

INVESTMENT ACTIVITIES



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

The investment programmes of Rosseti Kuban are developed according to the electric power industry prospective development roadmaps for the Krasnodar Territory and the Republic of Adygeya, technical condition of power grids and available financing sources, based on the tariff-and-balance solutions.

Approval and control over the implementation of the Company's investment programmes are with the remit of the Ministry of Energy of Russia.

In 2022, the Company commissioned:

579 MVA
of transformer capacities

1,069 km
of power transmission lines

Six priority facilities that were renovated in 2022 in compliance with the Russian government's directives to build an affordable energy infrastructure for the Republic of Adygeya's industrial and investment sites as well as the implementation of the three-way agreement signed in 2020.



VIKTOR KORZHANEVSKIY
Deputy General Director for Investment Activities

In the reporting year, the Rosseti Kuban's investment operations were aligned with the delivery of the 2022 investment programme approved by Order of the Russian Ministry of Energy No. 19@ dated 10 November 2022.

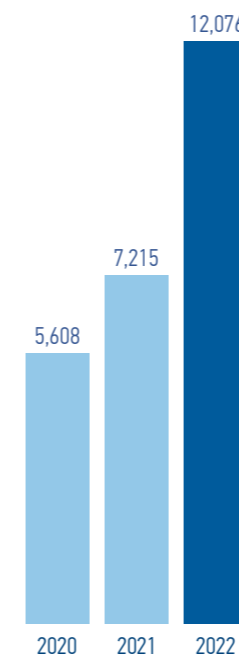
- In 2022, the Board of Directors of the Company reviewed the following issues:
- Draft investment programme for 2023–2027 and amendments thereto for 2018–2022
 - Investment programme progress reports
 - Progress reports on the priority investment projects

EXECUTION OF THE INVESTMENT PROGRAMME IN 2020–2022

Indicators	2020	2021	2022	Δ 2022/2021 (%)
Financing (RUB mn) ¹	5,608	7,215	12,076	+67
Assimilation of capital investments (RUB mn)	4,658	5,871	11,469	+95
Commissioning as a part of fixed assets (RUB mn)	4,418	5,128	8,634	+68
Commissioning as a part of transformer capacities (MVA)	159	220	579	+163
Commissioning as a part of power transmission lines (km)	593	612	1,069	+75

¹ Hereinafter, in the Investing Activities section, the amount of capital funding is shown without capitalised interest on loans.

DYNAMIC PATTERN OF THE COMPANY'S CAPITAL FINDING IN 2020–2022 (RUB MN)



As a whole, funding for Rosseti Kuban, PJSC increased in 2022, as compared to 2021

by **67%**.
The reasons were associated with the 2021 funding covering the bulk of investment operations in 2022 for the completion of grid connection agreement, and with some items on the Company's Development Plan.

FOCUS AREAS AND STRUCTURE OF CAPITAL FUNDING

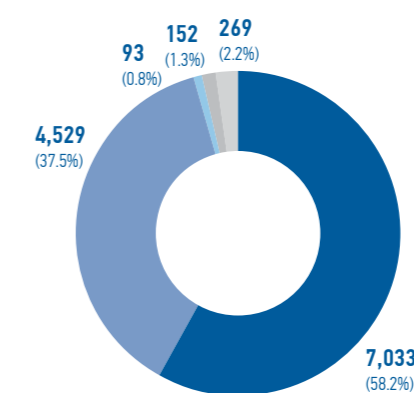
The main focus areas of the Rosseti Kuban's Investment Programme in 2022:

- Grid connection – **RUB 7,033 million**, including VAT (58.2%)
- Retrofitting and renovation — **RUB 4,529 million**, including VAT (37.5%)
- Investment projects under the prospective electric power industry development roadmap – **RUB 93 million** (0.8%)
- Other new construction – **RUB 152 million**, including VAT (1.3%)
- Other investment projects funded for **RUB 269 million**, including VAT (2.2%)

STRUCTURE OF CAPITAL FUNDING OF ROSSETI KUBAN (RUB MN)

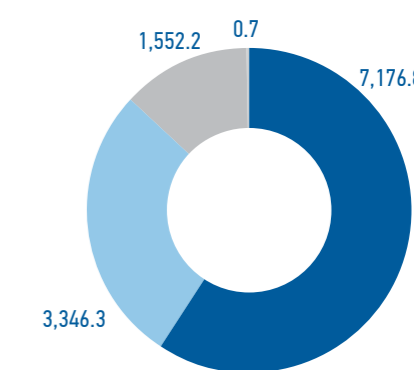
Rosseti Kuban, PJSC	2020	2021	2022
	actual	actual	actual
Total	5,608	7,215	12,076
Grid connection	2,895	4,370	7,033
Renovation, upgrading and retrofitting	2,046	2,592	4,529
Investment projects under the prospective electric power industry development roadmap	207	30	93
Other new construction of power grid facilities	27	5	152
Other investment projects	433	218	269

FINANCING STRUCTURE OF ROSSETI KUBAN IN 2022 (RUB MN)



- Grid connection
- Renovation, upgrading and retrofitting
- Investment projects which are driven by the roadmaps for long-term development of the electric power sector
- Other new construction
- Other projects

SOURCES OF FUNDING FOR THE 2022 INVESTMENT PROGRAMME (RUB MN)



- Own funds
- Other own funds (received from the placement of additional shares, others)
- Grid connection fees
- Borrowed funds

LONG-TERM INVESTMENT PROGRAMME

PARAMETERS OF THE COMPANY'S LONG-TERM INVESTMENT PROGRAMME FOR 2023–2027¹

Indicators	Period						
	2021 (actual)	2022 (actual)	2023 (plan)	2024 (plan)	2025 (plan)	2026 (plan)	2027 (plan)
Financing (RUB mn)	7,215	12,076	11,466	5,705	6,044	6,279	6,499
Assimilation of capital investments (RUB mn)	5,871	11,469	8,045	5,160	4,639	5,835	4,480
Commissioning as a part of fixed assets (RUB mn)	5,128	8,634	11,925	4,196	4,933	4,816	6,546
Commissioning as a part of transformer capacities (MVA)	220	579	476	144	64	154	373
Commissioning as a part of power transmission lines (km)	612	1,069	726	451	509	493	907

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

CAPITAL CONSTRUCTION QUALITY CONTROL

Construction oversight is enforced by Decree No. 468 of the Government of the Russian Federation on the procedure for construction oversight during construction, renovation and overhaul of capital construction facilities dated 21 June 2010. Its aim is to check the compliance of work fulfilled during

the construction, renovation and overhaul of capital construction facilities with the requirements of project design documents, technical regulations, land plot development plan and engineering survey results.

Independent expert and inspection entities were involved in the construction oversight at seven facilities with a voltage of 35 kV and above, where construction and installation operations were carried out in 2022.

KEY INVESTMENT PROJECTS WITH COMPLETED CONSTRUCTION IN 2022

Facility	Construction period		Capacity commissioned		Investment amount (RUB mn, excl. VAT)
	start	end	km	MVA	
Renovation of the 110/35/10 kV Pochtovaya substation. Replacement of two 10 MVA T-1 and T-2 transformers with two 40 MVA transformers	2016	2022	0	80	473.2
Renovation of the 110/35/10/6 kV Cheremushki substation, including replacement of the 2.5 MVA T-3 transformer with 25 MVA transformer and installation of the 25 MVA T-4 transformer	2020	2022	0	50	569.8
Renovation of the 35/10 kV Kombizavod substation with replacement of two 2.5 MVA transformers by two 6.3 MVA transformers	2016	2022	0	12.6	171.1
Renovation of the 35/10 kV Sadovaya substation with installation of a 10 MVA T-2 transformer and construction of a incoming 35 kV overhead line with changes in the substation's connection to the grid	2020	2022	2.03	10	269.4
Renovation of the 35/10 kV Tul'skaya substation, with replacement of two 4 MVA transformers with two 10 MVA transformers	2020	2022	0	20	127.0
Renovation of the 110/35/10/6 kV Severnaya substation, including replacement of the 4 MVA T-3 transformer with 25 MVA transformer and installation of the 25 MVA T-4 transformer	2022	2022	0.27	50	476.0
Renovation of the 35/10 kV Enem substation, with replacement of two 5.6 MVA transformers with two 10 MVA transformers	2016	2022	0	20	245.6

¹ Plans for the long-term investment programme of Rosseti Kuban, PJSC were approved by Order No. 19@ of the Ministry of Energy of Russia dated 10 November 2022.

INNOVATIVE ACTIVITIES

The Company's Board of Directors designated innovative development along with the supervisory follow-up of the existing Innovative Development Programme as the priority area of the Company's activities on 30 March 2021 (Minutes No. 426/2021).

Key areas of the Innovative Development Programme for 2020–2024, with an outlook until 2030 approved by the Board of Directors of Rosseti Kuban on 13 October 2021 (Minutes No. 450/2021):

- 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 shaping of an innovative infrastructure

KEY INDICATORS FOR INNOVATION ACTIVITIES OVER 2020–2022 (RUB MN)

