

STATEMENT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear shareholders, investors and partners!

The management of Rosseti Kuban, PJSC met its goals for 2023, which included achieving production indicators, preserving sustainability and stable development, and raising service quality. The team's professionalism and accountability allowed the Company to finish its reporting period with satisfactory outcomes.

77.1%

 of RGR

Company's share in the regional market for electricity transmission services

2.71

 RUB bln

dividends accrued
in the reporting year for 2022



Rosseti Kuban, PJSC retains its status as the largest power grid company in the Krasnodar Territory, the Republic of Adygeya, and the federal territory of Sirius. The Company's share in the regional electricity transmission market in 2023 was 77.1% (of the regional required gross revenue). This is attributed to high rates of power grid infrastructure renewal and growth in the volume of grid connections.

In 2023, the Company focused primarily on unconditional delivery of the outlined plans of the annual programmes for equipment repair, investments in renovation and new construction. The amount of capital investment funding surpassed RUB 18 billion at the end of the reporting period.

The Board of Directors of Rosseti Kuban placed its focus on safeguarding shareholder interests, enhancing the financial and economic condition of the Company, and boosting stakeholder confidence in the business on the part of shareholders, creditors and investors. The General Meeting of Shareholders decided to distribute RUB 2.71 billion in dividends from net profit in 2022, as suggested by the Board of Directors.

By decision of the Board of Directors in 2023, the Company carried on with the placement of shares of additional issue started in 2021. By year-end, RUB 6.43 billion in investments were raised, accounting for 92.4% of the total number of shares offered. The purpose of the additional issue 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 Rosseti Kuban's financial position through lowering its debt load.

In the reporting period, 38 meetings of the Board of Directors were held and 144 issues were reviewed. The Board of Directors spent the majority of its time overseeing the management team's activities, approving plans and internal documents, organising and holding the General Meeting of Shareholders, and addressing issues relating to human resources.

The most important decisions of the 2023 Board of Directors covered approval of the development plan, the Company's policies on quality, sustainable development, climate change, ownership of Company shares by members of the Company's Board of Directors, new revisions of the Risk Management and Internal Control Policy, Internal Audit, Anti-Corruption Policy, and customer service quality standards.

In order to upgrade the efficiency of operations and improve the financial and economic performance, to achieve a stable positive financial result of operations, the Company continued to implement the programme to raise operational efficiency and reduce costs for 2023–2027, which includes a list of measures to ensure the achievement of the Company's strategic goals and increase internal efficiency.

Based on the results for 2023, Rosseti Kuban, PJSC made a profit of almost RUB 6.2 billion, which is RUB 922 million more than for 2022.

Given the dynamic development of the macro-region, the most important area of Rosseti Kuban's focus remains the timely and affordable grid connection of new consumers, including housing construction projects, agricultural enterprises, and socially important educational and healthcare facilities, particularly as part of the Company's participation in the implementation of national projects. In 2023, the Company concluded 32,400 contracts for grid connection with a total capacity of 860 MW.

The roll-out of IT products, the creation and customisation of new cutting-edge technologies, the development of digital models, and the standardisation of information flows are only a few examples of the Company's strong commitment to sustainability.

The strategic focus of Rosseti Kuban, PJSC is on the development and implementation of additional (non-tariff) services. The Company aims to continuously expand the range of additional services provided, as well as to increase the profitability of non-tariff activities.

>18

 RUB bln

capital investments in 2023

As the largest power grid company in the macro-region, Rosseti Kuban successfully coped with the new challenges of the time while retaining its skilled staff in 2023, delivering on its plans and improving operational efficiency.

The Company's primary goals for 2024 are to make sure that there are no accidents during peak load seasons, to deliver on planned investment and repair programmes, including participation in significant regional and federal projects to expand the region's road and port infrastructure, the mountain cluster of the Republic of Adygeya resort area, and further development of the power grid complex of the Sochi energy district and the Sirius federal territory.

In 2023, the Board of Directors continues to set a high priority on making decisions that will help the Company maintain a sound financial position, make grid connection more available and upgrade the power supply, as well as on working to cut down on transmission losses and develop non-tariff services.

I am confident that the personnel, shareholders and management of the Company will work together to accomplish the objectives set and guarantee that the citizens of Russia's southern regions receive high-quality services.

Daniil Krainskiy

Chairman of the Board of Directors
Rosseti Kuban, PJSC