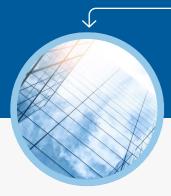
CAPITALS 31 December

### **BUSINESS MODEL**

The Company also uses financial, industrial, intellectual, human, social and reputational, and environmental capitals (resources).

**CHANGE IN THE COST OF CAPITALS OVER 2022** 





- Net profit RUB 1 711 8 mp
- Net asset value at the end of the year - RUB 41,029.5 m
- Market capitalisation of the Company<sup>1</sup> - Excluding outstanding additional
- shares RUB 21.99 bn
- Including outstanding additional shares — RUB 22 46 br



**PRODUCTION** 

- Total number of 35-220 kV substations and 6-10(35)/0.4 kV transformers substations — 24,835
- Length of PTLs 93,070 km
- · Installed capacity of 35-110 kV
- substations 11,561.03 MVA
  Installed capacity of 10-6/0.4 kV substations in the distribution grid — 5,640.37 MVA
- System average interruption duration index



- Actual value of R&D expenditure (I<sub>R&D</sub>) indicator 0.16% of own revenues, with the
- Actual value of the Innovative Products (Goods, Works, Services) Procurement Indicator ...) — 4.33%, with the plan of 4.6%



- plan of 0.15%



**HUMAN** 

- Average headcount 8.876 people
- Staffing level at the end of the year 92.9% · Employees with higher vocational
- education 51.5% and with primary/secondary vocational education - 34.5 · Annual acquisition order for working wear and shoes
- was fully completed The Company's employees received compensation payments, including the provision of voluntary health insurance services



**SOCIAL AND REPUTATION** 

- High degree of social responsibility
- High level of business transparency. - company's website
- mass media

In its day-to-day operations, Rosseti Kuban balances out interests and

and ensures reliable and affordable energy supply to consumers.

creates values for all stakeholders, contributes to the economic growth of the

regions where it operates, adheres to the idea of sustainable development,

- and congress and exhibition events



14 / 15

**ENVIRONMENTAL** 

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

- Revenue in 2022 RUB 63,739 mn,
- up RUB 6,069 mn year-on-year EBITDA in 2022 — RUB 16,141 mn,
- up RUB 7,262 mn year-on-year
- The increase resulted mainly from an uptick in the volume of services provided
- - RUB 11,469 mn 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
  - Volume of electricity transmission services 21,947.8 mn kWh, up 4.5% year-on-year (revenues — RUB 61,452.9 mn)
  - · Number of grid connections completed
  - in 2022 36,912 for a total capacity of 795 MW (revenues — RUB 1,282.1 mn)

- · Delivery of the R&D Programme, integration of equipment and devices developed under R&D
- Introduction of innovative technologies and

- 12,609 people trained (143.8% of the average headcount) Training costs amounted to RUB 87.6 mn
- Occupational health and safety (OHS) costs in 2022 were RUB 294.451 mn, up 2.5% year-on-year
- · Activities under comprehensive programmes scheduled for 2022 were fully completed
- To preserve employees' health and life, the Company purchased necessary safeguards and safety equipment
- Raising public awareness on the Company's activities: 27,500 publications related to the Company's activities were made in the federal and regional media, as well as on social media resources in 2022
- The Company set up a phased decommissioning of trichlorodiphenyl-containing equipment and ensured its secure disposal. The costs amounted to

- The net profit was RUB 5,244.5 mn, up RUB 3,532.6 mn year-on-year, mainly due to an increase in the volume of services provided.
- Net asset value at the end of the year — RUB 45,803.2 mn The year-on-year increase in net assets was RUB 4,773.7 mn due to

gains in equity resulting from the year-end profit.

- Market capitalisation of the Company: - Excluding outstanding additional
- shares RUB 18.77 br
- Including outstanding additional shares — RUB 20 38 bn
- The loss in the Company's market capitalisation. coincided with a more notable decline in the IMOEX and the MOEX Electric Utilities.
- Total number 35-220 kV substations and 6-10(35)/0.4 kV transformer substations — 25,690
- Length of PTLs 93,600 km
- Installed capacity of 35-110 kV substations — 11.826.4 MVA
- Installed capacity of 10-6/0.4 kV substations in the
- distribution grid 5,978.038 kV · System average interruption duration index
- (SAIDI) 2.8424 hours, down 30.6% year-on-year The number of accidents in the 110 kV and above grid dropped by 21% as compared to the previous year
- Actual value of R&D expenditure (Ipon) indicator — 0.21% of own revenues, with the
- Actual value of Innovative Product (Goods, Works, Services) Procurement Indicator - 3.5% of actual assimilation of the INTEGRATION — 3.376 of declared an investment programme, 76% of the plan

- Average headcount 8,767 people
- Staffing level at the end of the year — 93.9%
- · Employees with higher vocational education — 52.7% and with primary/secondary vocational education — 35.79
- Annual acquisition order for working wear and shoes was fully completed
- The Company's employees received compensation payments, including the provision of voluntary health insurance services
- · Accumulation of reputation capital
- · Percentage of positive and neutral information messages about Rosseti Kuban's activities initiated by the Company's PR divisions was 77% and 21%. respectively.
- 731 pieces (34.26 tonnes) of machinery containing polychlorinated biphenyls (PCB) were decommissioned and replaced with more ecologically friendly models

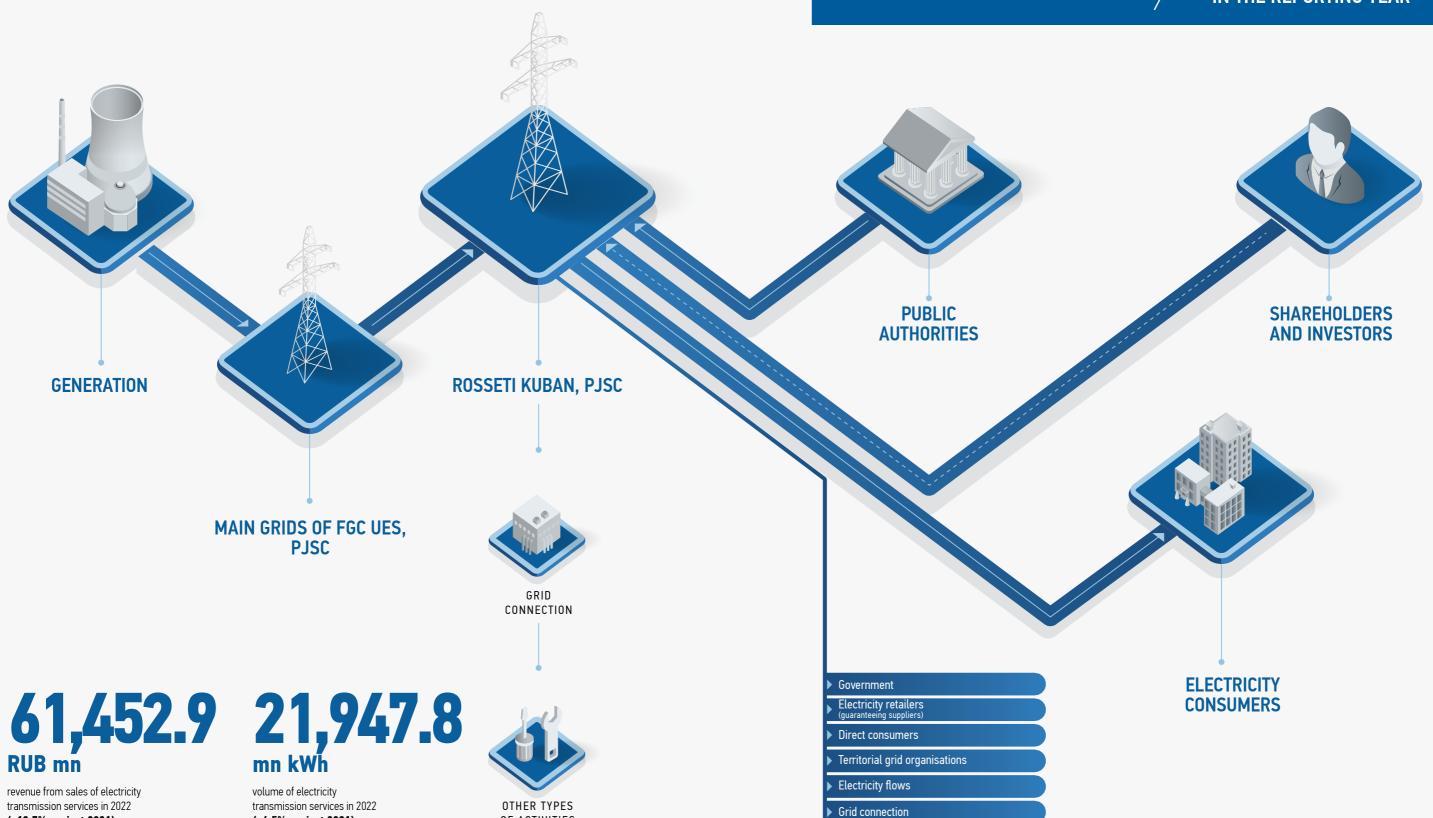
<sup>1</sup> Calculated by Moscow Exchange, PJSC at the market price (3).

16 / 17 ABOUT THE COMPANY ANNUAL REPORT — 2022

#### **BUSINESS MODEL OF ROSSETI KUBAN, PJSC**

THE CORE BUSINESS OF THE COMPANY IS ELECTRICITY TRANSMISSION AND DISTRIBUTION **SERVICES** 

96.4% OF THE COMPANY'S REVENUES IN THE REPORTING YEAR



transmission services in 2022 (+12.7% against 2021)

transmission services in 2022 (+4.5% against 2021)

OF ACTIVITIES

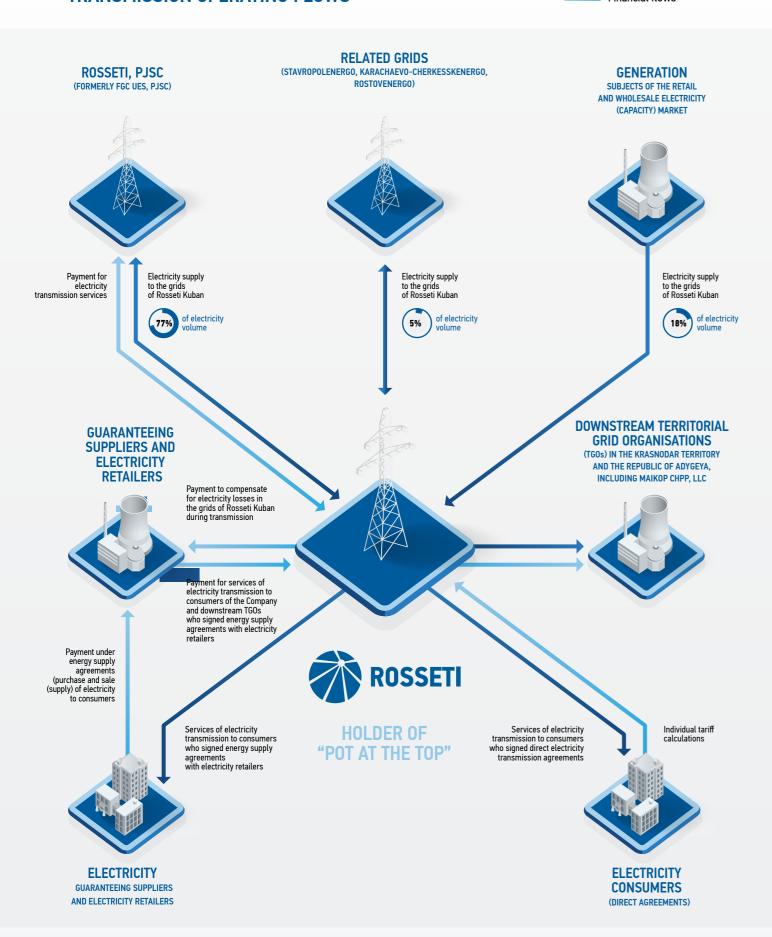
ABOUT THE COMPANY

ANNUAL REPORT — 2022

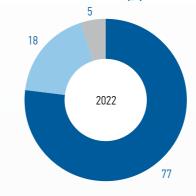
18/19

### SCHEME OF THE COMPANY'S ELECTRICITY TRANSMISSION OPERATING FLOWS

Electricity flows



## ELECTRICITY SUPPLY TO THE COMPANY'S GRIDS IN THE REPORTING YEAR (%)



- on the UNPG grids from Rosseti, PJSC (formerly, FGC UES)
- directly from the generation facilities

#### from related grids

(Stavropolenergo branch of Rosseti Northern Caucasus, PJSC; Karachaevo-Cherkesskenergo, JSC; Rostovenergo, a branch of Rosseti South, PJSC)

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

- 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 and located within the boundaries of its area of operations
- other companies involved in energy supply activities (62 in the reporting year)
- consumers (95 in the reporting year)
   that signed direct agreements to
   purchase electricity with Rosseti Kuban
   (Novoroscement, JSC, Tamanneftegaz, CJSC,
   Eurochem-Belorechenskie Minudobrenia,
   LLC, Ptitsefabrika Primorskaya, LLC,
   Agrofirma-Plemzavod Pobeda, OJSC, FSBI
   Kubanmeliovodkhoz Administration,
   Sad-Gigant, OJSC, Verkhnebakansky
   Cement Plant, OJSC, Abrau-Durso, CJSC,
   Novoroslesexport, JSC, RAMO-M, JSC, NMTP,
   PJSC, Kanevskoy Gas Equipment Plant, LLC,
   IPP, OJSC, 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 commonpot tariff for electricity transmission services in place which applies to all consumers of electricity transmission services in Kuban and Adygeya, regardless of which grid organisation they are connected to.

The main settlement model is the "Pot at the top": Rosseti Kuban is assigned the status of the backbone grid organisation – the "pot holder". According to this model, Rosseti Kuban 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 grids consumer terminals are connected to.

The largest companies engaged in similar activities in the regional electricity transmission market include NESK Electroseti, JSC, Oboronenergo, JSC, RZD, OJSC, and Neftegaztekhnologia-Energia, 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.



# ORGANISATIONAL STRUCTURE

No changes were made to the organisational structure of Rosseti Kuban, PJSC in 2022. As of 31 December 2022, Rosseti Kuban has the organisational structure in place that was approved by the Board of Directors of the Company on 30 November 2021 (Minutes No. 455/2021 dated 1 December 2021).