

STATEMENT BY ACTING DIRECTOR GENERAL



BORIS EBZEEV
Acting General Director
Rosseti Kuban, PJSC

DEAR SHAREHOLDERS, PARTNERS AND COLLEAGUES,

The management of Rosseti Kuban was persistent in its efforts to implement anti-crisis measures in 2022 despite new economic and political realities. These measures were intended to promote sustainable development, and preserve stability and high corporate social responsibility status.

Business processes were transformed in order to meet production and financial targets and obligations to the Company's customers – the residents of the Krasnodar Territory and the Republic of Adygeya – which ultimately made it possible to end the reporting period at a profit, without compromising the quality of operations.

Traditionally, Rosseti Kuban's top objective has been to make sure that consumers in Kuban and Adygeya have a reliable and uninterrupted power supply. In order to accomplish this goal, a series of steps were taken in 2022 to increase the region's energy infrastructure's reliability. The maintenance and repair programme was also carried out within the allotted time period and fared better than planned. The Company spent RUB 3.6 billion on maintenance and repair of its energy equipment. Our specialist repaired almost 10,000 kilometres of power lines and 1,500 transformer substations, and replaced 4,700 poles and towers.

Given that all the necessary measures to prepare the Company for the autumn-winter period of 2022–2023 have been taken with adequate quality, Rosseti Kuban received a certificate of readiness to work in the heating season, based on the decision of the Ministry of Energy of Russia.

Additionally, the Company provided reliable power supply during the summer season to resort infrastructure facilities of national and regional significance, including transportation, communication, sporting, and cultural facilities in the resort city of Sochi and on federal territory of Sirius during the Congress of Young Scientists and the All-Russian Week of Occupational Health and Safety.

Rosseti Kuban employees assisted in restoring the power supply infrastructure in Mariupol, Donetsk People's Republic. The Company's specialists surveyed the condition of the facilities and repaired the city's critical energy infrastructure.

During 2022, the Company continued its programme to promote workplace discipline, prevent and reduce work-related injuries and ill health, as well as to train employees in the Zero Injury Coach programme.

Considerable efforts were focused on the enforcement of environmental laws to reduce the negative impact on the environment, ensure environmental safety at power grid facilities, modernise equipment and use innovative technologies during renovation, retrofitting and construction of power grids, as well as the rational use of natural resources. Rosseti Kuban's environmental management system is compliant with the requirements of the international standard ISO 14001 Environmental Management System.

As part of its investment efforts in 2022, the Company commissioned 579 MVA of transformer capacity and more than 1,000 kilometres of power transmission lines (PTL).

The renovation of the 35/10 kV Enem, Kombizavod, Tulskeya, Sadovaya, 110/35/10/6 kV Cheremushki and Severnaya power supply centres in the Republic of Adygeya are among the largest 2022 investment projects. The projects were implemented under the Russian Government's directives to create affordable energy infrastructure for power supply to industrial and investment sites in the region.

The Company continued with grid connection to the Company's grid infrastructure. More than 36,000 customers were connected in 2022. The capacity output totalled 795 MW. The new subscribers include household consumers, healthcare facilities, education and cultural institutions, large agro-industrial enterprises and housing construction projects.

The realisation of the postponed demand component, which resulted from the easing of restrictive measures that were in place in 2020 and the first half of 2021 to prevent the spread of the novel coronavirus infection COVID-19, is substantially responsible for the rise in connected capacity compared to previous periods. The rise in capacity was also helped up by legislative amendments made by Russian Government Decree No. 639 dated 24 April 2021, which streamlined and sped up the grid connection process for the majority of applicants.

In terms of grid connections, the Company prioritises meeting the power requirements of agricultural enterprises in southern Russia, eradicating power shortages in the territorial major industrial and residential hubs, including Krasnodar, Novorossiysk, and Tuapse, and providing electrical service to recently constructed and upgraded existing facilities that are crucial to the local population and economy. These include construction of the 110/35/10 kV Dorozhnaya substation, the 35/10 kV Pridorozhnaya substation and 110–35 kV overhead lines to supply power to the section of A-289 Krasnodar-Slavyansk-on-Kuban-Temryuk federal highway, Phase I-II construction of the A-290 Novorossiysk-Kerch motorway; construction of the 110 kV Plato substation and overhead PTIs for electric service of the Lagonaki all-season mountain resort; renovation of substations and construction of 110 kV PTLs for the Yablonovsky Industrial Park.

The electricity delivery to the grid was over 26 billion kWh. The year-on-year increase in delivery stood at 3.3%.

To improve the energy efficiency of equipment in use, each year the Company develops a loss-reduction action plan and an energy-saving and efficiency-improvement plan with the goal of lowering the consumption of energy resources for both production and household needs. In terms of reduced electricity losses, the results for 2022 show a saving of 66 million kWh (RUB 248 million).

In 2022, the Company generated a profit of RUB 5,244.5 million, mostly as a result of an increased number of services rendered.

Rosseti Kuban keeps working on creating and offering additional services. Revenues in this business area exceeded RUB 1.03 billion, exceeding the target by 6%. The most demanded services were care, repair and maintenance services, diagnostics and testing services, placement of telecommunication equipment, including fibre-optic communication lines, construction and installation works, and renovation and retrofitting of consumer's power grid facilities.

In 2022, the Company updated its Digital Transformation Programme until 2030, which includes measures for transition to the

predominant use of domestic software. The aim of the programme is 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.

As part of its customer service system, the Company continued to develop interactive client services and stayed committed to providing a comfortable face-to-face customer experience. More than 103,000 messages were submitted using online services in 2022, an 18% increase from the prior year.

In 2022, Rosseti Kuban accomplished its production goals to offer the Krasnodar Territory and the Republic of Adygeya consumers a reliable, high-quality power supply, and it strengthened its reputation as a business with a high level of social responsibility and steady growth.

579

MBA

of transformer capacity commissioned by the Company as part of its investment activities in 2022