dated 21.06.2022 | No. 49 dated 08.12.2022 | No. 50 dated 21.06.2023 | No. 51 dated 17.06.204 |
| Record date of making a list of persons entitled to dividends for the particular dividend period | | 27.06.2022 | 16.12.2022 | 30.06.2023 | 28.06.2024 |
| Volume of declared (accrued) dividends for the shares of this category (type) per one share (RUB) | | 2.71262 | 5.4823041072 | 2.0022935 | 4.874327 |
| Cumulative declared (accrued) dividends for all shares of this category (type) (RUB) | | 932,223,000 | 1,943,544,000 | 766,500,000 | 1,944,691,000 |
| Total amount of dividends paid on all Company shares of one category (type) (RUB) | | 931,795,912.55 | 1,942,757,318.24 | 766,164,936.78 | 1,943,807,509.49 |
| Payment term for the declared dividends on the Company's shares | | 10 and 25 working days[1] | | | |
| Form of payment and other provisions for the declared dividends on the Company's shares | | Monetary funds | | | |
| Causes of non-distribution of declared dividends | | The questionnaire contains no dividends allocation details to be provided by a registered person | | | |

The General Meeting of Shareholders of the Company (Minutes No. 45 dated 4 June 2021) decided not to pay dividends based on the 2020 results.

There are no dividend arrears owed by the Company.

[2] For nominee shareholder that is securities market professional trustee, the term of payment is ten working days maximum, and for other registered shareholders — 25 working days from the record date.





# THE COMPANY MONITORS COMPLIANCE WITH THE REQUIREMENTS OF THE RUSSIAN FEDERATION LEGISLATION ON COMBATING THE MISUSE OF INSIDER INFORMATION AND MARKET MANIPULATION

Due to the termination of trading the termination of trading in the shares of Rosseti Kuban PJSC on the stock exchange since 13 December 2024, the requirements of Federal Law No. 224-FZ dated 27 July 2010 'On Combating the Unlawful Use of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation' shall not apply to the Company.

Until 13 December 2024, the Company was an insider issuer and focused on using and protecting insider information that could have a significant impact on the value of the Company's financial instruments.

As an issuer, Rosseti Kuban PJSC was responsible for maintaining a list of the Company's insiders, which included individuals and legal entities with access to the Company's insider information.

During the reporting period, Rosseti Kuban PJSC submitted 12 lists of insiders at the request of the Moscow Exchange PJSC.

In 2024, Rosseti Kuban PJSC had its own list of insider information, approved by the Company's Order No. 671-od dated 24 October 2022, as amended by the Company's Order No. 908-od dated 28 December 2023.

The main internal document of the Company that regulates relations arising in connection with the use and protection of information classified as insider information was the revised Regulations on the Protection of Insider Information of Rosseti Kuban PJSC approved by the decision of the Company's Board of Directors (Minutes No. 540/2023 dated 27 November 2023).

No cases of violation of the requirements of the laws of the Russian Federation on combating the misuse of insider information and market manipulation were found in the reporting year.

# REFERENCE INFORMATION

## CONTACT DETAILS

| | |
|---|---|
| **Full company name** | Rosseti Kuban Joint Stock Company |
| **Abbreviated name** | Rosseti Kuban JSC |
| **The Company is not in the List of Strategic Enterprises and Joint Stock Companies approved by Decree of the President of the Russian Federation No. 1009 dated 4 August 2004** | |
| **Location** | Krasnodar, Russian Federation |
| **Postal address** | 2a Stavropolskaya St., Krasnodar, Russian Federation, 350033 |
| **Information about State Registration as a Legal Entity** | Certificates of State Registration No. 127 dated 10.02.1993<br>Primary State Registration Number: 1022301427268 |
| **Constituent entity of the Russian Federation, where the Company is registered** | Krasnodar Krai |
| | INN 2309001660<br>KPP 997650001<br>S.A. 40702810330020101989<br>Krasnodar Branch of Sberbank PJSC No. 8619, Krasnodar<br>C.A. 30101810100000000602 |
| **Banking details** | BIK 040349602 |
| **Contact phone** | +7 (861) 212-24-03 |
| **Fax** | +7 (861) 268-24-93 |
| **Email** | telet@rosseti-kuban.ru |
| **Web-page address** | https://www.rosseti-kuban.ru/ |





### Contacts for shareholders

**Anna Yurchenko**
Chief Specialist of the Corporate Support Department

+7 (861) 212-26-72

yurchenkoai@rosseti-kuban.ru

### Contacts for investors and financial analysts

**Yekaterina Didenko**
Head of the Corporate Support Department

+7 (861) 212-23-09

didenkoee@rosseti-kuban.ru

### Contacts for customers

**Aleksey Dolgikh**
Head of the Physical Service Department — Main Customer Service Centre

+7 (861) 212-28-13

dolgihav@rosseti-kuban.ru

Internet-reception desk: Company's website www.rosseti-kuban.ru, For Consumers / Consumer Service System / Interactive Feedback (Internet-Reception Desk) section

Interactive Service: Rosseti Group's power grid services portal www.портал-тп.рф

Call Centre: 8 (800) 220-0-220 (24/7)

### Contacts of customer service centres

| Branch of Rosseti Kuban JSC | Contact phone | Email |
|---|---|---|
| Main Consumer Service Centre of the Executive Office of Rosseti Kuban JSC | +7 (861) 212-22-22 | client.service@rosseti-kuban.ru |
| Adygeyan Power Grids | +7 (8772) 53-52-02 | client.service@ades.rosseti-kuban.ru |
| Armavir Power Grids | +7 (86137) 6-98-03 | uslugi@armes.rosseti-kuban.ru |
| Labinsk Power Grids | +7 (86169) 6-91-53 | cok@labes.rosseti-kuban.ru |
| Leningrad Power Grids | +7 (86145) 7-35-00 | kazantsevali@Lenes.rosseti-kuban.ru |
| Slavyansk Power Grids | +7 (86146) 4-33-14 | klient@slaves.rosseti-kuban.ru |
| Sochi Power Grids | +7 (8622) 69-02-42 (Sochi)<br>+7 (862) 227-03-27 (Sirius federal territory)<br>+7 (8622) 52-14-19 (Sochi, Dagomys settlement)<br>+7 (861) 67-520-99 (Tuapse) | tsoksochi@sochies.rosseti-kuban.ru |
| Timashevsk Power Grids | +7 (86130) 23-2-65 | cok@times.rosseti-kuban.ru |
| Tikhoretsk Power Grids | +7 (86196) 7-04-17 | goryainovane@tikhes.rosseti-kuban.ru |
| Ust-Labinsk Power Grids | +7 (86135) 5-03-43 | uslugi@ules.rosseti-kuban.ru |
| South-West Power Grids | +7 (8617) 64-34-33, +7 (8617) 64-34-45 (Novorossiysk)<br>+7 (86133) 2-09-50 (Anapa) | novolatoe@uzes.rosseti-kuban.ru |

## For jobseekers

| Subdivisions of Rosseti Kuban JSC | Full name of a person responsible for staff recruitment | Contact phone number, email |
|---|---|---|
| Executive Office | Diana Bogus, Chief Specialist of the Personnel Training and Development Group | +7 (861) 212-26-36<br>bogusda@rosseti-kuban.ru |
| Adygeyan Power Grids | Lyubov Arabkina, Head of HR Department | +7 (8772) 53-54-30<br>ArabkinaLA@ades.rosseti-kuban.ru |
| Armavir Power Grids | Tatiana Ostanina, Specialist of the HR Management Department | +7 (86137) 6-98-57<br>ostaninata@armes.rosseti-kuban.ru |
| Krasnodar Power Grids | Maria Marchenko, Leading Specialist of the HR Department | +7 (861) 255-73-35<br>MarchenkoMV@krdes.rosseti-kuban.ru |
| Slavyansk Power Grids | Tatiana Lebedeva, Head of HR Department | +7 (86146) 4-15-37<br>LebedevaTV@slaves.rosseti-kuban.ru |
| Sochi Power Grids | Olga Smirnova, Deputy Head of HR Department | +7 (862) 269-04-60<br>smirnovaof@sochies.rosseti-kuban.ru |
| South-West Power Grids | Daria Adadurova, Cat. I Specialist in the Recruitment and Personnel Development Section of the HR Management Department | +7 (8617) 67-85-10<br>adadurovada@uzes.rosseti-kuban.ru |
| Labinsk Power Grids | Yana Brykalova, Cat. I Specialist of the HR Management Department | +7 (86169) 6-95-25<br>Brikalova@labes.rosseti-kuban.ru |
| Leningrad Power Grids | Olga Shkredova, Head of HR Department | +7 (86145) 7-03-01<br>ShkredovaOV@Lenes.rosseti-kuban.ru |
| Timashevsk Power Grids | Iraida Bednaya, Head of HR Department | +7 (86130) 2-32-23<br>BednayaIV@times.rosseti-kuban.ru |
| Tikhoretsk Power Grids | Marina Savelyeva, Head of HR Management Department | +7 (86196) 7-47-73<br>savelevamg@tikhes.rosseti-kuban.ru |
| Ust-Labinsk Power Grids | Irina Telyatnikova, Leading Specialist of the HR Department | +7 (86135) 9-13-37<br>TelyatnikovaIA@ules.rosseti-kuban.ru |

## Press Centre of Rosseti Kuban JSC

Tel: +7 (861) 212-24-68
Media request email: sadymva@rosseti-kuban.ru

## Branches of Rosseti Kuban JSC

| Branch | Location |
|---|---|
| Adygeyan Power Grids | 358 Shovgenova St., Maikop, Republic of Adygeya, Russia |
| Armavir Power Grids | 54 Vorovskogo St., Armavir, Krasnodar Krai, Russia |
| Krasnodar Power Grids | 131 Pashkovskaya St., Krasnodar, Krasnodar Krai, Russia |
| Labinsk Power Grids | 334 Mira St., Labinsk, Krasnodar Krai, Russia |
| Leningrad Power Grids | 6 302 Divizii St., Leningradskaya stanitsa, Krasnodar Krai, Russia |
| Slavyansk Power Grids | 49 Stroitelnaya St., Slavyansk-on-Kuban, Krasnodar Krai, Russia |
| Sochi Power Grids | 42 Konstitutsii SSSR St., Sochi, Krasnodar Krai, Russia |
| Timashevsk Power Grids | 176 Lenina St., Timashevsk, Krasnodar Krai, Russia |
| Tikhoretsk Power Grids | 62 Dzerzhinskogo St., Tikhoretsk, Krasnodar Krai, Russia |
| Ust-Labinsk Power Grids | 4 Krasnodarskaya St., Ust-Labinsk, Krasnodar Krai, Russia |
| South-West Power Grids | 1 Vostochnyi mol, Novorossiysk, Krasnodar Krai, Russia |





# REGISTRAR'S DETAILS

| | |
|---|---|
| **Full company name** | Joint Stock Company Independent Registrar Company R.O.S.T. |
| **Abbreviated name** | IRC — R.O.S.T. JSC |
| **INN** | 7726030449 |
| **OGRN** | 1027739216757 |
| **Location** | 18 Stromynka St., bldg 5B, Moscow, 107076 |
| **Licence to holding a register** | No. 045-13976-000001<br>Date of issue: 3 December 2002<br>Validity period: indefinite<br>Licensing authority: Federal Commission for the Securities Market (FCSM of Russia) |
| **Contact phone** | +7 (495) 780-73-63 |
| **Fax** | +7 (495) 989-76-50 |
| **Email** | info@rrost.ru |
| **Web-page address** | www.rrost.ru |

IRC — R.O.S.T. JSC keeps a register of the Company's shareholders since 16 December 2010

IRC — R.O.S.T. JSC has no transfer agents that can provide services to shareholders of record of Rosseti Kuban PJSC.

# TERMS AND ABBREVIATIONS

**Average Headcount** — an overall number of employees for each calendar day of a period including holidays (banking holidays) and days-off divided by the number of calendar days in the period.

**Bank of Russia** — Central Bank of the Russian Federation.

**BAT** — best available technologies.

**c.u.** — conventional units for electric equipment.

**CAP** — corrective action plans.

**CHPP** — combined heat and power plant.

**CJSC** — closed joint stock company.

**Commercial Metering of Electricity (Capacity)** — the process of measuring the amount of electricity and determining the amount of capacity, as well as collecting, storing, processing, transmitting the results of these measurements and generating, including by calculation, data on the amount of electricity (capacity) produced and consumed for mutual settlements for the supplied electricity and capacity, as well as for services related to the said supplies.

**Common-Pot Tariffs for Electricity Transmission** — uniform tariffs for electricity transmission services in the Krasnodar Krai, the Republic of Adygeya and Sirius federal territory for all consumers of electricity transmission services irrespective of which power grid organisation they are connected to, differentiated according to the voltage levels.

**Corporate Governance Code of the Bank of Russia** — Corporate Governance Code of the Bank of Russia recommended for use by joint stock companies whose securities are admitted to organised trading by the letter of the Bank of Russia dated 10 April 2014 No. 06-52/2463.

**Corporate Year** — a period between the election of members of the Board of Directors and the Auditing Commission at the General Meeting of Shareholders and the next annual General Meeting of Shareholders.

**CSP** — corporate software package.

**DBMS** — database management system.

**Delivery to the Grid** — the amount of electric power received in the distribution grid from the delivery points of the Uniform National Power Grid, generation points and other related systems, formed according to the voltage level on the balance responsibility border.

**Disturbances (accident)** — an unauthorised disconnection of normal power grid operations.

**DP** — distribution point.

**EAEU** — Eurasian Economic Union.

**EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation)** — analytical measure reflecting the amount of profit before interest, taxes, depreciation and amortisation. Calculated as follows: profit before tax, interest, depreciation, amortisation and net charge/(reversal of) impairment loss on fixed assets and rights-of-use assets.

**EDMS** — electronic document management system.

Electricity Losses:
- Actual (Reported) Losses — a difference between the amount of electric power supplied to the power grid from other grids or power producers and the amount of electric power consumed by the power receivers connected to the grid and transferred to other grid operators
- Standard Losses — calculated loss values set by authorised federal executive bodies for the aggregated electricity transmission lines and other facilities owned by the grid operator and differentiated according to the voltage levels; the cost of normal losses of electricity is included in the amount of the payment for the transmission of electricity (tariff)
- Excessive (Commercial) Losses — a difference between actual and standard electricity losses, paid to the full extent by the operator of the grid where these excessive losses occurred.

**Electricity Metering Device** — a measuring device designed to determine the amount of active and/or reactive electrical energy that passed through it in a certain period of time to the place of consumption of electrical energy.

**EMERCOM of Russia** — Ministry of the Russian Federation for Civil Defense, Emergencies and Disaster Relief.

**EMS** — environmental management system.

**EnMS** — energy management system.

**EPSS** — emergency power supply sources.

**FAS of Russia** — Federal Antimonopoly Service.

**FEA AIS** — domestic automated information system for financial and economic activities.

**FEC** — fuel & energy complex.

**FKPI** — functional KPIs.

**FOCL** — fibre optic communication lines.

**FTS of Russia** — Federal Tariff Service.

**GDP** — gross domestic product.

**Grid Connection** — a technical connection of consumer terminals (power units) of legal and natural entities to the power grids of the company that provides electricity transmission services.

**Grid Organisation, Distribution Grid Company** — an organisation responsible for transmission and/or distribution of electricity in power grids.

**GRO** — All-Russian physical culture and sports complex 'Ready for Labour and Defence'.

**GTP** — gas turbine plant.

**Guaranteeing Supplier** — a commercial organisation obliged to enter in contracts for electricity sale and purchase with any electricity consumer or a person acting on behalf of such consumer willing to buy electricity in accordance with Federal Law No. 35-FZ on Electrical Power dated 26 March 2003 or voluntarily assumed liabilities.

**Guidelines No. 490/22** — guidelines for determining the amount of payment for grid connection approved by Order No. 490/22 of the Federal Antimonopoly Service of Russia dated 30 June 2022.

**HPF** — hazardous production facilities.

**HSMS** — health and safety management system.

**IDGC** — interregional distribution grid company.

**IES** — integrated energy system.

**IFRS** — International Financial Reporting Standards.

**IMF** — International Monetary Fund.

**IMS** — innovation management system.

**INN** — taxpayer identification number.

**Investment AIS** — automated information system for investment activity.

**IoT** — Internet of things.

**IVR** — interactive voice response.

**JSC** — joint stock company.

**KKSTRD** — State Tariff Regulation Department of the Krasnodar Krai – an executive authority of the Krasnodar Krai in the field of state regulation of tariffs.

**KPI** — key performance indicators

**Law on Joint Stock Companies** — Federal Law dated 26 December 1995 No. 208-FZ 'On Joint Stock Companies'.

**LLC** — limited liability company.

**Net Delivery** — the amount of electric power transmitted (supplied) via distribution grids to power supply points of consumers and (or) downstream grid operators, which was formed according to the voltage level on the balance responsibility borders. It corresponds with the physical process of electricity transmission via power grids.

**OHSMS** — occupational health and safety management system.

**OJSC** — open joint stock company.

**Order No. 3579-r** — Order of the Government of the Russian Federation No. 3579-r dated 28 December 2020.

**OTL** — overhead transmission line.

**Own RGR of the Company** — an economically feasible amount of funds necessary for the organisation to perform regulated activities within the reporting period of regulation without the costs of services of TGOs, Rosseti PJSC, and the purchase of electricity to compensate losses.

**PAMS** — production asset management system.

**PGR** — power grid regions in the Company's branches.

**PJSC** — public joint stock company.

**Power Supply Centre** — substation, substation equipment and adjacent distribution grids.

**PR** — public relations.

**PTL** — power transmission line.

**QMS** — quality management system.

**R&D** — research and development.

**RAS** — Russian Accounting Standards.

**Regional RGR** — an economically feasible amount of funds necessary for grid organisations functioning in the Krasnodar Krai and the Republic of Adygeya to perform regulated activities related to power transmission during the reporting period of regulation.

**Related Grid Organisation** — grid operator that is a legal owner of the power grid facilities connected directly to the power grids of other operators (it relates to).

**Report** — Annual Report of Rosseti Kuban PJSC for 2024.

**RES** — renewable energy sources.

**RGR** — required gross revenue.

**RM&ICS** — risk management and internal control system.

**Rosgidromet** — Federal Service for Hydrometeorology and Environmental Monitoring.

**Rosstat** — Federal State Statistics Service.

**Rostechnadzor** — Federal Service for Environmental, Technological and Nuclear Supervision.

**RSPP** — Russian Union of Industrialists and Entrepreneurs.

**RUERS** — Russian Unified Emergency Rescue Service.

**S&A** — subsidiaries and affiliates of the Company or Rosseti PJSC.

**SDGs** — UN sustainable development goals.

**SEMS** — smart electricity metering system.

**SME** — small and medium-sized enterprises.

**SPIEF** — St. Petersburg International Economic Forum.

**SS** — substation.

**SSIW (Self-Supporting Insulated Wire)** — electrical wire insulated against external influences and unauthorised connection.

**STGO** — systemic TGO.

**SW** — software.

**Technical Electricity Metering** — metering to control electricity consumption within power plants, substations, businesses, buildings, flats, etc. Meters used for technical metering are called technical meters.

**Technical Losses** — losses of electric power in power grid lines and equipment due to the physical processes occurring when transmitting power in accordance with the specifications and operating modes of grids and equipment, taking into consideration the power consumption of substations.

**Territorial Grid Organisation** — a commercial organisation that owns power grid facilities by right of property or other grounds set forth in federal laws and provides electricity transmission services using those facilities, performs proper grid connection of power recipients (power units) of legal and natural entities to power grids, apart from signing power transmission contracts using the power grid facilities outside the Uniform National (Russian) Power Grid.

**TGO** — territorial grid organisation.

**TP portal** — a portal for power grid services of Rosseti Group.

**TS** — transformer substation.

**UES of Russia** — Unified Energy System of Russia.

**UN** — United Nations.

**UNPG** — Unified National Power Grid (of Russia).

**USA** — United States of America.

**VAT** — value added tax.

**VHI** — voluntary health insurance.

**Volume of Services Rendered** — the amount of electric power transmitted via the power grid facilities owned by the grid company on any grounds compliant with the laws of the Russian Federation.

**VR** — virtual reality.





# UNITS OF MEASUREMENT

**‘000** — thousand

**bln** — billion

**Gcal** — gigacalorie

**GW** — gigawatt

**h** — hour

**km** — kilometre

**kV** — kilovolt

**kW** — kilowatt

**kWh** — kilowatt-hour

**m** — metre

**mln** — million

**MVA** — megavolt-ampere

**MW** — megawatt

**p.p.** — percentage point

**pcs** — pieces

**RUB** — Russian rouble

**s** — second

**sq.km** — square kilometre

**t** — tonne

**TFOE** — tonne of fuel oil equivalent

**VA** — volt-ampere

**W** — watt

# APPENDIX



# APPENDIX NO. 1





# REPORT ON COMPLIANCE OF THE COMPANY WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE APPROVED BY THE BOARD OF DIRECTORS OF THE BANK OF RUSSIA ON 21 MARCH 2014 AND RECOMMENDED FOR USE BY THE BANK OF RUSSIA (LETTER OF THE BANK OF RUSSIA NO. 06-52/2463 DATED 10 APRIL 2014)

This report on compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia (hereinafter — the Report) was considered by the Board of Directors of **Rosseti Kuban JSC** at its meeting held on 5 May 2025 (Minutes No. 594/2025 dated 5 May 2025).

The Board of Directors certifies that all report data contain full and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia.

Rosseti Kuban, PJSC shall assess compliance with the principles and recommendations of the Corporate Governance Code based on the Methodology recommended by the Bank of Russia in Letter No. IN-06-28/102 dated 27 December 2021 on disclosure of a report on compliance with the principles and recommendations of the corporate governance code in the annual report of a public joint stock company.

This Report is an appendix to the Company's Annual Report for 2024, which describes the most significant aspects of the corporate governance model and practices.

Given that the Company currently has no public status and its shares are not traded on organised markets, Rosseti Kuban JSC does not provide any plans for achieving these elements in the future when describing its partial compliance/non-compliance with the elements of the Corporate Governance Code.

| No. | Corporate governance principles | Criteria for assessing compliance with the corporate governance principles | Status[1] of compliance with the corporate governance principle | Explanations[2] of deviations from the criteria for assessing compliance with the principle of corporate governance |
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| 1 | 2 | 3 | 4 | 5 |
| **1.1** | **The company must ensure equal and fair treatment of all shareholders in the exercise of their right to participate in the management of the company** | | | |
| 1.1.1 | The company creates the most favourable conditions for shareholders for participation in the general meeting, conditions for developing a reasonable position on the agenda of the general meeting, coordination of their actions, and the opportunity to express their opinion on the issues under consideration | 1. These methods of communication were organised by the company and made available to shareholders in preparation for each general meeting held during the reporting period | complied with<br>partially complied with<br>not complied with | |
| 1.1.2 | The process for distributing notice of a general meeting and supplying meeting materials helps shareholders to adequately prepare for attending the meeting | 1. In the reporting period, the notice of the general meeting of shareholders was posted (published) on the company's website no later than 30 days before the date of the general meeting, unless a longer period is stipulated by law.<br>2. The notice of the meeting lists the documents required for admission to the venue.<br>3. Shareholders were provided with access to information on the persons being initiators of the agenda items and nominating the candidates for the board of directors and the audit commission (if establishment of the same is stipulated by the company's articles of association) | complied with<br>partially complied with<br>not complied with | Pursuant to Articles 2 and 3 of Federal Law No. 25-FZ dated 25 February 2022 "On Amendments to the Federal Law "On Joint Stock Companies" and Suspension of Certain Provisions of Legislative Acts of the Russian Federation", by decision of the board of directors (supervisory board) of a joint stock company in 2024, the General Meeting of Shareholders may be held in the form of absentee voting.<br>The Board of Directors of Rosseti Kuban PJSC decided to convene the annual General Meeting of Shareholders in the form of absentee voting (Minutes No. 555/2024 dated 27 April 2024). For this reason, the notice of meeting did not specify the documents required for admission to the premises.<br>Holding the annual General Meeting of Shareholders of the Company in the form of absentee voting is a forced measure. The Company provides an opportunity for shareholders to properly prepare for participation in the General Meeting of Shareholders. |
| 1.1.3 | During the preparation and conduct of the general meeting, the shareholders had an opportunity to receive information on the meeting and materials hereto easily and in a timely manner, to ask questions to the executive bodies and members of the board of directors of the company, and communicate with each other | 1. During the reporting period, shareholders were given an opportunity to ask members of the company's executive bodies and members of the company's board of directors questions in the course of preparations to the annual general meeting of shareholders and during the meeting as well.<br>2. The position of the board of directors (including the special opinions added to the minutes, if any) on each item of the agenda of the general meetings held during the reporting period was specified in the materials for the general meeting.<br>3. The company provided authorised shareholders with access to the list of persons eligible for participation in the general meeting of shareholders, starting from the date when this list was received by the company; this applies to all such meetings in the reporting period | complied with<br>partially complied with<br>not complied with | |
| 1.1.4 | A shareholder's right to demand that the general meeting of shareholders be convened, nominate candidates to the governing bodies and propose agenda items for the general meeting was exercised without unnecessary elements of complexity | 1. The company's articles of association stipulates a deadline for shareholders to submit proposals for inclusion on the agenda of the annual general meeting of shareholders; such deadline should be at least 60 days after the end of the relevant calendar year.<br>2. In the reporting period, the company did not reject proposals regarding agenda items or candidates nominated to the company's bodies because of misprints and other minor drawbacks in a shareholder's proposal | complied with<br>partially complied with<br>not complied with | |
| 1.1.5 | Each shareholder had an opportunity to freely exercise the right to vote in the simplest and most convenient for them way | 1. The company's articles of association provides for the possibility of completing the electronic form of the ballot on the website (its address is specified in the notice of the general meeting of shareholders) | complied with<br>partially complied with<br>not complied with | |
| 1.1.6 | The procedure for holding the general meeting established in the company provides all persons present at the meeting with equal opportunities for expressing their opinions and asking questions | 1. When general meetings of shareholders were held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was provided for reports on agenda items and time for discussion of these issues, and shareholders were given the opportunity to express their opinions and ask questions of interest on the agenda.<br>2. The company invited candidates to the management and control bodies of the company and took all necessary steps to ensure their participation in the general meeting of shareholders, at which their nominations were put to a vote. The nominees to the management and control bodies of the company who were present at the general meeting of shareholders were available to answer questions from shareholders.<br>3. The sole executive body, the accounting officer, the chair or other members of the audit committee of the board of directors were available to answer questions from shareholders at the general meetings of shareholders held during the reporting period.<br>4. In the reporting period, the company used telecommunication means for remote access of shareholders to participate in general meetings, or the board of directors made a reasonable decision that there was no need (possibility) to use such means in the reporting period | complied with<br>partially complied with<br>not complied with | In accordance with Federal Law No. 519-FZ dated 19 December 2022 "On Amendments to Certain Legislative Acts of the Russian Federation and Suspension of Certain Provisions of Legislative Acts of the Russian Federation", the annual General Meeting of Shareholders of Rosseti Kuban PJSC in 2024 was held in the form of absentee voting; therefore, the above criteria for assessing compliance with this corporate governance principle are not applicable. |

[1] The "complied with" status shall be indicated only if the company's corporate practices meet all the criteria for compliance with the principle of corporate governance listed in the "third column of the Code compliance report form. If the company's corporate practices meet only some of the compliance criteria or do not meet any of them, the "fourth column of the Code compliance report form indicates the status of compliance with the Code principle as "partially complied with" or "not complied with" respectively.

[2] Specified for each assessment criterion (compliance criterion) of the corporate governance principle in case the company complies with only part of the criteria or does not comply with any of the criteria for assessing compliance with the principle.

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| **1.2** | **The shareholders are given equal and equitable opportunities to receive a share of the company's profits by receiving dividends** | | | |
| 1.2.1 | The company has developed and implemented a transparent and clear mechanism for determining the amount of dividends and their payment | 1. The company's regulation on the dividend policy was approved by the board of directors and disclosed on the company's website.<br>2. If the dividend policy of a company compiling the consolidated financial statements uses the indicators of the company's statements to determine the amount of dividends, then the appropriate provisions of the dividend policy account for the consolidated indicators of the financial statements.<br>3. Justification of the proposed distribution of net profit, including the payment of dividends and the company's own needs, and assessment of its compliance with the dividend policy adopted by the company, with explanations and economic justification of the need to direct a certain portion of net profit to its own needs in the reporting period were included in the materials for the general meeting of shareholders, the agenda of which includes an item on profit distribution (including the payment (declaration) of dividends) | complied with<br>partially complied with<br>not complied with | |
| 1.2.2 | The company does not make a decision on dividend payment if such a decision is economically infeasible and may create a misleading impression as to the company's operations, despite formal compliance of such decision with the legislation | 1. The regulations on company's dividend policy, in addition to the statutory restrictions, define the financial/economic circumstances the company should not decide to pay dividends under | complied with<br>partially complied with<br>not complied with | |
| 1.2.3 | The company does not allow a deterioration in terms of dividend rights of existing shareholders | 1. In the reporting period, the company did not take any actions causing deterioration in terms of dividend rights of existing shareholders | complied with<br>partially complied with<br>not complied with | |
| 1.2.4 | The company aims to ensure that shareholders do not have any other ways to receive profit (income) from the company, except as dividends and liquidation value | 1. During the reporting period, there were no other ways for the entities controlling the company to receive profit (income) at the company's expense other than dividends (e.g., through transfer pricing, unjustified provision of services to the company by the controlling entity at inflated prices, through internal loans substituting dividends to the controlling entities and (or) its controlled entities) | complied with<br>partially complied with<br>not complied with | |
| **1.3** | **The corporate governance system and practices should ensure equitable treatment of all shareholders owning shares of one class (type), including minority (small) shareholders and foreign shareholders, and equal treatment of them by the company** | | | |
| 1.3.1 | The company made sure that its governing bodies and controlling entities treat each and every shareholder fairly, while also preventing abuse of minority shareholders by major shareholders | 1. During the reporting period, the company's controlling entities did not abuse their rights in relation to the company's shareholders, there were no conflicts between the company's controlling entities and the company's shareholders, and if there were, the board of directors paid due attention to the same | complied with<br>partially complied with<br>not complied with | |
| 1.3.2 | The company does not take any actions which cause or may cause artificial redistribution of corporate control | 1. There were no quasi-treasury shares in the company, or they did not participate in voting in the reporting period | complied with<br>partially complied with<br>not complied with | |
| **1.4** | **Shareholders have reliable and effective methods to record ownership of shares and an opportunity to freely and quickly dispose of their shares** | | | |
| 1.4 | Shareholders have reliable and effective methods to record ownership of shares and an opportunity to freely and quickly dispose of their shares | 1. The technology and service conditions of the company registrar meet the needs of the company and its shareholders and ensure that shareholder rights are regarded and exercised in the most efficient manner | complied with<br>partially complied with<br>not complied with | |
| **2.1** | **The board of directors is responsible for the strategic management of the company; it formulates the basic principles and approaches to the development of the risk management and internal control system, supervises the work of the company's executive bodies and performs other core functions** | | | |

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| 2.1.1 | The board of directors is responsible for making decisions related to the appointment and dismissal of executive bodies, including due to improper performance of their functions. The board of directors also ensures that the company's executive bodies act in accordance with the approved development strategy and the company's key areas of business | 1. The board of directors has the power to appoint and dismiss members of executive bodies, as well as to determine the terms and conditions of their contracts; those powers are stipulated in the articles of association.<br>2. During the reporting period, the nominations (appointments, personnel) <4> committee reviewed the compliance of the professional qualifications, skills and experience of the members of the executive bodies in respect of the current and expected needs of the company as dictated by the approved strategy of the company.<br>3. In the reporting period, the board of directors reviewed the report(s) of the sole executive body and the collegial executive body (if any) on the implementation of the company's strategy | complied with<br>partially complied with<br>not complied with | Criteria 1 and 2 are complied with.<br>Criterion 3 is partially complied with.<br>During the reporting period, the Board of Directors of the Company did not review the reports of the sole executive body and members of the collegial executive body of the Company on the implementation of the Company's strategy.<br>The Company's strategic goals were approved by the Company's Management Board on 10 April 2017.<br>Being part of the unified power distribution grid complex of Russia and the Group of Companies of Rosseti PJSC, the Company strives to achieve the goals set by the state. The strategic goals and development priorities for Rosseti Group companies are focused on implementing industry strategic planning documents, including the Energy Strategy of the Russian Federation until 2035, approved by Decree of the Russian Government No. 1523-r dated 9 June 2020, as well as the Strategy for the Socio-Economic Development of the Russian Federation with Low Greenhouse Gas Emissions until 2050, approved Decree of the Government of the Russian Federation No. 3052-r dated 29 October 2021, Decree of the President of the Russian Federation No. 204 dated 7 May 2018 'On National Goals and Strategic Objectives of the Russian Federation for the Period until 2024' (until 7 May 2024, as amended by Decree of the President of the Russian Federation No. 474 dated 21 July 2020), Decree of the President of the Russian Federation No. 309 dated 7 May 2024 No. 309 'On the National Development Goals of the Russian Federation for the Period until 2030 and the Outlook until 2036,' forecasts of the socio-economic development of the Russian Federation for 2025 and for the planning period 2026 and 2027, and other documents of state strategic planning in the field of electric power.<br>During the reporting period, the Board of Directors reviewed reporting information on key strategic issues and policy documents, including the investment programme, digital transformation programme, business plan, key performance indicators, etc. In the new strategic planning period of 2025–2030, the Company's development will be carried out within the framework of the Development Strategy of Rosseti PJSC and its subsidiaries and affiliates for the period up to 2030, approved by the Board of Directors of Rosseti PJSC (Minutes No. 682 dated 31 March 2025) and the plan developed by the Company to implement measures aimed at fulfilling this strategy and the Company's strategic objectives approved by the Management Board. |
| 2.1.2 | The board of directors decides on the main long-term strategic targets for the company's operations, assesses and approves key performance indicators and the company's main business goals, assesses and approves the strategy and business plans for the company's core business areas | 1. In the reporting period, the board of directors addressed issues related to the implementation and review of the strategy, approval of the financial and economic plan (budget) of the company, as well as consideration of criteria and indicators (including interim indicators) related to the implementation of the company's strategy and business plans | complied with<br>partially complied with<br>not complied with | Partially complied with, as the Company does not comply with the recommendations to consider issues related to the implementation and updating of the strategy, as well as the criteria and indicators for the implementation of the strategy, at meetings of the Company's Board of Directors.<br>The Company's strategic goals were approved by the Company's Management Board on 10 April 2017. The strategic goals and development priorities for Rosseti Group companies are focused on implementing industry strategic planning documents, including the Energy Strategy of the Russian Federation until 2035, approved by Decree of the Russian Government No. 1523-r dated 9 June 2020, as well as the Strategy for the Socio-Economic Development of the Russian Federation with Low Greenhouse Gas Emissions until 2050, approved Decree of the Government of the Russian Federation No. 3052-r dated 29 October 2021, Decree of the President of the Russian Federation No. 204 dated 7 May 2018 'On National Goals and Strategic Objectives of the Russian Federation for the Period until 2024' (until 7 May 2024, as amended by Decree of the President of the Russian Federation No. 474 dated 21 July 2020), Decree of the President of the Russian Federation No. 309 dated 7 May 2024 No. 309 'On the National Development Goals of the Russian Federation for the Period until 2030 and the Outlook until 2036,' forecasts of the socio-economic development of the Russian Federation for 2025 and for the planning period 2026 and 2027, and other documents of state strategic planning in the field of electric power.<br>During the reporting period, the board of directors reviewed reporting information on key strategic issues and policy documents, including the investment programme, digital transformation programme, business plan, key performance indicators, etc. In the new strategic planning period of 2025–2030, the Company's development will be carried out within the framework of the Development Strategy of Rosseti PJSC and its subsidiaries and affiliates, approved by the Board of Directors of Rosseti PJSC (Minutes No. 682 dated 31 March 2025) and the plan developed by the Company to implement measures aimed at fulfilling this strategy and the Company's strategic objectives approved by the Management Board. |
| 2.1.3 | The board of directors determines the principles and approaches to the development of the risk management and internal control system in the company | 1. 1. The principles of and approaches to the organisation of the risk management and internal control system in the company are determined by the board of directors and stipulated in the company's internal documents, which determine the risk management and internal control policy.<br>2. In the reporting period, the board of directors approved (revised) an acceptable amount of risks (risk appetite) of the company or the audit committee and (or) risk committee (if any) considered the expediency of submitting the issue of revising the company's risk appetite for consideration by the board of directors | complied with<br>partially complied with<br>not complied with | Criterion 1 is complied with.<br>Criterion 2 is partially complied with. The risk appetite of Rosseti Group was approved by a resolution of the Board of Directors of Rosseti PJSC dated 2 August 2023 (Minutes No. 626 dated 4 August 2023). The preferred risk indicators (risk appetite) of Rosseti Kuban PJSC were approved by the decision of the Company's Board of Directors dated 4 October 2023 (Minutes No. 535/2023 dated 5 October 2023). In accordance with the rules for determining the preferred risk (risk appetite) of Rosseti PJSC and its subsidiaries (Rosseti group of companies), the risk appetite is reviewed annually and updated as necessary. Information on compliance with risk appetite indicators in the Report on the Organisation, Functioning and Effectiveness of the RM&ICS of Rosseti Kuban PJSC for 2023 was reviewed by the Board of Directors on 22 April 2024 (Minutes No. 552/2024). The Report on the Organisation, Functioning and Effectiveness of the RM&ICS of Rosseti Group for 2023 was reviewed by the Board of Directors (Minutes of the Board of Directors No. 659 dated 17 July 2024). As at year-end 2023, the risk appetite indicators of Rosseti Group were met, and there was no need to reapprove the risk appetite indicators for the reporting year. |

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| 2.1.4 | The board of directors shapes the company's policy on the payment of remunerations and (or) compensations (reimbursement) to the members of the board of directors, executive bodies or other key executives of the company | 1. The company developed, approved (by the board of directors) and implemented the policy (policies) on remunerations and compensations (reimbursement) to the members of the board of directors, executive bodies and other key executives of the company.<br>2. In the reporting period, the meetings of the board of directors addressed issues related to the said policy (policies) | complied with<br>partially complied with<br>not complied with | |
| 2.1.5 | The board of directors is instrumental in preventing, identifying and resolving internal conflicts between the company's bodies, its shareholders and employees | 1. The board of directors plays a key role in preventing, identifying and resolving internal conflicts.<br>2. The company created a system for identifying transactions involving a conflict of interest and a system of measures for resolving such conflicts | complied with<br>partially complied with<br>not complied with | |
| 2.1.6 | The board of directors is instrumental in ensuring the transparency of the company, timeliness and completeness of information disclosure by the company, and easy access of shareholders to the company's documents | 1. The company's internal documents define the persons responsible for implementing the information policy | complied with<br>partially complied with<br>not complied with | |
| 2.1.7 | The board of directors oversees the company's corporate governance practice and plays a key role in the company's significant corporate events | 1. During the reporting period, the board of directors reviewed the results of a self-assessment and/or an external assessment of the company's corporate governance practices | complied with<br>partially complied with<br>not complied with | |
| **2.2** | **The board of directors is accountable to the company's shareholders** | | | |
| 2.2.1 | Information on the performance of the board of directors is disclosed and presented to shareholders | 1. The annual report of the company for the reporting period includes information on attendance of meetings of the board of directors and committees by individual directors.<br>2. The annual report includes information on the main results of performance assessment (self-assessment) of the board of directors carried out in the reporting period | complied with<br>partially complied with<br>not complied with | |
| 2.2.2 | The chair of the board of directors is available for communication with the company's shareholders | 1. The company has a transparent procedure in place to ensure that shareholders can send their enquires to and receive feedback from the chair of the board of directors (and, where applicable, the senior independent director) | complied with<br>partially complied with<br>not complied with | |
| **2.3** | **The board of directors is an effective and professional governing body of the company capable of making objective independent judgements and take decisions in the interests of the company and its shareholders** | | | |
| 2.3.1 | Only persons having an impeccable business and personal reputation and the knowledge, skills and experience required for making decisions within the competence of the board of directors and for efficient performance of its functions are elected to the board of directors | 1. In the reporting period, the board of directors (or the nomination committee) assessed candidates for the board of directors from the point of view of experience, knowledge, business reputation, lack of conflict of interest, etc. | complied with<br>partially complied with<br>not complied with | During the reporting year, the Board of Directors and its Personnel and Remuneration Committee did not conduct the assessment procedure for nominees to the Board of Directors.<br>However, data on the education and work experience of the nominees to the Board of Directors is included in the set of pre-reading materials of general meetings of shareholders and is published on the Company's official website.<br>In addition, a questionnaire survey is conducted for the elected members of the Board of Directors to obtain detailed information on the Board members, their education, work experience, ownership of the Company's shares, positions held in other organisations, etc.<br>Based on the analysis of the personal data, the current and previous composition of the Company's Board of Directors includes persons with high professional qualifications and work experience in various industries. |
| 2.3.2 | The members of the board of directors are elected under a transparent procedure, through which shareholders can obtain information about the candidates to the extent sufficient to form an opinion about their personal and professional qualities | 1. In all cases when the agenda of a general meeting of shareholders held in the reporting period included election to the board of directors, the company provided its shareholders with biographical details of all candidates for the board of directors, results of assessment of compliance of their professional qualifications, skills and experience with the current and expected needs of the company (such assessment to be carried out by the board of directors (or its nomination committee)), as well as information on whether the candidate met the criteria of independence in accordance with recommendations 102–107 of the Code and the written consent of the candidates for election to the board of directors | complied with<br>partially complied with<br>not complied with | In the reporting period, when holding General Shareholders' Meetings, the agenda of which included the election of the Board of Directors, the Company did not present to the shareholders the results of the Board of Directors' assessment of the candidates' professional qualifications, experience and skills compliance with the current and expected needs of the Company. To comply with this criterion, the Company intends to develop amendments to the Company's internal documents concerning the above provisions. |
| 2.3.3 | The composition of the board of directors is balanced, including in terms of its members' qualifications, experience, knowledge and business skills, and have shareholders' confidence | 1. During the reporting period, the board of directors analysed its own needs in terms of professional qualifications, experience and skills and identified the competencies required by the board of directors in the short and long term | complied with<br>partially complied with<br>not complied with | |

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| 2.3.4 | The number of members of the company's board of directors makes it possible to organise its work most effectively, including the opportunity to form board committees, as well as gives the company's substantial minority shareholders an opportunity to elect their candidate to the board of directors | 1. During the reporting period, the board of directors considered whether the number of the board of directors' members meets the company's needs and the interests of shareholders | complied with<br>partially complied with<br>not complied with | |
| **2.4** | **An adequate number of independent directors sit on the board of directors** | | | |
| 2.4.1 | A person shall be qualified as an independent director if they have sufficient professional skills, experience and independence to form their own opinion, is able to make objective and fair judgements independently of the executive bodies of the company, individual groups of shareholders or other stakeholders.<br>It should be noted here that under normal circumstances a candidate (an elected member of the board of directors) associated with the company, its substantial shareholder, substantial counterparty, competitor or the government cannot be considered independent | 1. In the reporting period, all independent members of the board of directors met all independence criteria specified in recommendations 102–107 of the Code or were recognised as independent by the board of directors | complied with<br>partially complied with<br>not complied with | |
| 2.4.2 | The company assesses whether candidates for the board of directors meet the independence criteria, and a regular analysis is carried out to determine whether independent members of the board of directors meet those criteria. When carrying out such assessment, the content should prevail over the form | 1. In the reporting period, the board of directors (or the nomination committee) formed an opinion on the independence of each candidate nominated to the board of directors and provided the shareholders with the relevant statement.<br>2. During the reporting period, the board of directors (or the board of directors' nomination committee) reviewed the independence of the current board of directors' members at least once (after they were elected).<br>3. The company has developed procedures stipulating the actions to be taken by a member of the board of directors if he or she ceases to be independent, including the obligation to inform the board of directors of the same in a timely manner | complied with<br>partially complied with<br>not complied with | Criteria 1 and 2 are not complied with.<br>In the reporting period, the Board of Directors and Personnel and Remuneration Committee did not carry out the assessment of each candidate and member of the Board of Directors. In the reporting year, the Company determined the independence status of the Board of Directors members by criteria specified by the Code. The Company twice a year requested information from the members of the Board of Directors as necessary and sufficient for public disclosure and clarification of their status.<br>The methodology approved by the Board of Directors established an approximate list of self-assessment criteria, including the criterion concerning the independence of Directors.<br>Criterion 3 is complied with. |
| 2.4.3 | Independent directors comprise at least one third of the elected members of the board of directors | 1. Independent directors comprise at least one third of the membership of the board of directors | complied with<br>partially complied with<br>not complied with | The Board of Directors in the reporting year consisted of:<br>– until 14.06.2024 – two independent directors,<br>– since 14.06.2024 – one, which is less than one third of independent directors.<br>Given the majority shareholder's predominant participation in the Company's authorised capital (99.72%), the Company has no ability to influence compliance with this component of the Code.<br>The risks associated with incomplete implementation of the Code's recommendations are mitigated by the effective organisation of independent directors' activities in the Company.<br>Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors. |

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| 2.4.4 | Independent directors play a key role in preventing internal conflicts in the company and in significant corporate actions taken by the company | 1. Within the reporting period, the independent directors (who had no conflict of interest) made a preliminary assessment of significant corporate actions involving potential conflict of interest and submitted the results of such assessment to the board of directors | complied with<br>partially complied with<br>not complied with | Partially complied with.<br>Independent directors (who do not have a conflict of interest) make a preliminary assessment of material corporate actions related to a potential conflict of interest only as part of the review of materials of the Strategy Committee of the Board of Directors, and as part of the consideration of materials sent to members of the Board of Directors.<br>The Company's Articles of Association do not define the very notion of material corporate actions.<br>However, the matters specified in the Corporate Governance Code relating to material actions:<br>– Reorganisation of the Company<br>– Acquisition of 30 per cent or more of the voting shares of the Company (acquisition)<br>– Execution of major transactions by the Company<br>– Increase or decrease in the authorised capital of the Company<br>– Listing and delisting of the Company's shares<br>– are referred to the competence of the Board of Directors or the General Meeting of Shareholders in accordance with applicable law and the Articles of Association of the Company.<br>Most of these matters (with the exception of share delisting) fall within the remit of the Strategy Committee of the Board of Directors.<br>Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors. |
| **2.5** | **The chair of the board of directors ensures that the functions assigned to the board of directors are performed as efficiently as possible** | | | |
| 2.5.1 | The board of directors is chaired by an independent director, or a senior independent director is selected from among elected independent directors to coordinate the activities of the independent directors and communicate with the chair of the board of directors | 1. The chair of the board of directors is an independent director or a senior independent director has been selected from among independent directors[1].<br>2. The role, rights and duties of the chair of the board of directors (and, if applicable, of the senior independent director) are properly specified in the company's internal documents | complied with<br>partially complied with<br>not complied with | Criterion 1 is not complied with.<br>The Chair of the Board of Directors is not an independent director.<br>The Company's Board of Directors has not selected the Senior Independent Director at the lack of initiative of the Board of Directors members concerning election of the senior independent director.<br>The Company has no ability to influence compliance with the criterion. Furthermore, since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.<br>Criterion 2 is complied with. |
| 2.5.2 | The chair of the board of directors creates a constructive atmosphere at the meetings, encourages open discussion of agenda items, and supervises the implementation of the resolutions adopted by the board of directors | 1. The performance of the chair of the board of directors was assessed as part of the procedure for assessment (self-assessment) of the performance of the board of directors in the reporting period | complied with<br>partially complied with<br>not complied with | |
| 2.5.3 | The chair of the board of directors takes necessary measures to ensure timely provision of the members of the board of directors with information required to adopt resolutions on agenda items | 1. The duty of the chair of the board of directors to take measures to ensure timely provision of the members of the board of directors with full and reliable information on agenda items of the meeting of the board of directors is stipulated in the company's internal documents | complied with<br>partially complied with<br>not complied with | |
| **2.6** | **Members of the board of directors act reasonably and in good faith in the interests of the company and its shareholders on the basis of sufficient information, exercising due diligence and care** | | | |
| 2.6.1 | In decision-making, members of the board of directors take into consideration all available information, provided that there is no conflict of interest, with equal treatment of the company's shareholders, and within the limits of common business risk | 1. The company's internal documents stipulate that a member of the board of directors shall inform the board of directors if there is a conflict of interest in relation to any issue on the agenda of the meeting of the board of directors or a board committee prior to discussion of that issue.<br>2. The company's internal documents stipulate that a member of the board of directors shall refrain from voting on any issue in relation to which he or she has a conflict of interest.<br>3. The company has established a procedure which allows the board of directors to obtain professional advice on issues within its competence at the expense of the company | complied with<br>partially complied with<br>not complied with | Criteria 1 and 2 are complied with.<br>Criterion 3 is complied with partially in terms of the members of the Board of Directors, which are also members of the Board Committees.<br>The norm that allows to a member of the Board of Directors and its Committee to get professional advice on issues concerning his/her competence at the Company's expense is contained in the regulations on the committees.<br>However, the Regulations on the Board of Directors do not provide for this procedure. The Company will make appropriate amendments to the Regulations on the Board of Directors of the Company in the future provided that there is a corresponding position of the majority shareholder. |

[1] It is recommended to indicate in the fifth column of the Code compliance report form which of the two alternative approaches allowed by the principle is being implemented in the company and to explain the reasons for the chosen approach.

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| 2.6.2 | The rights and responsibilities of the members of the board of directors are clearly worded and set out in the company's internal documents | 1. The company has adopted and published an internal document which clearly determines the rights and responsibilities of the members of the board of directors | complied with<br>partially complied with<br>not complied with | |
| 2.6.3 | Members of the board of directors have sufficient time to perform their duties | 1. Individual attendance of the meetings of the board of directors and committees, as well as sufficient time to work on the board of directors, including its committees, is analysed as part of the procedure for assessment (self-assessment) of the board of directors' performance in the reporting period.<br>2. In accordance with the company's internal documents, members of the board of directors shall inform the board of directors of their intention to join the governing bodies of any other organisations (apart from organisations controlled by the company), and of the fact of such an appointment | complied with<br>partially complied with<br>not complied with | Criterion 1 is complied with.<br>Criterion 2 is not complied with. The internal documents do not stipulate that the Board members shall inform the Board of Directors of their intention to join the governing bodies of any other organisations (apart from organisations controlled by or affiliated with the company), and of the fact of such an appointment.<br>But in the real world, the Company:<br>– Quarterly requests the data on held positions from the members of the governing bodies<br>– Monitors open sources of information on joining the members of the Company's Board of Directors to the governing or control bodies of other organisations on a regular basis<br>– Send notices to the members of the Board of Directors and the Auditing Commission of signs of possible interest in the Company's transactions received from members of the Board of Directors and the Company's controlling person. |
| 2.6.4 | All members of the board of directors have equal access to the company's documents and information. Newly elected members of the board of directors are provided with sufficient information on the company and the work of the board of directors in the shortest time possible | 1. In accordance with the company's internal documents, the members of the board of directors have the right to obtain information and documents necessary for the members of the board of directors to perform their duties relating to the company and its controlled entities, and the executive bodies of the company should ensure that relevant information and documents are provided.<br>2. The company has a formalised induction programme for newly elected members of the board of directors | complied with<br>partially complied with<br>not complied with | |
| **2.7** | **Meetings of the board of directors, preparation for them and participation of the members of the board of directors in the meetings enable efficient work of the board of directors** | | | |
| 2.7.1 | Meetings of the board of directors are held when necessary, given the scale of the company's operations and challenges facing the company at any particular time | 1. The board of directors held at least six meetings in the reporting year | complied with<br>partially complied with<br>not complied with | |
| 2.7.2 | The company's internal documents set out a procedure for preparing and holding meetings of the board of directors, ensuring that the members of the board of directors are able to prepare for them properly | 1. The company has approved an internal document which determines the procedure for preparing and holding meetings of the board of directors and stipulates, among other things, that notification of the meeting shall be generally given at least five days before the date of such meeting.<br>2. During the reporting period, the members of the board of directors who were not present at the meeting venue were given the opportunity to participate in the discussion of agenda items and vote remotely via conference calls and video conferencing | complied with<br>partially complied with<br>not complied with | |
| 2.7.3 | The format of the meeting of the board of directors depends on the importance of agenda items. The most important issues are addressed at in-person meetings | 1. The company's articles of association or internal documents stipulate that the most important issues (including those listed in recommendation 168 of the Code) should be considered at in-person meetings of the board of directors | complied with<br>partially complied with<br>not complied with | The list of issues that must be considered by the Board of Directors at face-to-face meetings is set out in the Regulation on the Board of Directors and does not completely correspond to the list given in recommendation 168 of the Code.<br>At the same time, according to these Regulations, the form of a meeting of the Board of Directors is determined by the Chair of the Company's Board of Directors taking into account the importance of agenda items.<br>The Company has no ability to influence compliance with the criterion |
| 2.7.4 | Resolutions concerning the most important issues of the company's business are adopted at the meeting of the board of directors by a qualified majority or by a majority of votes cast by all elected members of the board of directors | 1. The company's articles of association stipulate that resolutions concerning the most important issues specified in recommendation 170 of the Code shall be adopted at a meeting of the board of directors by a qualified majority comprising at least 3/4 of votes, or by a majority of votes cast by all elected members of the board of directors | complied with<br>partially complied with<br>not complied with | The Company's Articles of Associations do not stipulate that resolutions concerning the most important issues specified in recommendation 170 of the Code shall be adopted at the meeting of the Board of Directors by a qualified majority comprising at least three quarters of votes, or by a majority of votes cast by all elected members of the Board of Directors.<br>The risks associated with incomplete implementation of the Code's recommendations are mitigated by the traditionally high attendance of meetings by Board members and the Company's decision-making procedures: decisions made by the Board of Directors are based on the consensus of all Board members, and key decisions are preliminarily debated within the Board committees. |
| **2.8** | **The board of directors establishes committees for preliminary consideration of the most important issues related to the company's business** | | | |
| 2.8.1 | An audit committee consisting of independent directors has been established for preliminary consideration of any issues related to the monitoring of the company's financial and business operations | 1. The board of directors has formed the audit committee, consisting of independent directors only.<br>2. The company's internal documents set out the duties of the audit committee, including those specified in recommendation 172 of the Code.<br>3. At least one member of the audit committee who is an independent director has experience in and knowledge of preparation, analysis, assessment and audit of accounting (financial) statements.<br>4. The meetings of the audit committee were held at least once a quarter in the reporting period | complied with<br>partially complied with<br>not complied with | Criterion 1 is not complied with. The Audit Committee has one independent director. In the reporting year, the number of independent members of the Board of Directors was insufficient to make up the Audit Committee solely from independent directors.<br>The Company has no ability to influence compliance with the criterion. Furthermore, since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors<br>Criteria 2–4 are complied with. |

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| 2.8.2 | A remuneration committee consisting of independent directors and chaired by an independent director who is not the chair of the board of directors was established for preliminary consideration of any issues related to the establishment of an efficient and transparent remuneration practice | 1. The board of directors has formed the remuneration committee, consisting of independent directors only.<br>2. The chair of the remuneration committee is an independent director who is not the chair of the board of directors<br>3. The company's internal documents determine the tasks of the remuneration committee, including but not limited to the tasks contained in recommendation 180 of the Code, as well as the conditions (events), upon the occurrence of which the remuneration committee considers revision of the company's remuneration policy for the members of the board of directors, executive bodies and other key executives | complied with<br>partially complied with<br>not complied with | Criterion 1 is not complied with. The Personnel and Remuneration Committee of the Board of Directors of the Company does not currently include independent directors. Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.<br>Criterion 2 is partially complied with. The Chairman of the Human Resources and Remuneration Committee of the Board of Directors of the Company is not a member of the Board of Directors of the Company.<br>Criterion 3 is partially complied with. The Regulations on the Personnel and Remuneration Committee of the Board of Directors of the Company set out the tasks, which are partially in line with the recommendations of the Code. The Regulations on the Personnel and Remuneration Committee do not define the conditions (events), upon the occurrence of which the Committee considers the revision of the Company's policy on remuneration of members of the Board of Directors of the Company, executive bodies and other key executives. |
| 2.8.3 | A nomination (appointment, personnel) committee consisting mostly of independent directors has been established for preliminary consideration of any issues related to workforce planning (succession planning), professional composition and performance of the board of directors | 1. The board of directors has established the nomination committee (or another committee performs its duties specified in recommendation 186 of the Code[1]) consisting mostly of independent directors.<br>2. The company's internal documents set out the duties of the nomination committee (or another committee with shared functions), including those specified in recommendation 186 of the Code.<br>3. In the reporting period, in order to form the board of directors that best meets the company's goals and objectives, the nomination committee organised interaction with shareholders, not limited to the largest shareholders, in the context of selecting candidates to the board of directors of the company, either individually or jointly with other committees of the board of directors or the company's authorised subdivision in charge of relations with shareholders | complied with<br>partially complied with<br>not complied with | Criterion 1 is partially complied with. The Company established the Personnel and Remuneration Committee, which fulfils the tasks of the nomination committee. It does not include independent directors; at the same time, since the Company has lost the status of a public company, it is irrelevant for it to have independent directors on the Board of Directors.<br>Criterion 2 is partially complied with. Among the tasks specified in the Code's recommendations, the Personnel and Remuneration Committee was assigned only those pertaining to:<br>– Determination of criteria for selecting candidates to the Board of Directors, Management Board members and to the position of the Company's sole executive body, as well as their preliminary assessment<br>– Regular assessment of the performance of the person who performs the functions of the sole executive body, members of the Management Board and preparation of proposals for the Board of Directors on the possibility of their reappointment<br>The Company has no ability to influence compliance with the said criteria.<br>Criterion 3 is not applicable in 2024 because, due to the presence of the majority shareholder with a 99.72% stake, the votes of other shareholders are insufficient to elect at least one nominee to the Board of Directors. |
| 2.8.4 | Given the scale of business and the risk level, the company's board of directors made sure that the membership of its committees meets all objectives of the company's operations. Additional committees have been either formed or considered unnecessary (the strategy committee, the corporate governance committee, the ethics committee, the risk management committee, the budget committee, the health, safety and environment committee, etc.) | 1. In the reporting period, the company's board of directors considered whether the structure of the board of directors is appropriate to the scope, nature, business goals, needs, and risk profile of the company. Additional committees were either formed or considered unnecessary | complied with<br>partially complied with<br>not complied with | |
| 2.8.5 | The membership of committees is determined so that it would enable a comprehensive discussion of issues for preliminary consideration, taking into account different opinions | 1. The audit committee, remuneration committee, and nominations committee (or the relevant committee with a combined function) were chaired by independent directors in the reporting period.<br>2. The company's internal documents (policies) contain provisions whereby persons who are not members of the audit committee, the nominations committee or the remuneration committee (or the relevant committee with a combined function) may only attend meetings of the committees by invitation of the chair of the relevant committee | complied with<br>partially complied with<br>not complied with | Criterion 1 is not complied with. The Audit Committee and the Personnel and Remuneration Committee were not chaired by independent directors in the reporting period. The Company has no ability to influence compliance with the criterion. Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.<br>Criterion 2 is complied with. |
| 2.8.6 | The chairs of the committees regularly inform the board of directors and its chair on the performance of their committees | 1. In the reporting period, the chairs of the committees regularly reported to the board of directors on the performance of their committees | complied with<br>partially complied with<br>not complied with | |
| **2.9** | **The board of directors arranges an assessment of the performance of the board of directors, its committees and members** | | | |
| 2.9.1 | The performance assessment of the board of directors is aimed at determining the level of efficiency the of the board of directors, its committees and members, whether their work meets the company's development needs, as well intensifying the work of the board of directors and identifying opportunities for the improvement of its performance | 1. The company's internal documents stipulate the procedures for assessing (self-assessing) the board of directors' performance.<br>2. The assessment (self-assessment) of the board of directors' performance carried out in the reporting period included an assessment of the work of the committees, an individual assessment of each member of the board of directors and the board of directors as a whole.<br>3. The results of the assessment (self-assessment) of the board of directors' performance carried out during the reporting period were reviewed at an in-person meeting of the board of directors | complied with<br>partially complied with<br>not complied with | Criterion 1 is complied with.<br>Criterion 2 is partially complied with. In the reporting year, a self-assessment of the quality of the Board's performance for the 2023–2024 corporate year was carried out, which included an assessment of the performance of the Board as a whole, its chairman and each committee. There was no individual assessment of the Board members, except for the chairman.<br>Criterion 3 is partially complied with. The results of the self-assessment of the Board's quality of work carried out during the reporting period were reviewed by the Board of Directors in absentia.<br>As set out in the Regulations on the Board of Directors of the Company, the form of the Board meeting shall be determined by the Chair of the Board of Directors of the Company. |

[1] If the tasks of the nominations committee are implemented within another committee, state its name.

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| 2.9.2 | The performance of the board of directors, committees and members of the board of directors is assessed on a regular basis at least once a year. An external organisation (consultant) is engaged at least once every three years to carry out an independent assessment of the board of directors' performance | 1. An external organisation (consultant) was engaged to perform an independent assessment of performance of the board of directors at least once during the last three reporting periods | complied with<br>partially complied with<br>not complied with | The Company did not engage any external organisation (consultant) to conduct an independent assessment of the quality of the Board of Directors' work during the last three reporting periods. In doing so, the Board and its committees conducted a self-assessment of the quality of their work for the 2023–2024 corporate year. |
| **3.1** | **The company's corporate secretary facilitates efficient ongoing communication with shareholders, coordinates the company's efforts aimed at protecting the shareholders' rights and interests and supports efficient work of the board of directors** | | | |
| 3.1.1 | The corporate secretary has knowledge, expertise and qualification sufficient for performing their duties; they should also have an excellent reputation and find shareholders' credence | 1. The company's website and the annual report contain biographical information on the corporate secretary (including information on age, education, qualifications, experience), as well as information on positions in management bodies of other legal entities held by the corporate secretary for at least the last five years | complied with<br>partially complied with<br>not complied with | |
| 3.1.2 | The corporate secretary is sufficiently independent of the company's executive bodies and has the necessary powers and resources to carry out their tasks | 1. The company adopted and disclosed an internal document: the regulations on the corporate secretary.<br>2. The board of directors approves the candidate for the position of corporate secretary, terminates their powers and considers the payment of additional remuneration to them.<br>3. The company's internal documents stipulate the corporate secretary's right to request and receive company documents and information from management bodies, subdivisions and officers of the company | complied with<br>partially complied with<br>not complied with | |
| **4.1** | **The amount of remuneration paid by the company is sufficient for attracting, motivating and retaining employees who have the competence and qualification required by the company. Remuneration is paid to the members of the board of directors, executive bodies and other key executives of the company in accordance with the remuneration policy adopted by the company** | | | |
| 4.1.1 | Remuneration paid by the company to the members of the board of directors, executive bodies and other key executives is sufficient to motivate them to work efficiently, enabling the company to attract and retain competent and qualified specialists. At the same time, the company avoids paying remuneration that is larger than necessary and seeks to prevent an unreasonably large gap between the amounts of remuneration paid to the said persons and the company's employees | 1. Remuneration of members of the board of directors, executive bodies and other key executives of the company is determined based on the results of a comparative analysis of remuneration levels in peer companies | complied with<br>partially complied with<br>not complied with | |
| 4.1.2 | The company's remuneration policy was developed by the remuneration committee and approved by the board of directors. The board of directors supported by the remuneration committee monitors the adoption and implementation of the remuneration policy in the company and, if necessary, revises it and makes adjustments to it | 1. During the reporting period, the remuneration committee reviewed the remuneration policy (policies) and (or) practices of its (their) implementation, assessed their efficiency and transparency, and, if necessary, submitted respective recommendations to the board of directors for revision of the said policy (policies) | complied with<br>partially complied with<br>not complied with | |
| 4.1.3 | The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration for the members of the board of directors, executive bodies and other key executives of the company; in addition, it regulates all types of payments, benefits and privileges provided to the said persons | 1. The remuneration policy (policies) of the company includes (include) transparent mechanisms for determining the amount of remuneration for the members of the board of directors, executive bodies and other key executives of the company; in addition, it (they) regulates (regulate) all types of payments, benefits and privileges provided to the said persons | complied with<br>partially complied with<br>not complied with | |
| 4.1.4 | The company formulates the policy on reimbursement of expenses (compensation), which defines the expenses to be reimbursed and the service level, which may be provided to members of the board of directors, executive bodies and other key executives of the company. This policy may constitute a part of the company's remuneration policy | 1. The remuneration policy (policies) or other internal documents of the company establish the procedures for reimbursement of expenses incurred by members of the board of directors, executive bodies and other key executives of the company | complied with<br>partially complied with<br>not complied with | |

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| **4.2** | **The system of remuneration for the members of the board of directors ensures that the directors' financial interests are aligned with the long-term financial interests of shareholders** | | | |
| 4.2.1 | The company pays fixed annual remuneration to the members of the board of directors. The company does not pay remuneration for participating in individual meetings of the board of directors or committees under the board of directors.<br>The company does not offer short-term or additional financial incentives to the members of the board of directors | 1. In the reporting period, the company paid remuneration to the members of the board of directors in accordance with the remuneration policy adopted by the company.<br>2. In the reporting period, the company did not apply any forms of short-term motivation or additional material incentives to the members of the board of directors, the payment of which depends on the results (indicators) of the company's performance. No remuneration was paid for participation in individual meetings of the board of directors or the committees under the board of directors | complied with<br>partially complied with<br>not complied with | |
| 4.2.2 | Long-term ownership of the company's shares is the most important factor, ensuring that financial interests of members of the board of directors are aligned with long-term interests of shareholders. At the same time, the company does not make the right to sell shares dependent on compliance with certain performance targets, and the members of the board of directors do not participate in stock options plans | 1. If an internal document (documents), namely the company's policy (policies) on remuneration, stipulates (stipulate) that members of the board of directors are to be provided with shares, clear rules regarding the ownership of shares by the members of board of directors, which are aimed at encouraging long-term ownership of such shares, should be introduced and detailed | complied with<br>partially complied with<br>not complied with | |
| 4.2.3 | The company's internal documents do not provide for any additional payments or compensations in case of early dismissal of the members of the board of directors due to a change of control over the company or other circumstances | 1. The company's internal documents do not provide for any additional payments or compensations in case of early dismissal of the members of the board of directors due to a change of control over the company or other circumstances | complied with<br>partially complied with<br>not complied with | |
| **4.3** | **The system of remuneration for members of executive bodies and other key executives of the company ensures that the remuneration is linked to the company's performance and reflects their personal contribution to such performance** | | | |
| 4.3.1 | Remuneration paid to the members of executive bodies and other key executives of the company is determined in such a way as to ensure a reasonable and justified ratio of fixed components of remuneration to its variable components, which depend on the company's performance and an employee's personal (individual) contribution to such performance | 1. In the reporting period, annual performance indicators approved by the board of directors were used to determine variable components of remuneration for the members of executive bodies and other key executives of the company.<br>2. During the last assessment of the system of remuneration for the members of executive bodies and other key executives of the company, the board of directors (the remuneration committee) made sure that the company used an effective combination of fixed and variable components of remuneration.<br>3. When determining the amount of remuneration payable to the members of executive bodies and other key executives of the company, consideration is given to the risks borne by the company in order to avoid creating incentives for taking excessively risky management decisions | complied with<br>partially complied with<br>not complied with | |
| 4.3.2 | The company has implemented a long-term incentive plan for the members of executive bodies and other key executives involving the use of the company's shares (options or other derivatives for which the company's shares are underlying assets) | 1. If the company introduced a long-term incentive programme for members of executive bodies and other key executives of the company using company shares (financial instruments based on company shares), the programme stipulates that the right to sell such shares and other financial instruments shall not arise earlier than three years after provision of the same. At the same time, the right to sell them is related to achievement of certain performance targets of the company | | The assessment of compliance with the criterion in this paragraph cannot be given as the Company does not have a long-term incentive programme for senior managers using the Company's shares (financial instruments based on the Company's shares). |
| 4.3.3 | The amount of compensation ('golden parachute') paid by the company in the event of early dismissal of members of executive bodies or key executives on the company's initiative and in the absence of wrongdoings on their part does not exceed twice the size of the fixed component of annual remuneration | 1. The amount of compensation ('golden parachute') paid by the company in the event of early dismissal of members of executive bodies or key executives on the company's initiative and in the absence of wrongdoings on their part did not exceed twice the size of the fixed component of annual remuneration in the reporting period | complied with<br>partially complied with<br>not complied with | |
| **5.1** | **The company has in place an effective risk management and internal control system aimed at providing reasonable assurance that the company would achieve its goals** | | | |
| 5.1.1 | The board of directors established the principles of and approaches to organising a risk management and internal control system in the company | 1. Functions of the company's various governing bodies and divisions within the risk management and internal control system are clearly defined in internal documents/ the relevant policy of the company approved by the board of directors | complied with<br>partially complied with<br>not complied with | |

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| 5.1.2 | The company's executive bodies ensure the creation and support of an efficient risk management and internal control system in the company | 1. The company's executive bodies have ensured the distribution of duties, powers and responsibility in the sphere of risk management and internal control among heads of subdivisions and divisions accountable to them | complied with<br>partially complied with<br>not complied with | |
| 5.1.3 | The risk management and internal control system of the company gives a fair, objective and clear picture of the current situation in the company and its prospects and ensures integrity and transparency of the company's statements. It also ensures that risks taken by the company are reasonable and acceptable | 1. The company has the anti-corruption policy approved.<br>2. The company has developed a convenient, safe and confidential method (hotline) for informing the board of directors or its audit committee about violations of the law, internal procedures or the corporate code of ethics | complied with<br>partially complied with<br>not complied with | |
| 5.1.4 | The company's board of directors takes necessary measures to make sure that the company's risk management and internal control system is in line with the principles of and approaches to its organisation formulated by the board of directors and that it functions efficiently | 1. During the reporting period, the board of directors (audit committee and/or risk committee, if any) organised an assessment of the reliability and effectiveness of the risk management and internal control system.<br>2. During the reporting period, the board of directors reviewed the results of the assessment of the reliability and efficiency of the company's risk management and internal control system; information on the results of the review is included in the company's annual report | complied with<br>partially complied with<br>not complied with | |
| **5.2** | **The company organises internal audit in order to make an independent and systematic assessment of the reliability and performance of the risk management and internal control system and the corporate governance practice** | | | |
| 5.2.1 | To conduct internal audit, the company has in place a separate subdivision or has engaged an independent third-party organisation. Functional accountability and administrative accountability of the internal audit subdivision are delineated. The internal audit subdivision is functionally accountable to the board of directors. | 1. To conduct internal audit, the company has created a separate subdivision responsible for internal audit which is functionally accountable to the board of directors, or an independent third-party organisation has been engaged following the same accountability principles | complied with<br>partially complied with<br>not complied with | |
| 5.2.2 | The internal audit subdivision assesses the reliability and effectiveness of the risk management and internal control systems as well as the corporate governance, and applies generally accepted internal auditing standards | 1. During the reporting period, internal audit assessed the reliability and effectiveness of the risk management and internal control system.<br>2. In the reporting period, internal audit assessed corporate governance practices (individual practices), including information interaction procedures (along with those related to internal control and risk management) at all management levels of the company, and interaction with stakeholders as well | complied with<br>partially complied with<br>not complied with | |
| **6.1** | **The company and its operations are transparent to shareholders, investors and other stakeholders** | | | |
| 6.1.1 | The company put in place an information policy ensuring effective communication between the company, its shareholders, investors and other stakeholders | 1. The board of directors approved the company's information policy, which is developed in line with the recommendations of the Code.<br>2. During the reporting period, the board of directors (or one of its committees) considered the efficiency of information exchange between the company, shareholders, investors and other stakeholders and the expediency (need) to revise the company's information policy | complied with<br>partially complied with<br>not complied with | |
| 6.1.2 | The company discloses information on the system and practice of corporate governance, including detailed information on compliance with the principles and recommendations of the Code | 1. and general corporate governance principles used by it, including disclosure on the company's website.<br>2. 2. The company discloses information on the membership of executive bodies and the board of directors, independence of its members and their membership in the committees of the board of directors (as defined in the Code).<br>3. 3. If there is an entity controlling the company, the company publishes a memorandum of this entity detailing plans of such entity concerning corporate governance in the company | complied with<br>partially complied with<br>not complied with | |
| **6.2** | **The company discloses comprehensive, up-to-date and accurate information on the company in a timely manner to ensure that its shareholders and investors are able to make informed decisions** | | | |
| 6.2.1 | The company discloses information in accordance with the principles of regularity, consistency and promptness, as well as availability, accuracy, comprehensiveness and comparability of data disclosed | 1. The company has established a procedure that ensures coordination of work of all subdivisions and employees of the company who are related to disclosure of information or whose activities may result in the need to disclose information.<br>2. If the company's securities are traded on foreign organised markets, the disclosure of material information in the Russian Federation and on such markets is simultaneous and equivalent during the reporting year.<br>3. If foreign shareholders own a considerable number of shares in the company, information was disclosed not only in Russian but also in one of the prevailing foreign languages during the reporting year | complied with<br>partially complied with<br>not complied with | Criterion 1 is complied with.<br>Criteria 2 and 3 are not applicable to the Company. |

| No. | Corporate governance principles | Criteria for assessing compliance with the corporate governance principles | Status[1] of compliance with the corporate governance principle | Explanations[2] of deviations from the criteria for assessing compliance with the principle of corporate governance |
|---|---|---|---|---|
| 6.2.2 | The company avoids using a formal approach to information disclosure and discloses material information on its operations even if the law does not require disclosing such information | 1. . The company's information policy defines approaches to disclosure of information on other events (actions) which have a material effect on the value or quotation of its securities, disclosure of which is not required by law.<br>2. 2. The company discloses information on its capital structure in the annual report and on its website, in accordance with recommendation 290 of the Code.<br>3. 3. The company shall disclose information on controlled entities that are material to the company, including key areas of their activities, mechanisms for ensuring accountability of controlled entities, the authority of the company's board of directors to determine strategy and assess performance of controlled entities.<br>4. The Company discloses non-financial reports – a sustainability report, an environmental report, a corporate social responsibility report or another report containing non-financial information, including factors related to the environment (inter alia, environmental and climate change-related factors), society (social factors) and corporate governance, except for the report of the issuer of equity securities and the annual report of a joint stock company | complied with<br>partially complied with<br>not complied with | Criteria 1 and 2 are complied with.<br>Criterion 3 is not applicable to the Company due to the absence of subsidiaries and affiliates that are significant to the Company.<br>Criterion 4 is not complied with due to the absence of statutory requirements. The Annual Report for 2024 contains non-financial information as prescribed by the Recommendations on Disclosure by Public Joint Stock Companies of Non-Financial Information Related to Activities of Such Companies issued by the letter of the Bank of Russia No. IN-06-28/49 dated 12 July 2021. |
| 6.2.3 | Being one of the most important means of communication with shareholders and other stakeholders, the annual report contains information enabling an assessment of the company's performance during the year | 1. The annual report of the company contains information on the results of the assessment by the audit committee of the effectiveness of the external and internal audit process.<br>2. The company's annual report contains information on the company's environmental and social policy | complied with<br>partially complied with<br>not complied with | |
| **6.3** | **The company provides equal and easy access to information and documents at the shareholders' request** | | | |
| 6.3.1 | Shareholders can exercise their right of access to company documents and information without unnecessary difficulties | 1. The company's information policy (internal documents defining the information policy) defines a non-onerous procedure for providing access to the company's information and documents upon shareholders' requests.<br>2. The information policy (internal documents defining the information policy) contains provisions stipulating that if a shareholder requests information on organisations controlled by the company, the company shall make the necessary efforts to obtain such information from the relevant organisations controlled by the company | complied with<br>partially complied with<br>not complied with | |
| 6.3.2 | When the company provides information to shareholders, a reasonable balance is maintained between the interests of individual shareholders and those of the company, as the company is interested in maintaining confidentiality of important commercial information which may have a material effect on its competitiveness | 1. In the reporting period, the company did not reject shareholders' requests for information, or, if it did, it gave reasons for the refusal to provide information.<br>2. In the cases stipulated by the company's information policy, shareholders are informed that the information is confidential and undertake to keep it confidential | complied with<br>partially complied with<br>not complied with | |
| **7.1** | **Actions that have or may have a substantial impact on the company's authorised capital structure and financial position and, accordingly, on the shareholders' position (significant corporate actions) are taken on equitable terms safeguarding the rights and interests of the shareholders and other stakeholders** | | | |
| 7.1.1 | Significant corporate actions include reorganisation of the company, purchase of 30 or more percent of the company's voting shares (acquisition), making major transactions, an increase or reduction of the authorised capital of the company, listing and delisting of the company's shares, as well as other actions that may result in a significant change of shareholders' rights or infringement of their interests. The company's articles of association provides a list (criteria) of transactions or other actions constituting significant corporate actions, and such actions fall within the competence of the company's board of directors | 1. The company's articles of association define a list (criteria) of transactions or other actions that constitute significant corporate actions. Making decisions about significant corporate actions is within the competence of the board of directors, according to the company's articles of association. In cases when the legislation specifically states that the exercise of corporate actions falls within the competence of the general meeting of shareholders, the board of directors provides the shareholders with the relevant recommendations | complied with<br>partially complied with<br>not complied with | The Company's Articles of Associations does not provide a list of transactions or other actions constituting significant corporate actions and establishes criteria for their definition.<br>However, decision-making on matters relating to material actions referred to in recommendation 303 of the Code (e.g., restructuring of the Company, increase/decrease in the authorised capital of the Company, decision-making on the participation of the Company in other organisations, decision-making on applying for delisting of the Company's shares and (or) equity securities convertible into its shares, decision-making on consent or subsequent approval of major transactions, approval of other transactions of the Company and its controlled entities) in accordance with the current legislation and the Articles of Association of the Company are the competence of the Board of Directors or the General Meeting of Shareholders. When any matters, including significant corporate actions, are put to shareholders at a General Meeting of Shareholders, the Board of Directors will make recommendations to shareholders accordingly.<br>The Company plans to include in the Articles of Association and internal documents of the Company detailed provisions regulating legal relations related to material corporate actions taken by the Company, subject to the relevant decision of the majority shareholder. |
| 7.1.2 | The board of directors plays a key role in making decisions or recommendations with regard to significant corporate actions; the board of directors relies on the opinion of independent directors of the company | 1. The company has established a procedure whereby independent directors express their opinions on significant corporate actions before those actions are approved | complied with<br>partially complied with<br>not complied with | This procedure is not set out in the internal documents of the Company. The Company has no ability to influence compliance with the criterion.<br>Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors. |

| No. | Corporate governance principles | Criteria for assessing compliance with the corporate governance principles | Status[1] of compliance with the corporate governance principle | Explanations[2] of deviations from the criteria for assessing compliance with the principle of corporate governance |
|---|---|---|---|---|
| 7.1.3 | When making significant corporate actions affecting the rights and legitimate interests of shareholders, equal conditions are provided for all shareholders of the company, and in case of insufficiency of statutory mechanisms aimed at the protection of shareholders, additional measures are taken to protect the rights and legitimate interests of shareholders of the company.<br><br>At the same time, the company is guided not only by compliance with the formal requirements of the law but also by the corporate governance principles set out in the Code | 1. The company's articles of association, taking into account the peculiarities of the company's operations, stipulate that the competence of the board of directors shall include approval of other transactions that are significant to the company, in addition to those provided for by law.<br>2. During the reporting period, all significant corporate actions were approved prior to their implementation | complied with<br><br>partially complied with<br><br>not complied with | |
| **7.2** | **The company ensures that significant corporate actions are taken in a manner that enables the shareholders to receive full information on such actions, provides them with an opportunity to influence such actions and guarantees that their rights are observed and properly protected when such actions are taken** | | | |
| 7.2.1 | Information on significant corporate actions is disclosed, and an explanation of the reasons, conditions and consequences of such actions is provided | 1. If the company performed significant corporate actions during the reporting period, the company disclosed information on such actions to shareholders in a timely and detailed manner, including disclosing the reasons, conditions and consequences of such actions | Compliance with the criterion in this paragraph cannot be assessed, as the Company did not engage in any significant corporate actions during the reporting period. | |
| 7.2.2 | The rules and procedures for the implementation of significant corporate actions are set forth in the company's internal documents | 1. The company's internal documents determine the cases and procedure for engaging an appraiser to determine the value of property to be alienated or acquired under a major transaction or an related-party transaction.<br>2. The company's internal documents establish the procedure for engaging an appraiser to carry out an assessment of the company's shares, for the purposes of purchase or buyback.<br>3. If there is no formal interest of a member of the board of directors, the sole executive body, member of the collegial executive body of the company or an entity being a controlling entity of the company or an entity entitled to give instructions binding on the company in transactions of the company, but if there is a conflict of interest or other actual interest, the internal documents of the company provide that such entities shall not participate in voting on approval of such transaction | соблюдается<br><br>частично соблюдается<br><br>не соблюдается | Criteria 1 and 2 are complied with.<br><br>Criterion 3 is not complied with.<br><br>The Company will consider a possibility of corresponding changes development in case of necessity.<br><br>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.<br><br>If there is no formal interest of a member of the Board of Directors, the sole executive body, member of the collegial executive body of the Company or an entity being a controlling entity of the Company or an entity entitled to give instructions binding on the Company in transactions of the Company, but if there is a conflict of interest or other actual interest, the internal documents of the Company do not prohibit for such entities to participate in voting on approval of such transaction.<br><br>Given the nature of the activities of Rosseti Group, which includes the Company, transactions with legal entities controlled by Rosseti Kuban JSC, as well as with the Company's controlling entity (Rosseti PJSC) and other entities controlled by Rosseti PJSC, are related-party transactions.<br><br>Legislation is currently moving towards simplifying the procedure for companies to enter into related-party transactions, as well as reducing the overall number of transactions recognised as related-party transactions. Thus, Federal Law No. 343-FZ dated 3 July 2016 introduced, effective 1 January 2017, a new procedure for related-party transactions through notification of members of management bodies, and also expanded the list of transactions that are not recognised as related-party transactions, including those with a price threshold, until which transactions can be concluded without the corporate actions provided for in Chapter XI of Federal Law No. 208-FZ dated 26 December 1995 "On Joint Stock Companies".<br><br>In the Company's opinion, the formal interest criteria established by the Federal Law "On Joint Stock Companies" and, accordingly, the related cases of non-participation in voting on the approval of transactions are sufficient to ensure optimal protection of the rights and interests of shareholders and investors. Stipulation in the internal documents of cases when members of the Board of Directors of the Company and other persons do not participate in voting on approval of a transaction in the absence of formal interest, but in the presence of a conflict of interest or other actual interest, could make it difficult for the Company to operate due to the increased number of transactions recognised as related-party transactions.<br><br>In addition, in view of the current lack of relevant guidance and/or explanations from the regulator, it is difficult to determine cases of actual interest other than those provided for in the Federal Law "On Joint Stock Companies". |

# APPENDIX NO. 2

# INFORMATION ON RELATED-PARTY TRANSACTIONS CONCLUDED BY ROSSETI KUBAN PJSC IN 2024

| Sr. No. | Transaction | Date of transaction | Parties and material terms of the transaction (subject, price[1], period of validity) | Person(s) who is/are related to the transaction | Related-party transaction notice (letter details) | Authority that made the decision on the authorisation of the transaction or its succeeding approval (if available – Minutes details) |
|---|---|---|---|---|---|---|
| 1. | 2. | 3. | 4. | 5. | 6. | 7. |
| 1 | Power grid property lease agreement No. 407/30-2335 dated 28.11.2024[2] | 28.11.2024 | **Parties to the Agreement:**<br>• Rosseti Kuban PJSC – Lessee<br>• Rosseti Kuban PJSC – Lessor<br>**Subject of the Agreement:**<br>The Lessor shall transfer, and the Lessee shall accept for temporary possession and use, for a fee, the movable and immovable property comprising the power grid facilities specified in the appendices to the Agreement, owned by the Lessor, for the purpose of the Lessee providing services for the transmission (distribution) of electrical energy (capacity) to end users.<br>The Lessee during the term of the Agreement has the right to buy out the facilities or part of the facilities by giving written notice to the Lessor.<br>The Parties have separately agreed that no later than the end of the second quarter of 2025 they will conclude a preliminary agreement of sale and purchase of the property for the purpose of disposal of the property to the Lessee.<br>**Price of the Agreement:**<br>The rent for the entire lease period is RUB 1,259,367,783.70, including 20% VAT.<br>As of 1 December 2023, the initial cost of the leased facilities is RUB 13,713,339,277.00.<br>**Validity period of the Agreement:**<br>The Agreement shall enter into force upon its signing. The lease term is set from 1 January 2025 to 31 December 2025 | **Rosseti PJSC** is the controlling party of the Company and and Rosseti is Capital LLC also a party to the transaction; Rosseti's interest in the authorised capital (ownership interest) of Rosseti Kuban PJSC is 99.72% as of the date of the transaction | dated 26.11.2024 2024 No. RK/1200/255-rs | Board of Directors, Minutes dated 27.11.2024 No. 577/2024 |
| 2 | Lease agreement for power grid property dated 04.12.2024 No. 5-15/01-24/407/ 30-2435[3] | 04.12.2024 | **Subject of the Agreement:**<br>• Rosseti Kuban PJSC – Lessor,<br>• Rosseti PJSC – Lessee<br>**Subject of the Agreement:**<br>The Lessor shall transfer, and the Lessee shall accept for temporary possession and use, for a fee, the power grid property that is part of the Port 220 kV substation with the Taman-Port 220 kV OHL, 1 circuit, and Tamani-Port 220 kV OHL, 2 circuit, owned by the Lessor, for the purpose of the Lessee providing services for the transmission (distribution) of electrical energy (capacity) to end users.<br>**Price of the Agreement:**<br>The total rent for the lease period (from 01.01.2024 to 31.12.2025) is RUB 610,964,676.0, including 20% VAT.<br>The residual value of the leased property as of 31.10.2024 is RUB 4,197,414,286.32.<br>**Validity period of the Agreement:**<br>The Agreement shall enter into force upon its signing. The terms and conditions of the Agreement shall apply to the Parties' relations arising from 1 January 2024.<br>The lease term is set from 1 January 2024 to 31 December 2025 inclusive. | 1. **Rosseti PJSC** is the controlling party of the Company and is also a party to the transaction; Rosseti's interest in the authorised capital (ownership interest) of Rosseti Kuban is 99.72% as of the date of the transaction,<br>2. **Daniil Krainskiy** is the Chairman of the Board of Directors of the Company, simultaneously being a member of the Management Board of Rosseti PJSC; Mr. Krainskiy holds 0.00% in the authorised capital (ownership interest) of Rosseti PJSC as of the date of the transaction, and 0.00% in the authorised capital (ownership interest) of Rosseti Kuban PJSC as of the date of the transaction,<br>3. **Alexey Molsky** is a member of the Board of Directors of Rosseti Kuban PJSC, simultaneously being a member of the Management Board of Rosseti PJSC; Mr. Molsky holds 0.00% in the authorised capital (ownership interest) of Rosseti PJSC as of the date of the transaction, 0.00% in the authorised capital (ownership interest) of Rosseti Kuban PJSC as of the date of the transaction,<br>4. **Vladimir Kharitonov** is a member of the Board of Directors of Rosseti Kuban PJSC, simultaneously being a member of the Management Board of Rosseti PJSC; Mr. Kharitonov holds 0.00% in the authorised capital (ownership interest) of Rosseti, PJSC as of the date of the transaction, and 0.00% in the authorised capital (ownership interest) of Rosseti Kuban PJSC as of the date of the transaction | dated 01.11.2024 No. RK/1200/238-rs | Board of Directors, Minutes dated 05.11.2024 No. 575/2024 |

[1] The price of property or services to be alienated or acquired is determined by the Company's Board of Directors on the basis of market value, in accordance with Article 77 of Federal Law No. 208-FZ dated 26 December 1995 'On Joint Stock Companies'.

[2] Due to the fact that the transaction price exceeds two percent of assets according to the consolidated financial statements of Rosseti Kuban PJSC as of the last reporting date (the end date of the last completed reporting period preceding the transaction date) – 30 September 2024, information on the transaction shall be disclosed to the extent provided for in clause 59.3., Chapter VIII of Bank of Russia Regulation No. 714-P dated 27 March 2020 'On Disclosure of Information by Issuers of Equity Securities' as amended by Bank of Russia Regulation No. 6283-U dated 30 September 2022 'On Amendments to Bank of Russia Regulation No. 714-P dated 27 March 2020 'On Disclosure of Information by Issuers of Equity Securities'.

[3] Due to the fact that the transaction price exceeds two percent of assets according to the consolidated financial statements of Rosseti Kuban PJSC as of the last reporting date (the end date of the last completed reporting period preceding the transaction date) – 30 September 2024, information on the transaction shall be disclosed to the extent provided for in clause 59.3., Chapter VIII of Bank of Russia Regulation No. 714-P dated 27 March 2020 'On Disclosure of Information by Issuers of Equity Securities' as amended by Bank of Russia Regulation No. 6283-U dated 30 September 2022 'On Amendments to Bank of Russia Regulation No. 714-P dated 27 March 2020 'On Disclosure of Information by Issuers of Equity Securities'.

# APPENDIX NO. 3





# INFORMATION ON NON-CORE ASSETS OF THE COMPANY COMPANY'S PARTICIPATION IN COMMERCIAL AND NON-COMMERCIAL ORGANISATIONS

## NON-CORE ASSET REGISTER OF THE COMPANY

Pursuant to Russian Presidential Decree No. 596 dated 7 May 2012 and Russian Government Order No. 894-r dated 10 May 2017 (as amended), a new version of the Non-core Asset Disposal Programme was approved by the Board of Directors' resolution dated 24 November 2023 (Minutes No. 540/2023 dated 27 November 2023).

Prior to the above resolution, the Company had in place the Programme approved by the resolution of the Board of Directors dated 27 December 2021 (Minutes No. 460/2021 dated 28 December 2021).

The Programme defines the basic principles, the mechanism for identifying and disposing of non-core assets, establishes the criteria for classifying assets as non-core, the procedure for maintaining the non-core asset register and reporting on the progress of the non-core asset register.

By resolution of the Board of Directors of the Company dated 21 February 2025 (Minutes No. 585/2025 dated 21 February 2025), an up-to-date register of non-core assets generated in line with the programme requirements was approved (the register is published on the Company's website at: About the Company / Non-Core Assets).

By resolution of the Company's Board of Directors dated 7 March 2024 (Minutes No. 547/2024 dated 7 March 2024), taking into account the amendments approved by resolution of the Company's Board of Directors dated 25 November 2024 (Minutes No. 576/2024 dated 25 November 2024), the register of the Company's non-core assets effective in 2024 was approved.

During the reporting year, one non-core asset was disposed of on the electronic trading platform LLC RTS-Tender.

Disclosure link: https://www.rosseti-kuban.ru/o-kompanii/neprofilnye-aktivy/.

### Information on sale of non-core assets for 2024:

| No. | Asset | Inventory number (if applicable) | The balance sheet line where the asset was recorded at the balance sheet date prior to the disposal of the asset | Ledgers (analytics included) containing income and expenditure from asset disposal (91.1. 91.2) | Carrying amount of an asset, RUB '000 | Effective realisable value, RUB '000 | Deviation of effective realisable value from carrying amount, RUB '000 | Reasons for the deviation of effective realisable value from carrying amount of an asset |
|---|---|---|---|---|---|---|---|---|
| 1 | 1/2 share of a residential house with a basement, attic, verandas | 12073 | 1132 | 91.01<br>91.02.1 | 868.620 | 8168.544 | 7299.924 | disposition value was formed in the course of open tenders |
| | **Total** | **-** | **-** | **-** | **868.62** | **8168.54** | **7299.92** | **-** |

# PARTICIPATION OF THE COMPANY IN COMMERCIAL ORGANISATIONS

As of 31 December 2024, Rosseti Kuban PJSC owned stakes in three joint stock companies, including two subsidiaries.

### Information on Participation in Subsidiaries, Affiliates and Other Business Entities (Commercial Organisations) in 2024

| Abbreviated corporate name of a company | Region of operation | Core business | Purpose of participation | Company's share in the Company's share capital as at 31.12.2024 | Financial performance for 2024 | | Dividends received in the reporting year on shares held by the company, RUB '000 |
|---|---|---|---|---|---|---|---|
| | | | | | Revenue, RUB '000 | Net profit, RUB '000 | |
| **Core companies** | | | | | | | |
| Energoservice Kuban JSC | Krasnodar Krai | Design, installation and commissioning of metering units for electricity, gas and process equipment, hot and cold water supply | Holding of shares | 100 | 2,163,391 | 19,663 | 7,556 |
| **Non-core companies** | | | | | | | |
| Energetik Health Resort JSC | Krasnodar Krai | Organisation of recreation and health improvement for children and adults, primarily employees of Rosseti Kuban PJSC and their families; organisation and holding of seminars and conferences | Holding of shares | 100 | 135,724 | 10,364 | 0 |
| RITEK-SOYUZ JSC (The legal entity is declared insolvent (bankrupt), with insolvency proceedings nstituted against it) | Krasnodar Krai | Organisation, implementation and support of research and development, engineering, construction and installation and commissioning works; monitoring and controlling | Holding of shares | 1 | 0 | 0 | 0 |





Blocks of shares of the above joint stock companies are included in the non-core asset register.

The disposal method for blocks of shares is "retention of interest". The method of disposal is established prior to making a separate systemic decision regarding these assets.

The size of the stake in the voting shares of RITEK-SOYUZ CJSC owned by the Company does not allow it to independently make decisions on the functioning of these commercial organisations, including determining the composition of their management and control bodies.

Interaction of Rosseti Kuban JSC with subsidiaries is based on the requirements of the legislation of the Russian Federation, articles of association and internal documents of the Company and its S&As, including the procedure for interaction of the Company with business entities, shares (interests) in which the Company holds, approved by the Board of Directors of the Company (Minutes No. 69/2009 dated 27 March 2009).

**The main objectives of the Company's interaction with S&As:**

- Stable financial development and profitability of S&As
- Protection of the rights and interests of shareholders of the Company and S&As
- Higher investment attractiveness of the Company and subsidiaries by providing the investment community with complete, timely, reliable information about the activities of S&As, as well as the balance and predictability of corporate policy in general
- Development and implementation of a coordinated and effective investment policy of S&As

**S&As are managed and controlled by the Company through the following corporate governance mechanisms:**

- In accordance with the Articles of Association of Rosseti Kuban JSC, the functions of general meetings of shareholders of 100% S&As are performed by the Management Board of the Company
- Overall management of S&As is carried out by their boards of directors, the majority of whose members are representatives of Rosseti Kuban JSC
- Company's position on the main issues of the agenda of general meetings of shareholders and meetings of the boards of directors of S&As is determined by the Board of Directors of the Company
- Financial and economic activities of S&As are regularly controlled by their auditing commissions, consisting of the Compnya's representatives

The operational management of each S&A is within the remit of the sole executive body — the Director General. The Articles of Association of S&As do not include language allowing for collective executive bodies (management boards).

Detailed information on S&As of Rosseti Kuban JSC is published on the Company's website in the About the Company / Subsidiary Companies section.

# DATA ON ACTIVITIES OF ENERGETIK HEALTH RESORT JSC IN THE REPORTING YEAR

### Changes of financial and economic indicators of Energetik Health Resort JSC for 2022–2024

| Sr. No. | Name | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| 1 | Revenue, RUB '000 | 135,724 | 118,710 | 91,458 |
| 2 | Gross profit, RUB '000 | 12,697 | 8,780 | 4,069 |
| 3 | Net profit (retained profit / uncovered loss), RUB '000 | 10,364 | 6,316 | 2,220 |
| 4 | Return on equity (ROE)[1], % | 20.5 | 14.9 | 5.8 |
| 5 | Return on total assets (ROTA) for profit before tax[2], % | 20.4 | 14.3 | 6.3 |
| 6 | Net profitability index, % | 7.6 | 5.3 | 2.4 |
| 7 | Product (sales) profitability, % | 9.4 | 7.4 | 4.4 |
| 8 | Amount of uncovered loss as of the reporting date, RUB '000 | – | - | - |
| 9 | Ratio of uncovered loss as at the reporting date and balance sheet currency, % | – | - | - |

[1] Return on Equity (ROE) was calculated according to the following methodology:
- Return on equity (ROE) = Net profit / Avg. equity value x 100%.

[2] Indicator of "Return on total assets (ROTA) for profit before tax" are calculated in accordance with the following methodology:
- Return on total assets (ROTA) for profit before tax = Profit before tax / Avg. total assets value x 100%.

# Information on material transactions made by Energetik Health Resort JSC in 2024

In 2024, Energetik Health Resort JSC did not conclude:

- Transactions outside the ordinary course of business recognised as major transactions in accordance with the current legislation of the Russian Federation,
- Transactions of expenditure for it that are recognised as related-party transactions in accordance with the applicable laws of the Russian Federation and require approval by the governing bodies of S&As; pursuant to clause 2.11, Art. 2 of the Articles of Association of Energetik Health Resort JSC, the provisions of Chapter XI of the Federal Law on Joint Stock Companies shall not apply to transactions profitable for this company that are made with legal entities directly or indirectly controlled by Rosseti PJSC,
- Sale and purchase agreements for shares, participatory interest, shares in economic partnerships and companies of Energetik Health Resort JSC,
- Transactions with property (including interrelated transactions), the value of which exceeds the amount specified in the Articles of Association of S&As or which is material to the business activities of S&As.

No legal entities controlled by Energetik Health Resort JSC, which are material for the activities of Energetik Health Resort JSC, were established in 2024.

# DATA ON ACTIVITIES OF ENERGOSERVICE KUBAN JSC IN THE REPORTING YEAR

## Changes of financial and economic indicators of Energoservice Kuban JSC for 2022–2024

| Sr. No. | Name | 2024 | 2023[1] | 2022 |
|---|---|---|---|---|
| 1 | Revenue, RUB '000 | 2,163,391 | 1,722,494 | 2,035,829 |
| 2 | Gross profit, RUB '000 | 148,212 | 132,522 | 143,960 |
| 3 | Net profit (retained profit / uncovered loss), RUB '000 | 19,663 | 15,112 | 7,886 |
| 4 | Return on equity (ROE)[2], % | 22.1 | 19.0 | 10.9 |
| 5 | Return on total assets (ROTA) for profit before tax[3], % | 2.5 | 1.9 | 1.1 |
| 6 | Net profitability index, % | 0.9 | 0.9 | 0.4 |
| 7 | Product (sales) profitability, % | 1.9 | 1.5 | 1.7 |
| 8 | Amount of uncovered loss as of the reporting date, RUB '000 | – | - | - |
| 9 | Ratio of uncovered loss as at the reporting date and balance sheet currency, % | – | - | - |

[1] The figures for 2023 are based on the balance sheet for 2024 (As at 31 December 2023 column), the income statement for January — December 2024 (For January — December 2023 column).
[2] Return on Equity (ROE) was calculated according to the following methodology:
• Return on equity (ROE) = Net profit / Avg. equity value x 100%.
[3] Indicator of "Return on total assets (ROTA) for profit before tax" are calculated in accordance with the following methodology:
• Return on total assets (ROTA) for profit before tax = Profit before tax / Avg. total assets value x 100%.





# Information on material transactions made by Energoservice Kuban JSC in 2024

In 2024, Energoservice Kuban JSC did not conclude:

- Transactions outside the ordinary course of business recognised as major transactions in accordance with the current legislation of the Russian Federation,
- Transactions of expenditure for it that are recognised as related-party transactions in accordance with the applicable laws of the Russian Federation and require approval by the governing bodies of S&As; pursuant to clause 2.11, Art. 2 of the Articles of Association of Energoservice JSC, the provisions of Chapter XI of the Federal Law on Joint Stock Companies shall not apply to transactions profitable for this company that are made with legal entities directly or indirectly controlled by Rosseti PJSC,
- Sale and purchase agreements for shares, participatory interest, shares in economic partnerships and companies of Energoservice Kuban JSC,
- Transactions with property (including interrelated transactions), the value of which exceeds the amount specified in the Articles of Association of S&As or which is material to the business activities of S&As.

No Energoservice Kuban's controlled legal entities that are material to Energoservice Kuban's operations were established in 2024.

# PARTICIPATION OF THE COMPANY IN COMMERCIAL ORGANISATIONS

| Sr. No. | Non-commercial organisation | Organisation details | Purpose of participation | Financial parameters |
|---|---|---|---|---|
| 1 | Energy Institute for Advanced Training — Further Professional Education Institution of Public Joint Stock Company of Energy and Electrification of Kuban | Established on 10 September 2004 by decision of the Board of Directors of Kubanenergo JSC (Minutes No. 3 dated 30 July 2004).<br>Core activities:<br>– Meeting the needs of the Company's specialists in obtaining knowledge about the latest achievements in the electric power industry, advanced domestic and Western experience in the electric power industry<br>– Organising and delivering advanced training and professional retraining for the Company's specialists<br>– Organising and holding scientific research, scientific-technical and experimental work, consulting activities<br>– Scientific expertise of programmes, projects, recommendations, other materials and materials by the job scope | Providing the Company with qualified personnel through professional training, professional retraining and professional development of the Company's employees, improving their business qualities, preparing them for new job functions | – |
| 2 | Union "Interregional Construction "Alliance Self-Regulatory Organisation" | The main objectives of the Union are:<br>– To prevent harm to life or health of individuals, property of individuals or legal entities, state or municipal property, environment, life or health of animals and plants, objects of cultural heritage (historical and cultural monuments) of the peoples of the Russian Federation due to defects of works that affect the safety of capital construction objects and are carried out by members of the Union<br>– To improve the quality of construction, renovation, and capital repair of capital construction facilities<br>– To protect the rights and legitimate interests of the Union's members | Compliance with current legislation and elimination of the risk of administrative liability under Clause 1, Art. 9.5.1 of the Code of Administrative Offences of the Russian Federation | The monthly membership fee to NOSTROI[1] is RUB 7,000.<br>The target quarterly membership fee for NOSTROY is RUB 2,000. |

[1] NOSTROI — the National Association of Builders.

| Sr. No. | Non-commercial organisation | Organisation details | Purpose of participation | Financial parameters |
|---|---|---|---|---|
| 3 | Energoprojekt Association | The scope of the Association members' activities covers all types of design works that influence the safety of capital construction facilities, including particularly hazardous, technically complex, unique facilities, as well as nuclear facilities | Compliance with current legislation and elimination of the risk of administrative liability under Clause 1, Art. 9.5.1 of the Code of Administrative Offences of the Russian Federation | The monthly membership fee is RUB 23,000.<br>Quarterly targeted membership fee for NOPRIZ[1] needs is RUB 2,000. |
| 4 | All-Russian Branch Association of Employers of the Electric Power Industry "Energy Employment Organisation Association of Russia" (ERA of Russia Association) | Main goals:<br>– To protect and promote the interests of employers in the electric power industry, including in relations with government authorities and trade unions, consolidating the collective resources of the Association's members to influence the state's socio-economic policy<br>– To regulate social and labour relations in the electric power industry, improve the effectiveness of social partnership, promote social stability in the working teams of electric power organisations, improve the effectiveness of human resource management, increase the return on investment in personnel and develop human capital<br>– To promote the creation of favourable conditions for doing business in general and the development of the electric power industry in particular, participate in the development and implementation of projects to improve the economic efficiency of electric power organisations and increase labour productivity<br>– To develope a national system of professional qualifications and its sectoral segment, promote the development of sectoral vocational education, meeting employers' needs for trained personnel, etc. | • To promote the interests of the Company, including in relations with government authorities and professional unions<br>• To improve the effectiveness of social partnership and promote social stability in the workplace<br>• To develop cooperation with other organisations in the field of labour and other socio-economic issues | The annual membership fee is RUB 2.0 million |
| 5 | Non-Profit Partnership Territorial Grid Organisations Association | NPP TGO Association consolidates, represents and protects the professional interests of participants of the partnership in government bodies of all levels, infrastructure, non-commercial and public organisations. The partnership platform is a centre for communication of partnership participants and dissemination of the best business practices in the power grid complex. The Supervisory Board of NPP TGO Association includes the Heads of the specialised offices of the Energy Committee of the State Duma of the Russian Federation, the Ministry of Energy of Russia | Association and promotion of activities of commercial organisations that provide electric power transmission services using power grid facilities. Improvement of efficiency and reliability of power supply to consumers. Creation of an efficient competitive electricity market in the Russian Federation. Formation of favourable conditions for attracting investments in the electric power industry | The amount of the entrance fee (one-time) fee is RUB 300,000.<br>The quarterly current (regular) membership fee is RUB 100,000. |
| 6 | Union "Chamber of Commerce and Industry of the Krasnodar Krai" | Promotion of interaction between business entities and local authorities, all-round development of trade and economic, investment and scientific and technical cooperation between entrepreneurs of the Krasnodar Krai and entrepreneurs of foreign countries. Coordination and representation of the interests of all members of the Chamber, entrepreneurs and their associations, regardless of ownership, subordination and location within the Krasnodar Krai | • Representation of interests in interactions with the administration of the Krasnodar Krai, Krasnodar, as well as the administrations of cities and districts of the Krai<br>• Development of business relations with major Kuban companies | The annual membership fee of the Company is RUB 20,000. |
| 7 | Association "Non-Profit Partnership Market Council for Organising an Efficient System of Wholesale and Retail Electricity and Capacity Trade" | The main objectives (subject) of the activities of NPP Market Council Association are:<br>– To ensure the functioning of the commercial infrastructure of the market<br>– To ensure effective interconnection of the wholesale and retail markets<br>– To create favourable conditions for attracting investments in the electric power industry<br>– To ensure a common standing of wholesale and retail market participants in the development of regulatory documents that govern the functioning of the electric power industry<br>– To organise, on the basis of self-regulation, an efficient system of wholesale and retail trade in electricity, capacity, other goods and services admitted to circulation on the wholesale and retail markets in order to ensure energy security of the Russian Federation, unity of economic space, freedom of economic activities and competition on the wholesale and retail markets, observance of the balance of interests of producers and buyers of electricity and capacity, satisfaction of public needs for reliable and stable electricity and capacity supply, and the development of an efficient system of wholesale and retail trade in the wholesale and retail markets | Ensuring the Company's compliance with the requirements of the wholesale market in the event that the functions of a guaranteeing supplier are assigned to Rosseti Kuban JSC | The amount of the entrance fee (one-time fee) is RUB 1 million.<br>The amount of quarterly current (regular) membership fee is to be determined by the Supervisory Board of NPP Market Council Association. In 2024, it was RUB 367,000 per quarter |
| 8 | Self-Regulatory Organisation Association of Persons Engaged in Energy Inspection "EnergoProfAudit" | EnergoProfAudit SRO Association was established under Federal Law No. 261 dated 23 November 2009 "On Energy Saving" (261-FZ) as one of the first in 2010 and entered into the State Register of SROs in the field of energy inspection of the Ministry of Energy of the Russian Federation No. SRO-E-015 dated 27 August 2010.<br>Currently, the SRO:<br>– Provides services on expert examination and registration of reporting documentation based on the results of energy audits<br>– Actively contributes to the development of energy conservation and energy efficiency improvement at Rosseti's S&As<br>– Develops regulatory technical documentation<br>– Develops promising areas, including the implementation of Russia's environmental policy and environmental laws regarding the assessment of the carbon footprint of enterprises<br>EnergoProfAudit SRO Association is a member-organisation of the Technical Committee for Standardisation TC No. 039 "Energy Saving, Energy Efficiency, Energy Management", the main goals and objectives of which are to improve the efficiency of standardisation work in the field of energy saving, energy efficiency and energy management at the national and interstate level. | Possibility to carry out energy inspection activities<br>Receives from the SRO<br>– Assistance in the development of energy saving and energy efficiency improvement<br>– Regulatory Technical Documentation | The quarterly current (regular) membership fee is RUB 240,000. |

[1] NOPRIZ is the National Association of Surveyors and Designers.

# APPENDIX NO. 4

Appendix 4
**to Appendix 1 "Accounting (financial) statements: composition and approaches to disclosure"**
to the Provision

*FOR REFERENCE, prior to the application of FSBU 4/2023 "Accounting (financial) statements" (2024 Annual Reporting)*

**TEMPLATE FOR COMPILING**
**CORPORATE ANNUAL ACCOUNTING (FINANCIAL) STATEMENTS REPORTING ON RAS**

# Balance Sheet
## as of December 31 20 24

| | | Codes | | |
|---|---|---|---|---|
| | Form as per OKUD | 0710001 | | |
| | Date (day, month, year) | 31 | 12 | 2024 |
| Organization "Rosseti Kuban" PJSC | as per OKPO | 00104604 | | |
| Taxpayer identification number | INN | 2309001660 | | |
| Type of economic activity: transmission of electricity and technological connection to distribution networks | as per OKVED 2 | 35.12 | | |
| Organizational and legal form/form of ownership: Public joint stock company / private property | as per OKOPF/OKFS | 12247 | 16 | |
| Unit of measurement: thousand rubles | as per OKEI | 384 | | |

Location (address) 2A Stavropolskaya St., Krasnodar, 350033

Accounting statements are subject to mandatory audit [V] YES [ ] NO

Name of the audit organization/last name, first name, patronymic (if any) of the individual auditor: Limited Liability Company Center for Audit Technologies and Solutions - Audit Services

| | | |
|---|---|---|
| Taxpayer Identification Number of the audit organization/individual auditor | INN | 7709383532 |
| Primary State Registration Number of the audit organization/individual auditor | OGRN/ OGRNIP | 1027739707203 |

| Explanations | Index name | Code | As of December 31 20 24 | As of December 31 20 23 | As of December 31 20 22 |
|---|---|---|---|---|---|
| | **ASSET** | | | | |
| | **I. FIXED ASSETS** | | | | |
| 1.1 | Intangible assets | 1110 | 499,601 | 41,199 | 52,643 |
| 1.2 | Research and development results | 1120 | 6,604 | 55,535 | 52,214 |
| | Intangible development assets | 1130 | - | - | - |
| | Tangible development assets | 1140 | - | - | - |
| 2.1-4.1 | Property, plant and equipment | 1150 | 100,956,044 | 87,123,570 | 78,118,655 |
| | Profitable investments in material values | 1160 | - | - | - |
| 9.1-9.5 | Financial investments | 1170 | 45,687 | 45,687 | 45,688 |
| 17.3 | Deferred tax assets | 1180 | 2,203,442 | 1,953,747 | 2,200,526 |
| 6 | Other fixed assets | 1190 | 89,979 | 380,064 | 154,746 |
| | TOTAL Section I | 1100 | 103,801,357 | 89,599,802 | 80,624,472 |
| | **II. CURRENT ASSETS** | | | | |
| 7 | Inventories | 1210 | 3,631,306 | 3,691,806 | 1,923,736 |
| | Value added tax on acquired valuables | 1220 | 646 | 3,103 | 1,433 |
| 11 | Accounts Receivable | 1230 | 6,945,474 | 6,443,929 | 7,626,134 |
| | Financial investments (excluding cash equivalents) | 1240 | - | - | - |
| 10 | Cash and cash equivalents | 1250 | 17,091,080 | 12,972,380 | 4,118,182 |
| 8 | Other current assets | 1260 | 4,038,459 | 3,669,436 | 1,573,337 |
| | TOTAL Section II | 1200 | 31,706,965 | 26,780,654 | 15,242,822 |
| | **BALANCE** | 1600 | **135,508,322** | **116,380,456** | **95,867,294** |





| Explanations | Index name | Code | As of December 31 20 24 | As of December 31 20 23 . | As of December 31 20 22 |
|---|---|---|---|---|---|
| | **LIABILITY** | | | | |
| | **III. CAPITAL AND RESERVES** | | | | |
| 12.1 | Authorized capital (joint capital, authorized fund, contributions of partners) | 1310 | 39,896,608 | 39,896,608 | 36,330,046 |
| 12.1 | incl. Capital (before registration of changes) | 13101 | - | 6,430,824 | 2,864,262 |
| | Own shares repurchased from shareholders | 1320 | ( 48,630 ) | ( - ) | ( - ) |
| | Revaluation of capital assets | 1340 | - | - | - |
| 12.3 | Additional capital (without revaluation) | 1350 | 6,481,916 | 6,481,916 | 6,481,916 |
| 12.2 | Reserve capital | 1360 | 1,080,362 | 772,036 | 509,812 |
| | Retained profit (uncovered loss) | 1370 | 15,660,768 | 7,069,866 | 1,931,825 |
| | TOTAL Section III | 1300 | 63,071,024 | 54,220,426 | 45,253,599 |
| | **IV. LONG-TERM LIABILITIES** | | | | |
| 13.1-13.4 | Borrowed funds | 1410 | 9,466,172 | 15,880,000 | 16,931,543 |
| 17.3 | Deferred tax liabilities | 1420 | 6,207,279 | 4,212,557 | 3,746,979 |
| 15 | Estimated liabilities | 1430 | - | - | - |
| | Other liabilities | 1450 | 10,115,633 | 13,746,293 | 4,070,948 |
| | Total for Section IV | 1400 | 25,789,084 | 33,838,850 | 24,749,470 |
| | **V. SHORT-TERM LIABILITIES** | | | | |
| 13.1-13.4 | Borrowed funds | 1510 | 15,072,940 | 4,308,840 | 3,990,281 |
| 14.1-14.2 | Payables | 1520 | 28,519,781 | 20,674,214 | 18,898,158 |
| | Prepaid income | 1530 | 950,401 | 729,944 | 549,634 |
| 15 | Estimated liabilities | 1540 | 1,737,348 | 2,323,469 | 2,358,399 |
| | Other liabilities | 1550 | 367,744 | 284,713 | 67,753 |
| | Total Section V | 1500 | 46,648,214 | 28,321,180 | 25,864,225 |
| | **BALANCE** | 1700 | **135,508,322** | **116,380,456** | **95,867,294** |

Head _____ (signature) K.A. Iordanidi (printed full name)

Chief Accountant _____ (signature) L.V. Loskutova (printed full name)

" 17 " of March 20 25

## Statement of Financial Results

for January - December 20 24 .

| | | Codes | | |
|---|---|---|---|---|
| | Form as per OKUD | 0710002 | | |
| | Date (day, month, year) | 31 | 12 | 2024 |
| Organization Rosseti Kuban PJSC | as per OKPO | 00104604 | | |
| Taxpayer identification number | INN | 2309001660 | | |
| Type of economic activity: transmission of electricity and technological connection to distribution networks | as per OKVED 2 | 35.12 | | |
| Organizational and legal form/form of ownership: Public joint stock company / private property | as per OKOPF/OKFS | 12247 | | 16 |
| Unit of measurement: thousand rubles | as per OKEI | 384 | | |

| Explanations | Index name | Code | For January - December 20 24 | For January - December 20 23 |
|---|---|---|---|---|
| 18.1 | Revenue | 2110 | 88,071,553 | 74,557,482 |
| 18.2 | Prime cost of sales | 2120 | ( 69,794,038 ) | ( 62,056,731 ) |
| | Gross profit (loss) | 2100 | 18,277,515 | 12,500,751 |
| | Selling expenses | 2210 | ( - ) | ( - ) |
| | Management expenses | 2220 | ( 69,843 ) | ( 60,788 ) |
| | Profit (loss) due to sales | 2200 | 18,207,672 | 12,439,963 |
| | Income from participation in other organizations | 2310 | 7,556 | 3,943 |
| 18.3 | Interest receivable | 2320 | 2,573,660 | 438,913 |
| 18.4 | Interest payable | 2330 | ( 4,158,418 ) | ( 2,346,000 ) |
| 18.5 | Other income | 2340 | 3,245,481 | 2,960,395 |
| 18.5 | Other expenses | 2350 | ( 4,615,667 ) | ( 4,949,797 ) |
| | Profit (loss) before tax income | 2300 | 15,260,284 | 8,547,417 |
| | Profit tax | 2410 | (4,583,633) | (2,224,392) |
| 17.1 | including current profit tax | 2411 | ( 2,830,192 ) | ( 1,516,833 ) |
| 17.3 | deferred profit tax | 2412 | (1,753,441) | (707,559) |
| 17.3 | Other | 2460 | 200,920 | (156,505) |
| | Net income (loss) | 2400 | 10,877,571 | 6,166,520 |

Form 0710002 p. 2

| Explanations | Index name | Code | For January - December 20 24 | For January - December 20 23 |
|---|---|---|---|---|
| | Result of revaluation of fixed assets, not included in the net profit (loss) of the period | 2510 | - | - |
| | Results from other operations, not included in the net profit (loss) of the period | 2520 | - | - |
| | Tax on profit from operations, the result of which is not included in the net profit (loss) of the period | | - | - |
| | Cumulative financial result of the period | 2500 | 10,877,571 | 6,166,520 |
| 12.5 | For reference Underlying profit (loss) per share, rubles | 2900 | 27.27 | 16.43 |
| 12.5 | Diluted profit (loss) per share, rubles | 2910 | 27.27 | 16.43 |

Head _____ (signature) K.A. Iordanidi (printed full name)

Chief Accountant _____ (signature) L.V. Loskutova (printed full name)

" 17 " of March 20 25



## Statement of Changes in Equity for 20 24 .

| | Codes | | | |
|---|---|---|---|---|
| Form as per OKUD | 0710004 | | | |
| Date (day, month, year) | 31 | 12 | 2024 | |
| Organization Rosseti Kuban PJSC; as per OKPO | 00104604 | | | |
| Taxpayer identification number; INN | 2309001660 | | | |
| Type of economic activity: transmission of electricity and technological connection to distribution networks; per OKVED 2 | 35.12 | | | |
| Organizational and legal form/form of ownership: Public joint stock company / private property; as per OKOPF/OKFS | 12247 | | 16 | |
| Unit of measurement: thousand rubles; as per OKEI | 384 | | | |

### 1. Capital flow

| Index name | Code | Authorized capital | Capital (before registration of changes) | Own shares repurchased from shareholders | Additional capital | Reserve capital | Retained profit (uncovered loss) | Total |
|---|---|---|---|---|---|---|---|---|
| The amount of capital as of December 31, 20 22 [1] | 3100 | 33,465,784 | 2,864,262 | ( - ) | 6,481,916 | 509,812 | 1,931,825 | 45,253,599 |
| For 20 23 [2] | | | | | | | | |
| Capital increase - total: | 3210 | | 3,566,562 | - | - | - | 6,166,765 | 9,733,327 |
| including: net profit | 3211 | x | x | x | x | x | 6,166,520 | 6,166,520 |
| property revaluation | 3212 | x | x | x | - | x | - | - |
| income that is attributable directly to capital increases | 3213 | x | x | x | - | x | 245 | 245 |
| additional issue of shares | 3214 | - | - | x | - | x | x | 3,566,562 |
| increase in the par value of shares | 3215 | - | - | x | - | x | x | x |
| reorganization of a legal entity | 3216 | - | - | x | - | x | - | - |

Form 0710004 p. 2

| Index name | Code | Authorized capital | Capital (before registration of changes) | Own shares repurchased from shareholders | Additional capital | Reserve capital | Retained profit (uncovered loss) | Total |
|---|---|---|---|---|---|---|---|---|
| Capital decrease - total: | 3220 | ( - ) | ( - ) | - | ( - ) | ( - ) | ( 766,500 ) | ( 766,500 ) |
| including: loss | 3221 | x | x | x | x | x | ( 766,500 ) | ( 766,500 ) |
| property revaluation | 3222 | x | x | x | - | x | - | x |
| expenses that are attributable directly to the capital decrease | 3223 | x | x | x | ( - ) | ( - ) | ( - ) | ( - ) |
| decrease in the par value of shares | 3224 | ( - ) | ( - ) | x | ( - ) | ( - ) | ( - ) | ( - ) |
| decrease in the number of shares | 3225 | ( - ) | ( - ) | x | ( - ) | ( - ) | ( - ) | ( - ) |
| reorganization of a legal entity | 3226 | - | - | x | - | - | - | - |
| dividends | 3227 | x | x | x | x | x | ( 766,500 ) | ( 766,500 ) |
| Change in additional capital | 3230 | x | x | x | - | x | - | x |
| Change in reserve capital | 3240 | x | x | x | x | 262,224 | (262,224) | x |
| The amount of capital as of December 31, 20 23 [2] | 3200 | 33,465,784 | 6,430,824 | ( - ) | 6,481,916 | 772,036 | 7,069,866 | 54,220,426 |

For 20 24 .[3]

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Effect of One-Time Interim Period Adjustment on Transition to FSBU 14/2022 "Intangible Assets" | 3300 | x | x | x | x | x | (33,652) | (33,652) |
| Equity as of January 1, 2024, taking into account the one-time interim period adjustment upon transition to FSBU 14/2022 "Intangible Assets" | 3301 | x | x | x | x | x | 7,036,214 | 54,186,774 |
| Capital increase - total: | 3310 | 6,430,824 | (6,430,824) | - | - | - | 10,877,571 | 10,877,571 |
| including: net profit | 3311 | x | x | x | x | x | 10,877,571 | 10,877,571 |
| property revaluation | 3312 | x | x | x | - | x | - | - |
| income that is attributable directly to capital increases | 3313 | x | x | x | - | x | - | - |
| additional issue of shares | 3314 | 6,430,824 | (6,430,824) | - | - | x | x | - |
| increase in the par value of shares | 3315 | - | - | - | - | x | - | x |
| reorganization of a legal entity | 3316 | - | - | - | - | - | - | - |
| Capital decrease - total: | 3320 | ( - ) | ( - ) | (48,630) | ( - ) | ( - ) | ( 1,944,691 ) | ( 1,993,321 ) |
| including: loss | 3321 | x | x | x | x | x | ( - ) | ( - ) |
| property revaluation | 3322 | x | x | x | ( - ) | x | ( - ) | ( - ) |
| expenses that are attributable directly to the capital decrease | 3323 | x | x | x | ( - ) | x | ( - ) | ( - ) |
| decrease in the par value of shares | 3324 | ( - ) | ( - ) | - | - | x | - | ( - ) |
| decrease in the number of shares | 3325 | ( - ) | ( - ) | (48,630) | - | x | - | ( 48,630 ) |
| reorganization of a legal entity | 3326 | - | - | - | - | - | - | ( - ) |
| dividends | 3327 | x | x | x | x | x | ( 1,944,691 ) | ( 1,944,691 ) |
| Change in additional capital | 3330 | x | x | x | - | - | - | x |
| Change in reserve capital | 3340 | x | x | x | x | 308,326 | (308,326) | x |
| The amount of capital as of December 31, 20 24 .[3] | 3300 | 39,896,608 | - | ( 48,630 ) | 6,481,916 | 1,080,362 | 15,660,768 | 63,071,024 |

Form 0710004 p. 3

## 2. Adjustments due to changes in accounting policies and correction of errors

| Index name | Code | As of December 31 20 22 .[1] | Change in capital over 20 23 .[2] | | As of December 31 20 23 .[2] |
|---|---|---|---|---|---|
| | | | from net profit (loss) | due to other factors | |
| **Capital - total** | | | | | |
| before adjustments | 3400 | 45,253,599 | 6,166,520 | 2,800,307 | 54,220,426 |
| adjustment due to: | | | | | |
| change in accounting policy | 3410 | - | - | - | - |
| error correction | 3420 | - | - | - | - |
| after adjustments | 3500 | 45,253,599 | 6,166,520 | 2,800,307 | 54,220,426 |
| including: retained profit (uncovered loss) | | | | | |
| before adjustments | 3401 | 1,931,825 | 6,166,520 | (1,028,479) | 7,069,866 |
| adjustment due to: | | | | | |
| change in accounting policy | 3411 | - | - | - | - |
| error correction | 3421 | - | - | - | - |
| after adjustments | 3501 | 1,931,825 | 6,166,520 | (1,028,479) | 7,069,866 |
| other capital items subject to (by items) | | | | | |
| before adjustments | 3402 | 43,321,774 | - | 3,828,786 | 47,150,560 |
| adjustment due to: | | | | | |
| change in accounting policy | 3412 | - | - | - | - |
| error correction | 3422 | - | - | - | - |
| after adjustments | 3502 | 43,321,774 | - | 3,828,786 | 47,150,560 |

Form 0710004 p. 4

## 3. Net assets

| Index name | Code | As of December 31 20 24 | As of December 31 20 23 . | As of December 31 20 22 . |
|---|---|---|---|---|
| Net assets | 3600 | 64,021,425 | 54,950,370 | 45,803,233 |

Head _____ (signature) K.A. Iordanidi (printed full name)

Chief Accountant _____ (signature) L.V. Loskutova (printed full name)

" 17 " "21", 20 25

## Statement of Cash Flows for January - December 2024

| | | Codes |
|---|---|---|
| | Form as per OKUD | 0710005 |
| | Date (day, month, year) | 31 12 2024 |
| Organization: Rosseti Kuban PJSC | as per OKPO | 00104604 |
| Taxpayer identification number | INN | 2309001660 |
| Type of economic activity: transmission of electricity and technological connection to distribution networks | as per OKVED 2 | 35.12 |
| Organizational and legal form/form of ownership: Public joint stock company / private property | according to OKOPF/OKFS | 12247 16 |
| Unit of measurement: thousand rubles | as per OKEI | 384 |

| Index name | Code | For 2024 | For 2023 |
|---|---|---|---|
| **Cash flows from current operations** | | | |
| Proceeds - total | 4110 | 84,023,388 | 74,538,586 |
| including: | | | |
| from the sale of products, goods, works and services | 4111 | 78,337,678 | 72,738,054 |
| lease payments, license fees, royalties, commission and other similar payments | 4112 | 98,497 | 57,500 |
| from the resale of financial investments | 4113 | - | - |
| other proceeds | 4119 | 5,587,213 | 1,743,032 |
| Payments - total | 4120 | ( 63,336,931 ) | ( 53,750,939 ) |
| including: | | | |
| to suppliers (contractors) for raw materials, materials, works, services | 4121 | ( 43,420,018 ) | ( 36,487,890 ) |
| in connection with the remuneration of employees | 4122 | ( 7,931,987 ) | ( 7,060,757 ) |
| interest on debt obligations | 4123 | ( 3,988,601 ) | ( 2,085,946 ) |
| corporate profit tax | 4124 | ( 2,239,050 ) | ( 1,913,907 ) |
| other payments | 4129 | ( 5,757,275 ) | ( 6,202,439 ) |
| Balance of cash flows from current operations | **4100** | 20,686,457 | 20,787,647 |

Form 0710005 p. 2

| Index name | Code | For 2024 | For 2023 |
|---|---|---|---|
| **Cash flows from investment operations** | | | |
| Proceeds - total | 4210 | 1,063,784 | 1,261,047 |
| including: | | | |
| from the sale of fixed assets (except for financial investments) | 4211 | 9,901 | 649 |
| from the sale of shares of other organizations (participation interests) | 4212 | - | - |
| from the return of borrowings granted, from the sale of debt securities (rights to claim funds from other persons) | 4213 | - | - |
| dividends, interest on debt financial investments and similar proceeds from participation interest in other organizations | 4214 | - | 403,171 |
| other proceeds | 4219 | 1,053,883 | 857,227 |
| Payments - total | 4220 | ( 19,978,518 ) | ( 15,150,218 ) |
| including: | | | |
| in connection with the acquisition, creation, modernization, reconstruction and preparation for the use of fixed assets | 4221 | ( 19,870,863 ) | ( 15,130,569 ) |
| in connection with the acquisition of shares of other organizations (participation interests) | 4222 | ( - ) | ( - ) |
| in connection with the acquisition of debt securities (the rights to claim funds from other persons), the provision of borrowings to other persons | 4223 | ( - ) | ( - ) |
| interest on debt obligations included in the cost of an investment asset | 4224 | ( 96,326 ) | ( 2,980 ) |
| other payments | 4229 | ( 11,329 ) | ( 16,669 ) |
| Balance of cash flows from investment operations | **4200** | (18,914,734) | (13,889,171) |
| **Cash flows from financial operations** | | | |
| Proceeds - total | 4310 | 10,119,930 | 12,184,626 |
| including: | | | |
| obtaining loans and borrowings | 4311 | 10,119,930 | 8,618,064 |
| cash deposits of owners (participants) | 4312 | - | - |
| from issuance of shares, increase in participation interest | 4313 | - | 3,566,562 |
| from the issuance of bonds, promissory notes and other debt securities, etc. | 4314 | - | - |
| other proceeds | 4319 | - | - |

Form 0710005 p. 3

| Index name | Code | For 2024 | For 2023 |
|---|---|---|---|
| Payments - total | 4320 | ( 7,772,953 ) | ( 10,228,904 ) |
| including: | | | |
| to owners (participants) in connection with the redemption of shares (participation interests) of the organization from them or their withdrawal from the membership | 4321 | ( 48,630 ) | ( - ) |
| for payment of dividends and other distribution payments profits in favor of the owners (participants) | 4322 | ( 1,944,469 ) | ( 867,393 ) |
| in connection with the redemption (repurchase) of promissory notes and other debt securities, repayment of loans and borrowings | 4323 | ( 5,779,854 ) | ( 9,361,511 ) |
| other payments | 4329 | ( - ) | ( - ) |
| Balance of cash flows from financial transactions | **4300** | 2,346,977 | 1,955,722 |
| **Balance of cash flows for the reporting period** | **4400** | **4,118,700** | **8,854,198** |
| **Balance of cash and cash equivalents at the beginning of the reporting period** | **4450** | **12,972,380** | **4,118,182** |
| **Balance of cash and cash equivalents at the end of the reporting period** | **4500** | **17,091,080** | **12,972,380** |
| The magnitude of the impact of changes in the foreign exchange rate against the ruble | **4490** | - | - |

Head _____ (signature) K.A. Iordanidi (printed full name)

Chief Accountant _____ (signature) L.V. Loskutova (printed full name)

" 17 " "21", 20 25

# NOTES TO THE BALANCE SHEET AND STATEMENT OF FINANCIAL RESULTS FOR 2024





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These Notes are an integral part of the annual accounting (financial) statements of Rosseti Kuban PJSC (hereinafter referred to as the Company) for 2024, prepared in accordance with the rules for preparing accounting (financial) statements established in the Russian Federation.

## I. General

### Company Information

The main types of economic activity of Rosseti Kuban Public Joint Stock Company (Rosseti Kuban PJSC, hereinafter referred to as the Company) are the provision of services for the transmission and distribution of electric energy through electric networks and the provision of services for the technological connection of consumers to networks.

The main shareholder of the Company as of December 31, 2024, December 31, 2023 and December 31, 2022 is Federal Grid Company-Rosseti Public Joint Stock Company (hereinafter referred to as Rosseti PJSC or the Parent Company).

As of December 31, 2024, the share of Rosseti PJSC in the authorized capital of the Company amounted to 99.72% (as of December 31, 2023 - 99.72%, as of December 31, 2022 - 93.96%).

In pursuance of the decision of the annual General Meeting of Shareholders of the Company (minutes of June 17, 2024 No. 51), on December 13, 2024, the exchange circulation of shares of Rosseti Kuban PJSC was terminated.

As of December 31, 2024 the Company has 11 branches. Branches at their location perform a part of the Company's functions due to their production capacities within the limits established by the legislation of the Russian Federation and the Company's internal regulatory documents.

The Board of Directors of Rosseti Kuban PJSC was elected by the decision of the annual General Meeting of Shareholders of the Company (Minutes No. 51 dated June 17, 2024) in the amount of 11 people.

The Audit Commission of Rosseti Kuban PJSC was elected by the decision of the annual General Meeting of Shareholders of the Company (Minutes No. 51 dated June 17, 2024) in the amount of 5 people.

By the decision of the Board of Directors of Rosseti Kuban PJSC (Minutes No. 520/2023 dated June 8, 2023), the number of members of the Company's Management Board was determined to be 7 people.

The sole executive body of the Company in accordance with the Charter is the General Director.

Address (location): 2A Stavropolskaya Street, Krasnodar, Russian Federation,350033

The number of employees of the Company as of December 31, 2024 was 8,634 (as of December 31, 2023 – 8,881, as of December 31, 2022 – 9,106).

### Business environment in which the Company operates

The Company operates in the Russian Federation and is therefore exposed to risks related to the state of the economy and financial markets of the Russian Federation.

The economy of the Russian Federation manifests some characteristics typical of emerging markets.

Legal, tax and regulatory systems continue to develop and are subject to frequent changes, as well as admit the possibility of different interpretations.



Ongoing geopolitical tensions, as well as sanctions imposed by a number of countries on certain sectors of the Russian economy, Russian organizations and citizens, have led to increased economic uncertainty, including reduced liquidity and greater volatility in capital markets, volatility in the exchange rate of the Russian ruble and the key interest rate, as well as a significant decrease in the availability of debt financing sources. It is difficult to assess the long-term consequences of the imposed and possible additional sanctions, as sanctions can have a significant negative impact on the Russian economy.

The Company takes all necessary measures to assure the stability of its own activities. These accounting (financial) statements reflect the Management's view of the impact that the business environment in the Russian Federation has on the Company's operations and financial position. The actual impact of future business conditions may differ from current estimates by the management.

## II. Information on accounting policies

### 1. Basis for drafting

Accounting (financial) statements are prepared in accordance with federal and industry accounting standards, the Federal Law *"On Accounting"* and other regulatory legal acts on accounting approved by the Ministry of Finance of the Russian Federation. Indices of the accounting (financial) statements are presented in thousand rubles (unless otherwise indicated). Negative values are presented in parentheses.

### 2. Foreign currency assets and liabilities

There were no business operations denominated in foreign currency during the current reporting period.

### 3. Short-term and long-term assets and liabilities

In the balance sheet, financial investments, accounts receivable regardless of the maturity date (except for advances issued for the acquisition of non-current assets), accounts payable, borrowed funds, lease obligations and estimated liabilities are classified as current if their circulation (repayment) period does not exceed 12 months after the reporting date. The remaining assets and liabilities are presented as long-term.

### 4. Intangible assets

The Company reflects in the composition of intangible assets:
- results of intellectual activity (invention, industrial design, utility model, computer programs, databases);
- means of individualization, with the exception of those created by the Company itself;
- permits (licenses) for the implementation of certain types of activities;
- material carriers (things) in which the results of intellectual activity are expressed, and equivalent means of individualization, inseparable from the intangible asset;
- other objects that meet the criteria for classification as intangible assets.

When recognizing intangible assets, a maximum value of 100 thousand rubles per unit is applied, which is established by the Company taking into account the materiality of information about the objects. Expenses on the acquisition and creation of assets below the specified limit are recognized as expenses of the period in which they are incurred.

When accepting intangible assets for accounting, the Company determines their useful life. The useful life of intangible assets is checked by the Company for compliance with the conditions of use of intangible assets at the end of each reporting year and when circumstances arise indicating a possible change. Based on the results of such an audit, the Company, if necessary, makes a decision to change the corresponding depreciation elements. The resulting adjustments are reflected in accounting as changes in estimated values.
Depreciation of intangible assets with a definite useful life is calculated using the straight-line method.

After recognition, intangible assets are measured at their original cost.

Intangible assets are checked for impairment and changes in the book value due to impairment are reflected in the manner established by the International Accounting Standard (IAS) 36 *"Impairment of Assets"*, introduced in the Russian Federation by Order of the Ministry of Finance of the Russian Federation dated December 28, 2015 No. 217n (see paragraph 8 of the section "Information on Accounting Policies").

## 5. Property, plant and equipment

**Composition and valuation of property, plant and equipment**

Property, plant and equipment include buildings, structures other than power lines, power transmission lines and their accessories, machinery and equipment, production and household inventory, including other facilities, land plots and natural resource facilities, investment property with a useful life of more than 12 months.

When recognising items of property, plant and equipment, the cost limit of 100 thousand rubles per unit is used, which is set by the Company taking into account the materiality of information about the items.

The costs of acquiring and creating such assets are recognized as expenses of the period in which they are incurred. Special clothing (special tooling) intended for use for a long period of time, i.e. a period of more than 12 months or the normal operating cycle, if it exceeds 12 months, with a value exceeding the limit set by the Company is recognised as property, plant and equipment.

Significant expenses are also recognized as independent inventory items (elements of property, plant and equipment) for their restoration (repair, etc.), arising at certain long intervals (more than 12 months) during the service life of property, plant and equipment. Significant expenses are expenses exceeding 30% of the original cost of a homogeneous group of objects, which includes the item of property, plant and equipment being repaired.

Acquired items of property, plant and equipment, the rights to which are subject to state registration, are recognised as property, plant and equipment on the date when they are ready for use, irrespective of the fact of state registration of ownership rights or the submission of documents for such registration. The recognition of costs in the carrying amount of an item of property, plant and equipment is discontinued when the item is brought to a condition that ensures that it is capable of operating in the manner intended by the Management.

When recognised in the accounting records, an item of property, plant and equipment is measured at cost. The initial cost of an item of property, plant and equipment is the total amount of capital investments related to the item, made before the item of property, plant and equipment is recognised in the accounting records.

The initial cost of property, plant and equipment received under contracts providing for the fulfillment of obligations (payment) in non-cash funds is recognized as the fair value of the transferred property, property rights, works, services. Fair value is determined in the manner established by IFRS 13 *"Fair Value Measurement"*.

The balance sheet shows property, plant and equipment at cost less accumulated depreciation and impairment.

**Depreciation of property, plant and equipment**

The cost of property, plant and equipment is covered through depreciation. Depreciation of property, plant and equipment is calculated on a straight-line basis.

The elements of depreciation (useful life, residual value and method of depreciation) of property, plant and equipment are determined upon recognition of this asset in the accounting records and are subject to review for compliance with the conditions of use of the property, plant and equipment at the end of each reporting year, as well as at the occurrence of circumstances indicating a possible change in the elements of depreciation. Based on the results of such review, if necessary, the Company makes a decision to change the relevant elements of depreciation. The resulting adjustments are reflected in accounting as changes in estimated values.



Depreciation is not suspended (including in cases of idle time or temporary cessation of use of property, plant and equipment), except for the case when the residual value of an item of property, plant and equipment becomes equal to or exceeds its carrying value. If the residual value of such an item of property, plant and equipment subsequently falls below its carrying value, depreciation is renewed.

Land plots are not depreciated.

**Impairment of property, plant and equipment**

Property, plant and equipment are verified for impairment and changes in carrying value due to impairment are accounted for in accordance with the procedure prescribed by International Accounting Standard (IAS) 36 *"Impairment of Assets"* introduced in the Russian Federation by Order No. 217n of the Ministry of Finance of the Russian Federation dated December 28, 2015 (see paragraph 8 of the section "Information on Accounting Policies").

**Disposal of property, plant and equipment**

The financial result from disposal of property, plant and equipment (the difference between income and expense arising on disposal) is recognised in the statement of financial results within other income or other expenses.

## 6. Capital investments in progress

Investments in fixed assets include real estate assets not completed and not put into operation, equipment requiring installation, as well as other assets to be included in fixed and intangible assets in the future, including tangible assets intended for use in the process of acquisition, creation, improvement and (or) restoration of property, plant and equipment.

Capital investments in property, plant and equipment include the Company's expenses for their acquisition, creation, improvement and (or) restoration (completion, retrofitting, modernisation, reconstruction, replacement of parts, significant costs of repairs, technical inspections, maintenance with a periodicity of more than 12 months or more than a normal operating cycle exceeding 12 months). Costs in the form of fees for technological connection to electricity and other infrastructure networks are included in the actual costs forming the initial cost of property, plant and equipment if such costs are associated with new construction, reconstruction, modernisation of fixed assets and provided that such costs are incurred before an item of property, plant and equipment is put into operation.

Equipment not requiring installation, which is in stock and intended for projects under construction, is recognised as capital investments in progress.

When making capital investments in property, plant and equipment on terms of deferred (instalment) payment for a period exceeding 12 months, capital investments include the amount of cash that would have been paid by the Company in the absence of such deferral (instalment).

When making capital investments under contracts providing for the fulfilment of obligations (payment) in full or in part by non-monetary funds, the actual costs (in terms of payment in non-monetary funds) are recognised as the fair value of transferred property, property rights, works, services.

The amount of actual costs of capital investments includes interest on borrowed funds received for the acquisition, construction or production of property, plant and equipment classified as investment assets or received for other purposes, but actually spent on the acquisition, construction or production of such assets, accrued before the objects are used for the production of goods, performance of work or rendering of services. Once the item has been put into use, the above interest is recognised in the statement of financial performance as other expenses.

Interest on borrowed funds received for purposes not related to the acquisition, construction or production of investment assets but actually spent on the acquisition of investment assets is included in the cost of investment assets in proportion to the share of such funds in the total amount of borrowed funds received for purposes not related to the acquisition, construction or production of investment assets.

Capital investments are verified for impairment and changes in carrying value due to impairment are accounted for in accordance with the procedure prescribed by International Accounting Standard (IAS) 36 *"Impairment of Assets"* introduced in the Russian Federation by Order No. 217n of the Ministry of Finance of the Russian Federation dated December 28, 2015 (see paragraph 8 of the section "Information on Accounting Policies").

The financial result from the sale of capital investments in progress (the difference between income and expenses arising from the sale) is recognised in the statement of financial results as other income or other expenses.

In the balance sheet, investments in fixed assets in progress are recorded in lines 1110 "Intangible assets" or 1150 "Property, plant and equipment", depending on the type of assets these objects will be accounted for after completion of the respective investments in fixed assets.

## 7. Right-of-use assets and lease liabilities

At the time of concluding the contract, the Company assesses whether the contract as a whole or its individual components is a lease. A contract as a whole or its individual components is a lease contract if the right to control the use of an identified asset for a certain period in exchange for a payment is transferred under this contract.

The initial cost of the right-of-use asset at the date of receipt of the lease includes: the present value of future lease payments, the lease payments paid at the date of receipt of the lease; the lessee's incremental costs of obtaining the lease item and bringing it to a condition suitable for its intended use; the lessee's estimated liability for, among other things, dismantling, removing the lease item, environmental remediation, restoration and rehabilitation; and the lessee's estimated future lease payments.

Subsequent right-of-use assets use are assessed in accordance with the accounting requirements for similar items of property, plant and equipment with respect to depreciation and impairment. A right-of-use asset arising from the lease of a land plot is depreciated similarly to other right-of-use assets arising from a lease agreement.

The lease term is determined based on the terms and conditions set out in the lease agreement (including periods without lease payments). The parties' ability to change these terms and conditions and the parties' intentions with respect to the realisation of such ability shall be taken into account.

The lease liability is measured at the present value of the future lease payments over the lease term using a rate comparable to the rate at which the lessee borrows or could borrow funds.

The lease liability, once recognised, is increased by the amount of interest accrued and decreased by the amount of lease payments actually made.

Changes in the lease liability arising from changes in the terms and conditions of the lease, the intention to extend or reduce the lease term that were previously recognised in calculating the lease term, or the amount of the lease payments compared to the initial measurement of the lease liability, are charged to the right-of-use asset.

Decreases in the lease liability in excess of the carrying value of the right-of-use assets are recognised in current period income.

When a lease is terminated in whole or in part, the carrying value of the right-of-use assets and the lease liability are written off to the extent of the lease termination. The resulting difference is recognised as income or expense in profit (loss).



In the balance sheet, right-of-use assets are recorded in line 1150 "Property, plant and equipment", long-term and short-term lease liabilities are recorded in line 1450 "Other liabilities" and line 1520 "Payables".

Right-of-use assets are verified for impairment and changes in carrying value due to impairment are accounted for in accordance with the procedure prescribed by International Accounting Standard (IAS) 36 *"Impairment of Assets"* introduced in the Russian Federation by Order No. 217n of the Ministry of Finance of the Russian Federation dated December 28, 2015 (see paragraph 8 of the section "Information on Accounting Policies").

## 8. Testing non-current assets for impairment in accordance with IAS 36 *"Impairment of Assets"*

At each reporting date, the Company determines whether there is any indication of impairment of fixed assets (property, plant and equipment, capital investments, right-of-use assets, intangible assets) and performs an impairment verification (impairment test) if there is any indication of impairment in the manner prescribed by International Accounting Standard (IAS) 36 *"Impairment of Assets"*.

If any indication of possible impairment exists, the Company estimates the recoverable amount of the assets. The majority of the Company's property, plant and equipment are specialised assets that are rarely purchased and sold on the open market, unless they are sold to existing entities. The market for such property, plant and equipment is not active in the Russian Federation and does not provide sufficient purchase and sale examples to enable a market approach to determine the fair value of these property, plant and equipment.

The recoverable amount of specialised property is determined as the value in use using the projected cash flow method. This method takes into account future net cash flows that will generate these property, plant and equipment in the course of business operations as well as disposal in order to determine the recoverable amount of these assets.

An impairment loss is recognized if the carrying value of a cash-generating unit exceeds its estimated (recoverable) value.

The main criterion for determining a CGU is the indivisibility of the tariff and the impossibility of further detailed accounting and planning.

Cash-generating units are defined by the Company based on the geographical location of the Company's branches where tariff regulation is performed and represent the smallest identifiable group of assets that generate cash inflows independent of other assets of the Company. As a CGU, the group of assets of "Rosseti Kuban" PJSC as a whole (without allocating groups of assets of branches) is determined.

For the purpose of impairment testing, specialised assets in the form of right-of-use assets are treated as CGU assets in the same way as own fixed assets - based on the geographical location of the Company (structural subdivisions of the Company) where tariff regulation is performed.

An impairment loss is allocated to reduce the carrying value of an asset unit pro rata to the carrying value of each asset in the cash-generating unit. The impairment loss is recognized as other expenses.

After the recognition of an impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Amounts written off as impairment losses are reversed if the valuation factors used to calculate the corresponding recoverable amount change. An impairment loss is recovered only to the extent that it is possible to recover the value of assets to their book value, in which they would have been recognized (less accumulated depreciation) if no impairment loss had been recognized. Recovery of impairment loss is recognised in other income.

## 9. Financial investments

Financial investments are accepted for accounting at their initial cost. The initial cost of financial investments acquired for a fee is the amount of the Company's actual expenses for their acquisition, excluding value added

tax and other reimbursable taxes (except for cases stipulated by the legislation of the Russian Federation on taxes and fees). For debt securities, the difference between the actual acquisition costs and the nominal value of the securities is included in other income on a straight-line basis over the term of their circulation.

Financial investments for which the current market value can be determined in accordance with the established procedure are revalued annually as of December 31 at the current market value and are reflected in the financial statements in this assessment. The difference between the valuation of such investments at the current reporting date and their previous valuation is recognised in other expenses and income.

Financial investments for which the current market value is not determined are reflected in the balance sheet at the end of the reporting year at their accounting (carrying value), with the exception of investments for which, as of the specified date, there are conditions for a sustained significant decrease in value.

The Company verifies financial investments for impairment annually. For the amount of excess of the accounting (carrying value) of these investments over their estimated value, a provision has been created for the impairment of these financial investments, the total amount of which is attributed to other expenses. At the same time, the cost of such investments is reflected in the balance sheet less the amount of the created provision for impairment of financial investments.

When financial investments in securities are disposed of, for which the current market value is determined in accordance with the established procedure, their value is determined based on the latest assessment. Income and expenses on financial investments are carried through other income and expenses.

Upon disposal of financial investments in securities for which the current market value is not determined, their value is determined at the initial cost of each unit being disposed of.

## 10. Inventories

Inventories are assets consumed or sold in the normal operating cycle of an organization, or used for a period of not more than 12 months.

Inventories are accepted for accounting at the actual cost, calculated based on the amount of actual acquisition/manufacturing costs, with the exception of value added tax and other reimbursable taxes (except in cases provided for by the legislation of the Russian Federation).

When inventories are released into production, finished products and goods are shipped to the buyer, as well as when inventories are written off, their prime cost is calculated using the "average prime cost" method.

The cost of special-purpose clothing, the service life of which, according to the issuance standards, does not exceed 12 months, is fully debited to the debit of the relevant production cost accounting accounts at the time of its transfer (issue) to the Company's employees.

Inventories intended to ensure the prevention and liquidation of accidents (emergencies) at electric network facilities (emergency reserve) are reflected in line 1210 "Inventories" of the balance sheet.

Inventories of the Company are valuated at the reporting date at the lowest of the following values:
- actual prime cost of inventories;
- net realizable value of inventories.

Inventories that have completely or partially lost their original qualities, become obsolete, or whose market value has decreased are reflected in the balance sheet at net sales value.

An excess of the actual prime cost of inventories over their net realisable value is considered an impairment. A provision has been formed for the amount of impairment of inventories, attributed to an increase in the Company's expenses.



Inventories in the accounting (financial) statements are reflected less the provision for cost reduction created in relation to these inventories on line 1210 "Inventories".

## 11. Receivables

The debt of buyers (customers) is recorded simultaneously with the recognition of revenue (income) from the sale of goods, performance of works, provision of services (except in cases of recognition of revenue from the performance of works, provision of services, sale of products with a long manufacturing cycle as the work, services, products are ready).

The amount of receivables is determined based on the price and conditions established by the contract, including VAT.

The accounting unit for settlements with buyers and customers is the receivables (payables) for each buyer (customer) and each contract.

The debt that is not repaid on time or is highly likely not to be repaid within the time limits set by the contracts, and is not secured by appropriate guarantees, sureties or other means of ensuring the fulfillment of obligations, is shown in the balance sheet less provisions for doubtful debts. These provisions represent a conservative assessment by the Company's Management of the part of the debt that may not be repaid. Provisions of doubtful debts are attributed to an increase in other expenses.

Bad debt was written off from the balance sheet as soon as it was recognized as such. The specified debt is recorded on the balance sheet for five years from the date of write-off to monitor the possibility of its recovery in the event of a change in the debtor's property status.

## 12. Cash equivalents and presentation of cash flows in the statement of cash flows

Cash equivalents include highly liquid financial investments that can be easily converted into a predetermined amount of cash and which are subject to insignificant risk of changes in value.

Cash equivalents include highly liquid bank promissory notes or bonds, short-term government securities with a maturity of 3 months or less from the date of purchase (with a maturity of less than 92 days), as well as short–term bank deposits - deposits with a fixed repayment period of three months or less (with a fixed repayment period of less than 92 days).

Bank deposits with the right of early termination are recognized as part of cash equivalents regardless of the placement period.

The amount of cash flows in foreign currency for presentation in the cash flow statement was converted into rubles at the official exchange rate of this foreign currency to the ruble set by the Central Bank of the Russian Federation on the date of making or receiving the payment. The difference arising in connection with the conversion of cash flows and balances of cash and their equivalents expressed in foreign currency at the rates on the dates of transactions in foreign currency and on the reporting dates is included in the line of the report "Amount of the impact of changes in the exchange rate of foreign currency in relation to the ruble".

In the statement of cash flows, the Company's cash flows, which cannot be unambiguously classified as part of flows from current, investment or financial operations, are attributed to cash flows from current operations.

The statement of cash flows presents the VAT amounts as part of receipts from buyers and customers, payments to suppliers and contractors, and payments to the budget system and VAT refunds from it.

## 13. Long-term assets for sale

Long-term assets for sale comprise:
– items of property, plant and equipment or other fixed assets (with the exception of financial investments), the use of which has been discontinued, in connection with the decision to sell them and

there is confirmation that the resumption of use of these objects is not expected (an appropriate management decision has been made, actions have been initiated to prepare the asset for sale, a sale agreement has been concluded, other);
– tangible assets held for sale that remain from disposal, including partial, of fixed assets or are recovered in the process of current maintenance, repair, modernization, reconstruction, except in the case when such values are classified as inventories.

A long-term asset for sale is measured at the carrying value of the relevant item of property, plant and equipment or other fixed asset at the time of its reclassification to a long-term asset for sale.

The subsequent valuation of a long-term asset for sale is carried out in the manner prescribed for the valuation of inventories.

## 14. Authorized capital, reserve capital, additional capital

The authorized capital is reflected in the sum of the nominal value of ordinary and preferred shares issued by the Company, including the nominal value of ordinary shares repurchased by the Company from shareholders. The amount of the authorized capital corresponds to the amount specified in the Company's Charter.

If the authorized capital is increased by placing additional shares, operations on the formation of the authorized capital are reflected in the accounting after registration of the relevant changes made to the constituent documents of the Company.

The value of funds received from shareholders or participants in connection with an increase in the size of the authorized capital (prior to the registration of the relevant changes in the constituent documents) is reflected as a separate line in the "Capital and Reserves" section of the balance sheet.

In accordance with the legislation, the Company creates a reserve fund in the amount of 5 (five) percent of the authorized capital of the Company. The amount of obligatory annual deductions to the reserve fund of the Company is at least 5 (Five) percent of the net profit of the Company until the reserve fund reaches the established amount.

The additional capital represents a part of the Company's capital that is not related to the contributions of shareholders and capital gains due to profits accumulated during the Company's activities.

## 15. Loans and borrowings received

The debt on loans and borrowings received is reflected in accounting and reporting in accordance with the terms of the concluded contracts.

The principal amount of debt on borrowings received is recognized at the time of receipt of borrowed funds in the amount of funds actually received. The amount of the principal debt on borrowings raised by issuing bonds is reflected in the amount of the nominal value of the bonds.

The debt on loans and borrowings received is reflected in the accounts, considering the interest due at the end of the reporting period according to the terms of the agreements, while the information is separated:
– by long-term and short-term liabilities;
– by the principal amount of borrowed funds;
– by accrued but unpaid interest.

The interest and/or discount on the bond due by the Issuing Company is reflected separately from the nominal value of the bond as payables.

Interest accrued in accordance with the established procedure is subject to reflection as part of other expenses, with the exception of interest on borrowed funds raised for the acquisition (creation) of investment assets (capitalized interest).



Interest for the use of borrowed funds is included in the cost of an investment asset or in other expenses on a regular basis (monthly) during the period of use of borrowed funds, regardless of the moment of actual interest payment.

According to the loans and borrowings received, the Company transfers long-term debt into short-term debt. Short-term debt is transferred to long-term debt if an agreement has been concluded to extend the short-term loan agreement in such a way that the borrowing repayment period will be more than 12 months from the reporting date. The Company transfers long-term debt on borrowings and loans received into short-term debt at a time when, under the terms of the borrowing and/or loan agreement, less than 12 months remain before repayment of the principal amount of the debt.

Additional expenses incurred by the Company in connection with the receipt of loans and borrowings, the issuance and placement of debt obligations are included in other expenses in the reporting period in which they were incurred.

## 16. Payables

The amount of payables is determined based on the price and conditions established by the agreement, where applicable, including VAT. The advance amount in full is credited to the account of fulfillment of obligations under the agreement, unless otherwise provided by the agreement.

Debts to suppliers and contractors are recorded simultaneously with the acceptance of assets, results of work performed, services rendered, supplied (carried out) by the supplier (contractor).

An accounting unit for settlements with suppliers and contractors is the payables (receivables) for each supplier (contractor) and each agreement.

Settlements with suppliers and contractors comprise:
– payables to suppliers, contractors;
– advances and prepayments issued to suppliers and contractors.

The classification of debt for settlements with suppliers and contractors is changed by maturity: debt previously classified as long-term is classified as short-term if the period from the reporting date to the date of repayment of the Company's liabilities established by the relevant agreement (contract) is 12 months or less.

Write-off of payables may occur:
– due to the expiration of the limitation period;
– in connection with the liquidation of the creditor;
– partially at the conclusion of a settlement agreement;
– in other cases stipulated by the legislation of the Russian Federation and (or) foreign states, providing for the termination of the creditor’s claims.

The amounts of accounts payable for which the limitation period has expired are written off for each obligation based on inventory data, written justification and an order (instruction) of the head of the Company and are included in other income.

## 17. Estimated liabilities, contingent liabilities and contingent assets

### Estimated liabilities

The Company reflects the estimated liability while complying with the recognition conditions set out in PBU 8/2010 *"Estimated liabilities, Contingent Liabilities and Contingent Assets"*.

The Company recognizes estimated liabilities when the recognition conditions are met in respect of the following liabilities:
– pending court cases at the reporting date in which the Company acts as a plaintiff or defendant and decisions on which can be made only in subsequent reporting periods, leading to an outflow of economic benefits of the Company;
– vacation payments;
– payment of benefits (bonuses) to employees based on the results of work for the year;
– reforestation;
– payment of severance payments;
– restructuring of the Company, sale or termination of any area of the Company's activities, closure of the Company's divisions or their relocation to another geographic region, etc.;
– other.

The formation of an estimated liability for court cases with an unfavorable outcome, taking into account the probability of an unfavorable outcome in the settlement of disagreements during the trial, is carried out at the end of each reporting period (quarter).

The formation of an estimated liability to pay for vacations is carried out monthly for each employee as of the last day of the reporting month. The amount of an estimated liability at the end of the reporting period is determined based on the number of vacation days due but unused by the employee as of the reporting date, and the average daily earnings of the employee as of the reporting date, taking into account insurance premiums.

The formation of an estimated liability to pay benefits (bonuses) to employees based on the results of work for the year is carried out annually as of the last day of the reporting year. The amount of benefit is determined individually for each employee in accordance with the provisions on remuneration and material incentives for employees of the Company. The amount of the liability is calculated taking into account the amount of insurance premiums.

An estimated liability for reforestation is recognized by the Company in accounting as the Company implements actual forest management, as a result of which it is obliged to carry out reforestation work. In accordance with the requirements of rationality and prudence, the Company recognizes an estimated liability for reforestation as of the date of commissioning of the construction site in relation to the entire scope of reforestation.

**Contingent liabilities and contingent assets**

Contingent liabilities and contingent assets are not reflected in the balance sheet, but are disclosed in the notes to the balance sheet and the statement of financial results.

A contingent liability (contingent asset) arises as a result of past business events when the existence of a liability (asset) for the Company at the reporting date depends on the occurrence (non-occurrence) of one or more future uncertain events beyond the control of the Company.

A contingent liability is disclosed in the notes to the balance sheet and the statement of financial results, except in cases where a decrease in the associated economic benefits is unlikely. A contingent asset is disclosed in the notes to the balance sheet and the statement of financial results when the proceeds associated with it are probable. In this case, an estimated value or a range of estimated values is indicated, if they can be determined.

## 18. Profit tax calculations

The amounts of accrued, repaid and written-off deferred tax assets and deferred tax liabilities in the statement of financial results are included:
– in line 2412 "Deferred profit tax" in the consolidated amount of the change in deferred tax assets and deferred tax liabilities related to the results of operations included in the accounting profit (loss) of the reporting period, and written-off deferred tax assets and deferred tax liabilities due to a decrease in the probability of the Company receiving taxable profit both for the reporting period and for subsequent reporting periods;
– in line 2530 "Profit tax from operations, the result of which is not included in the net profit (loss) of the reporting period" – in the consolidated amount of the change in deferred tax assets and deferred tax liabilities not related to the results of operations included in the accounting profit (loss) of the reporting period;

The Company reflects in the balance sheet the amount of deferred tax asset and deferred tax liability, expanded as of the reporting date, as part of non-current assets and long-term liabilities, respectively.

## 19. Income

Income accounting is regulated by the Russian Accounting Regulation *"Income of the Company"* (PBU 9/99), according to which the Company's income, depending on their nature, conditions of receipt and areas of activity, is divided into income from ordinary activities and other income.

Income from the sale of products and goods, receipts related to the performance of works and the provision of services are recognized as income from ordinary activities of Companies.

Revenue is accepted for accounting in an amount calculated in monetary terms equal to the amount of cash and other property receipts and (or) the amount of receivables. Revenue from the sale of products (provision of services) is recognized as products are shipped to customers (provision of services) and settlement documents are presented to them. It is reflected in the financial statements minus the value added tax.

As part of the Company's other income, the following are recognized:
– interest received for the provision of the Company's funds for use, interest for the bank's use of funds located in the Company's account in this bank, the Company reflects the said income in the Statement of Financial Results in line 2320 "Interest receivable";
– income related to participation in the authorized capitals of other organizations (dividends) is recognized by the Company as soon as it is declared and reflected in the Statement of Financial Results in line 2310 "Income from participation in other organizations";
– fines, penalties, forfeits for violation of contractual relations – in the reporting period in which the court issued a decision on their recovery or they were recognized by the debtor;
– profit of previous years revealed in the reporting period (taking into account the requirements of the Russian Accounting Regulations *"Correction of Errors in Accounting and Reporting"* (RAR 22/2010));
– amounts of payables (excluding dividends) and deposit debts for which the limitation term has expired – in the reporting period in which the limitation term has expired;
– other proceeds (income), according to the Russian Accounting Regulations *"Income of the Company"* (PBU 9/99), as it is formed (identified).

## 20. Expenses

Expense accounting is regulated by the Russian Accounting Regulation *"Expenses of the Company"* (PBU 10/99), according to which the Company's expenses are divided into expenses for ordinary activities and other expenses.

Expenses for ordinary activities are expenses associated with the manufacture and sale of products, the acquisition and sale of goods, expenses associated with the performance of work, the provision of services, the implementation of which is associated with the ordinary activities of the Company.

Expenses (expenditure) are subject to recognition in accounting, regardless of the intention to receive revenue, other income and the form of expenditure (monetary, in-kind and other). Expenses (costs) are recognized in the reporting period in which they occurred, regardless of the time of the actual payment of funds and other form of implementation (assumption of temporary certainty of the facts of economic activity).

Expenses (expenditure) for ordinary activities are accepted for accounting in an amount calculated in monetary terms equal to the amount of payment in cash or other form or the amount of payables.

The actual prime cost of work performed and services rendered is recognized as expenses for ordinary activities of the reporting period; the cost of completed production, as well as the cost of work in progress, forms the value of assets (inventories).

Management expenses are reflected in line 2220 "Management expenses" of the Statement of Financial Results.

Other expenses include expenses not related to the manufacture and sale of products and services. Other expenses include:

– interest paid by the Company for providing it with funds (loans, loans); The Company reflects these expenses in the Statement of Financial Results in line 2330 "Interest payable";
– expenses related to payment for services provided by credit institutions;
– provision for doubtful debts formed following the results of the reporting period;
– provision for impairment of financial investments;
– fines, penalties, forfeits for violation of the terms of agreements, compensation for losses caused by the Company;
– loss of previous years revealed in the reporting period (taking into account the requirements of the Russian Accounting Regulations *"Correction of Errors in Accounting and Reporting"* (PBU 22/2010));
– charity expenses;
– other expenses, according to PBU 10/99.

## 21. Changes in accounting policy

Changes have been made to the Company's accounting policy for 2024 related to the beginning of the application of the FSBU 14/2022 standard *"Intangible Assets"* from January 1, 2024. The main provisions of the accounting policy for intangible assets are disclosed in paragraph 4 of this section.

**Adjustments to the Company's accounting statements as a result of changes in accounting policy in 2024**

The Company reflected the consequences of the change in accounting policy in connection with the commencement of the application of FSBU 14/2022 *"Intangible Assets"* in accordance with the transitional provisions provided for in paragraph 53 of the standard:

– without restating comparative indicators for periods preceding the reporting period.

The table below shows the impact of the changes in accounting policy in connection with the commencement of the application of FSBU 14/2022 *"Intangible Assets"*, on balance sheet items at the beginning of the reporting period:

– in terms of adjustments;
– taking into account applicable changes in deferred tax liabilities.

Effect of the adjustments is also reflected in the Statement of Changes in Equity in Section 1 "Capital flow" in the lines:

– 3300, Effect of One-Time Interim Period Adjustment on Transition to FSBU 14/2022 *"Intangible Assets"*;
– 3301, "Equity as of January 1, 2024, Taking into Account One-Time Interim Period Adjustment".

| Balance Sheet Item Title | Index code | As of December 31, 2023, before adjustments due to the adoption of FSBU 14/2022 *Intangible Assets* | Effect of changes in accounting policy in connection with the commencement of the application of FSBU 14/2022, *Intangible Assets*, on adjustments for applicable changes in deferred profit taxes | | | | | | As of January 1, 2024, taking into account adjustments in connection with the start of application of FSBU 14/2022 *Intangible Assets* |
|---|---|---|---|---|---|---|---|---|---|
| | | | Reclassification of items eligible for recognition of intangible assets from deferred expenses: | One-time write-off | | | | Total impact of changes in accounting policies due to the adoption of FSBU 14/2022 *Intangible Assets* | |
| | | | to intangible assets | to capital investments in intangible assets | of the carrying amount of capital investments related to the implementation of R&D related to the research stage | of the carrying amount of objects accepted for accounting as intangible assets before the application of FSBU 14/2022 *Intangible Assets*, but not considered as such under the new rules, and taking into account the limit established by the Company | from the composition of expenses of future periods of objects that do not meet the criteria for recognition as intangible assets | | |
| **I. Fixed assets** | | | | | | | | | |
| Intangible assets | 1110 | 41,199 | 329,771 | 45,364 | – | – | – | 375,135 | 416,334 |
| Research and development results | 1120 | 55,535 | – | – | (3,405) | – | – | (3,405) | 52,130 |
| Deferred tax assets | 1180 | 1,953,747 | 82,760 | – | – | – | – | 82,760 | 2,036,507 |
| Other fixed assets | 1190 | 380,064 | (205,329) | (45,364) | – | – | (38,661) | (289,354) | 90,710 |
| **TOTAL Section I** | **1100** | **89,599,802** | **207,202** | **0** | **(3,405)** | **0** | **(38,661)** | **165,136** | **89,764,938** |
| **II. Current assets** | | | | | | | | | |
| Other current assets | 1260 | 3,669,436 | (124,442) | – | – | – | – | (124,442) | 3,544,994 |
| **TOTAL Section II** | **1200** | **26,780,654** | **(124,442)** | **0** | **0** | **0** | **0** | **(124,442)** | **26,656,212** |
| **BALANCE** | **1600** | **116,380,456** | **82,760** | **0** | **(3,405)** | **0** | **(38,661)** | **40,694** | **116,421,150** |
| **III. Capital and Reserves** | | | | | | | | | |
| Retained profit (uncovered loss) | 1370 | 7,069,866 | 7,733 | – | (3,405) | 681 | (38,661) | (33,652) | 7,036,214 |
| **TOTAL Section III** | **1300** | **54,220,426** | **7,733** | **0** | **(3,405)** | **681** | **(38,661)** | **(33,652)** | **54,186,774** |
| **IV. Long-term liabilities** | | | | | | | | | |
| Deferred tax liabilities | 1420 | 4,212,557 | 75,027 | – | – | (681) | – | 74,346 | 4,286,903 |
| **Total for Section IV** | **1400** | **33,838,850** | **75,027** | **0** | **0** | **(681)** | **0** | **74,346** | **33,913,196** |
| **BALANCE** | **1700** | **116,380,456** | **82,760** | **0** | **(3,405)** | **0** | **(38,661)** | **40,694** | **116,421,150** |

**Changes in accounting policy in 2025**

The Company's accounting policy for 2025 has been amended due to the commencement of application of FSBU 4/2023 *"Accounting (Financial) Reporting"* from January 1, 2025, in terms of:
- the composition of accounting (financial) statements;
- the composition and content of information disclosed in the accounting (financial) statements;
- the conditions for the reliability of accounting (financial) statements;
- the approach to preparing interim accounting (financial) statements.

The interim accounting (financial) statements are prepared by the Company on a cumulative basis:
- from January 1 to March 31 of the reporting year;
- from January 1 to June 30 of the reporting year;
- from January 1 to September 30 of the reporting year.

In the interim accounting (financial) statements, the Company discloses information about significant business events that occurred during the interim reporting period, updating the information disclosed in the annual accounting (financial) statements for the year preceding the interim reporting period.

Changes were also made to the Company's accounting policy for 2025 related to the start of the application of FSBU 28/2023 *"Inventory"* from April 1, 2025 – parts of the general inventory requirements, cases of mandatory inventory.

The application of this standard will not have a direct impact on the preparation of accounting (financial) statements.





thousand rubles

| Index name | Period | At the beginning of the period | | | Changes for the period | | | | | | At the end of the period | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Initial cost | Accumulated depreciation and impairment | Carrying value | Received | Retired | | Accrual (reversal) of impairment | Depreciation (including depreciation from impairment) | | Initial value | Accumulated depreciation and impairment | Carrying value |
| | | | | | | Initial cost | Accumulated depreciation and impairment | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 9 | 10 | 11 | 12 | 13 | | 14 | 15 | 16 |
| **Intangible assets, total** | **2024** | **458,807** | **(87,837)** | **370,970** | **143,904** | **(2,351)** | **2,351** | **–** | **(115,062)** | | **602,711** | **(202,899)** | **399,812** |
| | **2023** | **221,504** | **(176,361)** | **45,143** | **14,930** | **(107,150)** | **107,150** | **–** | **(18,874)** | | **129,284** | **(88,085)** | **41,199** |
| Including: | | | | | | | | | | | | | |
| results of intellectual activity: invention, industrial design, utility model | 2024 | 22,072 | (17,552) | 4,520 | – | – | – | – | (3,028) | | 22,072 | (20,580) | 1,492 |
| | 2023 | 24,479 | (15,997) | 8,482 | – | (2,351) | 2,351 | – | (3,962) | | 22,128 | (17,608) | 4,520 |
| results of intellectual activity: software – computer programs, databases | 2024 | 417,516 | (59,120) | 358,396 | 134,616 | – | – | – | (107,636) | | 552,132 | (166,756) | 385,376 |
| | 2023 | 158,438 | (122,804) | 35,634 | 14,930 | (77,569) | 77,569 | – | (13,885) | | 95,799 | (59,120) | 36,679 |
| Means of individualization: trade names, trademarks, service marks, name of place of origin of goods | 2024 | 192 | (192) | – | – | – | – | – | – | | 192 | (192) | – |
| | 2023 | – | – | – | – | – | – | – | – | | – | – | – |
| other objects that meet the criteria for classification as intangible assets | 2024 | 19,219 | (11,165) | 8,054 | 9,288 | – | – | – | (4,398) | | 28,507 | (15,563) | 12,944 |
| | 2023 | 38,395 | (37,368) | 1,027 | – | (27,230) | 27,230 | – | (1,027) | | 11,165 | (11,165) | – |

# III. Disclosure of material indices

## 1. Intangible assets

### 1.1 Availability and movement of intangible assets

| Index name | Period | Effect of One-Time Interim Period Adjustment | | | At the beginning of the period | | | Changes for the period | | | At the end of the period | | | Reason for changes in carrying value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Initial cost | Accumulated depreciation and impairment | Carrying value | Initial cost | Accumulated depreciation and impairment | Carrying value | Received | Depreciation (including depreciation from impairment) | | Initial value | Accumulated depreciation and impairment | Carrying value | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 13 | | 14 | 15 | 16 | |
| **Intangible assets, total** | **2024** | **329,523** | **248** | **329,771** | **458,807** | **(87,837)** | **370,970** | **143,904** | **(115,062)** | | **602,711** | **(202,899)** | **399,812** | |
| | **2023** | **–** | **–** | **–** | **221,504** | **(176,361)** | **45,143** | **14,930** | **(18,874)** | | **129,284** | **(88,085)** | **41,199** | |
| Including: | | | | | | | | | | | | | | |
| results of intellectual activity: invention, industrial design, utility model | 2024 | (56) | 56 | – | 22,072 | (17,552) | 4,520 | – | (3,028) | | 22,072 | (20,580) | 1,492 | |
| | 2023 | – | – | – | 24,479 | (15,997) | 8,482 | – | (3,962) | | 22,128 | (17,608) | 4,520 | |
| results of intellectual activity: software – computer programs, databases | 2024 | 321,717 | – | 321,717 | 417,516 | (59,120) | 358,396 | 134,616 | (107,636) | | 552,132 | (166,756) | 385,376 | Launch of new software products |
| | 2023 | – | – | – | 158,438 | (122,804) | 35,634 | 14,930 | (13,885) | | 95,799 | (59,120) | 36,679 | |
| Means of individualization: trade names, trademarks, service marks, name of place of origin of goods | 2024 | (192) | 192 | – | – | – | – | – | – | | 192 | (192) | – | |
| | 2023 | – | – | – | 192 | (192) | – | – | – | | 192 | (192) | – | |
| other objects that meet the criteria for classification as intangible assets | 2024 | 8,054 | – | 8,054 | 19,219 | (11,165) | 8,054 | 9,288 | (4,398) | | 28,507 | (15,563) | 12,944 | |
| | 2023 | – | – | – | 38,395 | (37,368) | 1,027 | – | (1,027) | | 11,165 | (11,165) | – | |

In the reporting year, the useful life and the method of depreciation of intangible assets did not change compared to the previous reporting period.

### 1.2 Capital investments in intangible assets

thousand rubles

| Index name | Period | Effect of one-time inter-reporting period adjustment | At the beginning of the period (actual costs taking into account accumulated impairment) | Changes for the period | | | | At the end of the period (actual costs taking into account accumulated impairment) |
|---|---|---|---|---|---|---|---|---|
| | | | | Expenses for the period | Written off (retired) expenses and accumulated impairment | Accepted for accounting as intangible assets | Recognition (-) Reversal (+) of impairment | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Capital investments in the creation and improvement of intangible assets | 2024 | (3,405) | 52,130 | 6,604 | – | (52,130) | – | 6,604 |
| | 2023 | – | 52,214 | 20,936 | – | (17,615) | – | 55,535 |
| Capital investments for the acquisition of intangible assets | 2024 | 45,364 | 45,364 | 152,751 | – | (98,326) | – | 99,789 |
| | 2023 | – | 7,500 | – | (7,500) | – | – | – |

There are no advances for capital investments in intangible assets as of December 31, 2024, December 31, 2023 and December 31, 2022.

## 2. Property, plant and equipment

Information on the availability and movement of property, plan and equipment is provided in table explanation 2.1. "Availability and movement of property, plan and equipment" There are no property, plan and equipment pledged.







### 2.1 Availability and movement of property, plan and equipment (excluding the right-of-use assets)

thousand rubles

| Index name | Period | At the beginning of the period | | | Changes for the period | | | | | | | | At the end of the period | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Received | | | Retired | | | Accrual of depreciation, including depreciation of impairment | Recognition (-) Reversal (+) of impairment | | | |
| | | Initial cost | Accumulated depreciation and impairment | Carrying value | Initial cost | Accumulated depreciation and impairment | | Initial cost | Accumulated depreciation and impairment | | | | Initial cost | Accumulated depreciation and impairment | Carrying value |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | | 8 | 9 | | 10 | 11 | 12 | 13 | 14 |
| **Property, plant and equipment** | **2024** | **151,582,189** | **(79,817,068)** | **71,765,121** | **19,262,094** | **(14,312)** | | **(230,777)** | **169,735** | | **(5,737,512)** | **–** | **170,613,506** | **(85,399,157)** | **85,214,349** |
| | **2023** | **139,932,928** | **(74,969,865)** | **64,963,063** | **12,182,541** | **(4,218)** | | **(533,280)** | **447,133** | | **(5,290,118)** | **–** | **151,582,189** | **(79,817,068)** | **71,765,121** |
| including: | | | | | | | | | | | | | | | |
| Buildings | 2024 | 12,818,553 | (6,477,110) | 6,341,443 | 220,299 | – | | (13,271) | 7,678 | | (260,074) | – | 13,025,581 | (6,729,506) | 6,296,075 |
| | 2023 | 12,516,217 | (6,238,964) | 6,277,253 | 343,360 | – | | (41,024) | 14,512 | | (252,658) | – | 12,818,553 | (6,477,110) | 6,341,443 |
| Facilities, except for power lines | 2024 | 6,149,276 | (3,332,342) | 2,816,934 | 331,447 | – | | (19,986) | 13,300 | | (224,852) | – | 6,460,737 | (3,543,894) | 2,916,843 |
| | 2023 | 5,819,422 | (3,087,324) | 2,732,098 | 352,144 | – | | (22,290) | 3,035 | | (248,053) | – | 6,149,276 | (3,332,342) | 2,816,934 |
| Electricity transmission lines and relevant devices | 2024 | 66,062,769 | (26,984,580) | 39,078,189 | 10,731,269 | – | | (95,823) | 47,496 | | (2,479,211) | – | 76,698,215 | (29,416,295) | 47,281,920 |
| | 2023 | 60,746,253 | (24,709,021) | 36,037,232 | 5,386,813 | – | | (70,297) | 41,524 | | (2,317,083) | – | 66,062,769 | (26,984,580) | 39,078,189 |
| Machines and equipment | 2024 | 66,365,286 | (42,981,987) | 23,383,299 | 7,968,654 | (14,312) | | (101,674) | 101,238 | | (2,770,650) | – | 74,232,266 | (45,665,711) | 28,566,555 |
| | 2023 | 60,669,294 | (40,897,227) | 19,772,067 | 6,095,507 | (4,090) | | (399,515) | 387,908 | | (2,468,578) | – | 66,365,286 | (42,981,987) | 23,383,299 |
| Production and household equipment, including other facilities | 2024 | 49,561 | (41,049) | 8,512 | 7,205 | – | | (23) | 23 | | (2,725) | – | 56,743 | (43,751) | 12,992 |
| | 2023 | 45,094 | (37,329) | 7,765 | 4,621 | (128) | | (154) | 154 | | (3,746) | – | 49,561 | (41,049) | 8,512 |
| Land plots and natural resource management objects (objects whose consumer properties do not change over time) | 2024 | 136,744 | – | 136,744 | 3,220 | – | | – | – | | – | – | 139,964 | – | 139,964 |
| | 2023 | 136,648 | – | 136,648 | 96 | – | | – | – | | – | – | 136,744 | – | 136,744 |
| | 2024 | – | – | – | – | – | | – | – | | – | – | – | – | – |
| | 2023 | – | – | – | – | – | | – | – | | – | – | – | – | – |
| Investment property | 2024 | – | – | – | – | – | | – | – | | – | – | – | – | – |
| | 2023 | – | – | – | – | – | | – | – | | – | – | – | – | – |

## 2.2 Depreciation of property, plant and equipment (excluding depreciation of impairment)

thousand rubles

| Index name | Period | At the beginning of the period (-) | Change for the period | | At the end of the period |
|---|---|---|---|---|---|
| | | | Received (-) | Retired (+) | Accrued for the period (-) | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | **2024** | **(79,817,068)** | **(14,312)** | **169,735** | **(5,737,512)** | **(85,399,157)** |
| **Depreciation** | **2023** | **(74,969,865)** | **(4,218)** | **447,133** | **(5,290,118)** | **(79,817,068)** |
| including: | | | | | | |
| Buildings | 2024 | (6,477,110) | – | 7,678 | (260,074) | (6,729,506) |
| | 2023 | (6,238,964) | – | 14,512 | (252,658) | (6,477,110) |
| Facilities, except for power lines | 2024 | (3,332,342) | – | 13,300 | (224,852) | (3,543,894) |
| | 2023 | (3,087,324) | – | 3,035 | (248,053) | (3,332,342) |
| Electricity transmission lines and relevant devices | 2024 | (26,984,580) | – | 47,496 | (2,479,211) | (29,416,295) |
| | 2023 | (24,709,021) | – | 41,524 | (2,317,083) | (26,984,580) |
| Machines and equipment | 2024 | (42,981,987) | (14,312) | 101,238 | (2,770,650) | (45,665,711) |
| | 2023 | (40,897,227) | (4,090) | 387,908 | (2,468,578) | (42,981,987) |
| Production and household equipment, including other facilities | 2024 | (41,049) | – | 23 | (2,725) | (43,751) |
| | 2023 | (37,329) | (128) | 154 | (3,746) | (41,049) |





## 2.3 Information regarding change in the cost of property, plant and equipment as a result of further construction, additional equipment, reconstruction and partial liquidation

thousand rubles

| Index name | 2024 | 2023 | 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Increase in the cost of items of property, plant and equipment as a result of completion, additional equipment, reconstruction | 4,152,898 | 3,114,521 | 2,436,601 |
| Decrease in the value of fixed assets as a result of partial liquidation | 91,792 | 63,719 | 67,551 |

## 2.4 Information on other use of property, plant and equipment

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Leased-out property, plant and equipment on the balance sheet | 128,106 | 143,356 | 115,551 |
| Leased property, plant and equipment on the balance sheet | – | – | 200 |
| Leased property, plant and equipment off the balance sheet | 3,402,003 | 3,329,069 | 3,316,107 |
| Real estate items received into operation and actually used, which are in the process of state registration | 3,126,050 | 3,054,637 | 3,388,838 |
| Property, plant and equipment transferred for conservation | 10,047 | 10,047 | 10,047 |
| Other use of property, plant and equipment (pledge, etc.) | – | – | – |

## 3. Capital investments

Information on capital investments is disclosed as part of table explanation 3.1. "Availability and movement of capital investments" and table explanation 3.2. "Advances issued for capital construction and acquisition of property, plant and equipment".

## 3.1 Availability and movement of financial investments

thousand rubles

| Index name | Period | At the beginning of the period (actual costs taking into account accumulated impairment) | Changes for the period | | | | | | At the end of the period (actual costs taking into account accumulated impairment) |
|---|---|---|---|---|---|---|---|---|---|
| | | | Expenses for the period | Written off | | Accepted for accounting as fixed assets or increase in the cost of capital investments | | Recognition (-) Reversal (+) of impairment | |
| | | | | Expenses | Impairment | Expenses | Impairment | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Construction in progress and unfinished operations for the acquisition, modernization and technical re-equipment of property, plant and equipment | **2024** | **8,418,881** | **22,442,754** | **(2,561,322)** | – | **(19,225,411)** | – | – | **9,074,902** |
| | **2023** | **7,125,396** | **15,088,544** | **(1,645,437)** | – | **(12,149,622)** | – | – | **8,418,881** |
| including: | | | | | | | | | |
| construction in progress | 2024 | 6,460,758 | 17,815,223 | (196,218) | – | (17,587,489) | – | – | 6,492,274 |
| | 2023 | 5,884,760 | 12,344,580 | (91,023) | – | (11,677,559) | – | – | 6,460,758 |
| acquisition of fixed assets | 2024 | – | 1,634,702 | – | – | (1,634,702) | – | – | – |
| | 2023 | – | 471,967 | – | – | (471,967) | – | – | – |
| equipment for installation | 2024 | 1,958,123 | 2,989,609 | (2,365,104) | – | – | – | – | 2,582,628 |
| | 2023 | 1,240,636 | 2,271,901 | (1,554,414) | – | – | – | – | 1,958,123 |
| other | 2024 | – | 3,220 | – | – | (3,220) | – | – | – |
| | 2023 | – | 96 | – | – | (96) | – | – | – |

## 3.2 Advances paid for capital construction and acquisition of property, plant and equipment

thousand rubles

| Index name | Period | At the beginning of the period | | | At the end of the period | | |
|---|---|---|---|---|---|---|---|
| | | Accounted for under the terms of the agreement | Amount of the provision for doubtful debts | Carrying value | Accounted for under the terms of the agreement | Amount of the provision for doubtful debts | Carrying value |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Advances paid for capital construction and acquisition of property, plant and equipment | 2024 | 1,614,412 | (2,033) | 1,612,379 | 2,055,330 | (2 012) | 2,053,318 |
| | 2023 | 465,074 | (2,033) | 463,041 | 1,614,412 | (2,033) | 1,612,379 |

## 4. Right-of-use assets and lease liabilities

Information on the availability and movement of rights to use assets is disclosed in the explanatory note to the table "Availability and movement of right-of-use assets".

## 4.1 Availability and Movement of Right-of-Use Assets

thousand rubles

| Index name | Period | At the beginning of the period | | | Changes for the period | | | | | | | At the end of the period | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Initial cost | | | Accumulated depreciation and impairment | | | | | | |
| | | Initial cost | Accumulated depreciation and impairment | Residual value | Received | Retired | Change of agreement conditions | Accrued depreciation (including impairment) | Accumulated depreciation (including depreciation) retired | Change of agreement conditions | Recognition (-) Reversal (+) of impairment | Initial cost | Accumulated depreciation and impairment | Residual value |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| **Right-of-use assets** | **2024** | **4,427,192** | **(2,777,055)** | **1,650,137** | **216,838** | **(3,878,897)** | **324,129** | **(1,456,200)** | **3,829,311** | – | – | **1,089,262** | **(403,944)** | **685,318** |
| | **2023** | **4,358,105** | **(1,390,261)** | **2,967,844** | **191,640** | **(128,995)** | **6,442** | **(1,421,324)** | **34,530** | – | – | **4,427,192** | **(2,777,055)** | **1,650,137** |
| including: | | | | | | | | | | | | | | |
| land and buildings | 2024 | 867,665 | (522,794) | 344,871 | 33,409 | (612,124) | 243,845 | (275,325) | 597,517 | – | – | 532,795 | (200,602) | 332,193 |
| | 2023 | 867,987 | (265,825) | 602,162 | 20,536 | (31,220) | 10,362 | (265,727) | 8,758 | – | – | 867,665 | (522,794) | 344,871 |
| structures, except for power lines | 2024 | 524,046 | (347,713) | 176,333 | – | (511,770) | 26,199 | (174,505) | 511,770 | – | – | 38,475 | (10,448) | 28,027 |
| | 2023 | 535,514 | (178,190) | 357,324 | – | (11,451) | (17) | (177,269) | 7,746 | – | – | 524,046 | (347,713) | 176,333 |
| power lines and relevant devices | 2024 | 1,958,215 | (1,266,241) | 691,974 | 63,230 | (1,874,892) | 12,379 | (665,703) | 1,857,472 | – | – | 158,932 | (74,472) | 84,460 |
| | 2023 | 1,920,337 | (627,131) | 1,293,206 | 58,598 | (22,374) | 1,654 | (643,308) | 4,198 | – | – | 1,958,215 | (1,266,241) | 691,974 |
| machines and equipment | 2024 | 1,071,029 | (636,370) | 434,659 | 120,199 | (879,117) | 34,945 | (339,142) | 861,567 | – | – | 347,056 | (113,945) | 233,111 |
| | 2023 | 1,027,947 | (316,959) | 710,988 | 112,506 | (63,950) | (5,474) | (333,239) | 13,828 | – | – | 1,071,029 | (636,370) | 434,659 |
| production and household equipment, including other facilities | 2024 | 6,237 | (3,937) | 2,300 | – | (994) | 6,761 | (1,525) | 985 | – | – | 12,004 | (4,477) | 7,527 |
| | 2023 | 6,320 | (2,156) | 4 164 | – | – | (83) | (1,781) | – | – | – | 6,237 | (3,937) | 2,300 |

The main objects of the Company's lease are electricity transmission facilities.

### 4.2. Information about lease liabilities

thousand rubles

| Index name | Index code | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| Short-term lease liabilities | 1520 | 258,106 | 1,533,808 | 1,461,754 |
| Long-term lease liabilities | 1450 | 508,602 | 252,013 | 1,624,891 |
| **Total lease liabilities** | | **766,708** | **1,785,821** | **3,086,645** |

Interest on lease liabilities in the amount of 159,559 thousand rubles is included in the "Interest payable" indicator of line 2330 of the Statement of Financial Results for the year ended December 31, 2024 (in the amount of 248,026 thousand rubles for the year ended December 31, 2023).

Short-term lease expenses are included in expenses from ordinary activities in the amount of 91,410 thousand rubles for the year ended December 31, 2024 (in the amount of 62,492 thousand rubles for the year ended December 31, 2023).

## 5. Testing non-current assets for impairment in accordance with IAS 36 *"Impairment of Assets"*

The Company considered the current economic conditions in the regions where the Company operates: Krasnodar Territory and the Republic of Adygea as an indicator (sign) of possible impairment of property, plant and equipment.

The Group tested property, plant and equipment for impairment as of December 31, 2024 in relation to a generating unit of Rosseti Kuban PJSC. The following basic assumptions were used in assessing the recoverable amount of assets of generating units:

| Basic assumption | As of December 31, 2023 | As of December 31, 2024 |
|---|---|---|
| Forecast period | Forecast cash flows for the period 2024–2028 are determined for the generating unit of Rosseti Kuban PJSC based on the management's best estimate of electricity transmission volumes, operating and capital costs, as well as tariffs approved by regulatory authorities for 2024. | Forecast cash flows for the period 2025–2029 are determined for the generating unit of Rosseti Kuban PJSC based on the management's best estimate of electricity transmission volumes, operating and capital costs, as well as tariffs approved by regulatory authorities for 2025. |
| Interest rate of net cash flow growth in the post-forecast period | 4% | 4% |
| Forecast of electricity transmission tariffs | Based on the tariff calculation methodology adopted by the regulatory authorities. | Based on the tariff calculation methodology adopted by the regulatory authorities. |
| Forecast of sales volume | In accordance with the approved business plan. Outside of business planning - a fixed amount (taking into account the indexation of the last year of the business planning period). | In accordance with the approved business plan. Outside of business planning - a fixed amount (at the level of the last year of the business planning period). |
| Discount rate (nominal discount rate determined for the purposes of the test based on the weighted average cost of capital after income tax) | 11.97% | 13.71% |

Based on the results of the impairment test as of December 31, 2024 and December 31, 2023, no impairment was identified for recognition.





## 6. Other fixed assets

Line 1190 "Other fixed assets" of the Balance Sheet reflects:

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Software and licenses | – | 289,354 | 103,997 |
| Other | 89,979 | 90,710 | 50,749 |
| **Total other fixed assets** | **89,979** | **380,064** | **154,746** |

## 7. Inventories

Inventories in the accounting statements are reflected less the provision for cost reduction created in relation to these inventories on line 1210 "Inventories".

Advances to suppliers of materials as of December 31, 2024 amounted to 21,332 thousand rubles (as of December 31, 2023 - 19,853 thousand rubles, as of December 31, 2022 - 20,623 thousand rubles)

The Company does not have reserves in respect of which there are restrictions on property rights.

Information on the availability and movement of inventories by group:

thousand rubles

| Index name | Period | At the beginning of the period | | Changes for the period | | | | | | At the end of the period | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Prime cost | Amount of provision for impairment | Proceeds and costs | Retired | | Impairment losses | Turnover of inventories between groups (types) thereof | | Prime cost | Impairment reserve | Amount of provision for impairment |
| | | | | | Prime cost | Impairment reserve | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | | 10 | 11 | |
| **Inventories, total** | **2024** | **3,741,945** | **(50,139)** | **4,195,746** | **(4,290,871)** | **47,974** | **(13,349)** | | **x** | **3,646,820** | **(15,514)** | |
| | **2023** | **1,975,327** | **(51,591)** | **6,612,767** | **(4,846,149)** | **3,766** | **(2,314)** | | **x** | **3,741,945** | **(50,139)** | |
| Raw and other materials | 2024 | 3,735,900 | (50,139) | 4,169,428 | (4,284,826) | 47,974 | (436) | | – | 3,620,502 | (2,601) | |
| | 2023 | 1,975,327 | (51,591) | 6,606,722 | (4,846,149) | 3,766 | (2,314) | | – | 3,735,900 | (50,139) | |
| Work in process | 2024 | 6,045 | – | 2,517 | (6,045) | – | – | | – | 2,517 | – | |
| | 2023 | – | – | 6,045 | – | – | – | | – | 6,045 | – | |
| Other inventories and expenses | 2024 | – | – | 23,801 | – | – | (12,913) | | – | 23,801 | (12,913) | |
| | 2023 | – | – | – | – | – | – | | – | – | – | |





## 8. Other current assets

Line 1260 "Other current assets" of the Balance Sheet reflects:

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **Other current assets, including** | **4,038,459** | **3,669,436** | **1,573,337** |
| VAT on advances received | 3,656,496 | 3,233,363 | 1,369,300 |
| VAT on advances paid for the acquisition of items of fixed assets | 336,501 | 262,503 | 77,155 |
| Future expenses | – | 124,442 | 77,953 |
| Other | 45,462 | 49,128 | 48,929 |

## 9. Financial investments

### 9.1 Availability and movement of financial investments

### Movement of long-term financial investments

thousand rubles

| Index name | Period | At the beginning of the period | | Changes for the period | | | | At the end of the period | |
|---|---|---|---|---|---|---|---|---|---|
| | | Initial cost | Revaluation, reserve | Received | Initial cost retired | Revaluation, reserve retired | Revaluation, reserve | Initial cost | Revaluation, reserve |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| **Long-term financial investments, total** | **2024** | **45,687** | **–** | **–** | **–** | **–** | **–** | **45,687** | **–** |
| | **2023** | **45,690** | **(2)** | **–** | **(3)** | **2** | **–** | **45,687** | **–** |
| **including:** | | | | | | | | | |
| Contributions to other organizations (traded at the formal securities market) | 2024 | – | – | – | – | – | – | – | – |
| | 2023 | 3 | (2) | – | (3) | 2 | – | – | – |
| Contributions to other organizations (not traded at the formal securities market) | 2024 | – | – | – | – | – | – | – | – |
| | 2023 | – | – | – | – | – | – | – | – |
| Deposits | 2024 | – | – | – | – | – | – | – | – |
| | 2023 | – | – | – | – | – | – | – | – |
| Contributions to subsidiaries | 2024 | 45,687 | – | – | – | – | – | 45,687 | – |
| | 2023 | 45,687 | – | – | – | – | – | 45,687 | – |
| Bond loans | 2024 | – | – | – | – | – | – | – | – |
| | 2023 | – | – | – | – | – | – | – | – |
| Contributions to dependent companies | 2024 | – | – | – | – | – | – | – | – |
| | 2023 | – | – | – | – | – | – | – | – |

## 9.2 Information on the initial and carrying value of financial investments

thousand rubles

| Name of the group of financial investments | | December 31, 2024 | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|---|---|
| | | Initial cost | Carrying value [*] | Initial cost | Carrying value [*] | Initial cost | Carrying value [*] |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| At current market value | Long-term financial investments | – | – | – | – | – | – |
| | Short-term financial investments | – | – | – | – | – | – |
| The current market value is not determined | Long-term financial investments | 45,687 | 45,687 | 45,687 | 45,687 | 45,690 | 45,688 |
| | Short-term financial investments | – | – | – | – | – | – |

*[*] The value at which financial investments are reflected in the balance sheet (taking into account adjustments to the current market value, provisions for impairment, attribution to an increase in the value of debt securities of the difference between their initial and nominal values, exchange differences).*

## 9.3 Information on the carrying value of financial investments by type

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **Long-term financial investments, total** | **45,687** | **45,687** | **45,688** |
| including: | | | |
| Contributions to subsidiaries | 45,687 | 45,687 | 45,687 |
| Contributions to dependent companies | – | – | – |
| Contributions to other organizations | – | – | – |
| Deposits | – | – | 1 |
| Bond loans | – | – | – |
| Borrowings granted | – | – | – |
| **Short-term financial investments, total** | **–** | **–** | **–** |

## 9.4 Information on the provision for impairment of financial investments

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Provision for impairment of financial investments, total | – | – | 2 |
| including: | | | |
| - on investments in the authorized capital of subsidiaries | – | – | – |
| - on borrowings granted | – | – | – |
| - on other financial investments | – | – | 2 |
| Initial cost of financial investments for which provision for impairment has been created | – | – | – |

The Company does not have financial investments in respect of which there are restrictions on property rights.





## 10. Cash and cash equivalents

### Composition of cash and cash equivalents

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Cash in hand | – | – | – |
| Funds on current accounts | 7,526,544 | 5,461,267 | 3,468,182 |
| Funds on foreign currency accounts | – | – | – |
| Funds on special bank accounts | – | – | – |
| Transfers in transit | – | – | – |
| **Total cash** | **7,526,544** | **5,461,267** | **3,468,182** |
| Short-term bank deposits (with a placement period of up to three months) | 9,564,536 | 7,511,113 | 650,000 |
| **Total cash equivalents** | **9,564,536** | **7,511,113** | **650,000** |
| **Total cash and cash equivalents** | **17,091,080** | **12,972,380** | **4,118,182** |

Deposit accounts are placed in financial institutions that are considered reliable counterparties with a stable financial position in the financial market of the Russian Federation.

All funds are available for use by the Company. Targeted funds in the Federal Treasury accounts as of December 31, 2024 amounted to 570,140 thousand rubles (as of December 31, 2023 - 1,912,245 thousand rubles, as of December 31, 2022 - 2,387,821 thousand rubles).

### Details of the lines "Other proceeds" and "Other payments" of the Statement of Cash Flows

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| **Other proceeds from current activities** | **5,587,213** | **1,743,032** |
| Insurance claims receivable | 646,507 | 188,355 |
| Settlements on fines, penalties, and forfeits receivable | 323,179 | 349,456 |
| VAT | – | 629,473 |
| Interest on deposits (cash equivalents) | 652,668 | - |
| Interest on the minimum balance of funds in a bank account | 1,885,352 | - |
| Cash received in connection with the transfer and reconstruction of fixed assets | 1,316,306 | - |
| Other proceeds, including proceeds from the sale of inventory | 763,201 | 575,748 |
| **Other payments for current activities** | **(5,757,275)** | **(6,202,439)** |
| Payment of taxes (except VAT, income tax) and insurance premiums | (3 015 189) | (2,978,337) |
| Settlements on fines, penalties, and forfeits payable | (279,369) | (231,266) |
| VAT | (822,580) | – |
| Refund of advance payments under technological connection agreements | (136,075) | (509,548) |
| Refund of advance payments under contracts for the provision of additional services | (10,616) | (352,293) |
| Other payments, including social payments (financial assistance and other payments to employees) | (1,493,446) | (2,130,995) |

## 11. Receivables

### 11.1 Existence of receivables

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **Receivables, total** | **6,945,474** | **6,443,929** | **7,626,134** |
| **Long-term receivables** | **410,086** | **73,618** | **43,085** |
| Buyers and customers | 310,678 | 707 | 1,241 |
| Other debtors: | 99,408 | 72,911 | 41,844 |
| *Settlements with notaries on public easements* | *61,582* | *47,557* | *22,436* |
| *Other services* | *18,431* | *12,317* | *8,016* |
| *Easement payment* | *15,422* | *8,974* | *5,829* |
| *Settlements on non-contractual electricity consumption* | *2,879* | *2,737* | *4,185* |
| *Other debtors* | *1,094* | *1,326* | *1,378* |
| **Short-term receivables** | **6,535,388** | **6,370,311** | **7,583,049** |
| Buyers and customers | 5,538,267 | 4,968,641 | 6,198,385 |
| Advances paid | 192,956 | 162,244 | 78,313 |
| Other debtors: | 804,165 | 1,239,426 | 1,306,351 |
| *Settlements with the national budget on taxes and insurance premiums* | *323,356* | *1,057,002* | *717,191* |
| *Settlements on interest (receivable)* | *64,339* | *31,820* | *267* |
| *Settlements on non-contractual electricity consumption* | *39,089* | *31,174* | *37,442* |
| *Settlements on claims, fines, penalties and forfeits* | *109,448* | *27,156* | *80,459* |
| *Legal expense settlements* | *98,540* | *4,552* | *21,640* |
| *Other debtors* | *169,393* | *87,722* | *449,352* |

Receivables that have not been repaid or with a high degree of probability will not be repaid within the time limits set by the agreement and are unsecured by appropriate guarantees, sureties or other means are shown in the balance sheet less provisions for doubtful debts.

### 11.2 Provision for doubtful debts

thousand rubles

| Index name | Period | At the beginning of the period | Accrued | Recovered | Used | At the end of the period |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Provision for doubtful receivables | 2024 | **2,782,619** | 475,619 | (314,996) | (650,807) | **2,292,435** |
| | 2023 | **2,572,900** | 1,059,221 | (813,999) | (35,503) | **2,782,619** |

### 11.3 Write-off of receivables

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| The amount of debt owed by insolvent debtors written off the balance sheet | 199,330 | 183,165 | 452,081 |

### 11.4 Overdue accounts receivable

thousand rubles

| Index name | December 31, 2024 | | | December 31, 2023 | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Under the terms of the contract | Provision for doubtful debts | Carrying value | Under the terms of the contract | Provision for doubtful debts | Carrying value | Under the terms of the contract | Provision for doubtful debts | Carrying value |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| **Total overdue accounts receivable, including:** | **2,947,851** | **2,222,822** | **725,029** | **3,319,162** | **2,567,869** | **751,293** | **2,876,165** | **2,198,868** | **677,297** |
| Buyers and customers | 1,707,425 | 1,175,025 | 532,400 | 2,144,427 | 1,484,828 | 659,599 | 1,939,975 | 1,417,003 | 522,972 |
| Advances paid | 26,668 | 2,198 | 24,470 | 23,116 | 2,253 | 20,863 | 25,677 | 2,373 | 23,304 |
| Other debtors | 1,213,758 | 1,045,599 | 168,159 | 1,151,619 | 1,080,788 | 70,831 | 910,513 | 779,492 | 131,021 |

## 12. Capital and Reserves

### 12.1 Authorized capital

The authorized capital of the Company is registered in accordance with the established procedure and fully paid. The authorized capital of the Company is reflected in the amount of the nominal value of ordinary shares. The Company has issued ordinary registered uncertified shares with a nominal value of 100 (one hundred) rubles 00 kopecks each in the amount of 398,966,076 pieces for a total of 39,896,608 thousand rubles.

Owners of ordinary shares have the right to vote on all issues on the agenda at the General Meetings of Shareholders of the Company, the right to receive dividends, in the manner determined by the legislation of the Russian Federation and the Charter of the Company, as well as other rights provided for by the Charter and the legislation of the Russian Federation.

In February 2021, the General Meeting of Shareholders of Rosseti Kuban PJSC decided to increase the authorized capital of the Company by placing additional ordinary shares in the amount of 69,583,132 pieces with a nominal value of 100 rubles, the total amount was 6,958,313,200 rubles (minutes of February 26, 2021 No. 44).

In April 2021, the Bank of Russia carried out state registration of this additional issue and registration of the prospectus of securities of Rosseti Kuban PJSC. The initial period for the placement of additional shares was one year from the date of state registration of the additional issue. On May 25, 2023, the Bank of Russia registered the prospectus of the Company's securities, which provides for an extension of the period for the placement of additional shares until April 1, 2024 by extending the period for collecting offers until March 1, 2024.

In the period from April 10, 2021 to February 3, 2022, shareholders exercised their preemptive right to purchase additional shares. On March 1, 2024, the deadline for accepting offers to purchase shares of the additional issue registered by the Bank of Russia on April 1, 2021 under registration number 1-02-00063-A ended.

On April 1, 2024, the placement of shares of the additional issue was completed. Payment for additional shares was made in cash in the amount of 6,430,824 thousand rubles for 64,308,239 shares.

On May 17, 2024, state registration of amendments to the charter of Rosseti Kuban PJSC was carried out in terms of increasing the authorized capital by the volume of additional shares placed.

**Obligation to buy back own shares from shareholders**

On June 17, 2024, the annual General Meeting of Shareholders decided to apply to the court with an application for delisting of shares of Rosseti Kuban PJSC. The number of shares, the owners of which had the right to demand a buyback, amounted to 1,116,973 shares. The repurchase price of one ordinary share of Rosseti Kuban PJSC at the request of shareholders was determined by the decision of the Board of Directors of the Company (minutes dated April 27, 2024 No. 555/2024) in the amount of 393.80 rubles.

123,488 shares of the Company were put up for repurchase. In fact, for 123,488 shares of Rosseti Kuban PJSC, shareholders were paid 48,630 thousand rubles.

On August 23, 2024, 123,488 shares of the Company were credited to the treasury account of Rosseti Kuban PJSC in the register of registered securities holders.

### 12.2 Reserve capital

According to the decision of the General Meeting of Shareholders, based on the results of the Company's work for 2023, the Company's net profit in the amount of 308,326 thousand rubles was assigned to the formation of a reserve fund. As of December 31, 2024, the value of the reserve fund amounted to 1,080,362 thousand rubles.





**Additional capital**

The additional capital of the Company includes the amount of issue income received as a result of the placement of shares of the Company at a price exceeding the nominal value and the amounts received during the reform (restructuring) of the electric power industry completed in 2008.

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Share premium | 6,481,916 | 6,481,916 | 6,481,916 |
| Contributions of shareholders to the Company's property | – | – | – |
| Amount of additional capital of the affiliated companies during the reorganization | – | – | – |
| **Total additional capital (without revaluation)** | **6,481,916** | **6,481,916** | **6,481,916** |

### 12.3 Dividends

The source of dividend payment is the net profit of "Rosseti Kuban" PJSC, determined in accordance with the requirements established by the current legislation of the Russian Federation.

At the Annual General Meeting of Shareholders held on June 14, 2024, it was decided to pay dividends on ordinary shares of the Company based on the financial and economic activities of Rosseti Kuban PJSC for 2023 in the amount of 1,944,691 thousand rubles (minutes of the Annual General Meeting of Shareholders dated June 17, 2024, No. 51). The amount of dividends was 4.874327 rubles per ordinary share of the Company.

### 12.4 Earnings per share

Underlying earnings per share reflect a portion of the profit for the reporting period that can potentially be distributed to shareholders who own ordinary shares. It is calculated as the ratio of the underlying profit for the reporting year to the weighted average number of ordinary shares outstanding during the reporting year. The underlying profit is equal to the net profit of the reporting year.

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| Underlying profit for the reporting year, thousand rubles | 10,877,571 | 6,166,520 |
| Weighted average number of ordinary shares outstanding during the reporting year, thousand pieces | 398,918 | 375,351 |
| Underlying profit per share, rubles | 27.27 | 16.43 |

## 13 Loans and borrowings

### 13.1 Information on the movement of borrowed funds

thousand rubles

| Index name | Long-term | | Short-term | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| 1 | 2 | 3 | 4 | 5 |
| **Balance of debt on borrowed funds at the beginning of the period** | **15,880,000** | **16,931,543** | **4,308,840** | **3,990,281** |
| Borrowed funds received in the reporting period (including overdraft) | 9,652,605 | 8,618,064 | 467,325 | – |
| As a result of the transfer of long-term debt to short-term debt | (14,566,432) | (4,279,853) | 14,566,432 | 4,279,853 |
| As a result of the transfer of short-term debt to long-term debt | – | – | – | – |
| Accrued interest (including overdraft) | – | – | 4,095,123 | 2,096,399 |
| Repaid in part of the principal amount of the debt (including overdraft) | (1,500,001) | (5,389,754) | (4,279,853) | (3,971,758) |
| Repaid in terms of interest accrued (including overdraft) | – | – | (4,084,927) | (2,085,935) |
| **Balance of debt on borrowed funds at the end of the period** | **9,466,172** | **15,880,000** | **15,072,940** | **4,308,840** |

### 13.2 Information on borrowed funds types

thousand rubles

| Index name | Long-term | | Short-term | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| 1 | 2 | 3 | 4 | 5 |
| Loans and borrowings secured | – | – | – | – |
| Loans and borrowings unsecured | 9,466,172 | 15,880,000 | 15,033,757 | 4,279,853 |
| Bond loans secured | – | – | – | – |
| Bond loans unsecured | – | – | – | – |
| Interest payable | – | – | 39,183 | 28,987 |

As of December 31, 2024, the amount of the free limit on open but unused credit lines of the Company amounted to 80,862,571 thousand rubles (as of December 31, 2023 - 77,202,647 thousand rubles).

As of December 31, 2024, there are no active overdraft agreements (as of December 31, 2023 – 1,500,000 thousand rubles).

The Company has a chance to raise additional funding within the relevant limits, including to ensure the fulfillment of its short-term obligations.

### 13.3 Interest on borrowed funds

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| Interest included in the cost of investment assets on borrowed funds related to the acquisition, construction or manufacture of investment assets | 96,326 | 2,980 |
| Interest included in the cost of investment assets on borrowed funds taken for purposes not related to the acquisition, construction or manufacture of investment assets | – | – |
| Interest on borrowed funds attributed to other expenses | 3,998,797 | 2,093,419 |
| **Total interest accrued on borrowed funds** | **4,095,123** | **2,096,399** |

### 13.4 Information on maturity dates of borrowed funds

thousand rubles

| Index name | Remaining debt on borrowed funds | Including by maturity dates | | | | | |
|---|---|---|---|---|---|---|---|
| | | Up to 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | Over 5 years |
| 1 | 2 | 3 | | 4 | 5 | 6 | 7 |
| Loans and borrowings secured | – | – | – | – | – | – | – |
| Loans and borrowings unsecured | 24,499,929 | 15,033,757 | 3,974,455 | 5,491,717 | – | – | – |
| Bond loans secured | – | – | – | – | – | – | – |
| Bond loans unsecured | – | – | – | – | – | – | – |
| Interest payable | 39,183 | 39,183 | – | – | – | – | – |
| **Total as of December 31, 2024** | **24,539,112** | **15,072,940** | **3,974,455** | **5,491,717** | **–** | **–** | **–** |

| Index name | Remaining debt on borrowed funds | Including by maturity dates | | | | | |
|---|---|---|---|---|---|---|---|
| | | Up to 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | Over 5 years |
| 1 | 2 | 3 | | 4 | 5 | 6 | 7 |
| Loans and borrowings secured | – | – | – | – | – | – | – |
| Loans and borrowings unsecured | 20,159,853 | 4,279,853 | 13,380,000 | 2,500,000 | – | – | – |
| Bond loans secured | – | – | – | – | – | – | – |
| Bond loans unsecured | – | – | – | – | – | – | – |
| Interest payable | 28,987 | 28,987 | – | – | – | – | – |
| **Total as of December 31, 2023** | **20,188,840** | **4,308,840** | **13,380,000** | **2,500,000** | **–** | **–** | **–** |

## 14 Payables

### 14.1 Availability of accounts payable

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Payables, total | 38,635,414 | 34,420,507 | 22,969,106 |
| Other liabilities (long-term payables) | 10,115,633 | 13,746,293 | 4,070,948 |
| *Suppliers and contractors* | *1,205,924* | *1,591,150* | *88,663* |
| *Advances received* | *8,401,107* | *11,903,130* | *2,357,394* |
| *Settlement of lease liabilities* | *508,602* | *252,013* | *1,624,891* |
| Short-term payables | 28,519,781 | 20,674,214 | 18,898,158 |
| Suppliers and contractors | 10,708,906 | 8,536,680 | 9,342,262 |
| Payables to employees | 405,255 | 345,757 | 341,987 |
| Settlements with the national budget on taxes and insurance premiums: | 646,369 | 1,499,965 | 1,168,754 |
| *Property tax debt* | *155,550* | *158,906* | *155,389* |
| *Insurance premiums debt* | *261,295* | *348,985* | *459,368* |
| *Value added tax debt* | *177,812* | *942,069* | *465,644* |
| *Debt on other taxes and fees* | *51,712* | *50,005* | *88,353* |

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Advances received | 13,175,484 | 7,217,311 | 5,331,457 |
| *For technological connection* | *12,871,941* | *7,056,087* | *4,327,315* |
| *For electricity transmission services* | *14,240* | *15,845* | *47,358* |
| *Other advances* | *289,303* | *145,379* | *956,784* |
| Other creditors: | 3,323,535 | 1,539,235 | 1,150,266 |
| *Settlements under cost compensation agreements* | *2,920,915* | *1,206,505* | *828,437* |
| *Settlements under property lease agreements* | *178,436* | *175,709* | *157,112* |
| *Settlements on security payments* | *107,603* | *14,418* | *36,799* |
| *Other creditors:* | *116,581* | *142,602* | *127,918* |
| Debt to participants (founders) for the payment of income | 2,126 | 1,458 | 101,678 |
| Settlement of lease liabilities | 258,106 | 1,533,808 | 1,461,754 |

## 14.2 Overdue accounts payable

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **Total overdue accounts payable, including:** | **4,454,461** | **5,757,881** | **5,684,265** |
| Suppliers and contractors | 3,532,515 | 4,873,359 | 5,034,180 |
| Advances received | 753,711 | 798,790 | 427,795 |
| Other creditors: | 168,235 | 85,732 | 222,290 |

## 15. Estimated liabilities

The Company reflects the estimated liability while complying with the recognition conditions set out in PBU 8/2010 *"Estimated liabilities, Contingent Liabilities and Contingent Assets"*.

thousand rubles

| Index name | Period | Balance at the beginning of the period | Accrued | Used | Recovered | Balance at the end of the period |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **Estimated liabilities, total** | **2024** | **2 323 469** | **1,819,477** | **(2,132,630)** | **(272,968)** | **1,737,348** |
| | **2023** | **2 358 399** | **1 711 509** | **(1,293,056)** | **(453,383)** | **2 323 469** |
| **including:** | | | | | | |
| Estimated liabilities of court cases not completed at the reporting date in which the Company acts as a plaintiff or defendant and decisions on which can be made only in subsequent reporting periods, leading to an outflow of economic benefits of the Company | 2024 | 320,236 | 166,269 | (51,961) | (43,721) | 390,823 |
| | 2023 | 319,620 | 202,010 | (83,843) | (117,551) | 320,236 |
| Estimated liabilities for vacation payment | 2024 | 406,374 | 800,963 | (744,434) | – | 462,903 |
| | 2023 | 370,778 | 686,807 | (651,211) | – | 406,374 |
| Estimated liability on payment of benefits (bonuses) to employees based on the results of work for the year; | 2024 | 586,653 | 417,719 | (539,382) | – | 464,990 |
| | 2023 | 551,772 | 306,979 | (271,758) | (340) | 586,653 |
| Estimated liability on excess profit tax | 2024 | 200,065 | – | (198,865) | (1,200) | – |
| | 2023 | – | 200,065 | – | – | 200,065 |
| Other estimated liabilities | 2024 | 810,141 | 434,526 | (597,988) | (228,047) | 418,632 |
| | 2023 | 1,116,229 | 315,648 | (286,244) | (335,492) | 810,141 |

## 16. Contingent liabilities

### Contingent tax liabilities

The Company is a defendant in a number of legal proceedings. However, in the opinion of the Company's Management, the results of these legal proceedings will not have a significant impact on the financial position of the Company.

The tax legislation of the Russian Federation, in force or effective at the end of the reporting period, allows for the possibility of different interpretations of certain facts of the Company's economic life. In this regard, the Management's position on taxes and the documents justifying this position may be contested by the tax authorities.

Tax control in the Russian Federation is being tightened, which increases the risk of tax authorities checking the impact on the tax base of operations that do not have a clear financial and economic purpose or operations with counterparties that do not comply with the requirements of tax legislation. Tax audits may cover three calendar years preceding the year in which the decision to conduct the audit was made. Under certain circumstances, earlier periods may also be checked.

The Management currently believes that its position on taxes and the interpretations of legislation applied by the Company can be confirmed, however, there is a risk that the Company will incur additional costs if the Management's position on taxes and the interpretations of legislation applied by the Company are contested by the tax authorities. The impact of such a development of events cannot be assessed with a sufficient degree of reliability, however, it may be significant from the point of view of the financial position and results of the Company's activities.

### Legal proceedings

The Company is a participant in a number of legal proceedings (both as plaintiff and defendant) arising in the ordinary course of business.

According to management's assessment, the probability of an unfavorable outcome for the Company and the corresponding outflow of financial resources is low in relation to lawsuits in the amount of 1,230,971 thousand rubles as of December 31, 2024.

In the opinion of the Management, there are currently no other unresolved claims or lawsuits that could have a significant impact on the results of operations or the financial position of the Company and would not be recognized or disclosed in the accounting (financial) statements.

# 17. Taxes

## 17.1 Corporate profit tax

thousand rubles

| Index name | 2024 | | 2023 | |
|---|---|---|---|---|
| | Difference | Tax effect | Difference | Tax effect |
| 1 | 2 | 3 | 4 | 5 |
| Provisional expense for income tax | 3,052,057 | | 1,709,483 | |
| **Permanent tax expenses (PTE)** | | | | |
| For expenses not taken into account for tax purposes (expenses exceeding the established limits for classification as accepted for tax purposes, etc.) | – | – | – | – |
| For other grounds | 3,515,771 | 703,154 | 2,649,725 | 529,945 |
| including: | | | | |
| Expenses for previous years | 1,148,014 | 229,603 | 119,651 | 23,930 |
| Financial assistance and compensation | 409,058 | 81,811 | 366,933 | 73,387 |
| Remuneration, bonuses, contributions to mandatory social insurance | 276,429 | 55,286 | 348,394 | 69,679 |
| Other | 1,682,270 | 336,454 | 1,814,747 | 362,949 |
| **Total PTE** | **3,515,771** | **703,154** | **2,649,725** | **529,945** |
| **Permanent tax income (PTI)** | | | | |
| For income not accounted for for tax purposes | – | – | – | – |
| For other grounds | (462,494) | (92,499) | (75,182) | (15,036) |
| including: | | | | |
| For income of previous periods | (454,582) | (90,917) | (42,305) | (8,461) |
| For income from participation in other organizations (dividends) | (7 556) | (1,511) | (3,943) | (789) |
| For court costs and administrative fines | – | – | (28,857) | (5,771) |
| Other | (356) | (71) | (77) | (15) |
| **Total PTI** | **(462,494)** | **(92,499)** | **(75,182)** | **(15,036)** |
| **Deferred tax assets (DTA)** | | | | |
| **DTA accrual** | **2,522,341** | **504,468** | **2,049,715** | **409,943** |
| On property, plant and equipment, including differences in the amounts of depreciation of property, plant and equipment in accounting and tax accounting | 230,591 | 46,118 | 236,779 | 47,356 |
| On estimated liabilities | 299,574 | 59,915 | 412,061 | 82,412 |
| On provisions for doubtful debts | 402,020 | 80,404 | 724,279 | 144,856 |
| For other grounds | 1,590,156 | 318,031 | 676,596 | 135,319 |
| including: | | | | |
| On lease liabilities | 789,964 | 157,993 | 213,705 | 42,741 |
| Other | 800,192 | 160,038 | 462,891 | 92,578 |
| **Payment of DTA** | **(3,274,730)** | **(654,946)** | **(3,118,069)** | **(623,614)** |
| Differences in depreciation amounts of property, plant and equipment in accounting and tax accounting | (115,260) | (23,052) | (97,379) | (19,476) |
| On estimated liabilities | (617,285) | (123,457) | (446,991) | (89,398) |
| On provisions for doubtful debts | (652,385) | (130,477) | (479,055) | (95,811) |
| For other grounds | (1,889,800) | (377,960) | (2,094,644) | (418,929) |
| including: | | | | |
| On lease liabilities | (1,638,650) | (327,730) | (1,620,870) | (324,174) |
| Other | (251,150) | (50,230) | (473,774) | (94,755) |
| **Total DTA change for the purposes of calculating profit tax** | **(752,389)** | **(150,478)** | **(1,068,354)** | **(213,671)** |
| **Deferred tax liabilities (DTL)** | | | | |
| **DTL accrual** | **(5,857,672)** | **(1,171,534)** | **(5,240,912)** | **(1,048,182)** |
| On property, plant and equipment, including differences in the amounts of depreciation of property, plant and equipment in accounting and tax accounting | (5,418,186) | (1,083,637) | (5,052,099) | (1,010,420) |
| On the expenditure of paying interest on loans used for the acquisition (construction) of property, plant and equipment | (96,326) | (19,265) | (2,980) | (596) |
| For other grounds | (343,160) | (68,632) | (185,833) | (37,166) |
| including: | | | | |
| Interest on lease liabilities | (274,565) | (54,913) | (112,841) | (22,568) |
| Other | (68,595) | (13,719) | (72,992) | (14,598) |
| **Repayment of DTL** | **2,447,460** | **489,492** | **2,771,473** | **554,294** |
| On property, plant and equipment, including differences in the amounts of depreciation of property, plant and equipment in accounting and tax accounting | 2,234,490 | 446,898 | 2,145,454 | 429,091 |
| On the expenditure of paying interest on loans used for the acquisition (construction) of property, plant and equipment | 20,830 | 4,166 | 3,777 | 755 |
| For other grounds | 192,140 | 38,428 | 622,242 | 124,448 |
| including: | | | | |
| Interest on lease liabilities | 105,627 | 21,125 | 308,705 | 61,741 |
| Other | 86,513 | 17,303 | 313,537 | 62,707 |





| Index name | 2024 | | 2023 | |
|---|---|---|---|---|
| | Difference | Tax effect | Difference | Tax effect |
| 1 | 2 | 3 | 4 | 5 |
| **Total DTL change for the purposes of calculating profit tax** | **(3,410,212)** | **(682,042)** | **(2,469,439)** | **(493,888)** |
| Taxable profit | 14,150,960 | | 7,584,167 | |
| Use of tax losses from previous years | – | | – | |
| Taxable profit after using tax losses of previous years | 14,150,960 | | 7,584,167 | |
| **Current profit tax** | **(2,830,192)** | | **(1,516,833)** | |

## 17.2 Applicable profit tax rates

On July 12, 2024, Federal Law No. 176-FZ *"On Amendments to Parts One and Two of the Tax Code of the Russian Federation, Certain Legislative Acts of the Russian Federation and Recognition of Certain Provisions of Legislative Acts of the Russian Federation as Invalid"* was adopted, providing for an increase in the income tax rate from 20% to 25% from January 1, 2025.

In connection with the adoption of the said law, the following is reflected in these accounting (financial) statements:

- an increase in deferred tax assets by 420,352 thousand rubles and an increase in deferred tax liabilities by 1,241,456 thousand rubles;
- recognition of an additional deferred tax expense related to the recalculation of deferred tax assets and liabilities at new rates that will be effective in the periods of reimbursement of such assets and liabilities after January 1, 2025, in the amount of 821,104 thousand rubles (line 2412 "Deferred income tax" of the Statement of Financial Results).

This change in law does not affect current income tax rates for 2024.

The income tax rates applicable to the Company were 20% in 2024 and 20% in 2023.

## 17.3 Deferred tax change

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| **Deferred tax assets** | | |
| **At the beginning of the reporting year (line 1180 of the balance sheet)** | **2,036,507** | **2,200,526** |
| Accrued in the reporting year on operations, the result of which is included in the net profit (loss) of the period (line 2412 of the Statement of Financial Results) | 504,468 | 409,943 |
| Accrued in the reporting year on operations the result of which is not included in the net profit (loss) of the period (line 2530 of the Statement of Financial Results) | – | – |
| Repaid in the reporting year (line 2412 of the Statement of Financial Results) | (654,946) | (623,614) |
| Written off in the reporting year (including due to a decrease in the likelihood of the Company receiving taxable profit in subsequent reporting periods) | (102,939) | (33,108) |
| A deferred tax asset previously written off due to the absence of a recoverable profit and loss account has been recovered (line 2412 of the Statement of Financial Results) | – | – |
| The amount of accrued deferred tax assets as a result of an increase in the income tax rate from the next reporting year (line 2412 of the Statement of Financial Results) | 420,352 | – |
| **At the end of the reporting year** (line 1180 of the balance sheet) | **2,203,442** | **1,953,747** |
| **Deferred tax liabilities** | | |
| **At the beginning of the reporting year (line 1420 of the balance sheet)** | **4,286,903** | **3,746,979** |
| Accrued in the reporting year on operations, the result of which is included in the net profit (loss) of the period (line 2412 of the Statement of Financial Results) | 1,171,534 | 1,048,182 |
| Accrued in the reporting year on operations the result of which is not included in the net profit (loss) of the period (line 2530 of the Statement of Financial Results) | – | – |
| Repaid in the reporting year (line 2412 of the Statement of Financial Results) | (489,492) | (554,294) |
| Written off in the reporting year | (3,122) | (28,310) |
| The amount of accrued deferred tax liabilities as a result of an increase in the income tax rate from the next reporting year (line 2412 of the Statement of Financial Results) | 1,241,456 | – |
| **At the end of the reporting year (line 1420 of the balance sheet)** | **6,207,279** | **4,212,557** |

## 17.4 Other Taxes and Levies

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| **Other Taxes and Levies** | **1,759,796** | **1,672,021** |
| property tax | 635,554 | 588,463 |
| personal income tax | 1,109,887 | 971,494 |
| other | 14,355 | 112,064 |





# 18. Information about income and expenses

## 18.1 Revenue

The Company's revenue is generated in connection with the sale of goods, finished products, works, and services by type:

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| **Revenue (net) from the sale of goods, products, works, services (less value added tax)** | **88,071,553** | **74,557,482** |
| electricity transmission services | 80,126,368 | 71 207 120 |
| technological connection services | 6,661,902 | 2,437,913 |
| rental income | 630,663 | 199,485 |
| other activities | 652,620 | 712,964 |

## 18.2 Expenses for ordinary activities

The Company's prime cost of sales is generated in connection with the sale of goods, finished products, works, and services by type:

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| **Prime cost of goods, products, works, and services sold** | **69,794,038** | **62,056,731** |
| electricity transmission services | 67,602,677 | 60,497,075 |
| technological connection services | 988,581 | 720,031 |
| rental income | 588,710 | 169,545 |
| other activities | 614,070 | 670,080 |
| **Management expenses** | **69,843** | **60,788** |

**Distribution of the Company's expenses by cost elements recognized in the Statement of Financial Results**

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| Material costs | 16,023,259 | 13,561,307 |
| Labor costs | 7,432,802 | 6,570,925 |
| Compulsory insurance premiums, insurance against accidents and fire protection | 2,197,020 | 1,954,721 |
| Depreciation | 5,815,252 | 5,259,304 |
| Depreciation of the right-of-use asset | 1,453,763 | 1,421,324 |
| Other costs | 36,871,942 | 33,289,150 |
| **Total by elements** | **69,794,038** | **62,056,731** |
| Change in balances (increase [–], decrease [+]): work in progress, finished products, etc. | – | – |
| **Total expenses for ordinary activities** | **69,794,038** | **62,056,731** |

### 18.3 Interest receivable

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| Interest on bank deposits | 677,293 | 247,751 |
| Interest on borrowings granted | – | – |
| Other interest receivable | 1,896,367 | 191,162 |
| **Total for line "Interest receivable" of the Statement of Financial Results** | **2,573,660** | **438,913** |

### 18.4 Interest payable

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| Interest on loans received | 3,814,332 | 1 952 755 |
| Interest on borrowings received | 184,465 | 140,664 |
| Interest on lease liabilities | 159,559 | 248,026 |
| Other interest | 62 | 4,555 |
| **Total for line "Interest payable" of the Statement of Financial Results** | **4,158,418** | **2 346 000** |

### 18.5 Other income and expenses

thousand rubles

| Index name | 2024 | | 2023 | |
|---|---|---|---|---|
| | Income | Expenses | Income | Expenses |
| 1 | 2 | 3 | 4 | 5 |
| Other income/expenses from the sale of property, plants and equipment, except apartments | – | – | 3,406 | – |
| Other income/expenses from the sale of inventories | 92,987 | (87,150) | 35,757 | (31,364) |
| Other income/expenses from full or partial termination of the lease agreement/modification of the lease agreement | 4,761 | (197) | 4,769 | – |
| Profit/loss for 2023, identified in the reporting period | 217,588 | (562,655) | – | – |
| Profit/loss for 2022, identified in the reporting period | 190,203 | (314,164) | 163,927 | (206,584) |
| Profit/loss for 2021, identified in the reporting period | 27,418 | (45,524) | 44,786 | (80,425) |
| Profit/loss till January 1, 2021, revealed in the reporting period | 19,372 | (225,671) | 99,974 | (283,620) |
| Penalties, fines and forfeits recognized or those, for which decisions of the court (arbitration court) on their recovery have been received | 294,667 | (70,350) | 349,332 | (133,956) |
| Recording of surpluses, write-off of shortages and losses identified as a result of inventory | 2,149 | – | 2,332 | – |
| Provision for doubtful debts | 314,996 | (475,621) | 813,999 | (1,059,221) |
| Provision for impairment of inventories value | 61,756 | (13,361) | 17,147 | (2,314) |
| Estimated liabilities | 272,968 | (172,636) | 453,383 | (216,474) |
| Impairment (recovery of impairment) of property, plant and equipment and right-of-use assets | – | – | – | – |
| Income from detected non-contractual electricity consumption | 103,898 | – | 92,572 | – |
| Income from gratuitously received fixed assets, which is determined in the prescribed manner | 44,007 | – | 26,082 | – |
| Provision for impairment of financial investments | – | – | 2 | (1) |
| Insurance claims receivable | 647,932 | – | 228,978 | – |
| Other operations | 950,779 | (2,648,338) | 623,949 | (2,935,838) |
| Total other income/expenses | 3 245,481 | (4,615,667) | 2 960 395 | (4,949,797) |



## 19. Related Parties

In the course of its normal activities, the Company carries out operations with enterprises that are related parties in accordance with Russian legislation. Transactions with related parties are carried out at regulated rates or on normal commercial terms. The main form of settlements with related parties is cash.

For the purposes of disclosure, the Company's related parties are its subsidiaries, the parent company Rosseti PJSC, subsidiaries of Rosseti PJSC, key management personnel, as well as non-state pension funds acting in the interests of the Company's employees.

Information on remuneration paid to key management personnel is presented in Section 19.5 "Remuneration of Key Management Personnel".

Information on transactions with non-state pension funds acting in the interests of the Company’s employees is presented in Section 19.6 "Relationships with a Non-State Pension Fund".

Operation amounts and settlement balances with related parties are disclosed separately for the following groups of related parties: parent company, subsidiaries, and other related companies.

### 19.1 The Company's revenue from sales of finished products and services to related parties

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| **Electricity transmission services:** | **3,074** | **2,408** |
| including the parent company | – | – |
| including subsidiaries | 3,074 | 2,408 |
| including other related companies | – | – |
| **Total for electricity transmission services** | **3,074** | **2,408** |
| **Technological connection services:** | – | – |
| including the parent company | – | – |
| including subsidiaries | – | – |
| including other related companies | – | – |
| **Total for technological connection services** | **–** | **–** |
| **Revenue from the sale of electricity** | **–** | **–** |
| including the parent company | – | – |
| including subsidiaries | – | – |
| including other related companies | – | – |
| **Total for revenue from the sale of electricity** | **–** | **–** |
| **Other types of revenue:** | **269,027** | **126,004** |
| including the parent company | 258,359 | 101,823 |
| including subsidiaries | 5,405 | 18,713 |
| including other related companies | 5,263 | 5,468 |
| **Total for other revenue types** | **269,027** | **126,004** |
| **TOTAL revenue from sales to related parties** | **272,101** | **128,412** |

## 19.2 The cost of purchased goods, products, works, and services provided by related parties amounted to

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| **Works and services of production nature, incl.:** | | |
| from the parent company | 11,569,238 | 10,148,102 |
| from subsidiaries | 469,204 | 199,601 |
| from other related companies | 21,936 | 3,557 |
| **Total works and services of production nature** | **12,060,378** | **10,351,260** |
| **Communication services, including:** | | |
| from the parent company | – | – |
| from subsidiaries | – | – |
| from other related companies | 41,959 | 38,008 |
| **Total for communication services** | **41,959** | **38,008** |
| **Information services and software, including:** | | |
| from the parent company | 14,884 | 11,026 |
| from subsidiaries | – | – |
| from other related companies | 225,014 | 79,710 |
| **Total information services and software, including:** | **239,898** | **90,736** |
| **Consulting services, including:** | | |
| from the parent company | – | – |
| from subsidiaries | – | – |
| from other related companies | – | – |
| **Total consulting services, including:** | **–** | **–** |
| **Property lease, including:** | | |
| from the parent company | 230 | 219 |
| from subsidiaries | 608 | 167 |
| from other related companies | – | – |
| **Total property lease** | **838** | **386** |
| **Other services, including:** | | |
| from the parent company | 36,377 | 36,101 |
| from subsidiaries | 34,596 | 46,709 |
| from other related companies | 25 | 8,457 |
| **Total other services** | **70,998** | **91,267** |
| **Total prime cost of purchases from related parties** | **12,414,071** | **10,571,657** |

## 19.3 Status of settlements with related parties

### Accounts receivable and debt investments of related parties

thousand rubles

| Index name | December 31, 2024 | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|---|
| | Debt | Reserve | Debt | Reserve | Debt | Reserve |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **Receivables from buyers and customers, including:** | **309,878** | – | **11,506** | **10,762** | **33,556** | **32,403** |
| to parent company | 308,562 | – | 4 | – | – | – |
| subsidiaries | 1,316 | – | 740 | – | 392 | – |
| other related parties | – | – | 10,762 | 10,762 | 33,164 | 32,403 |
| **Advances paid, including:** | **422,545** | **–** | **213,422** | **–** | **127,448** | **–** |
| parent company | 10,489 | – | 10,489 | – | – | – |
| subsidiaries | 408,371 | – | 190,397 | – | 127,448 | – |
| other related parties | 3,685 | – | 12,536 | – | – | – |
| **Long-term loans issued, including:** | **–** | **–** | **–** | **–** | **–** | **–** |
| to parent company | – | – | – | – | – | – |
| to subsidiaries | – | – | – | – | – | – |
| to other related parties | – | – | – | – | – | – |
| **Short-term loans issued, including:** | **–** | **–** | **–** | **–** | **–** | **–** |
| to parent company | – | – | – | – | – | – |
| to subsidiaries | – | – | – | – | – | – |
| to other related parties | – | – | – | – | – | – |
| **Total amount of debt investments in related parties** | **–** | **–** | **–** | **–** | **–** | **–** |

### Accounts payable to related parties and loans received from related parties

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **Settlements with suppliers and contractors, including:** | **81,298** | **85,053** | **88,663** |
| with the parent company | – | – | – |
| with subsidiaries | – | – | – |
| with other related parties | 81,298 | 85,053 | 88,663 |
| **Settlements of advances received, including:** | **–** | **–** | **–** |
| with the parent company | – | – | – |
| with subsidiaries | – | – | – |
| with other related parties | – | – | – |
| **Other accounts payable, including:** | **–** | **–** | **–** |
| with the parent company | – | – | – |
| with subsidiaries | – | – | – |
| with other related parties | – | – | – |
| **TOTAL long-term payables to related parties** | **81,298** | **85,053** | **88,663** |
| **Settlements with suppliers and contractors, including:** | **1,398,085** | **1,411,299** | **1,840,046** |
| with the parent company | 1,040,120 | 1,024,885 | – |
| with subsidiaries | 323,712 | 364,885 | 683,027 |
| with other related parties | 34,253 | 21,529 | 1 157 019 |
| **Settlements of advances received, including:** | **5,250** | **36** | **685,922** |
| with the parent company | – | 36 | – |
| with subsidiaries | – | – | 182 |
| with other related parties | 5,250 | – | 685,740 |

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **Other accounts payable, including:** | **182,793** | **180,532** | **60,455** |
| with the parent company | 14,706 | 17,913 | 19,926 |
| with subsidiaries | 6,086 | 4,342 | 20,801 |
| with other related parties | 162,001 | 158,277 | 19,728 |
| **TOTAL short-term payables to related parties** | **1,586,128** | **1,591,867** | **2,586,423** |
| **Long-term loans received, including:** | **–** | **1,868,440** | **1,418,169** |
| from the parent company | – | 1,418,440 | 1,418,169 |
| from subsidiaries | – | – | – |
| from other related parties | – | 450,000 | – |
| **Short-term loans received, including:** | **1,868,982** | **–** | **–** |
| from the parent company | 1,418,982 | – | – |
| from subsidiaries | – | – | – |
| from other related parties | 450,000 | – | – |
| **Total borrowings from related parties** | **1,868,982** | **1,868,440** | **1,418,169** |

## 19.4 Cash flows from operations with related parties

thousand rubles

| Index name | For 2024 | For 2023 |
|---|---|---|
| 1 | 2 | 3 |
| **Cash flows from current operations:** | | |
| **Proceeds from the sale of products, including:** | **16,587** | **44,657** |
| parent company | – | 10,305 |
| subsidiaries | 3,226 | 2,604 |
| other related parties | 13,361 | 31,748 |
| **Proceeds from lease payments, including:** | **4,775** | **1,854** |
| parent company | – | – |
| subsidiaries | 4,775 | 1,321 |
| other related parties | – | 533 |
| **Other proceeds, including:** | **340,337** | **198,514** |
| parent company | – | 99,354 |
| subsidiaries | 268 | 13 |
| other related parties | 340,069 | 99,147 |
| **Payments to suppliers for raw materials, works, services, including:** | **(13,862,645)** | **(11,870,343)** |
| parent company | (11,600,992) | (11,291,807) |
| subsidiaries | (555,987) | (325,587) |
| other related parties | (1,705,666) | (252,949) |
| **Interest payments on debt obligations, including:** | **(183,923)** | **(140,393)** |
| parent company | (98,709) | (98,709) |
| subsidiaries | – | – |
| other related parties | (85,214) | (41,684) |
| **Other payments, transfers, including:** | **(186,711)** | **(403,065)** |
| parent company | – | (238) |
| subsidiaries | (167,140) | (44,679) |
| other related parties | (19,571) | (358,148) |
| **Cash flows from investment operations** | | |
| **Proceeds from sale of non-current assets (except financial investments), including:** | **2,834** | **–** |
| parent company | – | – |
| subsidiaries | – | – |
| other related parties | 2,834 | – |
| **Proceeds from the return of borrowings granted, from the sale of debt securities (rights to claim funds from other persons), including:** | **–** | **–** |
| parent company | – | – |
| subsidiaries | – | – |
| other related parties | – | – |
| **Proceeds dividends, interest on debt financial investments and similar proceeds from participation interest in other organizations, including:** | **–** | **–** |
| parent company | – | – |
| subsidiaries | – | – |
| other related parties | – | – |
| **Payments in connection with the acquisition, creation, modernization, reconstruction and preparation for the use of fixed assets, including:** | **(1,153,107)** | **(1,297,548)** |
| parent company | – | – |





| Index name | For 2024 | For 2023 |
|---|---|---|
| 1 | 2 | 3 |
| subsidiaries | (1,126,556) | (1,095,077) |
| other related parties | (26,551) | (202,471) |
| **Payments in connection with the acquisition of debt securities (the rights to claim funds from other persons), the provision of borrowings to other persons, including:** | **–** | **–** |
| parent company | – | – |
| subsidiaries | – | – |
| other related parties | – | – |
| **Cash flows from financial operations:** | | |
| **Receipts of borrowed funds, including:** | **–** | **450,000** |
| parent company | – | – |
| subsidiaries | – | – |
| other related parties | – | 450,000 |
| **Repayment of borrowed funds, including:** | – | **3,566,562** |
| parent company | – | 3,566,562 |
| subsidiaries | – | – |
| other related parties | – | – |
| **For the payment of dividends and other payments for the distribution of profits in favor of the owners (participants), including:** | **(1,939,239)** | **(863,601)** |
| parent company | (1,939,239) | (863,601) |
| subsidiaries | – | – |
| other related parties | – | – |

## 19.5 Remuneration of Key Management Personnel

In 2024, the Company accrued remuneration to key management personnel (members of the Board of Directors, Management Board) in the amount of 20,662 thousand rubles, in addition, insurance premiums in the amount of 6,148 thousand rubles were accrued for these payments (for 2023 - 14,424 thousand rubles, in addition, insurance premiums in the amount of 3,283 thousand rubles were accrued).

### Remuneration of members of the Audit Commission

In 2024, the Company accrued remuneration to members of the Audit Commission in the amount of 795 thousand rubles, in 2023 - 792 thousand rubles.

## 19.6 Relationships with a Non-State Pension Fund

Expenses on the Company's contributions to non-state pension funds are reflected in expenses for ordinary activities. Contributions to the Non-State Pension Fund for voluntary pension insurance of the Company's employees were not made during 2024 and 2023.

There are no balances on settlements with the Non-State Pension Fund as of December 31, 2024 and December 31, 2023.

## 20. Securities for obligations and payments

Securities for obligations and payments issued (received) by the Company is recorded on off-balance sheet accounts on the date of their issuance (receipt) in accordance with the terms of the agreement.

**Availability and movement of securities for obligations and payments**

thousand rubles

| Index name | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **Received, total** | **3,892,199** | **2,629,601** | **1,781,328** |
| Bank guarantees | 3,784,301 | 2,629,601 | 1,781,328 |
| Surety agreements | – | – | – |
| Property pledge agreement | – | – | – |
| Other | 107,898 | – | – |
| **Issued under own obligations, total** | **750,165** | **–** | **–** |
| Bank guarantees | 750,165 | – | – |

## 21. Information on budget funds received

thousand rubles

| Index name | 2024 | 2023 |
|---|---|---|
| 1 | 2 | 3 |
| **Budget funds received - total** | **8,414** | **5,188** |
| Including: | | |
| for financing capital expenditures | – | – |
| for financing current expenses | 8,414 | 5,188 |

## 22. Segment Information

The Company's internal management reporting system is built according to segments (industries formed on a territorial basis) associated with the transmission and distribution of electrical energy, as well as technological connection to electrical networks on the territory of the constituent entities of the Russian Federation.

In accordance with the requirements of PBU 12/2010 *"Segment Information"*, the Company has defined the following composition of reporting segments:

1) electricity transmission;
2) technological connection to electrical networks.



For the years ended December 31, 2024 and December 31, 2023, the Company had 2 (two) counterparties, each of which accounted for over 10% of the Company's total revenue. The revenue received from these counterparties is reflected in the statements of the operating segment 1.

The total amount of revenue received from Counterparty 1 for 2024 amounted to 24,955,676 thousand rubles, or 28.34% of the Company's total revenue (in 2023 - 22,014,240 thousand rubles, or 29.53%).

The total amount of revenue received from Counterparty 2 for 2024 amounted to 37,012,101 thousand rubles, or 42.03% of the Company's total revenue (in 2023 - 33,223,931 thousand rubles, or 44.56%).

thousand rubles

| Index name | Period | Electric power transmission | Grid connection | Other | Total |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 8 | 9 |
| Revenue from external consumers | 2024 | 80,126,368 | 6,661,902 | 1,283,283 | **88,071,553** |
| | 2023 | 71,207,120 | 2,437,913 | 912,449 | **74,557,482** |
| Sales proceeds between segments | 2024 | – | – | – | – |
| | 2023 | – | – | – | – |
| **Total segment revenue** | **2024** | **80,126,368** | **6,661,902** | **1,283,283** | **88,071,553** |
| | **2023** | **71,207,120** | **2,437,913** | **912,449** | **74,557,482** |
| including | | | | | |
| - transmission revenue | 2024 | 80,126,368 | – | – | 80,126,368 |
| | 2023 | 71,207,120 | – | – | 71,207,120 |
| - revenue from technological connection | 2024 | – | 6,661,902 | – | 6,661,902 |
| | 2023 | – | 2,437,913 | – | 2,437,913 |
| - revenue from the sale of electricity | 2024 | – | – | – | – |
| | 2023 | – | – | – | – |
| - other revenue | 2024 | – | – | 1,283,283 | 1,283,283 |
| | 2023 | – | – | 912,449 | 912,449 |
| Interest receivable | 2024 | – | – | 2,573,660 | 2,573,660 |
| | 2023 | – | – | 438,913 | 438,913 |
| Interest payable | 2024 | 4,158,418 | 1,457,878 | 496,719 | 4,158,418 |
| | 2023 | 2,346,000 | – | – | 2,346,000 |
| Profit tax expense | 2024 | 2,870,853 | 1,015,141 | 496,719 | 4,382,713 |
| | 2023 | 2,110,143 | 245,473 | 25,281 | 2,380,897 |
| **Segment profit/(loss)** | **2024** | **3,823,783** | **4,690,639** | **2,363,149** | **10,877,571** |
| | **2023** | **4,344,057** | **1,457,878** | **364,585** | **6,166,520** |
| **Assets of segments** | **2024** | **107,717,046** | **23,841,248** | **3,950,028** | **135,508,322** |
| | **2023** | **102,172,509** | **12,807,894** | **1,440,747** | **116,421,150** |
| including non-current assets | 2024 | 93,644,580 | 8,665,614 | 1,491,163 | 103,801,357 |
| | 2023 | 85,252,915 | 3,445,066 | 1,066,957 | 89,764,938 |
| **Segment liabilities** | **2024** | **103,586,179** | **27,522,117** | **4,400,026** | **135,508,322** |
| | **2023** | **92,153,701** | **22,165,405** | **2,102,044** | **116,421,150** |
| **Depreciation** | **2024** | **5,324,673** | **442,454** | **85,448** | **5,852,575** |
| | **2023** | **5,070,087** | **175,197** | **63,708** | **5,308,992** |
| Amount of impairment losses recognized (recovered) in the reporting period | 2024 | – | – | – | – |
| | 2023 | – | – | – | – |





## 23. Business Risk Information

The Company has a risk management and internal control system (hereinafter referred to as the RMICS), the purpose of which is to ensure the implementation and maintenance of an effective RMICS that complies with generally accepted practices and standards of activity in the field of risk management and internal control, the requirements of regulatory and supervisory authorities, facilitating the achievement of the operational goals of the financial and economic activities of the Company, as well as ensuring reasonable confidence in the achievement of the goals set by the Company and the development strategy of the Rosseti group of companies, including in terms of ensuring reliable, high-quality and affordable energy supply to consumers.

The risk management process of the Company is carried out by the Board of Directors, the authorized committee of the Board of Directors, the Audit Commission of the Company, the executive bodies of the Company, the managers and employees of all levels of the Company's management, the internal control and risk management directorate, the internal audit directorate and includes the identification and analysis of risks, risk assessment, risk response, as well as the implementation of control procedures that provide a reasonable guarantee of achieving the goals of the Company.

In order to ensure the functioning of the RMICS in the Company, the Board of Directors approved the Risk Management and Internal Control Policy, hereinafter referred to as the "Risk Management and Internal Control Policy" (minutes No. 521/2023 dated June 16, 2023). Risk Management and Internal Control Policy is an internal document of the Company that defines its attitude to risks, establishes the general principles of the functioning of the RMICS, its goals and objectives, general approaches to the organization and functioning of the RMICS, forms of assessing the effectiveness of the RMICS, the distribution of responsibility and authority between the participants of the RMICS and the nature of their interaction.

The main principles of the RMICS are:

1. risk management and internal control is a continuous, constantly functioning process carried out at all levels of the Company's management. Systematic, regular, consistent management of all types of risks is carried out in all key areas of activity;
2. the functioning of the RMICS contributes to the achievement of the goals set in the strategic and operational planning documents;
3. the RMICS is an integral part of the strategic planning and decision-making system in the Company at all levels of management;
4. the Company applies uniform approaches to the organization of the RMICS, which are in effect in the Rosseti group of companies;
5. the activities implemented within the framework of the RMICS are aimed at ensuring a sufficiently high, but not absolute guarantee of achieving the Company's goals;
6. the RMICS functions and develops taking into account changes in external and internal environmental factors;
7. the RMICS is based on the principle of efficiency (effectiveness and economy) in the implementation of risk management processes and control procedures;
8. reasonable and sufficient documentation and formalization of the main processes of risk management and internal control to ensure the effective functioning of the RMICS;

9. risk management and internal control in the Company is a dynamic and responsive process;
10. the RMICS operates on the basis of the best available information;
11. the RMICS development priorities and resource allocation within the RMICS are determined taking into account the materiality of the risks;
12. the RMICS participants are responsible for identifying, assessing, analyzing and continuously monitoring risks within their activities, developing and implementing the necessary risk management measures and tools, applying them within their competence, continuously monitoring the effectiveness of risk management measures and tools;
13. the powers and responsibilities of the RMICS participants are distributed in such a way as to minimize the risks of errors, corruption risks and other offenses;
14. risk management processes and control procedures affecting several areas of activity (business processes) or the activities of several structural divisions are based on collective decisions made jointly on the basis of information available to various structural divisions, taking into account the opinions of all stakeholders;
15. the Company ensures continuous improvement and development of the RMICS, taking into account the need to solve new problems and changes in the internal and external conditions of the Company's functioning.

The Company collects and analyzes quarterly information characterizing external and internal factors that can negatively affect the achievement of the Company's goals. To minimize the consequences of risk realization, the Company developed and executed measures aimed at preventing the occurrence of negative consequences; at the same time, there are political and economic factors affecting the activities of Rosseti Kuban PJSC, in respect of which the Company cannot guarantee that measures aimed at overcoming possible negative situations can lead to correction of the situation, since these risk factors are beyond the control of the Company.

**Industry risks**

*Risk of increased costs for power transmission services of other grid organizations*

In conditions of limited tariff growth, the regional regulator accepted significant revenue growth for individual network organizations by reducing revenue (or by maintaining the same level) from Rosseti Kuban PJSC in favor of an increase in other network organizations.



The subjective approach of the regional regulator to the distribution of the network component among network organizations in the region of presence, the non-revision of tariff decisions for individual network organizations during several periods of regulation, the inclusion of the investment component for individual network organizations, or as a result of compliance with the FAS of Russia and court decisions can lead to the realization of risk. The risk is assessed by the Company as "moderate" with an average level of consequences from implementation. In order to minimize this risk and mitigate the consequences of its implementation, the Company provides to the Department of State Regulation of Tariffs of the Krasnodar Territory - the executive authority of the Krasnodar Territory in the field of state regulation of tariffs - substantiating materials confirming the level of economically justified expenses, and also defends positions on the need for advanced growth of expenses of the Company as a systemically forming company, "boiler holder" of the Krasnodar Territory and the Republic of Adygea. There are no territorial network organizations in the region that could influence the realization of this risk.

*Risk of an increase in the price of electricity purchased to compensate for losses*

Free pricing in the wholesale market of electric energy (power), where the purchase of electric energy (power) is carried out in order to compensate for the technological consumption (loss) of electric energy during the transmission of electricity through networks is a factor for the realization of this risk. If the risk is realized, there may be a change in the value of net profit, the total volume of uncontrolled expenses, the debt burden. The risk is assessed by the Company as "moderate" with an average level of consequences from implementation. In order to minimize this risk and mitigate the consequences of its implementation, the shortfall in income on exceeding the weighted average non-regulated price of wholesale market for electricity and power in fact in relation to the decision adopted in the tariff and balance sheet decision is stated to the regulator in order to compensate in the future regulation period.

**Country and regional risks**

*Risks associated with adverse weather conditions leading to technological disturbances*

The actual value for achieving the reliability indicator of electricity transmission services in indicative terms did not exceed the planned values. Risk is assessed as "moderate" with an average level of impact from implementation. To identify the causes of major technological disturbances (accidents), accident investigations are organized in accordance with the requirements of the Decree of the Government of the Russian Federation dated 28.10.2009 No. 846 *"On Approval of the Rules for Investigating the Causes of Accidents in the Electric Power Industry"* (as amended). Based on the results of investigations, emergency response measures are being developed in order to minimize the consequences of the realization of the risk and prevent the occurrence of similar cases henceforth and cover the above factors.

Drastic changes of regional scale (environmental, political, demographic, social) are unlikely, but their emergence will certainly affect the activities of the Company. Given the sufficient level of development of the transport infrastructure of the region, the risks of termination of transport communication due to inaccessibility and remoteness are minimal.

The Company estimates that the situation in the region will have a favorable impact on its activities, and there is no reason to expect that the current changes in the situation in the region will entail non-fulfillment of the Company's obligations.

**Financial Risks**

*Risk of increased inflation*

The current inflation rate may affect the financial position of the Company. According to Rosstat, annual inflation in the Russian Federation for 2024 corresponds to the level of 9.52%, which turned out to be higher than the official forecast indicators and 2.04% higher than in 2023 (7.48%). The Central Bank published inflation expectations until the end of 2025 at the level of 7-8%, and the average annual value is up to 10%.

In order to minimize financial risks, risks associated with inflationary processes and affecting financial results, the Company implements a set of measures to effectively manage material resources, increase labor productivity, implement the Company's procurement policy in repair and other operational activities, and optimize costs through the rational use of material and labor resources. Measures are also taken to analyze financial risks, plan and evaluate the actual profitability of the work, determine profitability indicators indicating the level of profitability of the Company, normative values of financial coefficients characterizing solvency and liquidity, which makes it possible to quickly identify shortcomings in the work and take measures to eliminate them. In addition, according to the Decree of the Government of the Russian Federation of December 29, 2011 No. 1178 *"On pricing in the field of regulated prices (tariffs) in the electric power industry"*, when regulating electricity tariffs, the inflation rate (consumer price index) determined in the forecast of the socio-economic development of the Russian Federation is taken into account. Thus, the Company estimates this risk as "significant".

*Risk of increasing interest rates on credits and loans*

The Company attracts short-term and long-term borrowing from the Russian financial market. The increase in inflation in the Russian Federation is one of the factors for the overall increase in interest rates. A significant increase in interest rates on credits and loans may lead to an increase in the cost of servicing the Company's debt. Currently, the risk of rising interest rates on loans is estimated as "significant". In order to manage this risk, the Company optimizes the structure of the debt portfolio, reduces the cost of servicing it. In addition, the Company seeks to use credits and loans with a fixed interest rate. Proposed actions of the Company in case of negative impact of changes in interest rates on its activities: attracting loans for longer periods in order to prevent negative impact of short-term fluctuations in interest rates, diversification of sources of financing, negotiation with creditor banks, sending letters on the possibility of reducing interest rates on loans.



**Legal Risks**

*Risk of issuing legal acts (dispute resolution) on collection of debts for power transmission services not in favor of the Company.*

The absence of documents confirming actual performance by the Company of obligations, services and incurred costs, including insufficient or poor quality of substantiating materials, inconsistency of actions of structural divisions may lead to negative financial consequences for the Company when performing court acts (dispute resolution) on collection of debts for power transmission services not in favor of the Company, recovery of court costs. Risk is assessed as "significant" with an average level of impact from implementation.

The Company participates in litigation, the results of which may significantly affect the Company's financial and economic activities. The Company constantly monitors the judicial practices, which allows to use this information to achieve positive court decisions in its favor.

*Impossibility of timely land registration (by priority objects)*

The Company's exposure to the risk of late land registration is assessed as "moderate". The risks of late registration of land relations are minimal and do not significantly affect electricity transmission activities, however, timely registration of land relations directly affects the implementation of the investment program, which directly affects the reliability of electricity supply. The Company implements interaction with regional/republican/local authorities, with land rights holders. In addition, the actions of contracting organizations performing work on the land registration are monitored. In case of changes and/or demands, deliberate creation of obstacles to the registration of property rights by the relevant authorities, inconsistency of actions of the Company's employees, the Company will take the necessary measures to complete the relevant documentation.

## Strategic Risks

The Company, being part of a single distribution electric grid complex in Russia, strives to achieve the goals defined at the state level. By order of the Government of Russia dated 03.04.2013 No. 511-r, the Strategy for the Development of the Electric Grid Complex of the Russian Federation was approved. The Company is a subsidiary of Rosseti PJSC, the largest strategic electric grid company in Russia, respectively, the Company participates in the implementation of strategies and programs in the areas of activity (business processes) of Rosseti PJSC. The goal of this Strategy is to ensure reliable, high-quality and affordable energy supply to consumers by organizing the most efficient and world-standard network infrastructure. To ensure the implementation of the tasks and achievement of the goals defined in the Development Strategy of Rosseti PJSC and its subsidiaries and affiliates until 2030, as well as the tasks set for the electric grid complex at the federal level, the Long-Term Development Program of Rosseti PJSC and its subsidiaries and affiliates (Rosseti Group of Companies) until 2030 was approved. These documents define, among other things, the main risks that the Company may face in implementing the strategy. The list of these risks includes:

– reduction of revenue from electric power transmission;
– failure to adopt regulatory initiatives to improve pricing in the industry;
– implementation of large-scale projects for the construction of network infrastructure that do not provide the necessary level of return on invested capital;
– cyber attacks on network infrastructure.

Decisions on the start of implementation of a specific strategy (program) in the Company's activities are made by its Board of Directors.

The probability of realization of the Company's risk of losses as a result of errors (deficiencies) made in the management decisions determining the Company's business and development strategy is assessed as low.

Measures to prevent the occurrence of this risk are:

– elaboration of proposals and scenarios to improve the implementation of a specific strategy and programme;
– analysis of the effectiveness of implementation of the Company's specific strategy, making management decisions based on the analysis results;
– development and implementation of key performance indicators for strategy achievement, their linkage with the Company managers award;
– continuous monitoring by the Company's structural subdivisions of the ratio of the costs of implementing a specific strategy to the benefit received and submission to the Board of Directors of the Company of this information for making management decisions (including determining the quantity and quality of resources).



## Operational Risks

*Risk of reduction of electric power transmission services to consumers connected to regional distribution networks*

The decrease in electricity consumption may be due to external factors such as macroeconomic fluctuations in energy consumption: economic crises and a decline in the production of goods, the construction by consumers of their own generation, weather anomalies, industrial accidents, man-made disasters, a pandemic and the observance of quarantine regime by both individuals and legal entities. Internal risk factors include power outage due to power interruptions. The potential impact of these factors may affect the decrease in the volume of electricity transmission services and, accordingly, changes in the Company's revenue. At the moment, the risk is assessed as "moderate" with an average level of consequences from implementation.

However, in accordance with the forecast for the energy system of the Republic of Adygea and the Krasnodar Territory, developed by Russian Power System Operator JSC as part of the "Scheme and Program for the Development of the Unified Energy System of Russia for 2021-2027", demand for electric energy and capacity will increase. The Company participates in the formation of the Scheme and Program for the Development of the Electric Power Industry of the Krasnodar Territory, on the basis of which the Company's investment program is formed, the purpose of which is to expand the potential market for services and increase the number of connected consumers. The Company monitors and predicts electric consumption by voltage levels, by which the price (tariff) for electric energy transmission services is differentiated, and by categories of consumers, as well as monitoring the physical parameters of the balance of electric energy and power, carrying out work to increase the accuracy and reliability of demand planning for electric energy and power. The current and forecast economic situation in the region and in the whole country is also monitored, preparatory work is underway for the proper functioning of energy equipment in the corresponding seasons of the year, maintenance and repair of energy facilities is carried out.

*Bankruptcy and liquidation of counterparties under contracts for the provision of electricity transmission services*

The economic crisis, weakening of the country's economy, declining living standards, declining payment discipline of electricity consumers, and changes in the legislative framework are the main factors leading to bankruptcy and the inability of counterparties to fulfill their obligations under contracts for the provision of electricity transmission services. This risk is assessed as "significant" with a high level of consequences from its implementation.

Possible consequences of risk implementation include: negative financial consequences for the Company: an increase in losses/bad accounts receivable by the amount of the bankrupt's outstanding debt to the Company, the Company's failure to fulfill its obligations to counterparties due to a decrease in cash flow, an increase in accounts payable and the costs of servicing it.

In order to reduce the consequences of risk realization, the Company takes measures to send timely appeals to the court for the inclusion of the Company's claims in the register of creditors, and the initiators of judicial work prepare documents confirming the actual fulfillment by the Company of obligations, services rendered and expenses incurred.

*The risk of failure by counterparties to fulfill their obligations to pay for electricity transmission services within the timeframes established by the agreement/contract and/or in part*

As a result of the risk of non-fulfillment by counterparties of obligations to pay for services, the Company's accounts receivable index is subject to the greatest influence in the Company's reporting due to the inability of counterparties to pay for services of the Company. The risk is due to the insufficient performance of mechanisms for increasing payment discipline in the market for the provision of electricity transmission services, the consumer's lack of incentive to timely payments for electric energy transmission services. The deterioration of the economic situation in Russia may affect the increase in the costs of transmitting electricity through the Company's electric networks, which, while maintaining the established tariffs, will lead to a reduction in profits. As a result of this, disputed and overdue receivables for power transmission services arise, which leads to a decrease in liquidity and financial stability of the Company. To reduce this risk, the Company carries out work on receivables management aimed at optimizing its size and repayment of debts. The Company assesses the risk as "significant" with an average level of impact from the sale.

*Risk of changing network configuration and operation modes*

The change in the network operation mode, the presence of transit flows with intersystem regions, the presence of emergency modes, the consolidation of electrical network property, as a result, the increase in load losses are the main factors in the realization of this risk. The consequences of realization of this risk may be exceeding the established level of power losses laid down by the Company's business plan for the current year. The Company estimates the risk as "moderate" with a low level of consequences from implementation.

In order to prevent the realization of this risk, the Company monitors and predicts electric consumption by voltage levels, by which the price (tariff) for electric energy transmission services is differentiated, and by categories of consumers, as well as monitoring the physical parameters of the balance of electric energy and power, and conducting work to increase the accuracy and reliability of planning demand for electric energy and power. In addition, data on loss volumes and prices for electric energy used by last resort suppliers in calculating the cost of loss of electric energy are monitored.

*Risk of undue impact on the facilities of the electric grid complex and their information and telecommunication systems (terrorist, sabotage, criminal and other), including using information technologies*

The attractiveness of the facility for terrorist groups (the facility, during the failure of which the restriction of the power supply of large electricity consumers is introduced) and, as a result, the failure of the equipment, the disconnection of electricity consumers for a long time is the main factor for the realization of the risk. The risk is assessed by the Company as "significant" with a high level of consequences from implementation.



The Company works on:
- installation of engineering security equipment, video surveillance systems, access control system, security alarm at electric power facilities;
- reconstruction of engineering and technical means of protection at fuel and energy facilities in accordance with the investment program of the Company;
- organization of physical protection of the Company's most important fuel and energy facilities;
- inclusion of information security requirements in technical specifications for the creation of information infrastructure facilities and telecommunication systems of electrical network facilities;
- implementation of means of information protection at objects of information infrastructure in accordance with technical assignments for their creation;
- monitoring the actions of the Company's employees using information security systems. External information security events are monitored and analyzed, certified information security tools are used.

**Investment risks**

Implementation of the Company's investment program requires attracting significant financial resources, both own and borrowed, on conditions that meet the parameters of the tariff system.

The main investment risks are the risk of increasing the volume of financing of the investment program as a whole and/or by individual titles (in relation to established limits), which are assessed as "significant". The remaining identified investment risks (non-compliance by contractors with the deadlines for design, delivery, construction, commissioning of facilities, late inclusion of innovative projects in the investment program, lack of a contractor, available equipment that meets the necessary requirements for the implementation of innovative projects) are assessed as "moderate".

The sources of risk may be an increase in the cost of materials, equipment and work for objective reasons (financial crisis, inflation, foreign economic changes, natural disasters, etc.), the refusal of contractors to participate in procurement procedures for the implementation of an innovative project.

To minimize the risks of late and low-quality execution of the investment program:
- inclusion in the investment program of only those projects for which there are applicant organizations that meet the necessary requirements for the implementation of innovative projects;
- timely submission of proposals during the formation and adjustment of the investment program;
- control of implementation of investment projects by cost and terms;
- control over the fulfillment of contractual obligations by contractors.

**24. Events after the reporting date**

On January 24, 2025, the reference to the public status was removed from the name, the new name is Rosseti Kuban Joint Stock Company. From this date, the Company has been exempt from disclosure in accordance with Article 30 of Federal Law No. 39-FZ dated April 22, 1996 *"On the Securities Market"*.

Deputy General Director for
Economics and Finance of Rosseti Kuban PJSC _____ K.A. Iordanidi

Chief Accountant of Rosseti Kuban PJSC _____ L.V. Loskutova

Date March 17, 2025.





# APPENDIX NO. 5

Independent Auditor's
Report
on Consolidated Financial Statements
***of Public Joint-Stock Company***
***Rosseti Kuban***
***and its subsidiaries***
for 2024

*March 2025*





# Independent Auditor's Report on Consolidated Financial Statements of Public Joint-Stock Company Rosseti Kuban and its subsidiaries

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# Independent Auditor's Report

To the Shareholders and the Board of Directors
of the Joint Stock Company Rosseti Kuban

***Opinion***

We have audited the Consolidated Financial Statements of Rosseti Kuban Public Joint Stock Company (the "Company") and its subsidiaries (the "Group"), which comprise the Consolidated Statement of Profit or Loss and other comprehensive income for the year ended December 31, 2024, the Consolidated Statement of Financial Position as of December 31, 2024, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity, and Notes to the Consolidated Financial Statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for 2024 in accordance with IFRS.

***Basis for our audit opinion***

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our opinion. We are independent of the Group in accordance with the ethical requirements of the Code of Professional Ethics for Auditors and the Rules on Independence of Auditors and Audit Organisations applicable to our audit of the consolidated financial statements in the Russian Federation and the International Code of Ethics for Professional Accountants (including International Standards on Independence) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is adequate and appropriate to provide a basis for our audit opinion.

***Key audit issues***

Key audit issues are issues that, according to our professional judgment, were the most significant to our audit of the consolidated financial statements for the current period. These issues were considered in the context of our audit of the Consolidated Financial Statements as a whole and in the formation of our opinion on these Statements, and we do not express a separate opinion on these issues. With respect to each of the issues below, our description of how the relevant matter was addressed in our audit is given in this context.





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We have fulfilled the responsibilities described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our opinion, including in relation to these issues. Accordingly, our audit included the implementation of procedures developed in response to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including those conducted during the consideration of the following issues, serve as a basis for our audit opinion on the accompanying Consolidated Financial Statements.

| Key audit issue | How the relevant key issue was addressed in our audit |
|---|---|
| ***Recognition and measurement of revenue from electricity transmission services*** | |
| Recognition and measurement of revenue from transmission services was one of the most significant issues of our audit due to the specific nature of the mechanisms of operation of the electricity market, which leads to disagreements between power grid, energy retail and other companies regarding the volume and cost of electricity transferred. The amount of revenue disputed by counterparties is material to the financial statements of the Group. Management's assessment of the probability of resolving disagreements in its favor is to a great degree subjective. Revenue is recognised when, subject to assumptions, disagreements are resolved in favour of the Group.<br><br>Information on revenues from transmission services is disclosed in clause 6 of the Notes to the Consolidated Financial Statements. | We reviewed the accounting policy applied with respect to the recognition of revenue from electricity transmission services, studied the system of internal control over the recording of this revenue, checked the determination of the corresponding amounts of revenue based on the concluded contracts for the electricity transmission, on a sample basis received confirmations of accounts receivable balances from counterparties, conducted an analysis of the results of litigation settlements in relation to the disputed amounts of services rendered, if any, and assessment of the current procedures for confirming the volumes of electricity transmitted. |
| ***Provision for expected credit losses on trade receivables*** | |
| The issue of creating a provision for expected credit losses on trade receivables was one of greatest importance for our audit due to the material balances of trade receivables as of December 31, 2024, as well as the fact that the management's assessment of the possibility of recovering these receivables is based on assumptions, in particular, on the forecast of the solvency of the Group's customers.<br><br>The provision for expected credit losses on trade receivables is disclosed in clause 20 and 32 of the Notes to the Consolidated Financial Statements. | We studied the Group's accounting policy in relation to trade receivables for provision for expected credit losses on trade receivables and reviewed the assessment procedures made by the Group's management, including analysis of the payment of trade receivables, analysis of dates of maturity and delinquency, and analysis of customer solvency.<br><br>We conducted audit procedures with respect to the information used by the Group to determine the provision for expected credit losses on trade receivables, as well as the structure of receivables by terms of maturity, and tested the calculation of accrued provisions. |

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| Key audit issue | How the relevant key issue was addressed in our audit |
|---|---|
| ***Recognition, measurement and disclosure of provisions and contingent liabilities*** | |
| Recognition, measurement and disclosure of provisions and contingent liabilities in relation to litigation and claims of counterparties (including territorial electrical network and energy retail companies) were among the most significant issues of our audit due to the fact that they require significant judgments of the management in relation to material amounts of balances of payments with counterparties disputed in the framework of litigation or in the process of pre-trial settlement.<br><br>Information on provisions and contingent liabilities is disclosed in clauses 31 and 34 of the Notes to the Consolidated Financial Statements. | Audit procedures, among others, included reviewing decisions made by courts at different levels and reviewing the management's judgements regarding the assessment of the probability of economic outflows as a consequence of the resolution of disputes, examining the compliance of the prepared documentation with the provisions of existing contracts and legislation, and reviewing the disclosures of provisions and contingent liabilities in the Notes to the Consolidated Financial Statements. |
| ***Impairment of capital assets*** | |
| Due to indicators of impairment of capital assets as of December 31, 2024, the Group conducted an impairment test. The value in use of property, plant and equipment representing a significant share of the Group's capital assets as of December 31, 2024 was determined using the method of forecasting cash flow.<br><br>The issue of testing property, plant and equipment for impairment was one of the most material to our audit, as the balance of property, plant and equipment constitutes a significant part of all assets of the Group at the reporting date, and also because the process of management evaluating the value in use is complex, largely subjective and based on assumptions, in particular, on the forecast of the volumes of electricity transmission, transmission tariffs, as well as operating and capital expenditures, which depend on the expected future market and economic conditions in the Russian Federation.<br><br>Information on the analysis of capital assets for impairment was disclosed by the Group in clause 14 of the Notes to the Consolidated Financial Statements. | As part of our audit procedures, we, among other things, analyzed the Group's assumptions and techniques, in particular those relating to projected electricity transmission revenues, tariff solutions, operating and capital costs, terminal growth rate of tariffs and discount rates. We tested on a sample basis the input data included in the model and tested the arithmetic accuracy of the model used to determine the recoverable amount in the impairment test of property, plant and equipment. We engaged internal valuation specialists to review the model used to determine the recoverable amount when testing non-current assets for impairment. We also reviewed the sensitivity of the model to changes in key measurement indicators and the disclosures of the Group about the assumptions on which impairment testing results are most dependent. |

***Important circumstances***

We draw attention to clause 36 "Events after the reporting date" of the Notes to the Consolidated Financial Statements, namely that on January 24, 2025, the Company changed its name from Rosseti Kuban Public Joint Stock Company to Rosseti Kuban Joint Stock Company. We are not changing our opinion on this issue.



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***Other information included in the annual report for 2024***

The other information includes information contained in the annual report for 2024, but does not include the consolidated financial statements and our auditor's report thereon. The management is responsible for other information. The annual report for 2024 is expected to be submitted to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not apply to other information and we will not provide a conclusion with confidence in any form with respect to this information.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to review the above-mentioned other information when it is provided to us, and to consider whether there are material inconsistencies between the other information and the Consolidated Financial Statements or our knowledge gained during the audit, or otherwise contains a material misstatement.

***The responsibility of the management and Audit Committee of the Board of Directors for the Consolidated Financial Statements.***

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with IFRS, as well as for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, for disclosing information related to going concern, as appropriate, and for reporting on a going concern basis, unless the Management intends to liquidate the Group, cease its activities, or management has no realistic alternative to such activities.

The Audit Committee of the Board of Directors is responsible for overseeing the preparation of the Group's Consolidated Financial Statements.

***Auditor's Responsibility for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance that the Consolidated Financial Statements are generally free from material misstatement due to fraud or error and to issue an audit opinion containing our opinion. Reasonable assurance represents a high degree of certainty, but is not a guarantee that an audit conducted in accordance with International Auditing Standards will always reveal a material misstatement if any. Misstatements may be the result of fraud or error and are considered material if it can reasonably be assumed that individually or collectively they could have an impact on users' economic decisions made on the basis of these consolidated financial statements.

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As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and we remain professional skeptics throughout the audit process. Besides, we perform the following:

- identify and assess the risks of material misstatement of the Consolidated Financial Statements due to fraud or errors; design and perform audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk that a fraud-induced material misstatement will not be detected is greater than the risk that an error-based material misstatement will not be detected, as fraud may include collusion, forgery, omission, misrepresentation of information or actions bypassing the system of internal control;
- 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 Group's internal control;
- assess the appropriate nature of the accounting policies used and the reasonableness of the estimates calculated by management and the related disclosures;
- conclude about the lawfulness of the management in applying the going concern assumption and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that may cast significant doubt on the Group'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 Consolidated 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 Audit Report. Future events or conditions may, however, cause the Group to be unable to continue as a going concern;
- evaluate the presentation of the Consolidated Financial Statements in general, and its structure and content in particular, including information disclosure, and we also evaluate whether the Consolidated Financial statements present underlying transactions and events in such a way that their fair presentation is ensured;
- plan and perform the audit of the Group to obtain sufficient appropriate audit evidence about the financial information of the Group entities or subdivisions to provide a basis for our opinion on the Consolidated Financial Statements of the Group. We are responsible for directing and supervising the audit and reviewing the audit work performed for the audit of the Group. We remain ultimately responsible for our audit opinion.

We contact the Audit Committee of the Board of Directors, informing it, among other things, about the planned scope and timing of the audit, as well as about significant comments on the audit results, including significant deficiencies in the internal control system, if we identify any during the audit process.



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We also provide the Audit Committee of the Board of Directors with a statement that we have complied with all relevant ethical requirements regarding independence and have informed these individuals of all relationships and other matters that could reasonably be expected to affect the auditor's independence, and, if necessary, of actions taken to address the threats or the precautions taken.

Of the issues that we have brought to the attention of the Audit Committee of the Board of Directors, we identify issues that were most relevant to the audit of the Consolidated Financial Statements for the current period and which are therefore key audit issues. We describe these issues in our Audit Report, except cases when public disclosure of these issues is prohibited by law or regulation, or when in extremely rare cases we conclude that, that information on any issue should not be reported in our opinion, since it can reasonably be assumed that the negative consequences of reporting such information will exceed the socially significant benefits of reporting it.

The head of the audit, based on the results of which this independent auditor's report was issued, - Okolotina Tatyana Leonidovna.

Tatyana Leonidovna Okolotina,
acting on the behalf of "Center for Audit Technologies and Solutions - Audit Services"
Limited Liability Company
based on the power of attorney dated April 3, 2024,
head of audit, based on the results of which an audit report was drawn up (ORNZ 21906110171)

March 17, 2025.

***Information about the auditor***

Name: "Center for Audit Technologies and Solutions - Audit Services" Limited Liability Company
The entry was made in the Unified State Register of Legal Entities on December 5, 2002 and the state registration number assigned is 1027739707203.
Location: 115035, Russia, Moscow, Sadovnicheskaya embankment, 75.
The "Center for Audit Technologies and Solutions - Audit Services" Limited Liability Company is a member of the "Commonwealth" Self-Regulatory Organization of Auditors Association (SRO AAS). The "Center for Audit Technologies and Solutions - Audit Services" Limited Liability Company is included in the control copy of the register of auditors and audit organizations under the main registration number 12006020327.

***Information about the auditee***

Name: Rosseti Kuban Joint Stock Company (until January 24, 2025, Rosseti Kuban Public Joint Stock Company)
The entry was made in the Unified State Register of Legal Entities on September 17, 2002 with the assignment of the state registration number 1022301427268.
Location: 350033, Russia, Krasnodar Territory, Krasnodar, Stavropolskaya str., 2a.

***Rosseti Kuban PJSC***
*Consolidated Statement of Profit or Loss and Other Comprehensive Income*
*(in thousands of Russian rubles, unless otherwise specified)*

| | Note | For the year ended December 31 2024 | 2023 |
|---|---|---|---|
| Revenue | 6 | 88,637,968 | 75,079,292 |
| Operating expenses | 9 | (72,882,696) | (65,137,893) |
| Accrual of provision for expected credit losses | | (253,771) | (321,817) |
| Net (impairment)/reversal of loss on property, plant and equipment, intangible assets and right-of-use assets | 13, 14, 15 | (13) | – |
| Other income | 7 | 1,802,058 | 1,278,964 |
| Other expenses | 8 | (201,803) | (91,951) |
| **Operating profit** | | **17,101,743** | **10,806,595** |
| Financial income | 11 | 2,804,327 | 691,823 |
| Financial expenses | 11 | (3,882,705) | (2,166,920) |
| **Total finance expenses** | | **(1,078,378)** | **(1,475,097)** |
| **Profit before tax** | | **16,023,365** | **9,331,498** |
| Profit tax expense | 12 | (4,556,960) | (2,313,191) |
| Excess profit tax expense | 12 | – | (200,065) |
| **Total profit tax expense** | 12 | **(4,556,960)** | **(2,513,256)** |
| **Profit for period** | | **11,466,405** | **6,818,242** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income | | – | (1) |
| Revaluation of defined benefit pension plan liabilities | 26 | 164,528 | (93,769) |
| Profit tax on other comprehensive income | 12 | (9,581) | 18,754 |
| **Total items that will not be reclassified to profit or loss** | | **154,947** | **(75,016)** |
| **Other comprehensive income/(expense) for the period, net of income tax** | | **154,947** | **(75,016)** |
| **Total comprehensive income for the period** | | **11,621,352** | **6,743,226** |
| **Profit attributable to:** | | | |
| Owners of the Company | | 11,466,405 | 6,818,242 |
| **Total cumulative income attributable to:** | | | |
| Owners of the Company | | 11,621,352 | 6,743,226 |
| **Earning per share** | | | |
| Basic and diluted earnings per share (rub.) | 23 | 28.74 | 17.89 |

These Consolidated Financial Statements were approved by management on March 17, 2025 and signed on behalf of management by the following persons:

Deputy General Director
for Economics and Finance — K.A. Iordanidi

Chief Accountant - Head of the Department of
Accounting and Tax Management and Reporting — L.V. Loskutova

The accompanying notes form an integral part of these Consolidated Financial Statements.



***Rosseti Kuban PJSC***
*Consolidated Statement of Financial Position*
*(in thousands of Russian rubles, unless otherwise specified)*

| | Note | December 31 2024 | December 31 2023 * |
|---|---|---|---|
| **Assets** | | | |
| **Fixed assets** | | | |
| Property, plant and equipment | 13 | 95,343,292 | 80,129,480 |
| Intangible assets | 14 | 443,840 | 433,208 |
| Right-of-use assets | 15 | 1,225,388 | 2,167,437 |
| Trade and other receivables | 19 | 390,078 | 59,027 |
| Assets related to employee benefits | 26 | 317,926 | 290,712 |
| Other financial fixed assets | | – | – |
| Deferred tax assets | 16 | 90,703 | 75,478 |
| Advances paid and other fixed assets | 20 | 1,417,013 | 1,995,850 |
| **Total fixed assets** | | **99,228,240** | **85,151,192** |
| **Current assets** | | | |
| Inventories | 18 | 3,775,181 | 3,813,295 |
| Other financial current assets | | – | – |
| Prepayment of current profit tax | | 322,155 | 848,704 |
| Security payment for excess profit tax | 12 | – | 203,106 |
| Trade and other receivables | 19 | 5,962,410 | 5,181,974 |
| Cash and cash equivalents | 21 | 17,361,897 | 13,116,681 |
| Advances paid and other current assets | 20 | 2,623,285 | 1,420,423 |
| **Total current assets** | | **30,044,928** | **24,584,183** |
| Assets classified as held for sale | 17 | 23,748 | 28,255 |
| **Total current assets** | | **30,068,676** | **24,612,438** |
| **Total assets** | | **129,296,916** | **109,763,630** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Authorized capital | 22 | 39,896,608 | 33 465 784 |
| Share premium | | 6,481,916 | 6,481,916 |
| Share issue provision | 22 | – | 6,430,824 |
| Treasury stock | 22 | (48,630) | – |
| Other provisions | | (349,875) | (504,822) |
| Retained profit / (cumulative loss) | | 13,521,719 | 4,000,005 |
| **Total equity attributable to the owners of the Company** | | **59,501,738** | **49,873,707** |
| Non-controlling interests | | – | – |
| **Total equity** | | **59,501,738** | **49,873,707** |
| **Long-term liabilities** | | | |
| Long-term borrowings | 24 | 10,632,529 | 16,740,873 |
| Long-term trade and other payables | 27 | 1,030,006 | 1,365,507 |
| Long-term advances received | 29 | 8,401,107 | 11,903,114 |
| Employee benefit liabilities | 26 | 665,005 | 762,865 |
| Deferred tax liabilities | 16 | 3,020,269 | 1,215,987 |
| **Total long-term liabilities** | | **23,748,916** | **31,988,346** |
| **Short-term liabilities** | | | |
| Short-term borrowings and current portion of long-term borrowings | 24 | 15,359,007 | 6,033,261 |
| Trade and other payables | 27 | 12,585,462 | 10,373,874 |
| Taxes payable other than profit tax | 28 | 721,794 | 1,566,363 |
| Advances received | 29 | 16,537,023 | 8,565,055 |
| Estimated liabilities | 31 | 836,863 | 1,160,021 |
| Current profit tax debt | | 6,113 | 2,938 |
| Excess profit tax debt | 12 | – | 200,065 |
| **Total short-term liabilities** | | **46,046,262** | **27,901,577** |
| **Total liabilities** | | **69,795,178** | **59,889,923** |
| **Total equity and liabilities** | | **129,296,916** | **109,763,630** |

* *The consolidated statement of financial position of Rosseti Kuban PJSC as of December 31, 2023 has been revised (see note 2e).*

The accompanying notes form an integral part of these Consolidated Financial Statements.

***Rosseti Kuban PJSC***
*Consolidated Statement of Cash Flows*
*(in thousands of Russian rubles, unless otherwise specified)*

| | Note | For the year ended December 31 2024 | 2023 * |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for period | | 11,466,405 | 6,818,242 |
| *Adjustments:* | | | |
| Impairment of property, plant and equipment, intangible assets and right-of-use assets | 9 | 7,131,679 | 6,548,876 |
| Net (impairment)/reversal of loss on property, plant and equipment, intangible assets and right-of-use assets | 13, 14, 15 | 13 | – |
| Accrual of provision for expected credit losses | | 253,771 | 321,817 |
| Financial expenses | 11 | 3,882,705 | 2,166,920 |
| Financial income | 11 | (2,804,327) | (691,823) |
| Loss on disposal of property, plant and equipment | 8 | 158,081 | 91,951 |
| R&D write-off expenses | | 6,605 | 16,517 |
| Loss from disposal of intangible assets | 8 | 43,722 | – |
| Recovery of provision for impairment of inventories | | (34,625) | (1,452) |
| Write-off of bad debts | | 2 805 | 101,925 |
| Write-off of payables | 7 | (28,015) | (11,546) |
| Non-monetary income from compensation of losses due to disposal/liquidation of electric grid assets | | (15,183) | (4,866) |
| Change of estimated liabilities | 30 | 176,434 | (3,522) |
| Other non-cash transactions | | (136,518) | (783,047) |
| Profit tax expense | 12 | 4,556,960 | 2,513,256 |
| **Total effects of adjustments** | | **13,194,107** | **10,265,006** |
| Change in assets related to employee benefit liabilities | | (27,214) | 11,838 |
| Change in employee benefit liabilities | | (17,215) | (12,153) |
| Change in long-term trade and other receivables | | (332,279) | 40,454 |
| Change in long-term advances paid and other fixed assets | | 578,837 | (1,603,448) |
| Change in long-term trade and other payables | | (668,827) | 718,271 |
| Change in long-term advances received | | (3,502,007) | 9,545,720 |
| **Cash flows from operating activities before changes in working capital and estimated liabilities** | | **20,691,807** | **25,783,930** |
| *Changes in operating assets and liabilities* | | | |
| Change in trade and other receivables | | (786,908) | 1,450,464 |
| Change in advances paid and other assets | | (1,202,152) | (303,942) |
| Inventory change | | 72,739 | (1,778,257) |
| Change in trade and other payables | | 981,502 | 632,615 |
| Change in advances received | | 7,990,129 | 2,377,302 |
| Use of estimated liabilities | 30 | (549,412) | (383,552) |
| **Cash flows from operating activities before profit tax and interest** | | **27,197,705** | **27,778,560** |
| Profit tax paid | | (2,244,719) | (1,917,229) |
| Security payment for excess profit tax | 12 | – | (203,106) |
| Interest paid on leasing contracts | 25 | (208,984) | (259,924) |
| Interest paid | 25 | (4,084,927) | (2,090,271) |
| **Net cash from operating activities** | | **20,659,075** | **23,308,030** |

The accompanying notes form an integral part of these Consolidated Financial Statements.



***Rosseti Kuban PJSC***
*Consolidated Statement of Cash Flows*
*(in thousands of Russian rubles, unless otherwise specified)*

| | Note | For the year ended December 31 2024 | 2023 * |
|---|---|---|---|
| **Cash flows from investment activities** | | | |
| Acquisition of property, plant and equipment and intangible assets | | (19,839,288) | (15,198,527) |
| Proceeds from the sale of property, plant and equipment and intangible assets | | 11,570 | 692 |
| Interest received | | 2,589,627 | 434,855 |
| **Net cash used in investment activities** | | **(17,238,091)** | **(14,762,980)** |
| **Cash flows from financial activities** | | | |
| Borrowing funds | 25 | 10,119,930 | 8,618,064 |
| Repayment of borrowed funds | 25 | (5,779,854) | (9,461,511) |
| Proceeds from issue of shares | | – | 3,566,562 |
| Repurchase of own shares | 22e | (48,630) | – |
| Dividends paid to the owners of the Company | 25 | (1,944,023) | (866,475) |
| Payments under lease obligations | 25 | (1,523,191) | (1,445,730) |
| **Net cash from financing activities** | | **824,232** | **410,910** |
| **Net increase in cash and cash equivalents** | | **4,245,216** | **8,955,960** |
| Cash and cash equivalents at the beginning of the reporting period | | 13,116,681 | 4,160,721 |
| **Cash and cash equivalents at the end of the reporting period** | 21 | **17,361,897** | **13,116,681** |

* *The consolidated statement of cash flows of Rosseti Kuban PJSC as of December 31, 2023 has been revised (see note 2e).*

The accompanying notes form an integral part of these Consolidated Financial Statements.

***Rosseti Kuban PJSC***
*Consolidated Statement of Changes in Equity*
*(in thousands of Russian rubles, unless otherwise indicated)*

| | Equity attributable to the owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Authorized capital | Share premium | Share issue provision | Treasury stock | Other provisions | Retained profit / (uncovered loss) | Total equity |
| **Balance as of January 1, 2024** | **33 465 784** | **6 481 916** | **6,430,824** | **–** | **(504,822)** | **4,000,005** | **49,873,707** |
| Profit for period | – | – | – | – | – | 11,466,405 | **11,466,405** |
| Other comprehensive income | – | – | – | – | 164,528 | – | **164,528** |
| Profit tax on other comprehensive income (Note 16b) | – | – | – | – | (9,581) | – | **(9,581)** |
| **Total comprehensive income for the period** | **–** | **–** | **–** | **–** | **154,947** | **11,466,405** | **11,621,352** |
| Repurchase of own shares from shareholders (Note 22e) | – | – | | (48,630) | – | – | **(48,630)** |
| Declared dividends (Note 22c) | – | – | – | – | – | (1,944,691) | **(1,944,691)** |
| Change in authorized capital (Note 22d) | **6,430,824** | **–** | **(6,430,824)** | **–** | **–** | – | **–** |
| **Balance as of December 31, 2024** | **39,896,608** | **6,481,916** | **–** | **(48,630)** | **(349,875)** | **13,521,719** | **59,501,738** |

The accompanying notes form an integral part of these Consolidated Financial Statements.



***Rosseti Kuban PJSC***
*Consolidated Interim Condensed Statement of Changes in Equity*
*(in thousands of Russian rubles, unless otherwise indicated)*

| | Equity attributable to the owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Authorized capital | Share premium | Share issue provision | Treasury stock | Other provisions | Retained profit / (uncovered loss) | Total equity |
| **Balance as of January 1, 2023** | **33,465,784** | **6,481,916** | **2,864,262** | **–** | **(429,806)** | **(2,051,982)** | **40,330,174** |
| Profit for period | – | – | – | – | – | 6,818,242 | **6,818,242** |
| Transfer of revaluation reserve on disposal of equity investment | – | – | – | – | (1) | – | **(1)** |
| Other comprehensive income | – | – | – | – | (93,769) | – | **(93,769)** |
| Profit tax on other comprehensive income (Note 126b) | – | – | – | – | 18,754 | – | **18,754** |
| **Total comprehensive income/(expense) for the period** | **–** | **–** | **–** | **–** | **(75,016)** | **6,818,242** | **6,743,226** |
| Share issue (Note 23e) | – | – | 3,566,562 | – | – | – | **3,566,562** |
| Declared dividends (Note 22c) | – | – | – | – | – | (766,500) | **(766,500)** |
| Write-off of unclaimed debt on previously declared dividends | – | – | – | – | – | 245 | **245** |
| **Balance as of December 31, 2023** | **33 465 784** | **6 481 916** | **6,430,824** | **–** | **(504,822)** | **4,000,005** | **49,873,707** |



The accompanying notes form an integral part of these Consolidated Financial Statements.

## 1 General

### (а) The Group and its activities

Main economic activities of Rosseti Kuban Public Joint Stock Company (hereinafter referred to as Rosseti Kuban PJSC or the Company) and its subsidiaries (hereinafter referred to as the Group or the Rosseti Kuban Group of Companies) are the provision of services for the transmission and distribution of electricity through electric networks, the provision of services for the technological connection of consumers to electric networks.

The Rosseti Kuban Group of Companies includes Rosseti Kuban PJSC and its subsidiaries with 100% participation in the authorized capital: Recreation centre "Energetik" JSC and Energoservice Kuban JSC.

The main shareholder of the Company as of December 31, 2024, December 31, 2023 and December 31, 2022 is Federal Grid Company-Rosseti Public Joint Stock Company (hereinafter referred to as Rosseti PJSC or the Parent Company).

As of December 31, 2024, the share of Rosseti PJSC in the authorized capital of the Company amounted to 99.72% (as of December 31, 2023 - 99.72%, as of December 31, 2022 - 93.96%).
In pursuance of the decision of the annual General Meeting of Shareholders of the Company (minutes dated June 17, 2024 No. 51), exchange circulation of shares was terminated from December 13, 2024.

Information on the Group's relationships with other related parties is presented in Note 34 "Related Party Transactions".

Location of "Rosseti Kuban" PJSC: 2A Stavropolskaya street, Krasnodar, Krasnodar Territory, Russia, 350033

### (б) Relations with the state. Parent company

The Government of the Russian Federation represented by the Federal Agency for the Administration of State Property is the ultimate controlling party of the Company (hereinafter referred to as the Main Shareholder of the Company). The policy of the Government of the Russian Federation in the economic, social and other spheres may have a significant impact on the Group's operations.

The state has influence on the Group's activities through representation on the Board of Directors of the parent company, regulation of tariffs in the electric power industry, approval and control over the implementation of the investment program. The Group's counterparties (consumers of services, suppliers and contractors) include a significant number of companies associated with the parent company's major shareholder.

As a result of the reorganization carried out in 2023, the parent company of the Group is Federal Grid Company-Rosseti Public Joint Stock Company.

The abbreviated corporate name of the Group's parent company is ROSSETI PJSC.

Prior to the reorganization, the parent company of the Group was Russian Networks Public Joint Stock Company. The Extraordinary General Meeting of Shareholders of Russian Networks Public Joint Stock Company, held on September 16, 2022, decided to reorganize Russian Networks Public Joint Stock Company in the form of a merger with its subsidiary - Federal Grid Company-Rosseti Public Joint Stock Company in the manner and on the terms stipulated by the merger agreement.

On January 9, 2023, information was entered into the Unified State Register of Legal Entities on the termination of the activities of Russian Networks Public Joint Stock Company through reorganization in the form of merger with Federal Grid Company-Rosseti Public Joint Stock Company.

### (в) Business environment in which the Group operates

The Group operates in the Russian Federation and is therefore exposed to risks related to the state of the economy and financial markets of the Russian Federation.

The economy of the Russian Federation manifests some characteristics typical of emerging markets. Legal, tax and regulatory systems continue to develop and are subject to frequent changes, as well as admit the possibility of different interpretations.



***Rosseti Kuban PJSC***
*Notes to the Consolidated Financial Statements*
*for the year ended December 31, 2024*
*(in thousands of Russian rubles, unless otherwise specified)*

Ongoing geopolitical tensions, as well as sanctions imposed by a number of countries on certain sectors of the Russian economy, Russian organizations and citizens, have led to increased economic uncertainty, including reduced liquidity and greater volatility in capital markets, volatility in the exchange rate of the Russian ruble and the key interest rate, as well as a significant decrease in the availability of debt financing sources. It is difficult to assess the long-term consequences of the imposed and possible additional sanctions, as sanctions can have a significant negative impact on the Russian economy.

The Group takes all necessary measures to assure the stability of its own activities.

These Consolidated Financial Statements reflect management's view of the impact that the business environment in the Russian Federation has on the Group's operations and financial position. The future effects of the current economic situation and the above measures are difficult to predict, and management's current expectations and estimates may differ from actual results.

## 2 Principles of the consolidated financial statements

### (а) Declaration of compliance with IFRS

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Each entity of the Group maintains individual records and prepares official financial statements in accordance with Russian Accounting Standards (RAS). These Consolidated Financial Statements have been prepared on the basis of RAS accounting data, adjusted and reclassified for the purposes of faithful representation in accordance with IFRS.

### (б) Cost determining basis

These Consolidated Financial Statements have been prepared on the initial (historical) cost basis except for:

- financial assets at fair value through profit or loss;
- financial assets measured at fair value through other comprehensive income.

### (в) Functional and presentation currency

The national currency of the Russian Federation is the Russian ruble (hereinafter referred to as the "ruble" or "rub."), which is designated by the Group entities as their functional currency and is the currency in which the Group presents its consolidated financial statements. All numerical indices in Russian rubles were rounded to the nearest thousand, unless otherwise specified.

### (г) New standards, clarifications and amendments to effective standards

The Group has applied the amendments and modifications to standards that are mandatory and approved for application in the Russian Federation for annual periods beginning on or after 1 January 2024:

- Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current* and *Non-Current Liabilities with Covenants*. The amendments clarify the requirements for classifying liabilities as current or non-current, including non-current liabilities with restrictive covenants. The amendments also clarify the requirements for an entity to provide additional disclosures about liabilities arising from a loan agreement.
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures – Supplier Financing Arrangements*. The amendment clarifies the characteristics of supplier financing arrangements (reverse factoring transactions) and additional disclosure requirements about such arrangements.
- Amendments to IFRS 16 *Leases – Lease Liabilities in a Sale and Leaseback Transaction*. The amendment clarifies the accounting requirements for lease liabilities that arise in a sale and leaseback transaction.
- Amendments to IAS 12 *Profit Tax – International Tax Reform – Pillar 2 Model Rules* (issued on 4 June 2024 and effective on 5 July 2024). The amendments clarify the disclosure rules and the application of exceptions.

The amendments to the standards did not have a significant impact on these consolidated financial statements.

New standards and interpretations have been published that are mandatory for annual reporting periods beginning on or after January 1, 2025, and the Group intends to adopt these standards and amendments for use after their entry into force.

*It is not expected that this will have a significant impact on the Group's consolidated financial statements:*

- Lack of currency exchange capability. Amendments to IAS 21 *The Effect of Changes in Foreign Exchange Rates* (introduced in the Russian Federation by Order No. 77n of the Ministry of Finance of the Russian Federation dated June 4, 2024) and effective for annual periods beginning on or after January 1, 2025.
- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments*, effective from 1 January 2026 or after this date (issued on 30 May 2024).
- IFRS 19, *Non-Public Subsidiaries: Disclosures*, effective for annual periods beginning on or after 1 January 2027 (issued 9 May 2024).
- Annual Improvements to IFRS Reporting Standards – Volume 11:
  - Amendments to IAS 7 – *Historical Cost Accounting;*
  - Amendments to IFRS 9 – *Derecognition of Lease Liabilities;*
  - Amendments to IFRS 10 – *Definition of a "De Facto Agent";*
  - Amendments to the Guidance on the Application of IFRS 7 – *Disclosure of Deferred Fair Value Differences from the Transaction Price;*
  - Amendments to IFRS 7 – *Gain or Loss on Derecognition;*
  - Amendments to IFRS 1 – Hedge Accounting by a First-time Adopter;
  - Amendments to the Guidance on the Application of IFRS 7 – *Introduction*;
  - Amendments to the Guidance on the Application of IFRS 7 – *Credit Risk Disclosures*; Amendments to IFRS 9 – *Transaction Price*.

The Group is in the process of assessing the impact of the amendments on presentation and disclosure in its consolidated financial statements:

- IFRS 18 *Presentation and Disclosure in Financial Statements* (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). IFRS 18 replaces IAS 1.



***Rosseti Kuban PJSC***
*Notes to the Consolidated Financial Statements*
*for the year ended December 31, 2024*
*(in thousands of Russian rubles, unless otherwise specified)*

### (д) Changes in presentation. Reclassification of comparative data

Certain amounts in the comparatives for the previous period were reclassified in order to ensure their comparability with the procedure for reporting data in the current reporting period.

In the consolidated financial statements for 2023, accounts payable for advances received against future payments are reflected in the statement of financial position at the estimate net of the amount of value-added tax (VAT) deductible/accepted for deduction as of 31 December 2023.

In these consolidated financial statements, the Group changed the presentation of VAT on advances received due to the unification of such presentation with the accounting policy of the parent company, Rosseti PJSC. In these consolidated financial statements, VAT amounts on advances received are reflected in the line "Advances paid and other fixed assets" and in the line "Advances paid and other current assets" in detail.

Changes in the presentation of comparative indicators of the consolidated statement of financial position as of 31 December 2023 as a result of unification with the presentation in the accounting policy of the parent company, Rosseti PJSC, are shown in the following table:

| | December 31 2023 | Impact | December 31 2023 (recalculated) |
|---|---|---|---|
| **Assets** | | | |
| **Fixed assets** | | | |
| Advances paid and other fixed assets | 12,674 | 1,983,176 | 1,995,850 |
| **Total fixed assets** | **12,674** | **1,983,176** | **1,995,850** |
| Advances paid and other current assets | 170,236 | 1,250,187 | 1,420,423 |
| **Total current assets** | **170,236** | **1,250,187** | **1,420,423** |
| **Total assets** | **182,910** | **3,233,363** | **3,416,273** |
| **Long-term liabilities** | | | |
| Long-term advances received | 9,919,938 | 1,983,176 | 11,903,114 |
| **Total long-term liabilities** | **9,919,938** | **1,983,176** | **11,903,114** |
| **Short-term liabilities** | | | |
| Advances received | 7,314,868 | 1,250,187 | 8,565,055 |
| **Total short-term liabilities** | **7,314,868** | **1,250,187** | **8,565,055** |
| **Total liabilities** | **17,234,806** | **3,233,363** | **20,468,169** |

The changes in comparative amounts in the consolidated statement of cash flows for the year ended December 31, 2023 as a result of the changes in presentation are shown in the following table:

| | For the year ended December 31 2023 | Impact | For the year ended December 31 2023 (recalculated) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Change in long-term advances paid and other fixed assets | (4,545) | (1,598,903) | (1,603,448) |
| Change in long-term advances received | 7,946,817 | 1,598,903 | 9,545,720 |
| **Cash flows from operating activities before changes in working capital and reserves** | | | |
| *Changes in operating assets and liabilities* | | | |
| Change in advances paid and other assets | (38,782) | (265,160) | (303,942) |
| Change in advances received | 2,112,142 | 265,160 | 2,377,302 |

### (e) Use of accounting estimates and professional judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to use professional judgments, assumptions and estimates that affect how accounting policies are applied and in what amounts assets, liabilities, income and expenses are reflected. Actual results may differ from these estimates.

Management continually reviews estimates and assumptions based on experience and other factors that have formed the basis for measuring the book value of assets and liabilities. Changes in estimates and assumptions are recognized in the period in which they were adopted, if the change affects only that period, or are recognized in the period to which the change relates and in subsequent periods if the change affects both that period and future periods.

Judgments that have the most significant impact on the performance reported in the consolidated financial statements, estimates and assumptions that may result in the need for a material adjustment to the carrying amount of assets and liabilities over the next year include:

***Depreciation of property, plant and equipment, intangible assets and right-of-use assets***

At each reporting date, the Group's Management determines whether there is indication of impairment of property, plant and equipment and right-of-use assets. Impairment indicators include changes in business plans, tariffs, and other factors leading to adverse effects on the Group's operations. In calculating value in use, the Group estimates the expected cash flows from cash-generating units and calculates a discount rate to calculate the present value of those cash flows. A cash-generating unit (hereinafter - a CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The main criterion for determining a CGU is the indivisibility of the tariff and the impossibility of further detailed accounting and planning.



***Rosseti Kuban PJSC***
*Notes to the Consolidated Financial Statements*
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*(in thousands of Russian rubles, unless otherwise specified)*

***Determination of the lease term under agreements with an extension option or a lease termination option - the Group as a lessee***

The Group defines the term of the lease as not subject to early termination of the lease term together with periods in respect of which there is an option to extend the lease if there is adequate assurance that it will be exercised or periods in respect of which there is an option to terminate the lease if there is adequate assurance that it will not be exercised.

When making a judgment to assess whether the Group has adequate confidence in the exercise of an extension option or a termination option when determining the lease term, the Group considers the following factors:

- whether the leased object is a specialized object;
- location of the object;
- whether the Group and the lessor have the practical option to select an alternative counterparty (selection of an alternative asset);
- costs associated with the termination of the lease and the conclusion of a new (replacement) contract;
- presence of major improvements of leased objects.

***Impairment of receivables***

A provision for expected credit losses on receivables is created based on management's assessment of the probability of recovery of specific debts of specific debtors. For the purpose of assessing credit losses, the Group consistently takes into account all reasonable and verifiable information about past events, current and forecasted events, which is available without excessive forces and is appropriate for assessing receivables. Past experience is adjusted based on current data to reflect current conditions that have no impact on prior periods and to exclude the impact of past conditions that no longer exist.

***Obligations under defined benefit plans, including non-state pension provision***

The cost of defined benefit plans and the related expenses under these plans are determined using actuarial calculations. Actuarial valuations envisage use of assumptions regarding demographic and financial data. Since these plans are long-term, there is considerable uncertainty about such estimates.

***Recognition of deferred tax assets***

Management estimates deferred tax assets at each reporting date and determines the amount to be reflected to the extent that tax deductions are likely to be used. In determining future taxable profits and sum of tax deductions, management uses estimates and judgments based on previous years taxable profits and expectations for future profits that are reasonable under present circumstances.

## 3 Material information on accounting policies

The accounting policies described below have been applied consistently in all reporting periods presented in these Consolidated Financial Statements.

The amendments to existing standards, effective for annual periods beginning on or after 1 January 2024, did not have a material impact on these consolidated financial statements of the Group.

## (a) Consolidation principles

### *i. Subsidiaries*

Subsidiaries are companies controlled by the Group. The Group controls a subsidiary when the Group is exposed to risk relating to variable income from investment project or entitled to receive such income and has the ability to exercise its authority over that subsidiary to influence that income. The financial statements of subsidiaries are recorded in the consolidated financial statements from the date of receipt of control to the date of termination.

The accounting policies of the subsidiaries underwent changes where they need to be aligned with the accounting policies adopted by the Group. Losses attributable to a non-controlling interest in a subsidiary are allocated in full to the non-controlling interest even if this results in a debit balance (deficit) in that account.

### *ii. Transactions excluded during consolidation*

Intercompany balances and transactions, as well as unrealized income and expenses from intercompany operations, are eliminated in the preparation of the consolidated financial statements. Unrealized income on operations with equity-accounted investees are eliminated by reducing the value of the investment within the Group's interest in the investee. Unrealized losses are eliminated in the same order as unrealized income, but only to the extent that they are not evidence of impairment.

## (б) Financial instruments

### *i. Financial assets*

The Group classifies financial assets into the following measurement categories: subsequently measured at amortised cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss. The classification depends on the business model for managing financial assets and contract-stipulated cash flow characteristics.

Financial assets are classified as measured at amortised cost if the following conditions are fulfilled: the asset is kept within a business model, the purpose of which is to retain assets to receive contractual cash flows, and the terms of the contract determine the receipt on the specified dates of cash flows that are only payments to the principal and interest on the outstanding portion of the principal.

The Group includes the following financial assets in the category of financial assets measured at amortised cost:

- trade and other receivables that satisfy the definition of financial assets in the event that the Group has no intention to sell it immediately or in the near future;
- bank deposits that do not satisfy the definition of cash equivalents;
- promissory notes and bonds not intended for trading;
- loans issued;
- cash and cash equivalents.

For financial assets classified as measured at amortised cost, a provision is created for expected credit losses (hereinafter referred to as ECL).

When the Group derecognises financial assets at amortised cost and fair value through profit or loss, the Group reflects in the consolidated statement of profit or loss and other comprehensive income (through profit or loss) the financial result of their disposal equal to the difference between the fair value of the consideration received and the book value of an asset.

The Group includes in the category of financial assets measured at fair value through profit or loss:

- assets held for trading (acquired by the Group primarily for the purpose of selling in the near future and profiting from favourable changes in market prices);
- assets that are derivative financial instruments;
- other financial assets not classified by the Group in any of the above categories.



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### *ii. Impairment of financial assets*

Impairment provisions are assessed either on the basis of 12-month ECL that are the result of possible default within 12 months of the reporting date or lifetime ECL that are the result of all possible default events within the expected life of the financial instrument.

For trade receivables or contract assets arising from transactions relating to the scope of IFRS 15 *"Revenue from Contracts with Buyers"* (including those containing a significant financing component) and lease receivables, the Group applies a simplified approach to estimating the provision for expected credit losses - an estimate of the amount equal to the expected credit losses over the period.

Provisions for impairment of other financial assets classified as measured at amortised cost are measured based on 12-month ECL unless there has been a significant increase in credit risk since recognition. The credit loss provision for expected credit losses on a financial instrument is measured at each reporting date at an amount equal to the expected credit losses for the entire period if the credit risk on that financial instrument has increased significantly since initial recognition, taking in consideration all reasonable and verifiable information, including forecasting information.

As indicators of a significant increase in credit risk, the Group considers the actual or expected difficulties of the issuer or debtor on the asset, the actual or expected violation of the terms of the contract, the expected revision of the terms of the contract because of financial difficulties of the debtor on conditions unfavorable for the Group and would not have agreed to under other circumstances.

Based on common credit risk management practices, the Group defines default as the failure of the counterparty (issuer) to fulfil its obligations (including repayment of money under the contract) due to a material deterioration in its financial position.

An impairment credit loss on a financial asset is carried out by recognition of the valuation provisions for its impairment. For a financial asset carried at amortised cost, the amount of the impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows discounted at the original effective interest rate.

If, in subsequent periods, the credit risk of a financial asset is reduced as a result of an event that occurred after the loss was recognized, the previously recognised impairment loss is reversed by reducing the corresponding valuation provision.

***iii. Financial obligations***

The Group classifies financial obligations into the following measurement categories: financial obligations at fair value through profit or loss; financial obligations measured at amortised cost.

The Group includes the following financial obligations in the category of financial liabilities measured at amortised cost:

- borrowed funds;
- trade and other payables.

Borrowed funds (loans and borrowings) are initially recognized at fair value, taking into account transaction costs directly related to raising these funds. Fair value is determined taking into account the prevailing market interest rates on similar instruments in case of its material difference from the transaction price. In subsequent periods, borrowings are carried at amortised cost using the effective interest method; any difference between the fair value of the funds received (net of transaction costs) and the amount payable is recognised in profit or loss as interest cost for the duration of the borrowing repayment obligations.

Borrowing costs relate to expenses in the reporting period in which they were incurred if they were not related to the acquisition or construction of qualified assets. Borrowing costs relating to the acquisition or construction of assets that take considerable time to got prepared for use (qualifying assets) are capitalized as part of the asset value. Capitalization is carried out when the Group:

- bears costs on qualifying assets;
- bears costs on borrowings; and
- conducts activities related to the preparation of assets for use or sale.

Capitalization of borrowing costs continues until the date of readiness of assets for their use or sale. The Group capitalizes borrowing costs that could have been avoided had it not borne the costs of qualifying assets. Borrowing costs are capitalized on the basis of the average cost of financing of the Group (weighted average interest expense related to costs incurred on qualifying assets), except for loans that were directly received for the purpose of acquiring a qualifying asset. Actual costs of special-purpose loans, reduced by the amount of investment income from temporary placement of loans, are capitalized.

Accounts payable are accrued from the moment the counterparty fulfills its obligations under the contract. Accounts payable are recognised at fair value and are then carried at amortised cost through the effective interest method.

**(в) Property, plant and equipment**

***i. Recognition and measurement***

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. The initial cost of property, plant and equipment as of January 1, 2007 (i.e. at the date of transition to IFRS) was determined based on their fair value (notional cost) at that date.



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The initial cost includes all expenses directly attributable to the acquisition of the related asset. The initial cost of self-constructed (built) assets includes material costs, direct labor costs, all other costs directly related to bringing the assets into operating conditions for their intended use, the costs of dismantling and moving the assets and restoring the site occupied by them, and capitalized interest on loans. The cost of purchasing software that is inextricably bound up with the functionality of the equipment concerned is capitalized in the cost of the equipment.

If an item of property, plant and equipment is made up of material separate components that have different useful lives, each of them is recognized as a separate item (material component) of property, plant and equipment.

Any profit or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds of its disposal with its book value and is recognised net as part of profit or loss for the period under "Other income", "Other costs".

***ii. Subsequent costs***

Costs associated with the replacement of a part (a significant component) of an item of property, plant and equipment increase the book value of that item if the probability that the Group will receive future economic benefits associated with that part is high and its value can be reliably determined. The carrying amount of the replaced part is written off. The costs associated with maintenance and repair of property, plant and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income at the time of their occurrence.

***iii. Depreciation***

Each component of an item of property, plant and equipment is depreciated from the moment of readiness for use on a straight-line method over its expected useful life, since this method most accurately reflects the nature of the expected consumption of the future economic benefits of the asset. Leased assets are depreciated over the shorter of the lease term and the useful life of the asset. Land plots are not depreciated.

Useful lives, expressed in years by type of property, plant and equipment, are detailed below:

- buildings 7-50 years;
- transmission networks 5-40 years;
- equipment for power transmission 5-40 years;
- other assets 2-50 years.

***iv. Impairment***

At each reporting date, management determines the presence of indications of impairment of property, plant and equipment.

An impairment loss is recognised if the book value of an asset or its cash-generating unit exceeds its estimated (recoverable) value. The recoverable amount of an asset or cash-generating unit is the greater of the value in use of that asset (that unit) and its fair value minus costs to sell.

For the purposes of impairment testing, assets that cannot be tested individually are grouped into the smallest group in which cash inflows are generated as a result of the continuing use of the related assets, and these inflows are largely independent of cash inflows generated by other assets or groups of assets (hereinafter - "cash-generating unit").

The Group's total (corporate) assets do not generate independent cash flows and are used by more than one cash-generating unit. The value of a corporate asset is apportioned among the units on a reasonable and consistent basis and tested for impairment as part of a test of the unit to which the corporate asset was allocated.

Impairment losses are recognised as part of profit and loss. Impairment losses on cash-generating units are first attributable to a decrease in the book value of goodwill apportioned among those units and then proportionally to a decrease in the book value of other assets within the relevant unit (group of units).

Amounts written off as impairment losses are reversed if the valuation factors used to calculate the corresponding recoverable amount change. An impairment loss is reversed only to the extent that it is possible to recover the value of assets to their book value, in which they would have been recognised (less accumulated depreciation) if no impairment loss had been recognised.

### (г) Intangible assets

Intangible assets include for the most part capitalized computer software and licenses. Acquired software and licenses are capitalized on the basis of expenses incurred to acquire and bring them into operative condition.

Research costs are recognized as expenses as they arise. Development costs are recognised in intangible assets only when the Group can demonstrate the following: the technical feasibility of creating an intangible asset so that it is available for use or sale; its intention to create an intangible asset and use or sell it; how the intangible asset will generate future economic benefits; availability of resources to complete development, as well as the ability to reliably estimate costs incurred in course of development. Other development costs recognized as expenses. Development costs previously charged to expenses are not recognised in subsequent assets. The carrying amount of development costs is subject to annual impairment testing.

After initial recognition, intangible assets are recognised at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation of intangible assets is allocated on a straight-line basis over the useful life. At each reporting date, management assesses whether there are indications of impairment of intangible assets. In the event of impairment, the carrying amount of intangible assets is written down to the largest of asset's value in use and the asset's fair value less costs to sell.

### (д) Lease

At the time of concluding the contract, the Group assesses whether the contract as a whole or its individual components is a lease. A contract as a whole or its individual components is a lease contract if the right to control the use of an identified asset for a certain period in exchange for a payment is transferred under this contract.

Right-of-use assets are initially measured at cost and depreciated to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The initial cost of the right-of-use asset includes the amount of the initial measurement of the leasing obligation, lease payments made before or at the start of the lease, and initial direct costs. Upon recognition, right-of-use assets are recorded at historical cost less accumulated depreciation and accumulated impairment losses. Right-of-use assets are presented as a separate item in the consolidated statement of financial position.

The leasing obligation is initially measured at the present value of lease payments that have not yet been made at the start date of the lease and are subsequently measured at depreciable amount with the recognition of expenses as interest in the financial expenses of the consolidated profit and loss statement. Leasing obligations are presented in the consolidated statement of financial position as long-term and short-term borrowings.

The Group recognises lease payments for short-term leases as a straight-line expense over the lease term.

In respect of a particular lease contract, the Group may decide to qualify the contract as a lease in which the basic asset has a low value and recognize the lease payments under that contract as a straight-line expense over the lease term.

For lease agreements for land plots under electrical network facilities with an indefinite term, or with a term under the agreement not exceeding 1 year with an annual renewal option, the Group determines the term of the agreement using the useful life of property, plant and equipment located on the leased land plots as the base criterion.

For lease agreements of electrical network facilities with an indefinite term, or with a contractual term of not more than 1 year with an annual renewal option, the Group determines the term of the agreement using the useful life of its own property, plant and equipment with similar technical characteristics as the base criterion.



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### (е) Advances paid

Advances paid are classified as capital assets if the advance is related to the acquisition of an asset that will be classified as capital at its initial recognition. Advances to the acquisition of an asset are included in its carrying amount when the Group gains control over the asset and there is a high probability that the Group will benefit from its use.

### (ж) Inventories

Inventories are presented at the lower of the cost of sales or net realisable value. The prime cost is determined using the weighted average cost method and includes the cost of acquisition of inventory, production or processing costs and other costs of delivering inventory to its present location and bringing it to an appropriate condition.

The net realisable value is the estimated selling price of an item of inventory in the ordinary course of the Group's business less the estimated costs of completing the work on the item and selling it.

Inventories intended to support emergency response actions (emergency situations) at electrical network facilities (emergency provision) are reflected in the item "Inventories".

### (з) Value added tax

Value added tax arising upon realization of products is subject to transfer to the state budget at the earlier of the following two dates: (a) the moment of receipt of payment from buyers or (b) the moment of delivery of goods or services to the buyer. Incoming VAT is refundable by set-off against the amount of output VAT on receipt of the invoice. Advances paid and other assets include (on a net basis) VAT amounts accrued on advances received and advances paid, as well as VAT to be refunded and VAT prepaid. The amounts of VAT payable to the budget are disclosed separately as part of short-term liabilities. When creating a provision for expected credit losses on receivables, the entire amount of doubtful debt, including VAT, is reserved.

### (и) Employee benefits

#### *i. Defined contribution plans*

The defined contribution program is considered as an employee retirement program, under the terms of which the Group makes fixed contributions to a separate (independent) fund and at the same time does not assume any additional obligations (either legal or due to established practice) to pay additional benefits. Liabilities to make contributions to defined contribution pension plans, including the State Pension Fund of the Russian Federation, are recognised as an employee benefit expense in profit or loss in the periods in which the employees render the related services as part of their employment contracts. Contributions paid in advance are recognised as an asset when the entity has a right to a refund of the contributions it has paid or a reduction in future contribution payments.

#### *ii. Defined benefit plans*

A defined benefit plan is a post-employment benefit plan that is different from a defined contribution plan. The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans represents the discounted amount of liabilities at the reporting date.

The discount rate represents the end-of-year rate of return on government bonds that have a period to maturity of approximately the same as that of the Group's relevant obligations and are denominated in the same currency as the benefits expected to be paid. These calculations are made by a qualified actuary using the projected unit credit method of accumulation of future payments.

Revaluations of net obligations of a defined benefit plan, including actuarial gains and losses, and the effect of applying the asset limit (excluding interest if any) are recognised immediately in other comprehensive income. The Group determines the net interest cost of the net plan obligation for the period by applying the discount rate used to estimate the obligations of a defined benefit plan at the beginning of the annual period to the net plan obligation at that date, taking into account any changes in the net plan obligation for the period as a result of contributions and payments. Net interest and other expenses related to defined benefit plans are recognised in profit or loss. Actuarial gains or losses resulting from changes in actuarial assumptions are recognised in other comprehensive income/expense.

In the event of a change in payments within the plan or its sequestration, the resulting change in payments relating to past services or the profit or loss from the sequestration is recognised immediately in profit or loss. The Group recognises profit or loss on settlement of plan obligations when this settlement occurs.

***iii. Other long-term employee benefits***

The Group's long-term employee benefit obligations, other than defined benefit plans, represent the amount of future benefits to which employees were entitled in the current and prior periods. These future benefits are discounted to determine their present value. The discount rate is the market yield at the reporting date on government bonds that have a period to maturity of approximately equal to the period to maturity of the Group's respective obligations and are denominated in the same currency in which these benefits are expected to be paid. Liabilities are estimated using the projected unit credit method. Revaluations are recognised in profit or loss for the period in which they arise.

***iv. Short-term benefits***

In determining the amount of liability in respect of short-term employee benefits, discounting does not apply and the corresponding expenses are recognized as employees perform their duties.

In respect of amounts expected to be paid under the short-term bonus or profit sharing plan, an obligation is recognised if the Group has an existing legal or practice-based obligation to pay the corresponding amount arising from the employee's past employment and the amount of this obligation can be reliably estimated and there is a high probability of outflow of economic benefits.

**(к) Current profit tax**

Current profit tax is the amount of tax payable in respect of taxable profit for the year calculated on the basis of effective tax rates or substantially enacted at the reporting date, as well as all adjustments to the amount of income tax liability for previous years.

*Deferred profit tax*

Deferred tax is recognised in respect of temporary differences arising between the carrying value of assets and liabilities determined for the purposes of their reflection in the Consolidated Financial Statements and their tax base. Deferred tax is not recognised in respect of:

- taxable temporary differences arising from the initial recognition of goodwill;
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss nor gives rise to equal taxable and deductible temporary differences;
- taxable temporary differences associated with investments in subsidiaries, associates, branches and interests in joint ventures to the extent that the Group can control the timing of the reversal of those temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future;
- deductible temporary differences associated with investments in subsidiaries, associates, branches and interests in joint ventures to the extent that it is not probable that taxable profit will be available against which the temporary differences can be utilised and it is not probable that the temporary differences will reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group intends to recover or settle the carrying amount of its assets or settle liabilities at the end of this reporting period.

Deferred tax is determined on the basis of tax rates that will apply in the future, at the time of reversal of temporary differences, based on the current or substantively enacted legislation at the reporting date.



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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertainty regarding the tax position, as well as whether additional taxes, penalties and fines may be accrued. The Group assesses tax based on many factors, including tax legislation interpretations and previous experience. Such an assessment is based on restrictions and assumptions and may include a number of judgments about future events. If new information becomes available, the Group may revise its judgement regarding the amount of tax liabilities for prior periods; such changes in tax liabilities will impact the profit tax expense in the period in which the judgement is made.

Deferred tax assets and liabilities are offset if there is a legal right to offset against each other the amounts of assets and liabilities under current income tax, and they relate to the income tax levied by the same tax authority on the same taxable entity, or from different taxable entities, but these entities intend to settle current tax liabilities and assets on a net basis, or the realization of their tax assets will be carried out simultaneously with the settlement of their tax liabilities.

Deferred tax assets are recognised in respect of unused tax losses, tax credits and deductible temporary differences only to the extent that there is a high probability of taxable profit against which the associated deductible temporary differences can be realized. Deferred tax assets are analysed at each reporting date and reduced to the extent that the realisation of the related tax benefits is no longer probable.

**(л) Estimated liabilities**

An estimated liability is recognised if a past event results in a legal or constructive obligation that can be reliably estimated and there is a high probability that an outflow of economic benefits will be required to settle the obligation. The value of the estimated liability is determined by discounting the expected cash flows at the pre-tax rate, which reflects current market estimates of the impact of changes in the value of money over time and the risks inherent in the liability. Any increase in the provision due to the passage of time is recognised as finance costs.

**(м) Equity**

***Authorised (share) capital***

Common stocks and irredeemable stocks are classified as equity.

***Share premium***

Share premium is defined as the cumulative amount received since the beginning of the Group's operations from the placement of shares, net of the nominal value of the shares placed.

***Reserves within equity comprise:***

- revaluation reserve for financial assets;
- revaluation reserve for the net defined benefit plan liability.

*Revaluation reserve for financial assets*

The valuation procedure for financial assets at fair value through other comprehensive income and the derecognition of these financial assets are described in section (c) of this Note.

*Revaluation reserve for the net defined benefit plan liability*

Actuarial gains and losses recognised in the revaluation reserve for the net defined benefit plan liability are calculated by a qualified independent actuary in accordance with the requirements of IAS 19 *"Employee Benefits"* (see also section (l) of this Note).

*Retained profit. Dividends*

Retained profit (uncovered loss) reflects net profit (loss) on an accrual basis since the beginning of the Group's operations that has not been distributed to shareholders or otherwise utilised.

Dividends are recognized as a liability and excluded from equity at the reporting date only if they are declared (approved by shareholders) at the reporting date or earlier. Dividends are subject to disclosure if they are declared after the reporting date, but before the signing of the consolidated financial statements.

### (н) Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is fulfilled by transferring the promised goods or services (i.e. assets) to the customer. The asset is transferred when (or as) the customer gains control of such asset.

When (or as) the obligation is fulfilled, the Group recognises the proceeds in the amount that the Group expects to receive in exchange for the transfer of the promised assets to the customer, excluding VAT.

*Electricity transmission*

Revenue from electricity transmission is recognized during the period (estimated month) and is measured using the results method (cost of transferred volumes of electricity).

Tariffs for electricity transmission services are approved by the federal executive authority in the field of state regulation of tariffs (Federal Antimonopoly Service) and the executive bodies of the constituent entities of the Russian Federation in the field of state regulation of tariffs.

*Services for utility connection to electrical networks*

Revenue from the provision of services for technological connection to electrical networks is a fee for connecting consumers to electrical networks. The Group transfers control of the service at a point in time (on the fact that the consumer is connected to electrical networks or, for certain categories of consumers − while ensuring that the Group is able to connect to the power network through the activities of the consumer) and, therefore, fulfills the performance obligation at a point in time.

Payment for technological connection according to an individual project, standardized tariff rates, preferential rates for 1 kW of the requested maximum capacity and formulas for payment for technological connection are approved by the executive bodies of the constituent entities of the Russian Federation in the field of state regulation of tariffs and do not depend on revenue from the provision of electricity transmission services. The fee for technological connection to the unified national (all-Russian) electric network is approved by the Federal Antimonopoly Service, including in the form of a formula.

The Group has applied the judgment that technological connection is a separate performance obligation that is recognised when the appropriate services are provided. The technological connection agreement does not contain any further obligations after the provision of the connection service. According to standing practice and laws governing the electricity market, technological connection and electricity transmission are the subject of separate negotiations with different consumers as different services with different commercial purposes without connection in pricing, intentions, recognition or types of services.

*Other revenue*

Revenue from the provision of other services (technical and maintenance services, consulting, organizational and technical services, communication and information technology services, other services), as well as revenue from other sales are recognized at the time the consumer gains control over the asset.

*Trade receivables*

Receivables represent the Group's right to compensation, which is unconditional (i.e., the moment when such compensation becomes payable is due only to the passage of time). The accounting policy for trade and other receivables is provided in the section "Financial Assets".

*Contract liabilities*

A contract liability is an obligation to transfer to a consumer goods or services for which the Group has received a compensation (or a compensation payable) from the consumer. If the consumer pays a compensation before the Group transfers the goods or services to the consumer, the contract liability is recognised, at the time the payment is made or at the time when the payment becomes payable (whichever happens earlier). Contract liabilities are recognised as revenue when the Group fulfills its contractual obligations. The Group carries out liabilities under agreements with consumers in the item "Advances received" including value added tax (VAT).

Advances received mainly represent deferred income under utility connection agreements.

Advances received are reviewed by the Group for the financial component. If there is a period of more than 1 year between the receipt of advances and the transfer of goods and services promised for reasons other than the provision of financing to the counterparty (under agreements for technological connection to electrical networks), interest expense is not recognized for advances received. Such advances are recognized at fair value of assets received by the Group from consumers and customers as prepayments.



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### (о) Financial income and expenses

Financial income includes interest income on invested funds, dividend income, profit from disposal of financial assets measured at fair value and measured at depreciable value, and the effect of discounting financial instruments. Interest income is recognized in profit and loss at the time of occurrence and its amount is calculated using the effective interest method. Dividend income is recognized in profit or loss when the Group has the right to receive the relevant payment.

Financial expenses include interest expense on borrowings, leasing obligations, loss on disposal of financial assets measured at fair value and measured at depreciable value, and the effect of discounting financial instruments. Borrowing costs that are not directly related to the acquisition, construction or production of a qualifying asset are recognized in profit or loss for the period using the effective interest method.

### (п) Social payments

When the Group's contributions to social plans are for the benefit of the Company as a whole and are not limited to payments to the Group's employees, they are recognized in profit or loss as they are incurred. The Group's expenses associated with the financing of social programs, without incurring obligations regarding such financing in the future, are recorded in the consolidated statement of profit or loss and other comprehensive income as incurred.

### (р) Earnings per share

The Group presents basic and diluted earnings per share for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to the owners of the Company's ordinary shares by the weighted average number of ordinary shares outstanding during the reporting period.

## 4 Fair value measurement

Certain provisions of the Group's accounting policies and a number of disclosures require fair value measurement of both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements assume that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability; or, if there is no principal market, in the most advantageous market for the asset or liability.

In measuring the fair value of an asset or liability, the Group applies, as far as possible, the observable market. Fair value measurements relate to different levels of the fair value hierarchy, depending on the inputs used in the relevant valuation methods:

- Level 1: quoted (unadjusted) prices for identical assets and liabilities in active markets.
- Level 2: inputs other than quoted prices used for Level 1 measurements that are observable either directly (i.e., such as prices) or indirectly (i.e., price-based).
- Level 3: inputs for assets and liabilities that are not based on observable market (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, the fair value measurement as a whole refers to the level of the hierarchy to which the lowest-level inputs are relevant to the overall measurement.

The Group discloses transfers between levels of the fair value hierarchy in the reporting period during which the change occurred.

The point of time at which transfers to and from certain levels are recognized, the Group considers the date of occurrence of the event or change in the circumstances that caused the transfer.

## 5 Segment Information

The Management Board of "Rosseti Kuban" PJSC is the supreme body making decisions on business operations.

The main activity of the Group is the provision of services for the electricity transmission and distribution, technological connection to electrical networks in a number of regions of the Russian Federation.

The internal management reporting system is based on segments (branches formed according to the territorial principle) related to the electricity transmission and distribution, technological connection to electrical networks in the regions of the Russian Federation: Krasnodar Territory and the Republic of Adygea.

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The Management Board of "Rosseti Kuban" PJSC evaluates the results of operations, assets and liabilities of operating segments on the basis of internal management reports prepared on the basis of data generated according to Russian accounting standards.

EBITDA is used to reflect the performance of each reporting segment: profit or loss before interest expense, taxation, depreciation, and net accrual/(recovery) of impairment losses on property, plan and equipment, intangible assets and assets in the form of right of use. This procedure for determining EBITDA may differ from the procedure used by other companies. The Management believes that the EBITDA calculated in this way is the most indicative measure for assessing the performance of the Group's operating segments.

In accordance with the requirements of IFRS 8 *"Operating Segments"*, based on data on segment revenue, EBITDA and total assets submitted to the Management Board, the Group has identified the following reportable segments:

- one reportable segment, which represents the strategic business unit of the Group. The strategic business unit provides electricity transmission services, including technological connection services in the geographical regions of the Russian Federation (Krasnodar Territory and the Republic of Adygea); these services are managed as a whole.
- The second segment “Other” includes several operating segments, which are mainly focused on the provision of repair services, rental and recreation services.

Unallocated indicators include the overall performance of the Company's executive office, which is not an operating segment as required by IFRS 8 *"Operating Segments"*.

**(a) Information on the reportable segments**

As of and for the year ended December 31, 2024:

| | Rosseti Kuban | Other | Total |
|---|---|---|---|
| Revenue from external consumers | 88,064,482 | 657,055 | 88,721,537 |
| Sales proceeds between segments | 7,071 | 1,642,060 | 1,649,131 |
| **Segment revenue** | **88,071,553** | **2,299,115** | **90,370,668** |
| *Including* | | | |
| *Electric power transmission* | *80,126,368* | – | *80,126,368* |
| *Technological connection to networks* | *6,661,902* | – | *6,661,902* |
| *Other revenue* | *652,620* | *2,285,019* | *2,937,639* |
| *Revenue from lease agreements* | *630,663* | *14,096* | *644,759* |
| Prime cost of the technological connection to networks | (988,581) | – | (988,581) |
| Financial income | 2,573,660 | 27,044 | 2,600,704 |
| Financial expenses | (4,158,418) | (3,796) | (4,162,214) |
| Depreciation | (7,295,759) | (24,106) | (7,319,865) |
| **Segment's profit before taxation** | **15,260,284** | **44,769** | **15,305,053** |
| **EBITDA** | **26,714,461** | **72,671** | **26,787,132** |
| **Assets of segments** | **135,508,322** | **1,556,835** | **137,065,157** |
| *Including property, plant and equipment and construction in progress* | *100,270,726* | *131,250* | *100,401,976* |
| Capital investments | 20,668,676 | 24,180 | 20,692,856 |
| **Segment liabilities** | **72,437,298** | **1,406,087** | **73,843,385** |



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As of and for the year ended December 31, 2023:

| | Rosseti Kuban | Other | Total |
|---|---|---|---|
| Revenue from external consumers | 74,536,361 | 662,020 | 75,198,381 |
| Sales proceeds between segments | 21,121 | 1,179,184 | 1,200,305 |
| **Segment revenue** | **74,557,482** | **1,841,204** | **76,398,686** |
| *Including* | | | |
| *Electric power transmission* | *71,207,120* | – | *71,207,120* |
| *Technological connection to networks* | *2,437,913* | – | *2,437,913* |
| *Other revenue* | *712,964* | *1,824,682* | *2,537,646* |
| *Revenue from lease agreements* | *199,485* | *16,522* | *216,007* |
| Prime cost of the technological connection to networks | (720,031) | – | (720,031) |
| Financial income | 438,913 | 4,724 | 443,637 |
| Financial expenses | (2,346,000) | (4,336) | (2,350,336) |
| Depreciation | (6,716,949) | (29,622) | (6,746,571) |
| **Segment's profit before taxation** | **8,547,417** | **27,989** | **8,575,406** |
| **EBITDA** | **17,610,366** | **61,947** | **17,672,313** |
| **Assets of segments** | **116,380,456** | **1,031,918** | **117,412,374** |
| *Including property, plant and equipment and construction in progress* | *87,123,570* | *109,405* | *87,232,975* |
| Capital investments | 15,528,856 | 67,618 | 15,596,474 |
| **Segment liabilities** | **62,160,030** | **898,865** | **63,058,895** |

**(б) Reconciliation of key reportable segment indices presented to the Management Board with similar indicators in these consolidated financial statements**

Reportable segment revenue reconciliation:

| | For the year ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| **Reportable segment revenue** | **90,370,668** | **76,398,686** |
| Exclusion of sales revenue between segments | (1,649,131) | (1,200,305) |
| Revenue adjustment for other reasons | (83,569) | (119,089) |
| **Revenue in the consolidated statement of profit or loss and other comprehensive income** | **88,637,968** | **75,079,292** |

Reconciliation of EBITDA of reportable segments:

| | For the year ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| **EBITDA of reportable segments** | **26,787,132** | **17,672,313** |
| Adjustment for provision for expected credit losses | 115,598 | 152,445 |
| Recognition of pension and other long-term liabilities to employees | 44,429 | 314 |
| Adjustment of the cost of property, plant and equipment | (351,742) | (50,413) |
| Adjustment for estimated liabilities | (200,065) | 200,065 |
| Adjustment of the value of intangible assets | (11,396) | 80,550 |
| Discounting of payables | 181,622 | 225,644 |
| Adjustment for payables | 220,457 | 180,310 |
| Discounting of receivables | 2,332 | 1,897 |
| Adjustment for disputed receivables | (92,941) | (76,474) |
| Adjustment for lease | 115,076 | 121,619 |
| Adjustment for accrued provisions for unused vacations and bonuses | – | (26,628) |
| Adjustment for taxes | 127,366 | (201,803) |
| Adjustment for intragroup transactions | (97,403) | (81,628) |
| Other adjustments | 197,284 | (150,917) |
| **EBITDA** | **27,037,749** | **18,047,294** |
| Depreciation of property, plant and equipment, right-of-use assets and intangible assets | (7,131,679) | (6,548,876) |
| Interest expense on financial liabilities carried at depreciable cost | (3,607,911) | (1,870,183) |
| Interest expenses on lease liabilities | (274,794) | (296,737) |
| Profit tax expense and excess profit tax expense | (4,556,960) | (2,513,256) |
| **Consolidated profit/( loss) for the period in the Consolidated Statement of Profit or Loss and Other Comprehensive Income** | **11,466,405** | **6,818,242** |

Reconciliation of the total assets of the reportable segments:

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023 *** |
| **Total segment assets** | **137,065,157** | **117,412,374** |
| Settlements between segments | (742,735) | (538,776) |
| Intragroup financial assets | (45,687) | (45,687) |
| Adjustment of the cost of property, plant and equipment | (4,709,997) | (5,173,470) |
| Adjustment of right-of-use assets | 506,477 | 527,469 |
| Recognition of assets related to employee benefit liabilities | 317,926 | 290,712 |
| Adjustment of provision for expected credit losses | 107,954 | 85,297 |
| Adjustment of deferred tax assets | (2,221,426) | (1,952,636) |
| Discounting of receivables | (3,599) | (2,361) |
| Adjustment of advance rent payments | (14,033) | (13,832) |
| Write-off of receivables | (115,377) | (115,377) |
| Adjustment of the value of intangible assets | (62,770) | (74,805) |
| Reduction of the amount of VAT recoverable by the amount of VAT on advances received | (453,646) | (304,548) |
| Exclusion of current RP from capital expenditures | (273,763) | (225,838) |
| Write-off of current assets | – | (11,471) |
| Other adjustments | (57,565) | (93,421) |
| **Total assets in the Consolidated Statement of Financial Position** | **129,296,916** | **109,763,630** |

*The comparative period has been restated (see note 2e)

Reconciliation of total liabilities of reportable segments:

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023 *** |
| **Total segment liabilities** | **73,843,385** | **63,058,895** |
| Settlements between segments | (740,301) | (554,553) |
| Setoff of payables and receivables | – | – |
| Adjustment of deferred liabilities | (3,212,044) | (3,001,357) |
| Recognition of pension and other long-term liabilities to employees | 665,005 | 762,865 |
| Recognition of lease liabilities | 653,128 | 811,541 |
| Estimated liabilities and other accruals | – | (200,065) |
| Discounting of payables | (192,275) | (225,644) |
| Adjustment of rent arrears | (26,608) | (141,027) |
| Adjustment for accrued provisions for unused vacations and bonuses | 225,763 | 225,763 |
| Write-off of prepaid income | (950,401) | (729,944) |
| Reduction of spayable on advances received by the amount of VAT on advances received | (453,646) | (304,548) |
| Other adjustments | (16,828) | 187,997 |
| **Total liabilities in the Consolidated Statement of Financial Position** | **69,795,178** | **59,889,923** |

* *The comparative period has been restated (see note 2e)*The comparative period has been restated (see note 2e)*



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### (в) Significant buyer

For the year ended 31 December 2024 and 31 December 2023, the Group had 2 major counterparties, each of which accounted for more than 10% of the Group's total revenue. Revenue received from these counterparties is reflected in the financial statements of the Rosseti Kuban Operating Segment.

The total revenue received from Counterparty 1 for 2024 amounted to 37,012,101 thousand rubles, or 41.76% of the Group's total revenue (in 2023: 33,223,931 thousand rubles, or 44.25%).

The total amount of revenue received from Counterparty 2 for 2024 amounted to 24,955,676 thousand rubles, or 28.15% of the Group's total revenue (in 2023: 22,014,240 thousand rubles, or 29.32%).

## 6 Revenue

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Electricity transmission | 80,124,702 | 71,114,954 |
| Technological connection to electrical networks | 6,661,902 | 2,437,913 |
| Other revenue | 1,219,827 | 1,327,802 |
| **Revenue from contracts with customers** | **88,006,431** | **74,880,669** |
| Revenue from lease agreements | 631,537 | 198,623 |
| | **88,637,968** | **75,079,292** |

Other revenue includes revenue from the sale of additional (non-tariff) services provided by the Group and not related to the main types of activities.

## 7 Other income

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Income from detected non-contractual electricity consumption | 103,898 | 92,572 |
| Income in the form of fines and penalties under business contracts | 305,192 | 366,902 |
| Income from compensation for losses in connection with disposal/liquidation of electrical network property | 665,738 | 354,824 |
| Insurance indemnity | 648,074 | 188,762 |
| Write-off of payables | 28,015 | 11,546 |
| Income from the termination of lease agreement | 23,292 | 40,798 |
| Other income | 21,519 | 222,868 |
| Income from the disposal of property, plant and equipment from sale operations | 6,330 | 692 |
| | **1,802,058** | **1,278,964** |

Income from compensation for losses in connection with the liquidation of electric grid property includes income in the form of property and cash received under loss compensation agreements.

Income in the form of the value of property received for the year ended 31 December 2024 amounted to 15,183 thousand rubles (for the year ended 31 December 2023: 4,866 thousand rubles).

Income in the form of cash received for the year ended 31 December 2024 amounted to 650,555 thousand rubles (for the year ended 31 December 2023: 349,958 thousand rubles).

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## 8 Other expenses

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Loss on disposal of property, plant and equipment | 158,081 | 91,951 |
| Loss on disposal of intangible assets | 43,722 | – |
| | **201,803** | **91,951** |

## 9 Operating expenses

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Employee benefits expenses | 11,156,214 | 9,979,213 |
| Depreciation of property, plant and equipment | 5,608,535 | 5,049,415 |
| Depreciation of intangible assets | 91,844 | 93,787 |
| Depreciation of right-of-use assets | 1,431,300 | 1,405,674 |
| *Tangible expenses, incl.* | | |
| Electricity to compensate for technological losses | 12,359,678 | 10,768,903 |
| Purchased electricity and heat for own needs | 119,344 | 120,097 |
| Other tangible expenses | 3,735,232 | 2,915,358 |
| *Works and services of production nature, incl.* | | |
| Electricity transmission services | 31,577,750 | 28,571,199 |
| Repair and maintenance services | 2,095,319 | 1,888,724 |
| Other works and services of production nature | 785,497 | 474,571 |
| Taxes and charges other than profit tax | 677,296 | 588,513 |
| Short-term lease | 69,151 | 17,088 |
| Insurance | 274,365 | 141,139 |
| *Other services of third parties, incl.:* | | |
| Communication services | 145,595 | 110,523 |
| Security services | 304,027 | 293,696 |
| Consulting, legal and audit services | 22,024 | 164,605 |
| Software and maintenance costs | 383,481 | 201,855 |
| Transport services | 42,848 | 30,533 |
| Other services of third parties | 679,076 | 1 375 682 |
| *Other expenses, incl.:* | | |
| Business trip expenses | 157,303 | 156,959 |
| Estimated liabilities | 176,434 | (3,522) |
| Expenses associated with property upkeep | 111,796 | 97,986 |
| Costs for services related to the organization, operation and development of the UES | 9,677 | 8,678 |
| Expenses recognized in the form of fines, penalties, forfeits for breach of contract | 74,579 | 135,082 |
| Other operating expenses | 794,331 | 552,135 |
| | **72,882,696** | **65,137,893** |

## 10 Employee benefits expenses

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Salary | 8,061,207 | 7,098,042 |
| Social security contributions | 2,496,063 | 2,242,681 |
| Expenses related to defined benefit plans | 34,776 | 27,600 |
| Other | 564,168 | 610,890 |
| | **11,156,214** | **9,979,213** |

For the year ended December 31, 2024, the amount of contributions under defined contribution plans amounted to 51,991 thousand rubles (for the year ended December 31, 2023: 39,752 thousand rubles).

The amounts of benefit to key management personnel are disclosed in Note 34 "Related Party Operations".



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## 11 Financial income and expenses

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Financial income** | | |
| Interest income on bank deposits and bank account balances | 2,597,582 | 439,448 |
| Depreciation of discount on financial assets | 2,332 | 1,897 |
| Effect of discounting financial liabilities at initial recognition | 181,622 | 225,644 |
| Interest income on assets related to employee benefit liabilities | 19,669 | 20,645 |
| Other financial income | 3,122 | 4,189 |
| | **2,804,327** | **691,823** |

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Finance expenses** | | |
| Interest expense on financial liabilities carried at depreciable cost | 3,305,405 | 1,804,517 |
| Interest expenses on lease liabilities | 274,794 | 296,737 |
| Effect of discounting financial assets at initial recognition | 3,570 | 1,205 |
| Interest expense on long-term employee benefit liabilities | 83,883 | 59,904 |
| Depreciation of discount on financial liabilities | 214,991 | 2 |
| Other financial expenses | 62 | 4,555 |
| | **3,882,705** | **2,166,920** |

## 12 Profit tax

### Increase in the income tax rate

On July 12, 2024, Federal Law No. 176-FZ *"On Amendments to Parts One and Two of the Tax Code of the Russian Federation, Certain Legislative Acts of the Russian Federation and Recognition of Certain Provisions of Legislative Acts of the Russian Federation as Invalid"* was adopted, providing for an increase in the income tax rate from 20% to 25% from January 1, 2025.

In connection with the adoption of this law, these consolidated financial statements reflect an additional deferred tax expense associated with the recalculation of deferred tax assets and liabilities at new rates that will be effective in the periods of recovery of such assets and liabilities after January 1, 2025, in the amount of (585,915) thousand rubles, including:

- income tax expense in profit or loss - (609,240) thousand rubles;
- income in other comprehensive income - 23,325 thousand rubles.

This change in legislation did not affect the amounts of current income tax for 2024 and deferred assets and liabilities of the Group as of December 31, 2023:

- the current income tax rate for 2024 was 20%;
- deferred tax assets and liabilities as of December 31, 2023 were calculated at a rate of 20 percent.

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The impact of the increase in the income tax rate on deferred tax assets and liabilities as of December 31, 2024 by types of differences (items) is provided in Note 16.

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Current profit tax** | | |
| Current tax accrual | (2,842,702) | (1,721,429) |
| Tax adjustment for prior periods | 65,218 | 50,096 |
| **Total** | **(2,777,484)** | **(1,671,333)** |
| **Deferred profit tax** | | |
| Accrual of deferred tax at the current rate for 2024 | (1,170,236) | (841,923) |
| Recognition of additional deferred tax expenses due to an increase in the income tax rate | (609,240) | – |
| **Total profit tax expense** | **(4,556,960)** | **(2,513,256)** |

For the year ended December 31, 2024, the Group recalculated profit tax for previous periods in connection with the identification of income and expenses of previous years, representing, for the most part, disputes settled in pre-trial and judicial proceedings regarding electricity transmission services, as well as the volume of electricity purchased to compensate for losses. As a result, according to the amended tax returns submitted to the tax authorities, the amount of overpayment of profit tax for previous periods amounted to 65,218 thousand rubles.

### Excess profit tax expense

On August 4, 2023, the President of the Russian Federation signed Federal Law No. 414-FZ *"On Excess Profit Tax"* (published on August 4, 2023, hereinafter referred to as the Law).

In accordance with the provisions of the Law, "Rosseti Kuban" PJSC is a payer of excess profit tax. The amount of excess profit tax liability and expense, calculated at a rate of 10%, as of December 31, 2023 is 400,130 thousand rubles. The Group made a security payment for excess profit tax in the amount of 203,106 thousand rubles to the budget, which is reflected in a separate line item "Security payment for excess profit tax" in the consolidated statement of cash flows for the year ended December 31, 2023. As a result of making a security payment, the Group was entitled to a tax deduction in the amount of a security payment of 200,065 thousand rubles. Accordingly, the applicable excess profit tax rate was 5%.

### Profit tax recognized in other comprehensive income:

| | For the year ended December 31, 2024 | | | | For the year ended December 31, 2023 | | |
|---|---|---|---|---|---|---|---|
| | **Before taxation** | **Profit tax at the applicable rate 2024** | **Effect of increasing the income tax rate** | **After tax** | **Before taxation** | **Profit tax** | **After tax** |
| Financial assets measured at fair value through other comprehensive income | – | – | – | – | (1) | – | (1) |
| Revaluation of defined benefit plan liabilities | 164,528 | (32,906) | 23,325 | 154,947 | (93,769) | 18,754 | (75 015) |
| | **164,528** | **(32,906)** | **23,325** | **154,947** | **(93 770)** | **18,754** | **(75,016)** |



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Before-tax profit relates to profit tax expense as follows:

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Profit before tax** | **16,023,365** | **9,331,498** |
| **Theoretical amount of profit tax expense at the rate of 20%** | **(3,204,673)** | **(1,866,300)** |
| Tax effect of items not taxable or deductible for tax purposes | (808,265) | (697,052) |
| Adjustments for prior periods | 65,218 | 50,096 |
| Recognition of additional deferred tax expenses due to an increase in the income tax rate | (609,240) | – |
| | **(4,556,960)** | **(2,513,256)** |

## 13 Property, plant and equipment

| | Land plots and buildings | Electricity transmission networks | Equipment for electricity transmission | Other | Construction in progress | Total |
|---|---|---|---|---|---|---|
| ***Initial / deemed cost*** | | | | | | |
| **As of January 1, 2024** | **12,207,409** | **59,922,234** | **31,501,047** | **11,602,648** | **13,765,792** | **128,999,130** |
| Reclassification between groups | (22,805) | (1 296) | 9,684 | 14,417 | – | – |
| Proceeds | 4,045 | 100 | 228,955 | 1,146,445 | 19,880,425 | **21,259,970** |
| Commissioning | 583,812 | 10,800,771 | 4,550,867 | 2,116,570 | (18,052,020) | – |
| Disposals | (1,603) | (72,985) | (17,257) | (475) | (388,079) | **(480,399)** |
| Reclassification to assets held for sale | – | – | – | – | (1,823) | **(1,823)** |
| **As of December 31, 2024** | **12,770,858** | **70,648,824** | **36,273,296** | **14,879,605** | **15,204,295** | **149,776,878** |
| ***Depreciation accumulated*** | | | | | | |
| **As of January 1, 2024** | **(4,498,360)** | **(20,655,620)** | **(13,677,916)** | **(6,469,020)** | **–** | **(45,300,916)** |
| Reclassification between groups | 12,901 | 562 | (2,048) | (11,415) | – | – |
| Depreciation accrued | (431,635) | (2,743,375) | (1,557,123) | (1,147,916) | – | **(5,880,049)** |
| Disposals | 1,235 | 24,460 | 16,633 | 465 | – | **42,793** |
| Reclassification to assets held for sale | – | – | – | – | – | – |
| **As of December 31, 2024** | **(4,915,859)** | **(23,373,973)** | **(15,220,454)** | **(7,627,886)** | **–** | **(51,138,172)** |
| ***Impairment accumulated*** | | | | | | |
| **As of January 1, 2024** | **(564,162)** | **(2,487,400)** | **(483,309)** | **(4,730)** | **(29,133)** | **(3,568,734)** |
| Reclassification between groups | 363 | 68 | (413) | (18) | – | – |
| Introduction into property, plant and equipment (carry forward of impairment losses) | – | (143) | (2,599) | – | 2,742 | – |
| Depreciation of impairment | 30,631 | 150,308 | 88,596 | 1,979 | – | **271,514** |
| Recognition of impairment losses/ recovery of previously recognized impairment losses | – | – | (13) | – | – | **(13)** |
| Disposals | 28 | 820 | 36 | – | 935 | **1,819** |
| Reclassification to assets held for sale | – | – | – | – | – | – |
| **As of December 31, 2024** | **(533,140)** | **(2,336,347)** | **(397,702)** | **(2,769)** | **(25,456)** | **(3,295,414)** |
| *Depreciation (with depreciation of impairment)* | *(401,004)* | *(2,593,067)* | *(1,468,527)* | *(1,145,937)* | – | ***(5,608,535)*** |
| ***Residual value*** | | | | | | |
| **As of January 1, 2024** | **7,144,887** | **36,779,214** | **17,339,822** | **5,128,898** | **13,736,659** | **80 ,129,480** |
| **As of December 31, 2024** | **7,321,859** | **44,938,504** | **20,655,140** | **7,248,950** | **15,178,839** | **95,343,292** |
| ***Initial / deemed cost*** | | | | | | |
| **As of January 1, 2023** | **12,192,321** | **53,491,561** | **27,641,086** | **9,525,108** | **10,444,944** | **113,295,020** |
| Reclassification between groups | (756,322) | 1,037,335 | (274,629) | (6,384) | – | – |
| Proceeds | 5,526 | 148,909 | 151,805 | 168,675 | 15,658,792 | **16,133,707** |
| Commissioning | 800,494 | 5,285,593 | 4,072,168 | 1,930,548 | (12,088,803) | – |
| Disposals | (23,855) | (41,164) | (89,383) | (15,299) | (247,619) | **(417,320)** |
| Reclassification to assets held for sale | (10,755) | – | – | – | (1,522) | **(12,277)** |
| **As of December 31, 2023** | **12,207,409** | **59,922,234** | **31,501,047** | **11,602,648** | **13,765,792** | **128,999,130** |
| ***Depreciation accumulated*** | | | | | | |
| **As of January 1, 2023** | **(4,425,881)** | **(17,662,759)** | **(12,482,565)** | **(5,492,730)** | **–** | **(40,063,935)** |
| Reclassification between groups | 408,081 | (519,958) | 214,468 | (102,591) | – | – |
| Depreciation accrued | (488,863) | (2,487,016) | (1,484,351) | (888,719) | – | **(5,348.949)** |
| Disposals | 3,878 | 14,113 | 74,532 | 15,020 | – | **107,543** |
| Reclassification to assets held for sale | 4,425 | – | – | – | – | **4,425** |
| **As of December 31, 2023** | **(4,498,360)** | **(20,655,620)** | **(13,677,916)** | **(6,469,020)** | **–** | **(45,300,916)** |
| ***Impairment accumulated*** | | | | | | |
| **As of January 1, 2023** | **(639,516)** | **(2,592,356)** | **(593,544)** | **(14,893)** | **(32,217)** | **(3,872,526)** |
| Reclassification between groups | 38,351 | (51,371) | 6,067 | 6,953 | – | – |
| Introduction into property, plant and equipment (carry forward of impairment losses) | – | (143) | (2,891) | (3) | 3,037 | – |
| Depreciation of impairment | 36,859 | 155,325 | 104,145 | 3,205 | – | **299,534** |
| Recognition of impairment losses/ recovery of previously recognized impairment losses | – | – | – | – | – | – |
| Disposals | 144 | 1,145 | 2,914 | 8 | 47 | **4,258** |
| Reclassification to assets held for sale | – | – | – | – | – | – |
| **As of December 31, 2023** | **(564,162)** | **(2,487,400)** | **(483,309)** | **(4,730)** | **(29,133)** | **(3,568,734)** |
| *Depreciation (with depreciation of impairment)* | *(452,004)* | *(2,331,691)* | *(1,380,206)* | *(885,514)* | – | ***(5,049,415)*** |
| ***Residual value*** | | | | | | |
| **As of January 1, 2023** | **7,126,924** | **33,236,446** | **14,564,977** | **4,017,485** | **10,412,727** | **69,358,559** |
| **As of December 31, 2023** | **7,144,887** | **36,779,214** | **17,339,822** | **5,128,898** | **13,736,659** | **80 ,129,480** |

As of December 31, 2024, construction in progress includes advances for the acquisition of property, plant and equipment in the amount of 2,254,599 thousand rubles (as of December 31, 2023: 1,388,903 thousand rubles), as well as materials for the construction of property, plant and equipment in the amount of 3,846,244 thousand rubles (as of December 31, 2023: 3,939,555 thousand rubles).

For the year ended 31 December 2024, capitalized interest amounted to 789,723 thousand rubles (for the year ended 31 December 2023: 297,349 thousand rubles), the capitalization rate was 18.30% (for the year ended 31 December 2023: 10.96%).

For the year ended December 31, 2024, depreciation charges in the amount of 47 thousand rubles were capitalized in the cost of capital construction projects (including depreciation charges on fixed assets 0 thousand rubles, intangible assets 0 thousand rubles, right-of-use assets 47 thousand rubles).

For the year ended December 31, 2023, depreciation charges in the amount of 2,107 thousand rubles were capitalized in the cost of capital construction projects (including depreciation charges on fixed assets 0 thousand rubles, intangible assets 2,024 thousand rubles, right-of-use assets 83 thousand rubles).

As of December 31, 2024, the initial cost of fully depreciated property, plant and equipment amounted to 9,941,834 thousand rubles (as of December 31, 2023: 9,426,064 thousand rubles).

As of December 31, 2024 and December 31, 2023, there were no property, plant and equipment acting as collateral for loans and borrowings.

**Disclosure of information on impairment testing**

The Group considered the current economic conditions in the regions where the Group operates: the Krasnodar Territory and the Republic of Adygea, as an indicator (sign) of a possible impairment of property, plant and equipment.

The majority of the Group's property, plant and equipment are specialised assets that are rarely purchased and sold on the open market, unless they are sold to existing entities. The market for such property, plant and equipment is not active in the Russian Federation and does not provide sufficient purchase and sale examples to enable a market approach to determine the fair value of these property, plant and equipment. As a consequence, the recoverable amount of specialised property is determined as the value in use using the projected cash flow method. His method takes into account future net cash flows that will generate these property, plant and equipment in the course of business operations as well as disposal in order to determine the recoverable amount of these assets.

Cash generating units are determined by the Group based on the geographical location of branches and represent the smallest identifiable groups of assets that generate cash inflows irrespective of other Group assets.

Future cash flows in the forecast period for the Group's tested CGU were determined based on the management's best estimate of electricity transmission volumes, operating costs and capital investments, as well as tariffs approved by regulatory authorities, taking into account the business plan indicators, which are based on tariff models formed taking into account the average annual growth rate of the tariff for electricity transmission services in accordance with the Forecast of the Socioeconomic Development of the Russian Federation for 2025 and for the planning period of 2026 and 2027 (as of September 30, 2024), in 2023 - for 2024 and for the planning period of 2025 and 2026 dated September 28, 2023.



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The Group tested property, plant and equipment for impairment as of December 31, 2024 in relation to a generating unit of Rosseti Kuban.

The following basic assumptions were used in assessing the recoverable amount of assets of generating units:

| Basic assumption | As of as of december 31, 2024 | As of as of december 31, 2023 |
|---|---|---|
| Forecast period | Forecast cash flows were determined for the 2025-2029 period for all generating units based on the Management's best estimate of electricity transmission volumes, operating and capital expenditures, and tariffs approved by regulatory authorities for 2025. | Forecast cash flows were determined for the 2024-2028 period for all generating units based on the Management's best estimate of electricity transmission volumes, operating and capital expenditures, and tariffs approved by regulatory authorities for 2024. |
| Interest rate of net cash flow growth in the post-forecast period | 4.0% | 4.0% |
| Forecast of electricity transmission tariffs | Based on the tariff calculation methodology adopted by the regulatory authorities | Based on the tariff calculation methodology adopted by the regulatory authorities |
| Forecast of sales volume | In accordance with the approved business plan.<br>Outside of business planning - a fixed amount (at the level of the last year of the business planning period). | In accordance with the approved business plan.<br>Outside of business planning - a fixed amount (at the level of the last year of the business planning period). |
| Discount rate (nominal discount rate determined for the purposes of the test based on the weighted average cost of capital after income tax) | 13.71% | 11.97% |

Based on the results of impairment testing, the recoverable amount of non-current assets tested under the CGU as of December 31, 2024 was 100,440,479 thousand rubles.

Based on the results of testing as of December 31, 2024 and December 31, 2023, no impairment of non-current assets tested under the CGU was identified.

## 14 Intangible assets

| | Software | Certificates, licenses and patents | R&D | Other | Total |
|---|---|---|---|---|---|
| ***Initial cost*** | | | | | |
| **As of January 1, 2024** | **1,130,015** | **140,060** | **9,234** | **16,536** | **1,295,845** |
| Reclassification between groups | 141,362 | (119,671) | (55,643) | 33,952 | – |
| Proceeds | – | – | 152,751 | – | **152,751** |
| Disposals | (790,655) | (20,389) | (6,553) | (56) | **(817,653)** |
| **As of December 31, 2024** | **480,722** | **–** | **99,789** | **50,432** | **630,943** |
| ***Depreciation accumulated*** | | | | | |
| **As of January 1, 2024** | **(832,862)** | **(14,487)** | **–** | **(15,288)** | **(862,637)** |
| Reclassification between groups | 11,825 | 1,391 | – | (13,216) | – |
| Depreciation accrued | (87,509) | – | – | (4,335) | **(91,844)** |
| Disposals | 754,227 | 13,096 | – | 55 | **767,378** |
| **As of December 31, 2024** | **(154,319)** | **–** | **–** | **(32,784)** | **(187,103)** |
| ***Impairment accumulated*** | | | | | |
| **As of January 1, 2024** | **–** | **–** | **–** | **–** | **–** |
| Reclassification between groups | – | – | – | – | – |
| Depreciation of impairment | – | – | – | – | – |
| Recognition of impairment losses/ recovery of previously recognized impairment losses | – | – | – | – | – |
| Disposals | – | – | – | – | – |
| **As of December 31, 2024** | **–** | **–** | **–** | **–** | **–** |
| *Depreciation (with depreciation of impairment)* | (87,509) | – | – | (4,335) | **(91,844)** |
| ***Residual value*** | | | | | |
| **As of January 1, 2024** | **297,153** | **125,573** | **9,234** | **1,248** | **433,208** |
| **As of December 31, 2024** | **326,403** | **–** | **99,789** | **17,648** | **443,840** |

| | Software | Certificates, licenses and patents | R&D | Other | Total |
|---|---|---|---|---|---|
| ***Initial cost*** | | | | | |
| **As of January 1, 2023** | **919,623** | **12,775** | **20,530** | **78,195** | **1,031,123** |
| Reclassification between groups | 13,030 | – | (13,030) | – | – |
| Proceeds | 197,362 | 127,285 | 11,918 | – | **336,565** |
| Disposals | – | – | (10,184) | (61,659) | **(71,843)** |
| **As of December 31, 2023** | **1,130,015** | **140,060** | **9,234** | **16,536** | **1,295,845** |
| ***Depreciation accumulated*** | | | | | |
| **As of January 1, 2023** | **(742 015)** | **(12,160)** | **–** | **(74 310)** | **(828,485)** |
| Reclassification between groups | – | – | – | – | – |
| Depreciation accrued | (90,847) | (2,327) | – | (2,637) | **(95,811)** |
| Disposals | – | – | – | 61,659 | **61,659** |
| **As of December 31, 2023** | **(832,862)** | **(14,487)** | **–** | **(15,288)** | **(862,637)** |
| ***Impairment accumulated*** | | | | | |
| **As of January 1, 2023** | **–** | **–** | **–** | **–** | **–** |
| Reclassification between groups | – | – | – | – | – |
| Depreciation of impairment | – | – | – | – | – |
| Recognition of impairment losses/ recovery of previously recognized impairment losses | – | – | – | – | – |
| Disposals | – | – | – | – | – |
| **As of December 31, 2023** | **–** | **–** | **–** | **–** | **–** |
| *Depreciation (with depreciation of impairment)* | *(90,847)* | *(2,327)* | – | *(2,637)* | ***(95,811)*** |
| ***Residual value*** | | | | | |
| **As of January 1, 2023** | **177,608** | **615** | **20 530** | **3,885** | **202 638** |
| **As of December 31, 2023** | **297,153** | **125,573** | **9,234** | **1,248** | **433,208** |



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The amount of depreciation of intangible assets included in operating expenses in the consolidated statement of profit or loss and other comprehensive income amounted to 91,844 thousand rubles (for the year ended December 31, 2023: 93,787 thousand rubles).

Intangible assets are depreciated on a straight-line basis.

For the year ended December 31, 2024, capitalized depreciation amounted to 0 thousand rubles (for the year ended December 31, 2023: 2,024 thousand rubles).

## 15 Right-of-use assets

| | Land and buildings | Electricity transmission networks | Equipment for electricity transmission | Other | Total |
|---|---|---|---|---|---|
| ***Initial cost*** | | | | | |
| **As of January 1, 2024** | **2,719,522** | **2,983,728** | **1,215,574** | **385,280** | **7,304,104** |
| Reclassification between groups | 5,289 | – | (5,235) | (54) | **–** |
| Proceeds | 86,182 | 67,438 | 112,101 | 579 | **266,300** |
| Changes in the terms of lease agreements | 279,258 | 11,468 | 5,053 | 22,653 | **318,432** |
| Disposal or termination of lease agreements | (1,790,663) | (2,901,484) | (1,044,679) | (302,076) | **(6,038,902)** |
| **As of December 31, 2024** | **1,299,588** | **161,150** | **282,814** | **106,382** | **1,849,934** |
| ***Depreciation accumulated*** | | | | | |
| **As of January 1, 2024** | **(1,648,147)** | **(2,319,729)** | **(869,345)** | **(299,446)** | **(5,136,667)** |
| Reclassification between groups | (2,746) | – | 2,726 | 20 | **–** |
| Depreciation accrued | (467,683) | (632,710) | (260,149) | (70,805) | **(1,431,347)** |
| Changes in the terms of lease agreements | 11,544 | 210 | 2,970 | 6,272 | **20,996** |
| Disposal or termination of lease agreements | 1,715,686 | 2,874,445 | 1,031,133 | 301,208 | **5,922,472** |
| **As of December 31, 2024** | **(391,346)** | **(77,784)** | **(92,665)** | **(62,751)** | **(624,546)** |
| ***Impairment accumulated*** | | | | | |
| **As of January 1, 2024** | **–** | **–** | **–** | **–** | **–** |
| Reclassification between groups | – | – | – | – | **–** |
| Depreciation of impairment | – | – | – | – | **–** |
| Recognition of impairment losses/recovery of previously recognized impairment losses | – | – | – | – | **–** |
| Disposal or termination of lease agreements | – | – | – | – | **–** |
| **As of December 31, 2024** | **–** | **–** | **–** | **–** | **–** |
| *Depreciation (with depreciation of impairment)* | (467,683) | (632,710) | (260,149) | (70,805) | **(1,431,347)** |
| ***Residual value*** | | | | | |
| **As of January 1, 2024** | **1,071,375** | **663,999** | **346,229** | **85,834** | **2,167,437** |
| **As of December 31, 2024** | **908,242** | **83,366** | **190,149** | **43,631** | **1,225,388** |

| | Land and buildings | Electricity transmission networks | Equipment for electricity transmission | Other | Total |
|---|---|---|---|---|---|
| ***Initial cost*** | | | | | |
| **As of January 1, 2023** | **2,675,613** | **2,958,344** | **1,181,395** | **415 648** | **7,231,000** |
| Reclassification between groups | – | – | – | – | – |
| Proceeds | 95,449 | 46,353 | 112,171 | 890 | **254,863** |
| Changes in the terms of lease agreements | 86,214 | 2,200 | (764) | 869 | **88,519** |
| Disposal or termination of lease agreements | (137,754) | (23,169) | (77,228) | (32,127) | **(270,278)** |
| **As of December 31, 2023** | **2,719,522** | **2,983,728** | **1,215,574** | **385,280** | **7,304,104** |
| ***Depreciation accumulated*** | | | | | |
| **As of January 1, 2023** | **(1,228,116)** | **(1,712,996)** | **(649,812)** | **(242,677)** | **(3,833,601)** |
| Reclassification between groups | – | – | – | – | – |
| Depreciation accrued | (467,088) | (611,946) | (251,341) | (75,382) | **(1,405,757)** |
| Changes in the terms of lease agreements | 9,376 | 1 | 4,329 | – | **13,706** |
| Disposal or termination of lease agreements | 37,681 | 5,212 | 27,479 | 18,613 | **88,985** |
| **As of December 31, 2023** | **(1,648,147)** | **(2,319,729)** | **(869,345)** | **(299,446)** | **(5,136,667)** |
| ***Impairment accumulated*** | | | | | |
| **As of January 1, 2023** | – | – | – | – | – |
| Reclassification between groups | – | – | – | – | – |
| Depreciation of impairment | – | – | – | – | – |
| Recognition of impairment losses/recovery of previously recognized impairment losses | – | – | – | – | – |
| Disposal or termination of lease agreements | – | – | – | – | – |
| **As of December 31, 2023** | – | – | – | – | – |
| *Depreciation (with depreciation of impairment)* | *(467,088)* | *(611,946)* | *(251,341)* | *(75,382)* | ***(1,405,757)*** |
| ***Residual value*** | | | | | |
| **As of January 1, 2023** | **1,447,497** | **1,245,348** | **531 583** | **172 971** | **3 397 399** |
| **As of December 31, 2023** | **1,071,375** | **663,999** | **346,229** | **85,834** | **2,167,437** |

For the purpose of the impairment testing, right-of-use specialized assets (including leased land plots under own and leased specialized facilities) are classified as CGU assets similarly to own fixed assets - based on the geographical location of the Group.

The value of use of right-of-use assets is determined using the discounted cash flow method. Information on the impairment testing conducted as of December 31, 2024 is disclosed in Note 13 "Property, Plant and Equipment".



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## 16 Deferred tax assets and liabilities

Differences between IFRS and Russian tax legislation result in temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes, on the one hand, and for profit tax purposes, on the other.

As of December 31, 2024, deferred tax assets and liabilities are calculated taking into account the increase in the income tax rate from 20% to 25% from January 1, 2025 (Note 12).

### (a) Deferred tax assets and liabilities recognized

Deferred tax assets and liabilities relate to the following items:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Property, plant and equipment | 90,693 | 73,641 | (4,222,902) | (2,393,373) | (4,132,209) | (2,319,732) |
| Intangible assets | – | 9,224 | (82,113) | – | (82,113) | 9,224 |
| Right-of-use assets | – | – | (310,090) | (435,521) | (310,090) | (435,521) |
| Financial assets measured at fair value through other comprehensive income | – | – | (11,422) | (9,137) | (11,422) | (9,137) |
| Financial assets measured at fair value through other profit or loss | – | – | – | – | – | – |
| Inventories | 21,513 | 45,157 | 5,937 | – | 27,450 | 45,157 |
| Trade and other receivables | 591,901 | 576,436 | (630) | (17,206) | 591,271 | 559,230 |
| Advances paid and other assets | – | 4 | (1,665) | (1,238) | (1,665) | (1,234) |
| Lease liabilities | 163,282 | 162,308 | – | – | 163,282 | 162,308 |
| Loans and borrowings | – | – | – | – | – | – |
| Estimated liabilities | 209,216 | 232,004 | (7,759) | (5,670) | 201,457 | 226,334 |
| Employee benefit liabilities | 52,619 | 60,681 | – | – | 52,619 | 60,681 |
| Trade and other payables | 427,972 | 568,176 | – | – | 427,972 | 568,176 |
| Advances received | – | – | – | – | – | – |
| Tax losses to be carried forward | 26 | 152 | – | – | 26 | 152 |
| Assets held for sale | – | – | (5,937) | (5,651) | (5,937) | (5,651) |
| Other | 149,793 | 9,858 | – | (10,354) | 149,793 | (496) |
| **Tax assets/( liabilities)** | **1,707,015** | **1,737,641** | **(4,636,581)** | **(2,878,150)** | **(2,929,566)** | **(1,140,509)** |
| Credit for tax | (1,616,312) | (1,662,163) | 1,616,312 | 1,662,163 | – | – |
| Deferred tax assets not recognized | – | – | – | – | – | – |
| **Net tax assets/( liabilities)** | **90,703** | **75,478** | **(3,020,269)** | **(1,215,987)** | **(2,929,566)** | **(1,140,509)** |

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## (6) Movement of deferred tax assets and liabilities during the year

| | January 1, 2024 | Recognized in profit or loss | Recognized in other comprehensive income | Effect of an increase in the income tax rate on profit or loss (Note 12) | Effect of an increase in the income tax rate on other comprehensive income (Note 12) | December 31, 2024 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | (2,319,732) | (986,034) | – | (826,443) | – | (4,132,209) |
| Intangible assets | 9,224 | (74,915) | – | (16,422) | – | (82,113) |
| Right-of-use assets | (435,521) | 187,448 | – | (62,017) | – | (310,090) |
| Financial assets measured at depreciated value | – | – | – | – | – | – |
| Financial assets measured at fair value through other comprehensive income | (9,137) | – | – | (2,285) | – | (11,422) |
| Financial assets measured at fair value through other profit or loss | – | – | – | – | – | – |
| Inventories | 45,157 | (23,196) | – | 5,489 | – | 27,450 |
| Trade and other receivables | 559,230 | (86,213) | – | 118,254 | – | 591,271 |
| Advances paid and other assets | (1,234) | (98) | – | (333) | – | (1,665) |
| Lease liabilities | 162,308 | (31,682) | – | 32,656 | – | 163,282 |
| Loans and borrowings | – | – | – | – | – | – |
| Estimated liabilities | 226,334 | (65,168) | – | 40,291 | – | 201,457 |
| Employee benefit liabilities | 60,681 | 14,320 | (32,906) | (12,801) | 23,325 | 52,619 |
| Trade and other payables | 568,176 | (225,798) | – | 85,594 | – | 427,972 |
| Advances received | – | – | – | – | – | – |
| Tax losses to be carried forward | 152 | (131) | – | 5 | – | 26 |
| Assets held for sale | (5,651) | 901 | – | (1,187) | – | (5,937) |
| Other | (496) | 120,330 | – | 29,959 | – | 149,793 |
| Deferred tax assets not recognized | – | – | – | – | – | – |
| | **(1,140,509)** | **(1,170,236)** | **(32,906)** | **(609,240)** | **23,325** | **(2,929,566)** |





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| | January 1, 2023 | Recognized in profit or loss | Recognized in other comprehensive income | December 31, 2023 |
|---|---|---|---|---|
| Property, plant and equipment | (1,494,800) | (824,932) | – | (2,319,732) |
| Intangible assets | 9,295 | (71) | – | 9,224 |
| Right-of-use assets | (679,480) | 243,959 | – | (435,521) |
| Financial assets measured at depreciated value | – | – | – | – |
| Financial assets measured at fair value through other comprehensive income | (9,138) | 1 | – | (9,137) |
| Financial assets measured at fair value through other profit or loss | – | – | – | – |
| Inventories | 52,591 | (7,434) | – | 45,157 |
| Trade and other receivables | 513,996 | 45,234 | – | 559,230 |
| Advances paid and other assets | 2,129 | (3,363) | – | (1,234) |
| Lease liabilities | 155,965 | 6,343 | – | 162,308 |
| Loans and borrowings | – | – | – | – |
| Estimated liabilities | 291,218 | (64,884) | – | 226,334 |
| Employee benefit liabilities | 26,320 | 15,607 | 18,754 | 60,681 |
| Trade and other payables | 491,560 | 76,616 | – | 568,176 |
| Advances received | – | – | – | – |
| Tax losses to be carried forward | 1,231 | (1,079) | – | 152 |
| Assets held for sale | (4,081) | (1,570) | – | (5,651) |
| Other | 325,854 | (326,350) | – | (496) |
| Deferred tax assets not recognized | – | – | – | – |
| | **(317,340)** | **(841,923)** | **18,754** | **(1,140,509)** |

## 17 Assets qualified as held for sale

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| **As part of current assets** | | |
| Assets classified as held for sale - short-term | 23,748 | 28,255 |
| | **23,748** | **28,255** |

Immediately before classifying the objects as assets for sale, an estimate of the recoverable amount was made. As of December 31, 2024, there was no write-down as the carrying amount of assets held for sale has not decreased below its fair value less costs to sell.

## 18 Inventories

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Raw and other materials | 1,656,411 | 1,459,748 |
| Provision for impairment of raw and other materials | (2,177) | (49 327) |
| Other inventories | 2,134,284 | 2,403,686 |
| Provision for impairment of other inventories | (13,337) | (812) |
| | **3,775,181** | **3,813,295** |

As of 31 December 2024, inventories intended to ensure work on the prevention and elimination of accidents (emergency situations) at electric grid facilities (emergency stock) amount to 681,484 thousand rubles (as of 31 December 2023: 631,162 thousand rubles).

As of 31 December 2024 and 31 December 2023, the Group does not have inventories pledged under loan and other agreements.

For the year ended December 31, 2024, operating expenses included in the item "Other material expenses" include inventories in the amount of 3,735,232 thousand rubles (for the year ended December 31, 2023: 2,915,358 thousand rubles).

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## 19 Trade and other receivables

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| **Long-term trade and other receivables** | | |
| Trade receivables | 309,739 | 395 |
| Provision for expected credit losses on trade receivables | – | – |
| Other receivables | 80,339 | 58,632 |
| Provision for expected credit losses on other receivables | – | – |
| | **390,078** | **59,027** |
| **Short-term trade and other receivables** | | |
| Trade receivables | 6,660,063 | 6,611,360 |
| Provision for expected credit losses on trade receivables | (1,091,338) | (1,549,243) |
| Other receivables | 1,482,772 | 1,263,035 |
| Provision for expected credit losses on other receivables | (1,089,087) | (1,143,178) |
| | **5,962,410** | **5,181,974** |
| | **6,352,488** | **5,241,001** |

## 20 Advances paid and other assets

| | December 31, 2024 | December 31, 2023* |
|---|---|---|
| **Fixed** | | |
| Advances issued | 16,421 | 12,267 |
| Provision for impairment of advances paid | – | – |
| VAT on advances received | 1,400,592 | 1,983,583 |
| | **1,417,013** | **1,995,850** |
| **Current** | | |
| Advances issued | 315,158 | 101,795 |
| Provision for impairment of advances paid | (3,903) | (4 613) |
| VAT recoverable | 23,131 | 5,753 |
| VAT on advances received and VAT on advances paid for the purchase of property, plant and equipment | 2,282,739 | 1,307,854 |
| Prepayment for taxes other than profit tax | 6,160 | 9,634 |
| | **2,623,285** | **1,420,423** |
| | **4,040,298** | **3,416,273** |

* *The data as of December 31, 2023 has been revised (see note 2e).*

## 21 Cash and cash equivalents

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Cash in bank accounts and cash on hand | 7,745,514 | 5,578,347 |
| Cash equivalents | 9,616,383 | 7 538 334 |
| | **17,361,897** | **13 116 681** |

As of December 31, 2024 and December 31, 2023, all balances and cash equivalents are nominated in rubles.

Cash equivalents as of December 31, 2024 and December 31, 2023 include short-term investments in bank deposits. In 2024, deposits were placed at interest rates from 24.80% to 24.80% per annum (in 2023: from 16.15 to 16.40% per annum).



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## 22 Equity

### (а) Authorized capital

| | Ordinary shares | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Nominal value per one share | 100 rubles | 100 rubles |
| In circulation as of January 1, pieces | 398,966,076 | 363,300,457 |
| In circulation at the end of the year and fully paid, pieces | 398,966,076 | 398,966,076 |

### (б) Ordinary shares

In 2024, state registration of amendments to the charter of Rosseti Kuban PJSC was carried out in terms of increasing the authorized capital by the volume of additional shares placed.

In accordance with the Charter, as of December 31, 2024, the authorized capital of the Company is 39,896,607,600 rubles, it is divided into 398,966,076 ordinary registered uncertified shares with a par value of 100 rubles 00 kopecks each.

The total number of shares of the Company in circulation and fully paid as of December 31, 2024 amounted to 398,966,076 pieces.

### (в) Dividends

At the Annual General Meeting of Shareholders held on June 16, 2024, it was decided to pay dividends on ordinary shares of the Company based on the financial and economic activities of Rosseti Kuban PJSC for 2023 in the amount of 1,944,691 thousand rubles (minutes of the Annual General Meeting of Shareholders dated June 17, 2024, No. 51). The amount of dividends was 4,874,327 rubles per ordinary share of the Company. At the Annual General Meeting of Shareholders held on June 16, 2023, it was decided to pay dividends on ordinary shares of the Company based on the financial and economic activities of Rosseti Kuban PJSC for 2022 in the amount of 766,500 thousand rubles (minutes of the Annual General Meeting of Shareholders dated June 21, 2023, No. 50). The amount of dividends was 2.0022935 rubles per ordinary share of the Company.

For the year ended December 31, 2024, dividends due to the Company's shareholders for 2023 amounted to 1,944,641 thousand rubles, including 1,939,239 thousand rubles to the parent company Rosseti PJSC (for the year ended December 31, 2023: dividends for 2022 - 766,500 thousand rubles, including 764,260 thousand rubles to the parent company Rosseti PJSC).

As of December 31, 2024, the dividend payment debt to owners amounted to 2,126 thousand rubles, while the dividend payment debt to the parent company Rosseti PJSC was repaid (as of December 31, 2023: dividend payment debt to owners - 1,458 thousand rubles, while the dividend payment debt to the parent company Rosseti PJSC was repaid).

### (г) Additional issue of securities

In February 2021, the Extraordinary General Meeting of Shareholders of Rosseti Kuban PJSC decided to increase the Company's authorized capital by placing additional ordinary shares in the amount of 69,583,132 shares with a par value of 100 rubles each, for a total amount of 6,958,313,200 rubles at par value (Minutes dated February 26, 2021, No.44).

On March 17, 2021, the Board of Directors of Rosseti Kuban PJSC approved the securities prospectus containing the terms of the placement of additional shares.

On April 1, 2021, the Bank of Russia carried out the state registration of this additional issue and the registration of the prospectus of securities of Rosseti Kuban PJSC. The additional issue of securities was assigned state registration number 1 02 00063-A. The initial period for the placement of additional shares: one year from the date of state registration of the additional issue. On April 25, 2022, the Bank of Russia registered the prospectus of the Company's securities, which provides for an extension of the period for the placement of additional shares until April 1, 2023 by extending the period for collecting offers until March 2, 2023. On May 25, 2023, the Bank of Russia registered the prospectus of the Company's securities, which provides for an extension of the period for the placement of additional shares until April 1, 2024 by extending the period for collecting offers until March 1, 2024.

In the period from April 10, 2021 to February 3, 2022, shareholders exercised their preemptive right to purchase additional shares. The Company offered to purchase 60,579,604 shares remaining for placement after the shareholders exercised their preemptive right on February 10, 2022, to an unlimited number of persons through an open subscription. On March 1, 2024, the deadline for accepting offers to purchase shares of the additional issue registered by the Bank of Russia on April 1, 2021 under registration number 1-02-00063-A ended.

On April 1, 2024, the placement of shares of the additional issue was completed. On April 22, 2024, the Bank of Russia sent Rosseti Kuban PJSC an extract from the register of emission securities, according to which the additional shares being placed are part of the main issue.

Payment for the additional shares was made in cash in the amount of 6,430,824 thousand rubles for 64,308,239 shares of the additional issue.

On May 17, 2024, state registration of amendments to the charter of Rosseti Kuban PJSC was carried out in terms of increasing the authorized capital by the volume of additional shares placed.

### (д) Own shares repurchased from shareholders

On June 17, 2024, the annual General Meeting of Shareholders decided to apply to the court with an application for delisting of shares of Rosseti Kuban PJSC. The number of shares, the owners of which had the right to demand a buyback, amounted to 1,116,973 shares. The repurchase price of one ordinary share of Rosseti Kuban PJSC at the request of shareholders was determined by the decision of the Board of Directors of the Company (minutes dated April 27, 2024 No. 555/2024) in the amount of 393.8 rubles.

123,488 shares of the Company were put up for repurchase. In fact, for 123,488 shares of Rosseti Kuban PJSC, shareholders were paid 48,630 thousand rubles.

On August 23, 2024, 123,488 shares of the Company were credited to the treasury account of Rosseti Kuban PJSC in the register of registered securities holders.

Information on own repurchased shares:

| December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|
| **Number of shares, pcs. Ordinary** | **Cost, thous. rub.** | **Number of shares, pcs. Ordinary** | **Cost, thous. rub.** |
| 123,488 | 48,630 | – | – |





## 23 Earnings per share

The calculation of earnings per share for the year ended December 31, 2024 and December 31, 2023 is based on profit attributable to common shareholders and the weighted average number of common shares outstanding. The Company does not have dilutive financial instruments.

| *In thousands of shares* | **2024** | **2023** |
|---|---|---|
| **Ordinary shares as of January 1** | **398,966** | **363,300** |
| Effect of the share placing | – | 35,666 |
| **Weighted average number of shares for the period ended December 31** | **398,918** | **381,034** |

| | **For the year ended December 31** | |
|---|---|---|
| | **2024** | **2023** |
| Weighted average number of outstanding shares for the period (in thousand pieces) | 398,918 | 381,034 |
| Profit for the period, which is attributable to the owners of the Company | 11,466,405 | 6,818,242 |
| **Basic and diluted earnings per share (in Russian rubles)** | **28.74** | **17.89** |

## 24 Borrowed funds

| | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| **Long-term liabilities** | | |
| Unsecured loans and borrowings | 22,182,604 | 20,159,853 |
| Lease liabilities | 1,452,424 | 2,585,294 |
| Less: current portion of long-term lease liabilities | (286,067) | (1,724,421) |
| Less: current portion of long-term loan liabilities | (12,716,432) | (4,279,853) |
| | **10,632,529** | **16 740 873** |
| **Short-term liabilities** | | |
| Unsecured loans and borrowings | 2,356,508 | 28,987 |
| Current portion of long-term lease liabilities | 286,067 | 1 724 421 |
| Current portion of long-term loan liabilities | 12,716,432 | 4,279,853 |
| | **15,359,007** | **6 033 261** |
| **Including:** | | |
| Interest payable on loans and borrowings | 39,183 | 28,987 |
| | **39,183** | **28,987** |

As of December 31, 2024 and December 31, 2023, all loan and borrowing balances are denominated in rubles, respectively.

Long-term and current liabilities on loans and borrowings, including interest, as of December 31, 2024 and December 31, 2023 amounted to 24,539,112 thousand rubles and 20,188,840 thousand rubles (excluding long-term and current lease liabilities).

| | Maturity | Effective interest rate | | Carrying amount | |
|---|---|---|---|---|---|
| | | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| **Loans and borrowings unsecured** | | | | | |
| Unsecured loans | 2025-2027 | Key rate+1.65% - Key rate+7.30% | Key rate+1.25% - Key rate+1.55% | 10,870,291 | 12,979,853 |
| Unsecured loans | 2025-2027 | Key rate+1.65% - Key rate+7.30% | Key rate+1.20% - Key rate+2.10% | 11,799,839 | 5,340,547 |
| Borrowings unsecured | 2025-2025 | 8.95%-8.95% | 8.95-8.95% | 1,868,982 | 1,868,440 |
| | | | | **24,539,112** | **20,188,840** |
| Lease liabilities | 2025-2073 | 13.80%-23.74% | 8.99-16.41% | 1,452,424 | 2,585,294 |
| **Total liabilities** | | | | **25,991,536** | **22,774,134** |

The Group does not use hedging instruments to manage interest rate risk.

Information on the Group's exposure to interest rate risk is disclosed in the Note 31 "Financial Risk and Capital Management".

## 25 Changes in liabilities caused by financial activities

| | Borrowed funds | | Interest payable on borrowed funds (excluding% under lease agreements) | Lease liabilities | Dividends payable |
|---|---|---|---|---|---|
| | Long-term | Short-term | | | |
| **As of January 1, 2024** | **15,880,000** | **4,279,853** | **28,987** | **2,585,294** | **1,458** |
| **Changes due to cash flows from financial activities** | | | | | |
| Borrowing funds | 9,652,605 | 467,325 | – | – | – |
| Repayment of borrowed funds | (1,500,001) | (4,279,853) | – | – | – |
| Lease payments | – | – | – | (1,523,191) | – |
| Interest paid (operating activities, for reference) | – | – | (4,084,927) | (208,984) | – |
| Dividends paid | – | – | – | – | (1,944,023) |
| **Total** | **8,152,604** | **(3,812,528)** | **(4,084,927)** | **(1,732,175)** | **(1,944,023)** |
| **Non-cash changes** | | | | | |
| Reclassification | (14,566,432) | 14,566,432 | – | – | – |
| Capitalized interests | – | – | 789,718 | 5 | – |
| Interest expenses | – | – | 3,305,405 | 274,794 | – |
| Proceeds from lease agreements | – | – | – | 266,299 | – |
| Dividends accrued | – | – | – | – | 1,944,691 |
| Discounting | – | – | – | – | – |
| Other changes, net | – | – | – | 58,207 | – |
| **Total** | **(14,566,432)** | **14,566,432** | **4,095,123** | **599,305** | **1,944,691** |
| **As of December 31, 2024** | **9,466,172** | **15,033,757** | **39,183** | **1,452,424** | **2,126** |



| | Borrowed funds | | borrowed funds (excluding % under lease agreements) | | |
|---|---|---|---|---|---|
| | Long-term | Short-term | | | |
| **As of January 1, 2023** | **16,931,543** | **4,071,757** | **18,523** | **3,866,469** | **101,678** |
| **Changes due to cash flows from financial activities** | | | | | |
| Borrowing funds | 8,618,064 | – | – | – | – |
| Repayment of borrowed funds | (5,389,754) | (4,071,757) | – | – | – |
| Lease payments | – | – | – | (1,445,730) | – |
| Interest paid (operating activities, for reference) | – | – | (2,090,271) | (259,924) | – |
| Dividends paid | – | – | – | – | (866,475) |
| **Total** | **3,228,310** | **(4,071,757)** | **(2,090,271)** | **(1,705,654)** | **(866,475)** |
| **Non-cash changes** | | | | | |
| Reclassification | (4,279,853) | 4,279,853 | – | – | – |
| Capitalized interests | – | – | 296,218 | 1,131 | – |
| Interest expenses | – | – | 1 804 517 | 296,737 | – |
| Proceeds from lease agreements | – | – | – | 254,864 | – |
| Dividends accrued | – | – | – | – | 766,500 |
| Discounting | – | – | – | – | – |
| Other changes, net | – | – | – | (128,253) | (245) |
| **Total** | **(4,279,853)** | **4,279,853** | **2,100,735** | **424,479** | **766,255** |
| **As of December 31, 2023** | **15,880,000** | **4,279,853** | **28,987** | **2,585,294** | **1,458** |

## 26 Employee benefits

The Group has pension liabilities and other long-term defined benefit plan liabilities that apply to most employees and retirees. Defined benefit plan liabilities consist of several unsecured plans providing lump sum payments upon retirement, financial support to retirees, employee death benefits, and anniversary payments.

The amounts of defined benefit liabilities recognized in the Consolidated Statement of Financial Position are as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Net cost of liabilities regarding post-employment benefit plans | 665,005 | 762,865 |
| Net cost of liabilities regarding other long-term employee benefit plans | – | – |
| **Total net value of liabilities** | **665,005** | **762,865** |

Change of value of assets related to employee benefit liabilities:

| | 2024 | 2023 |
|---|---|---|
| **Value of assets as of January 1** | **290,712** | **302,550** |
| Income on plan assets | 19,669 | 20,645 |
| Employer's contributions | 48,879 | – |
| Other account movements | 1,865 | 1,056 |
| Payment of benefits | (43,199) | (33,539) |
| **Value of assets as of December 31** | **317,926** | **290,712** |

The assets of pension plans with defined benefits are managed by the non-state pension fund NPF VTB Pension Fund JSC. These assets are not assets of defined benefit pension plans, since under the terms of existing agreements with the fund, the Group has the opportunity to use contributions transferred under defined benefit pension plans to finance its defined contribution pension plans or transfer to another fund on its own initiative.

Changes in present value of defined benefit plan liabilities:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Post-employment benefits | Other long-term benefits | Post-employment benefits | Other long-term benefits |
| **Defined benefit plan liabilities as of January 1** | **762,865** | – | **621,344** | – |
| Cost of current services | 34,776 | – | 27,600 | – |
| Cost of past services and sequestration | – | – | – | – |
| Interest expense on liabilities | 83,883 | – | 59,904 | – |
| Effect of revaluation: | | | | |
| - loss from changes in demographic actuarial assumptions | – | – | 102,021 | – |
| - profit from change in financial actuarial assumptions | (154,387) | – | (88,633) | – |
| - loss from experience adjustment | (10,141) | – | 80,381 | – |
| Plan contributions | (51,991) | – | (39,752) | – |
| **Defined benefit plan liabilities as of December 31** | **665,005** | – | **762,865** | – |



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Expenses recognized in profit or loss for the period:

| | For the year ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Cost of employee services | 34,776 | 27,600 |
| Revaluation of liabilities for other long-term employee benefits | – | – |
| Interest expenses | 83,883 | 59,904 |
| **Total expenses recognized in profit or loss** | **118,659** | **87,504** |

(Profit)/loss recognised in other comprehensive income for the period:

| | For the year ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Loss from changes in demographic actuarial assumptions | – | 102,021 |
| Profit from change in financial actuarial assumptions | (154,387) | (88,633) |
| Loss from experience adjustment | (10,141) | 80,381 |
| **Total expenses recognized in other comprehensive income** | **(164,528)** | **93,769** |

Change in the reserve for revaluation of liabilities in other comprehensive income during the reporting period:

| | 2024 | 2023 |
|---|---|---|
| **Revaluation as of January 1** | **631,024** | **537,255** |
| Revaluation change | (164,528) | 93,769 |
| **Revaluation as of December 31** | **466,496** | **631,024** |

Main actuarial assumptions:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| **Financial assumptions** | | |
| Discount rate | 15.4% | 11.8% |
| Future salary increase | 6.3% | 6.1% |
| Inflation rate | 5.8% | 5.6% |
| **Demographic assumptions** | | |
| Expected retirement age | | |
| • Men | 65 | 65 |
| • Women | 60 | 60 |
| Average employee turnover rate | 7.2% | 7.2% |

The sensitivity of the total value of pension liabilities to changes in basic actuarial assumptions is as follows:

| | Changes in assumptions | Impact on liabilities |
|---|---|---|
| Discount rate | Growth/decrease by 0.5% | Change by (2.6%) |
| Future salary growth | Growth/decrease by 0.5% | Change by 2.6% |
| Future benefit growth (inflation) | Growth/decrease by 0.5% | Change by 0.4% |
| Employee turnover rate | Growth/decrease by 10% | Change by (0.9%) |
| Mortality rate | Growth/decrease by 10% | Change by (0.7%) |

The amount of expected payments under long-term employee benefit plans for 2025 is 210,661 thousand rubles, including: under defined benefit programs, including non-state pension provision for employees, 210,661 thousand rubles.

The risks associated with pension and other long-term employee benefit plans reflect the fact that the actual development of the situation may differ from the long-term assumptions used in calculating liabilities. The Group's plans are exposed to risks of mortality and survival, risks of falling investment returns, while there is no significant concentration of risks.

The weighted average duration of the defined benefit obligation is 6 years as of December 31, 2024 (8 years as of December 31, 2023).

## 27 Trade and other payables

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| **Long-term debt** | | |
| Trade payable | 1,030,004 | 1,365,506 |
| Other payables | 2 | 1 |
| | **1,030,006** | **1,365,507** |
| **Short term debt** | | |
| Trade payables | 10,649,914 | 8,619,522 |
| Other payables and expenses accrued | 370,008 | 187,960 |
| Payables to employees | 1,563,414 | 1,564,934 |
| Dividends payable | 2,126 | 1,458 |
| | **12,585,462** | **10,373,874** |
| | **13,615,468** | **11,739,381** |

The Group's exposure to liquidity risk in respect of accounts payable is disclosed in Note 31"Financial Risk and Capital Management".

## 28 Taxes payable other than profit tax

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| VAT | 237,442 | 998,920 |
| Property tax | 155,679 | 159,026 |
| Social security contributions | 276,722 | 358,226 |
| Other taxes payable | 51,951 | 50,191 |
| | **721,794** | **1,566,363** |

## 29 Advances received

| | December 31, 2024 | December 31, 2023* |
|---|---|---|
| **Long-term** | | |
| Advances for technological connection to electrical networks | 8,399,161 | 11,900,011 |
| Other advances received | 1,946 | 3,103 |
| | **8,401,107** | **11,903,114** |
| **Short-term** | | |
| Advance payments for power grid technological connection | 12,871,941 | 7,130,810 |
| Other advances received | 3,665,082 | 1,434,245 |
| | **16,537,023** | **8,565,055** |
| | **24,938,130** | **20,468,169** |

* *The data as of December 31, 2023 has been revised (see note 2e).*



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## 30 Estimated liabilities

| | 2024 | 2023 |
|---|---|---|
| **Balance as of January 1** | **1,160,021** | **1,460,893** |
| Accrual (increase) for the period | 576,766 | 449,521 |
| Recovery (decrease) for the period | (400,332) | (453,043) |
| Use of estimated liabilities | (549,412) | (383,552) |
| Capitalized | 49,820 | 86,202 |
| **Balance as of December 31** | **836,863** | **1,160,021** |

Primarily, estimated liabilities relate to lawsuits and claims brought against the Group in its ordinary activities.

The lawsuits reserve is provided to cover the costs of claims in which the Group is a defendant in the course of business and provision of electricity transmission services. It is expected that the balance of the reserve as of 31 December 2024 will be used within 12 months after the reporting date and that the outcome of current litigation will not result in material losses beyond the amounts already accrued.

## 31 Financial Risk and Capital Management

In the course of its ordinary financial and business operations, the Group is exposed to a variety of financial risks, including but not limited to: market risk (risk of exchange losses, interest rate risk and price risk), credit risk and liquidity risk.

This note contains information on the Group's exposure to each of these risks, discusses the objectives, policies and procedures of risk assessment and management, and information on capital management. More detailed quantitative data are disclosed in the relevant sections of these consolidated financial statements.

The Company may change the amount of dividends paid to shareholders, return capital to shareholders or issue new shares in order to maintain or change the capital structure.

### (a) Credit risk

Credit risk is the risk that the Group will incur a financial loss caused by the buyer or counterparty to a financial instrument not fulfilling its contractual obligations in full and on time. Credit risk relates mainly to the Group's receivables, bank deposits, cash and cash equivalents.

Deposits with an initial maturity period of more than three months, cash and cash equivalents are placed in financial institutions that have a minimum risk of default, are considered reliable counterparties with a stable financial position in the financial market of the Russian Federation. Concentration risk is managed by placing funds in banks with minimal risk of default. Information on the balances of deposits with an initial placement period of more than three months, balances of cash and cash equivalents placed with banks associated with the principal shareholder of the Company is provided in Note 34 "Related Party Operations".

In terms of the structure of the Group's debtors, the Group's exposure to credit risk mainly depends on the individual characteristics of each counterparty. The Group creates a provision for expected credit losses on trade and other receivables, the estimated amount of which is determined on the basis of a model of expected credit losses weighted by the probability of default occurrence, and can be adjusted both upward and downward. For that, the Group analyzes the borrowing capacity of the counterparties, debt repayment dynamics, takes into account changes in payment terms, the availability of third-party guarantees, bank guarantees, and current economic conditions.

The carrying amount of receivables, net of expected credit loss provisions, represents the maximum amount exposed to credit risk. While the collection of receivables may be affected by economic and other factors, the Group believes that there is no material risk of losses exceeding the provision created.

If possible, the Group uses a prepayment system in its relationships with counterparties. As a rule, the prepayment for utility connection of consumers to the networks is provided for by the contract. The Group does not require collateral security for receivables.

For effective management of receivables, the Group monitors changes in the volume of receivables and its structure by allocating current and overdue accounts. In order to minimize credit risk, the Group implements measures aimed at timely fulfillment of contractual obligations by counterparties, reducing and preventing the creation of overdue accounts. Such measures, in particular, include: conducting negotiations with service consumers, increasing the efficiency of the process of forming the volume of electricity transmission services, ensuring the implementation of schedules for monitoring readings and technical verification of electricity metering tools agreed with guaranteed supply companies, limiting the electricity consumption regime (implemented in accordance with the norms of the legislation of the Russian Federation), claims work, presentation of claims for the provision of financial security in the form of independent (bank) guarantees, collateral and other forms of security for the fulfillment of obligations.

### *i. Credit risk level*

The carrying amount of financial assets reflects the maximum credit risk of the Group. As of the balance sheet date, the maximum level of credit risk was:

| | Book value | |
|---|---|---|
| | **December 31, 2024** | **December 31, 2023** |
| Trade and other receivables (net of expected credit loss provisions) | 6,352,488 | 5,241,001 |
| Cash and cash equivalents | 17,361,897 | 13,116,681 |
| | **23,714,385** | **18,357,682** |

As of the balance sheet date, the maximum level of credit risk in terms of trade receivables by groups of buyers was:

| | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Total nominal value** | **Expected credit loss provision** | **Carrying value** | **Total nominal value** | **Expected credit loss provision** | **Carrying value** |
| Buyers of electricity transmission services | 6,363,214 | (983,899) | 5,379,315 | 6,236,163 | (1,419,407) | 4,816,756 |
| Buyers of services of technological connection to networks | 35,258 | (14,252) | 21,006 | 38,922 | (24,783) | 14,139 |
| Other buyers | 571,330 | (93,187) | 478,143 | 336,670 | (105,053) | 231,617 |
| | **6,969,802** | **(1,091,338)** | **5,878,464** | **6,611,755** | **(1,549,243)** | **5,062,512** |

The residual value of accounts receivable of the Group's ten largest debtors as of 31 December 2024 was 4,754,976 thousand rubles (as of 31 December 2023: 4,280,884 thousand rubles).



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The distribution of trade and other receivables by limitation term is presented below:

| | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Total nominal value** | **Expected credit loss provision** | **Carrying value** | **Total nominal value** | **Expected credit loss provision** | **Carrying value** |
| Undue debt | 5,735,039 | (43,763) | 5,691,276 | 4,776,040 | (91,285) | 4,684,755 |
| Overdue by less than 3 months | 483,309 | (136,635) | 346,674 | 275,746 | (26,624) | 249,122 |
| Overdue for more than 3 months and less than 6 months | 218,409 | (50,162) | 168,247 | 273,391 | (60,486) | 212,905 |
| Overdue for more than 6 months and less than a year | 181,517 | (121,185) | 60,332 | 481,860 | (417,933) | 63,927 |
| Overdue for more than a year | 1,914,639 | (1,828,680) | 85,959 | 2,126,385 | (2,096,093) | 30,292 |
| | **8,532,913** | **(2,180,425)** | **6,352,488** | **7,933,422** | **(2,692,421)** | **5,241,001** |

The Group believes that past due unimpaired receivables are likely to be reimbursed at the reporting date.

The flow of the expected credit loss provisions on trade and other receivables is presented below:

| | **2024** | **2023** |
|---|---|---|
| **Balance as of January 1** | **2,692,421** | **2 559 020** |
| Increase in provision for the period | 386,346 | 705,949 |
| Recovery of provision amounts for the period | (132,575) | (384,132) |
| Amounts of trade and other receivables written off from provision previously accrued | (765,767) | (188,416) |
| **Balance as of December 31** | **2,180,425** | **2,692,421** |

As of December 31, 2024 and December 31, 2023, the Group does not have a contractual basis for offsetting financial assets and financial liabilities, and the Group's management does not expect that offsetting will occur in the future based on additional agreements.

### (б) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations at maturity.

Liquidity risk management involves the maintenance of sufficient funds and the availability of financial resources by attracting credit facilities. The Group follows a balanced model of working capital financing through the use of both short-term and long-term sources. Temporarily available funds are placed in the form of short-term financial instruments, mainly bank deposits.

The Group's approach to liquidity management is to ensure that the Group has sufficient liquidity to meet its obligations on time without incurring illegible losses or exposing to risk the Group's reputation. This approach is used to analyze payment due dates related to financial assets and forecast cash flows from operating activities.

e Group amounted to 80,962,571 thousand rubles (as of December 31, 2023: 77,202,647 nits, including to ensure the fulfillment of its short-term obligations.

Below is information on the contractual maturity of financial liabilities, taking into account expecte expected interest payments and excluding the effect of offsets. With respect to cash flows ch earlier in time or in significantly different amounts:

| December 31, 2024 | Carrying value | Cash flows under the agreement | Up to 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | | | |
| Loans and borrowings | 24,539,112 | 31,706,422 | 19,757,856 | 5,944,885 | 6,003,681 | – | – | – |
| Financial lease liabilities | 1,452,424 | 4,006,114 | 431,411 | 351,751 | 341,734 | 308,548 | 284,805 | 2,287,865 |
| Trade and other payables | 13,615,468 | 14,758,144 | 13,728,138 | 1,030,006 | – | – | – | – |
| | **39,607,004** | **50,470,680** | **33,917,405** | **7,326,642** | **6,345,415** | **308,548** | **284,805** | **2,287,865** |

| December 31, 2023 | Carrying value | Cash flows under the agreement | Up to 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | Over 5 years |
|---|---|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | | | |
| Loans and borrowings | 20,188,840 | 26 386 225 | 7 480 965 | 15 970 510 | 2 934 750 | – | – | – |
| Financial lease liabilities | 2,585,294 | 4 345 618 | 1 726 354 | 327,956 | 154,275 | 135,827 | 89,942 | 1 911 264 |
| Trade and other payables | 11 739 381 | 12 694 969 | 11 329 462 | 1 365 507 | – | – | – | – |
| | **34 513 515** | **43 426 812** | **20 536 781** | **17 663 973** | **3,089,025** | **135,827** | **89,942** | **1 911 264** |

As of December 31, 2024, the amount of free limit on open but unused credit lines of the Group thousand rubles). The Group has a chance to raise additional funding within the relevant limits, incl







## (в) Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates, commodity prices and cost of capital, which will affect the Group's financial performance or the value of the financial instruments held. The purpose of market risk management is to control market risk exposure and keep it within acceptable limits, while optimizing the return on investment.

### *i. Risk of exchange losses*

Income and expenses and monetary assets and liabilities of the Group are nominated in Russian rubles. Changes in exchange rates do not directly affect the Group's income and expenses.

### *ii. Interest rate risk*

The purpose of interest rate risk management is to prevent losses due to adverse changes in the level of market interest rates. Changes in interest rates primarily affect loans and borrowings because they change either their fair value (for fixed-rate loans and borrowings) or future cash flows (for floating-rate loans and borrowings). The Group does not adhere to any established rules in determining the ratio between loans and borrowings at fixed and floating rates. At the same time, at the time of raising new loans and borrowings, on the basis of judgment, it is decided which rate - fixed or floating - will be most beneficial for the Groupy for the entire settlement period until maturity. The Group analyzes the exposure to interest rate risks in dynamics.

*Sensitivity analysis of fair value of fixed-rate financial instruments*

The Group does not recognize any financial assets and liabilities at fixed rates as instruments at fair value through profit or loss. Accordingly, the change in interest rates at the reporting date would not have affected profit or loss.

*Cash flow sensitivity analysis for floating rate financial instruments*

As of December 31, 2024, the Group's financial liabilities with floating interest rates amounted to 23,099,929 thousand rubles (as of 31 December 2023: 16,380,000 thousand rubles).

A possible increase in the interest rate by 100 basis points would result in a decrease in profit before tax for 2024 by 217,473 thousand rubles (as of December 31, 2023: 192,416 thousand rubles).

A possible decrease in the interest rate by 100 basis points would result in an increase in profit before tax for 2024 by 217,473 thousand rubles (as of December 31, 2023: 192,416 thousand rubles).

This analysis was conducted on the assumption that all other variables remain unchanged and interest expenses are not capitalized.

### (г) Fair and carrying value

A comparison of the fair values and carrying values of the Group's financial instruments is set out below:

| | | December 31, 2024 | | Level of the fair value hierarchy | | |
|---|---|---|---|---|---|---|
| **Financial instruments** | **Note** | **Carrying value** | **Fair value** | **1** | **2** | **3** |
| **Financial assets measured at depreciated value** | | | | | | |
| Long-term receivables | 20 | 390,078 | 390,078 | – | – | 390,078 |
| **Financial assets measured at fair value through other comprehensive income** | | | | | | |
| Investments in equity instruments (unquoted) | 16 | – | – | – | – | – |
| **Financial liabilities measured at depreciated value** | | | | | | |
| Loans and borrowings | 25 | 24,499,929 | 24,499,929 | – | 24,499,929 | – |
| Long-term payables | 28 | 1,030,006 | 1,030,006 | – | – | 1,030,006 |
| | | **25,920,013** | **25,920,013** | **–** | **24,499,929** | **1,420,084** |

| | | December 31, 2023 | | Level of the fair value hierarchy | | |
|---|---|---|---|---|---|---|
| **Financial instruments** | **Note** | **Carrying value** | **Fair value** | **1** | **2** | **3** |
| **Financial assets measured at depreciated value** | | | | | | |
| Long-term receivables | 20 | 59,027 | 59,027 | – | – | 59,027 |
| **Financial assets measured at fair value through other comprehensive income** | | | | | | |
| Investments in equity instruments (unquoted) | 16 | – | – | – | – | – |
| **Financial liabilities measured at depreciated value** | | | | | | |
| Loans and borrowings | 25 | 20,159,853 | 20,159,853 | – | 20,159,853 | – |
| Long-term payables | 28 | 1,365,507 | 1,365,507 | – | – | 1,365,507 |
| | | **21 584 387** | **21 584 387** | **–** | **20,159,853** | **1 424 534** |

The fair value of short-term receivables and payables and other current financial assets approximates their carrying values.

The interest rate used to discount the expected future cash flows of long-term receivables for the purpose of determining the disclosed fair value as of December 31, 2024 was 14.34% - 15.81% (as of December 31, 2023: 8.23% - 12.48%).



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The interest rate used to discount the expected future cash flows of long-term payables for the purpose of determining the disclosed fair value as of December 31, 2024 was 14.34% - 15.81% (as of December 31, 2023: 8.23% - 12.48%).

The interest rate used to discount the expected future cash flows from long-term and short-term borrowings for the purpose of determining the disclosed fair value as of December 31, 2024 was Key rate+1.65% - Key rate+7.30% (as of December 31, 2023: Key rate+1.20% - Key rate+2.10%).

There were no transfers between levels of the fair value hierarchy for the year ended December 31, 2024.

### (д) Capital Management

The capital under management of the Group is the amount of capital owed to the owners of the Company as presented in the Consolidated Statement of Financial Position.

The main objective of capital management for the Group is to maintain a stable high level of capital to maintain the confidence of investors, creditors and market participants and to ensure sustainable business development in the future.

The Group monitors the structure and return on equity using coefficients calculated on the basis of consolidated financial statements in accordance with IFRS, management statements and RAS statements. The Group analyzes the dynamics of the indicators of total debt and net debt, the structure of debt, as well as the ratio of equity and borrowed capital.

The Group manages its debt position by implementing credit policies aimed at improving financial stability, optimizing its debt portfolio and building long lasting relationships with participants in the debt capital market. To manage the debt position, the Group applies limits, including the categories of capital leverage, debt coverage, and debt servicing coverage. The initial data for the calculation of limits are RAS reporting indicators.

## 32 Capital commitments

The Group's total commitments for capital expenditures under contracts for the acquisition and construction of property, plant and equipment as of 31 December 2024 amount to 7,608,800 thousand rubles, including VAT (as of 31 December 2023: 3,484,156 thousand rubles, including VAT).

## 33 Contingent liabilities

### (а) Insurance

The Group applies uniform requirements regarding the amount of insurance coverage, the reliability of insurance companies and the procedure for organizing insurance protection. The Group maintains insurance of assets, liability and other insured risks. The Group's principal operating assets have insurance coverage, including coverage for damage to or loss of property, plant and equipment. There are risks, however, that adversely affect the operations and financial position of the Group in the event of damage to third parties and loss or damage to assets that are not or not fully insured.

### (б) Contingent tax liabilities

The tax legislation of the Russian Federation, in force or effective at the end of the reporting period, allows for the possibility of different interpretations of certain facts of the Group's economic life. In this regard, the position of the Group's Management on taxes and the documents justifying this position may be contested by the tax authorities.

Tax control in the Russian Federation is being tightened, which increases the risk of tax authorities checking the impact on the tax base of operations that do not have a clear financial and economic purpose or operations with counterparties that do not comply with the requirements of tax legislation. Tax audits may cover three calendar years preceding the year in which the decision to conduct the audit was made. Under certain circumstances, earlier periods may also be checked.

The Group's Management currently believes that its position on taxes and the interpretations of legislation applied by the Group can be confirmed, however, there is a risk that the Group will incur additional costs if the Management's position on taxes and the interpretations of legislation applied by the Group are contested by the tax authorities. The impact of such a development of events cannot be assessed with a sufficient degree of reliability, however, it may be significant from the point of view of the financial position and results of the Group's activities.

With the further development of the practice of applying property tax rules, tax authorities and courts may challenge the criteria for classifying property as movable or immovable items used by the Group. The Group's Management does not exclude the risk of an outflow of resources, while the risk of such a development is not assessed as probable.

### (в) Legal Proceedings

The Group is a participant in a number of legal proceedings (both as plaintiff and defendant) arising in the ordinary course of business.

According to management's assessment, the probability of an unfavourable outcome for the Group and the corresponding outflow of financial resources is low in relation to legal claims in the amount of 1,230,971 thousand rubles as of December 31, 2024 (as of December 31, 2023: 725,971 thousand rubles).

In the opinion of the Management, there are currently no other unresolved claims or lawsuits that could have a significant impact on the results of operations or the financial position of the Group and would not be recognized or disclosed in the Consolidated Financial Statements.

### (г) Environmental Commitments

The Group has been operating in the electric power industry in the Russian Federation for many years. The legislation on environmental protection in the Russian Federation continues to develop, the duties of competent government bodies for monitoring its compliance are being revised. Contingent commitments related to environmental protection arising from changes in interpretations of existing legislation, lawsuits or changes in legislation cannot be assessed. Management believes that there are no contingent commitments under the existing control system and current legislation that could have a material adverse impact on the Group's financial position, results of operations or cash flows.

## 34 Related Party Operations

### (а) Control Relationships

Parties are generally considered to be related if they are under common control or one of the parties has the ability to control the other party or may exert significant influence over its decisions on financial and business matters or exercise joint control over it. When considering relationships with each of the possible related parties, the economic content of such relationships is taken into account, and not just their legal form.

The Group's primary related parties for the year ended December 31, 2024 and December 31, 2023 and as of December 31, 2024 and December 31, 2023 were the parent company, its subsidiaries, key management personnel and entities related to the parent company's major shareholder.



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### (б) Operations with the parent company, its subsidiaries

| | Transaction amount for the year ended December 31 | | Carrying value | |
|---|---|---|---|---|
| | 2024 | 2023 | December 31, 2024 | December 31, 2023 |
| ***Revenue, other income, financial income*** | | | | |
| **Parent company** | | | | |
| Other revenue | 1,196 | 101,780 | 29,026 | 5,289 |
| Lease | 257,174 | 43 | 308,562 | – |
| **Enterprises under common control of the parent company** | | | | |
| Other revenue | 248,182 | 339,803 | 19,501 | 60,012 |
| Lease | 5,214 | 4,935 | 14 | – |
| Other income | 73,766 | 11,842 | 35,986 | 18,005 |
| Interest income | 3,122 | 4,189 | 14,328 | 11,205 |
| Income from the sale of FA | – | 2,834 | – | 3,401 |
| | **588,654** | **465,426** | **407,417** | **97,912** |
| Provision for expected credit losses on trade receivables and other receivables | 29,529 | 19,308 | (19,587) | (49,116) |
| Receivables less provision for expected credit losses | – | – | 387,830 | 48,796 |

| | Transaction amount for the year ended December 31 | | Carrying value | |
|---|---|---|---|---|
| | 2024 | 2023 | December 31, 2024 | December 31, 2023 |
| ***Operating expenses, financial expenses*** | | | | |
| **Parent company** | | | | |
| Electricity transmission services | 11,564,306 | 10,144,719 | 1,036,414 | 1,012,700 |
| Services for technological connection to electrical networks | 4,932 | 3,382 | 18,182 | 12,800 |
| Other works and services of production nature | 26,823 | 26,820 | – | – |
| Expenses for services for the organization and development of the UES | 9,677 | 8,678 | – | – |
| Software and maintenance costs | 14,884 | 11,026 | 4,219 | 10,163 |
| Other services, expenses | 345 | 1,077 | 1,748 | 1,958 |
| Interest expense on financial liabilities carried at depreciable cost | 99,251 | 98,980 | 18,982 | 18,440 |
| Interest expense on lease | 53,975 | 173,132 | – | – |
| Capitalized expenses for works and services | – | 1,187 | 3,706 | 12,185 |
| **Enterprises under common control of the parent company** | | | | |
| Services for technological connection to electrical networks | – | 8 | – | – |
| Software and maintenance costs | 225,014 | 79,710 | 13,914 | 9,444 |
| Repair and maintenance services | 2058 | 1,979 | – | – |
| Interest expense on lease | 77,966 | 11,058 | – | – |
| Other expenses | 92,136 | 54,274 | 148,705 | 29,423 |
| Interest expense on financial liabilities carried at depreciable cost | 85,214 | 41,684 | – | – |
| Capitalized expenses for works and services | 50,843 | 162,881 | 114,933 | 106,165 |
| | **12,307,424** | **10,820,595** | **1,360,803** | **1,213,278** |

| | Carrying value | |
|---|---|---|
| | **December 31, 2024** | **December 31, 2023** |
| **Parent company** | | |
| Advances paid | 26,910 | 22,756 |
| Borrowed funds | 1,400,000 | 1 400 000 |
| Advances received | – | 31 |
| Lease liabilities | 492,778 | 169,861 |
| **Enterprises under common control of the parent company** | | |
| Advances issued | 3,685 | 12,536 |
| Borrowed funds | 450,000 | 450,000 |
| Advances received | 408,936 | 37,293 |
| Lease liabilities | – | 1 508 559 |

As of December 31, 2024, there is no debt to the parent company for the payment of dividends.

### (в) Operations with key management personnel

For the purposes of preparing these Consolidated Financial Statements, key management personnel include members of the Board of Directors, the Management Board and key management personnel.

Benefit of key management personnel is composed of salary stipulated by the labor agreement, non-monetary benefits, as well as bonuses determined by the results for the period and other payments. Benefits or compensation are not paid to those members of the Board of Directors who are government employees.

The amounts of benefits to key management personnel disclosed in the table represent the costs of the current period for key management personnel recorded in the employee benefit expenses.

| | For the year ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Short-term employee benefits | 221,210 | 134,072 |
| | **221,072** | **134,072** |

As of December 31, 2024 and December 31, 2023, the consolidated statement of financial position does not reflect the present value of defined benefit and defined contribution plan obligations and other post-employment benefits.

### (г) Operations with companies associated with the parent company's major shareholder

As part of its operating performance, the Group enters into operations with other companies associated with the parent company's major shareholder. These operations are carried out at regulated rates or at market prices. Raising and investing funds in financial institutions associated with the parent company's major shareholder is carried out at market interest rates. Taxes are assessed and paid in accordance with Russian tax law.

Revenue from companies associated with the parent company's major shareholder was:

- 5.72% of the Group's total revenue for the year ended December 31, 2024 (for the year ended December 31, 2023: 1.88%);
- 1.43% of the Group's revenue from electricity transmission for the year ended December 31, 2024 (for the year ended December 31, 2022: 1.27%).



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Electricity transmission expenses and expenses for the purchase of electricity to compensate for technological losses for companies related to the parent company's major shareholder amounted to 4.44% of total electricity transmission expenses and compensation for technological losses for the year ended December 31, 2024 (for the year ended December 31, 2023: 4.66%).

The amount of interest accrued on loans and borrowings from banks related to the parent company's major shareholder for the year ended December 31, 2024 amounted to 1,990,516 thousand rubles (for the year ended December 31, 2023: 1,757,249 thousand rubles).

As of December 31, 2024, loans and borrowings received from banks related to the parent company's major shareholder amounted to 10,869,930 thousand rubles (as of December 31, 2023: 12,979,853 thousand rubles).

As of December 31, 2024, the balance of cash and cash equivalents placed with banks related to the parent company's major shareholder amounted to 17,163,297 thousand rubles (as of December 31, 2023: 13,043,725 thousand rubles).

As of December 31, 2024, lease liabilities of companies related to the parent company's major shareholder amounted to 498,398 thousand rubles (as of December 31, 2023: 514,065 thousand rubles).

## 35 Events after the reporting date

On January 24, 2025, the reference to the public status was removed from the name, the new name is Rosseti Kuban Joint Stock Company. From this date, the Company has been exempt from disclosure in accordance with Article 30 of Federal Law No. 39-FZ dated April 22, 1996 *"On the Securities Market"*.

# APPENDIX NO. 6

## INDICATORS OF GRID CONNECTION (HEREINAFTER – GC) OF CONSUMERS FOR 2022–2024

| No. | Type of activity/ Indicators | UoM | Rosseti Kuban JSC 2022 | 2023 | 2024 | Δ 2024/2023, % |
|---|---|---|---|---|---|---|
| | **Grid connection** | | | | | |
| 1 | GC applications (including carry-over applications, excluding generation and temporary GC) | – | 46,493 | 45,664 | 50,241 | 10.0 |
| 2 | GC applications (including carry-over applications, excluding generation and temporary GC) | kW | 2,138,895 | 1,960,058 | 2,241,602 | 14.4 |
| 3 | GC agreements concluded (excluding generation and temporary GC) | – | 35,213 | 32,163 | 36,646 | 13.9 |
| 4 | GC agreements concluded (excluding generation and temporary GC) | kW | 917,785 | 813,158 | 858,513 | 5.6 |
| 5 | GC agreements completed (excluding generation and temporary GC) | – | 36,809 | 34,925 | 37,265 | 6.7 |
| 6 | GC agreements completed (excluding generation and temporary GC) | kW | 786,474 | 730,203 | 764,197 | 4.7 |
| 7 | GC agreements completed (generation only) | – | 21 | 67 | 80 | 19.4 |
| 8 | GC agreements completed (generation only) | kW | 3,980 | 108,423 | 4,447 | –95.9 |
| 9 | Existing GC agreements | – | 15,952 | 12,786 | 11,606 | –9.2 |
| 10 | Existing GC agreements | kW | 1,395,476 | 1,354,569 | 1,456,811 | 7.5 |
| **Structure of completed agreements by applicant category:** | | | | | | |
| 11 | Up to 15 kW inclusive | – | 34,234 | 32,183 | 34,817 | 8.2 |
| 12 | Over 15 kW and up to 150 kW inclusive | – | 2,272 | 2,437 | 2,166 | –11.1 |
| 13 | Over 150 kW and up to 670 kW | – | 197 | 217 | 186 | –14.3 |
| 14 | At least 670 kW | – | 106 | 88 | 96 | 9.1 |
| 15 | Generation | – | 21 | 67 | 80 | 19.4 |
| 16 | Up to 15 kW inclusive | kW | 445,915 | 393,486 | 415,141 | 5.5 |
| 17 | Over 15 kW and up to 150 kW inclusive | kW | 145,857 | 164,542 | 132,911 | –19.2 |
| 18 | Over 150 kW and up to 670 kW | kW | 44,427 | 47,119 | 45,720 | –3.0 |
| 19 | At least 670 kW | kW | 150,275 | 125,056 | 170,425 | 36.3 |
| 20 | Generation | kW | 3,980 | 108,423 | 4,447 | –95.9 |
| **Revenue from GC activities by applicant category:** | | | | | | |
| 21 | Up to 15 kW inclusive | RUB million | 305.77 | 1,017.13 | 1,337.13 | 31.5 |
| 22 | Over 15 kW and up to 150 kW inclusive | RUB million | 165.25 | 239.53 | 260.09 | 8.6 |
| 23 | Over 150 kW and up to 670 kW | RUB million | 153.26 | 361.77 | 694.80 | 92.1 |
| 24 | At least 670 kW | RUB million | 638.42 | 487.16 | 4,362.14 | 795.4 |
| 25 | Generation | RUB million | 14.82 | 325.39 | 3.61 | –98.9 |
| **Structure of completed agreements by sectors:** | | | | | | |
| 26 | Individuals | – | 29,269 | 28,758 | 31,920 | 11.0 |
| 27 | Agriculture, forestry and fisheries | – | 1,146 | 856 | 602 | –29.7 |
| 28 | Industry | – | 178 | 167 | 166 | –0.6 |
| 29 | Production and distribution of electricity, gas and water | – | 111 | 63 | 55 | –12.7 |
| 30 | Construction | – | 2,947 | 2,422 | 2,074 | –14.4 |
| 31 | Trade | – | 710 | 636 | 604 | –5.0 |
| 32 | Transport and communications | – | 565 | 450 | 417 | –7.3 |
| 33 | Health, education, social services | – | 84 | 61 | 58 | –4.9 |
| 34 | Miscellaneous | – | 1,820 | 1,579 | 1,449 | –8.2 |
| 35 | Individuals | kW | 381,232 | 350,668 | 382,206 | 9.0 |
| 36 | Agriculture, forestry and fisheries | kW | 54,021 | 46,524 | 37,638 | –19.1 |
| 37 | Industry | kW | 17,826 | 17,186 | 20,495 | 19.3 |
| 38 | Production and distribution of electricity, gas and water | kW | 51,802 | 123,594 | 20,189 | –83.7 |
| 39 | Construction | kW | 155,174 | 170,564 | 166,197 | –2.6 |
| 40 | Trade | kW | 24,185 | 25,119 | 24,232 | –3.5 |
| 41 | Transport and communications | kW | 26,042 | 19,581 | 35,653 | 82.1 |
| 42 | Health, education, social services | kW | 5,051 | 10,856 | 3,490 | –67.9 |
| 43 | Miscellaneous | kW | 75,121 | 74,534 | 78,544 | 5.4 |
| 44 | GC cost by revenue (excluding generation and temporary GC) | RUB/kW | 1,606 | 2,884 | 8,707 | 202.0 |
| 45 | Deadlines for GC of up to 150 kW (agreement – notice) | days | 4,789,206 | 4,421,408 | 3,991,642 | –9.7 |

# APPENDIX NO. 7





## Auditing Commission of JSC Rosseti Kuban

Approved by
the Auditing Commission
of JSC Rosseti Kuban
(Minutes No. 3 dated 15 April 2025)

## OPINION OF THE AUDITING COMMISSION

Joint Stock Company
Rosseti Kuban

2024

15 April 2025 Moscow

# 1 INTRODUCTION

## INFORMATION ON THE MEMBERSHIP OF THE AUDITING COMMISSION

| | |
|---|---|
| The members of the Auditing Commission were elected by the resolution of the General Meeting of Shareholders | Resolution of the annual General Meeting of Shareholders of JSC Rosseti Kuban dated 14.06.2024 (Minutes dated17.06.2024 No. 51) |
| The Chairman, Deputy Chairman and the Secretary of the Auditing Commission were elected by the resolution of the Auditing Commission | Minutes of the Auditing Commission of JSC Rosseti Kuban No. 1 dated 2 July 2024 |
| Chairman of the Auditing Commission | Anton Ulyanov |
| Deputy Chairman of the Auditing Commission | Viktor Tsarkov |
| Secretary of the Auditing Commission | Svetlana Trishina |
| Members of the Auditing Commission | Olga Pyatakova Elena Kabizskina |

**Duration of the audit:** Pursuant to the Work Plan of the Auditing Commission for the corporate year 2024–2025 (Minutes of Meeting of the Auditing Commission of JSC Rosseti Kuban No. 1 dated 2 July 2024), the audit of the financial and business activities of JSC Rosseti Kuban for 2024 was conducted in the period from February to June 2025.

**Grounds for the audit:** Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies, Articles of Association of JSC Rosseti Kuban, Regulations on the Auditing Commission of JSC Rosseti Kuban, Resolution of the Auditing Commission of JSC Rosseti Kuban (Minutes of Meeting No. 1 dated 2 July 2024).

**Objective of the audit:** To audit the economic and financial activity of JSC Rosseti Kuban, to confirm the accuracy of the data contained in the Annual Report for 2024, the accounting (financial) statements of JSC Rosseti Kuban for 2024 (hereinafter – Statements).

Reliability in all material respects means the degree of accuracy of the data in the Statements, which allows the shareholders to draw correct conclusions about the results of business operations, financial and property position of JSC Rosseti Kuban, and to make informed decisions based on such conclusions.

In accordance with Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995 and the Articles of Association of JSC Rosseti Kuban, the executive body of JSC Rosseti Kuban is responsible for organisation, condition and reliability of the accounting process at JSC Rosseti Kuban and timely submission of accounting (financial) statements.

**Audited period:** 01.01.2024 to 31.12.2024.

**Object of the audit:** Annual Report for 2024, accounting (financial) statements for 2024, resolutions of management bodies, local regulations and organisational and administrative documents of JSC Rosseti Kuban, roadmaps, accounting registers, primary accounting documents and other documentation of financial and economic activities of JSC Rosseti Kuban.





## COMPANY DETAILS

| | |
|---|---|
| Full title | until 23.01.2025 Public Joint Stock Company Rosseti Kuban<br>since 24.01.2025 Joint Stock Company Rosseti Kuban (hereinafter referred to as the Company) |
| Abbreviated title | until 23.01.2025 PJSC Rosseti Kuban (hereinafter referred to as the Company)<br>since 24.01.2025 JSC Rosseti Kuban (hereinafter referred to as the Company) |
| Location (registered office) | 2A Stavropolskaya Street, Krasnodar, Krasnodar Territory, 350033, Russian Federation |
| State registration (Primary State Registration Number (OGRN), date) | 1022301427268 dated 17.09.2002 |
| TIN | 2309001660 |
| Branches and specialised subdivisions | - Krasnodar Power Grids<br>- Sochi Power Grids<br>- Armavir Power Grids<br>- Adygeyan Power Grids<br>- Timashevsk Power Grids<br>- Tikhoretsk Power Grids<br>- Leningrad Power Grids<br>- Slavyansk Power Grids<br>- South-West Power Grids<br>- Labinsk Power Grids<br>- Ust-Labinsk Power Grids |
| Sole Executive Body | Boris Ebzeev, Acting General Director from 18.05.2021 to 27.12.2024;<br>Alexey Rybin, Acting General Director since 28.12.2024 |
| Chief Accountant | Lyudmila Loskutova, Chief Accountant — the Head of Accounting and Tax Reporting Department since 01.02.2022 |
| Average·headcount of the Company in 2024 | 8,466 people |
| Key shareholders | PJSC Rosseti 99.72% |
| Key business activities | Electricity transmission and connection to distribution grids (All-Russia Classifier of Economic Activities (OKVED) code 35.12) |

## 11. SUMMARY

The audit examined the Company's compliance with the legislation of the Russian Federation and the local regulations of the Company.

The Auditing Commission selectively audited a number of financial and business transactions of the Company for accurate and timely recording of the facts of business life in the accounting and financial statements for 2024, the reliability and completeness of information disclosure in the annual report for 2024.

In evaluating the reliability of the accounting (financial) statements for 2024, the Auditing Commission relied on the opinion of the Company's auditor, LLC Audit Technology and Solutions Centre – Auditing Services (TsATR – Auditing Services)

(member of the self-regulated organisation of auditors Association Sodruzhestvo, ORNZ 12006020327), expressed in its auditor's report dated 17 March 2025.

In the opinion of the Company's auditor, LLC TsATR – Auditing Services:

*Accounting (financial) statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, as well as its financial performance and cash flows in 2024, in compliance with the Russian Federation rules for accounting (financial) statements.*

In the Emphasis of Matter section, the Company's Auditor LLC TsATR – Auditing Services specified the following:

*We draw attention to paragraph 24 Events after the Reporting Date of the notes to the balance sheet and the statement of financial results, namely that on 24 January 2025 the Company changed its name from Public Joint Stock Company Rosseti Kuban to Joint Stock Company Rosseti Kuban. We do not express a modified opinion on this matter.*

The accounting (financial) statements are prepared in accordance with the laws and regulations of the Russian Federation and local regulations of the Company, in all material respects.

During the audit, the data of the annual accounting (financial) statements and the data of the Company's annual report for 2024 were selectively reconciled. As part of the work done, the Audit Commission did not find any material misstatements of the financial information contained in the Company's annual report for 2024. At the time of issuing this Opinion, the Company's annual report for 2024, submitted for approval by the Annual General Meeting of Shareholders, has not been approved by the Company's Board of Directors.

No facts of violation of legal acts of the Russian Federation in the course of financial and economic activities, which could materially affect the Company’s Statements, were revealed in the course of the selective review, were identified.

Pursuant to Article 88 of Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies, the Auditing Commission shall, based on the results of the audit of the Company's financial and economic activities for 2024, express an opinion on the reliability of information, in all material respects, contained in the Company's annual report for 2024 and annual financial statements for 2024.

Composition of the statements of JSC Rosseti Kuban confirmed by the Auditing Commission:

| Sl. No. | Description of a reporting document | Date of signing by management | Number of sheets in a document |
|---|---|---|---|
| 1. | Balance Sheet as at 31 December 2024 | 17.03.2025 | 2 |
| 2. | Report on Financial Performance for January to December 2024 | 17.03.2025 | 1 |
| 3. | Statement of Changes in Equity for 2024 | 17.03.2025 | 3 |
| 4. | Cash Flow Statement for January to December 2024 | 17.03.2025 | 2 |



| | | | |
|---|---|---|---|
| 5. | Explanatory Notes to the Balance Sheet and Statement of Financial Results for 2024 | 17.03.2025 | 67 |
| 6. | Annual Report of JSC Rosseti Kuban for 2024 | – | 419 |

This Opinion of the Auditing Commission should be considered in conjunction with all the verifiable forms of accounting (financial) statements and notes to the balance sheet and the report on financial results for 2024, as well as with the Annual Report of the Company for 2024.

Chairman of the Auditing Commission: signature

Members of the Auditing Commission: signatures

