

APPENDIX 1

REPORT ON COMPLIANCE BY ROSSETI KUBAN, PJSC 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, PJSC at its meeting held on 8 May 2024 (Minutes dated 8 May 2023 No. 556/2024/2024).

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 Annual Report of Rosseti Kuban, PJSC for 2023, which describes the most significant aspects of the corporate governance model and practices.

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
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	<p>1. The company provides an affordable way to communicate with the public such as a hotline, e-mail or a forum on the Internet, which allows shareholders to express their views and send questions about the agenda during preparation to the general meeting.</p> <p>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</p>	complied with partially complied with 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	<p>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.</p> <p>2. The notice of the meeting lists the documents required for admission to the venue.</p> <p>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)</p>	complied with partially complied with not complied with	<p>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 2023, the General Meeting of Shareholders may be held in the form of absentee voting.</p> <p>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. 519/2022 dated 12 May 2023). For this reason, the notice of meeting did not specify the documents required for admission to the premises.</p> <p>Holding the annual General Meeting of Shareholders of Rosseti Kuban, PJSC in the form of absentee voting is a forced measure. Rosseti Kuban, PJSC provides an opportunity for shareholders to properly prepare for participation in the General Meeting of Shareholders</p>
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	<p>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.</p> <p>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.</p> <p>3. The company provided authorized 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</p>	complied with partially complied with 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	<p>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.</p> <p>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</p>	complied with partially complied with 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 him/her 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 partially complied with not complied with	

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.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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	<ol style="list-style-type: none"> 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. 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. 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. 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 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	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 2023 was held in the form of absentee voting; therefore, the above criteria for assessing compliance with this corporate governance principle are not applicable
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	<ol style="list-style-type: none"> The company's regulation on the dividend policy was approved by the board of directors and disclosed on the company's website. 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. 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) 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
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	<ol style="list-style-type: none"> 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 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
1.2.3	The company does not allow a deterioration in terms of dividend rights of existing shareholders	<ol style="list-style-type: none"> In the reporting period, the Company did not take any actions causing deterioration in terms of dividend rights of existing shareholders 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
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	<ol style="list-style-type: none"> 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) 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
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	<ol style="list-style-type: none"> 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 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 partially complied with 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 partially complied with 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			
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	<p>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.</p> <p>2. During the reporting period, the nominations (appointments, personnel)¹ 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.</p> <p>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</p>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is complied with.</p> <p>Criterion 2 was partially complied with in the reporting year.</p> <p>In 2023, the Personnel and Remuneration Committee reviewed and made recommendations to the Board of Directors regarding:</p> <ul style="list-style-type: none"> Approval of the report on achievement of key performance indicators (KPIs) of the Company's General Director for 2022 (target (planned) KPI values were achieved for all indicators), On Approval of the Report on KPI "Innovation Performance Efficiency" of the General Director» for 2022 (the target (planned) value of KPI "Innovation Performance Efficiency" was achieved). <p>In the reporting year, there was no need to reshuffle staff and/or extend employment agreements with members of the Management Board.</p> <p>Criterion 3 is complied with. The Company, as part of the unified distribution complex of the Russian Federation and the Rosseti Group, strives to achieve the goals set by the Russian Federation and the development strategy of Rosseti, PJSC and its S&As until 2030. During the reporting year, the Board of Directors regularly reviewed reports on the Company's implementation of strategic programmes and indicators:</p> <ul style="list-style-type: none"> Company's business plan Investment programme Report on the organisation, operation and effectiveness of the risk management system KPIs of the General Director Development plan for the production asset management system Digital transformation programme activities, etc. <p>Non-compliance is time-limited. In 2023, The Board of Directors of the Company approved the lists of KPIs and functional KPIs of the Company's management personnel, their target values for 2023–2025 and the procedure for their calculation. Accordingly, the Personnel and Remuneration Committee of the Board of Directors will review and provide recommendations to the Board of Directors on the achievement of target KPIs and functional KPIs of the Company's management personnel (members of the Management Board), i.e., on the compliance of professional qualifications, skills and experience of the members of the executive bodies with the current and expected needs of the Company as dictated by the approved strategy of the Company. In view of the above, starting from 2024, the Company plans to achieve compliance with the Code components</p>
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 partially complied with not complied with	

¹ Hereinafter referred to as the nominations committee.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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	<ol style="list-style-type: none"> 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. 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 partially complied with not complied with	
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	<ol style="list-style-type: none"> 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. In the reporting period, the meetings of the board of directors addressed issues related to the said policy (policies) 	complied with partially complied with 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	<ol style="list-style-type: none"> The board of directors plays a key role in preventing, identifying and resolving internal conflicts. The company created a system for identifying transactions involving a conflict of interest and a system of measures for resolving such conflicts 	complied with partially complied with 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	<ol style="list-style-type: none"> The company's internal documents define the persons responsible for implementing the information policy 	complied with partially complied with 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	<ol style="list-style-type: none"> 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 partially complied with 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	<ol style="list-style-type: none"> 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. 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 partially complied with not complied with	
2.2.2	The chair of the board of directors is available for communication with the company's shareholders	<ol style="list-style-type: none"> 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 partially complied with 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	<ol style="list-style-type: none"> 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 partially complied with not complied with	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Non-compliance is time-limited. The Company intends to achieve the compliance with the criterion in the future</p>

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 partially complied with 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. Non-compliance is time-limited. The Company intends to achieve the compliance with the criterion in the future
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 partially complied with not complied with	
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 partially complied with 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 he or she has sufficient professional skills, experience and independence to form his/her 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. 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 partially complied with 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. 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). 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 partially complied with not complied with	Criteria 1 and 2 are not complied with. 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. The methodology approved by the Board of Directors established an approximate list of self-assessment criteria, including the criterion concerning the independence of Directors. Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future. Criterion 3 is complied with.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 partially complied with not complied with	<p>In the reporting period, the Board of Directors includes two Independent Directors, which is less than one third of Independent Directors.</p> <p>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.</p> <p>At the same time, the proportion of Independent Members in the Board of Directors currently meets the requirements for corporate governance of the issuer established by the Listing Rules of the Moscow Exchange.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.</p> <p>The risks associated with incomplete implementation of the Code's recommendations are mitigated by the effective organisation of independent directors' activities in the Company.</p> <p>There is no information on the planned increase in the number of nominated independent directors, hence no increase in their number is currently foreseen</p>
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 partially complied with not complied with	<p>Partially complied with.</p> <p>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.</p> <p>The Company's Articles of Association do not define the very notion of material corporate actions.</p> <p>However, the matters specified in the Corporate Governance Code relating to material actions:</p> <ul style="list-style-type: none"> • Reorganisation of the Company • Acquisition of 30 per cent or more of the voting shares of the Company (acquisition) • Execution of major transactions by the Company • Increase or decrease in the authorised capital of the Company • Listing and delisting of the Company's shares <p>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.</p> <p>Most of these matters (with the exception of share delisting) fall within the remit of the Strategy Committee of the Board of Directors.</p> <p>Non-compliance is time-limited. The Company plans to include in the Articles of Association and internal documents of the Company provisions regulating legal relations related to material corporate actions taken by the Company, subject to the relevant decision of the majority shareholder</p>
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	<p>1. The chair of the board of directors is an independent director or a senior independent director has been selected from among independent directors¹.</p> <p>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</p>	complied with partially complied with not complied with	<p>Criterion 1 is not complied with.</p> <p>The Chair of the Board of Directors is not an Independent Director.</p> <p>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.</p> <p>The Company has no opportunity to affect the compliance with the criterion.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.</p> <p>Criterion 2 is complied with.</p>
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 partially complied with not complied with	

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.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 partially complied with 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	<ol style="list-style-type: none"> 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. 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. 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 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criteria 1 and 2 are complied with.</p> <p>Criterion 3 is complied with partially in terms of the members of the Board of Directors, which are also members of the Board Committees.</p> <p>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.</p> <p>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.</p> <p>Non-compliance is time-limited.</p>
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	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.6.3	Members of the board of directors have sufficient time to perform their duties	<ol style="list-style-type: none"> 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. 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 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is complied with.</p> <p>Criterion 2 is not complied with. The internal documents do not stipulate that 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 or affiliated with the company), and of the fact of such an appointment.</p> <p>But in the real world, the Company:</p> <ul style="list-style-type: none"> Quarterly requests the data on held positions from the members of the governing bodies 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 <p>Non-compliance is time-limited. The Company plans to achieve compliance with the indicated recommendation of the Code in the future</p>
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	<ol style="list-style-type: none"> 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. The company has a formalised induction programme for newly elected members of the board of directors 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
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	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
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	<ol style="list-style-type: none"> 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. 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 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 partially complied with 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 the Recommendation 168 of the Code. 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. The Company has no opportunity to affect the compliance with the criterion. Non-compliance is time-limited. The Company will achieve compliance with this element of the Code in the future provided that the majority shareholder position is appropriate
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 partially complied with 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. Non-compliance is time-limited. In the future, the Company will achieve compliance with the above recommendation of the Code provided that there is a position of the majority shareholder to make appropriate amendments to the Company's Articles of Association. After the said amendments to the Articles of Association of the Company, the Company will fully comply with this recommendation. 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. 2. The company's internal documents set out the duties of the audit committee, including those specified in recommendation 172 of the Code. 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. 4. The meetings of the audit committee were held at least once a quarter in the reporting period	complied with partially complied with 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. The Company has no opportunity to affect the compliance with the criterion. Non-compliance is time-limited. The Company will achieve compliance with this element of the Code in the future provided that the majority shareholder position is appropriate Criteria 2–4 are complied with.
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. 2. The chair of the remuneration committee is an independent director who is not the chair of the board of directors 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 partially complied with 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. Criterion 2 is partially complied with. The Chair of the Personnel and Compensation Committee of the Board of Directors of the Company is neither the Board's Chair nor an independent director. 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 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. Non-compliance is time-limited. The Company plans to achieve compliance with criteria 1 and 2 in the future if the shareholder decides to do so. In order to fulfil criterion 3, the Company plans to submit proposals to the Company's shareholders to make appropriate amendments to these Regulations
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. 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. 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 organized 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 partially complied with not complied with	Criterion 1 is partially complied with. The Company established the Personnel and Remuneration Committee. It does not include independent directors. 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: • 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; • 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. The Company has no possibility of influencing compliance with these criteria. Non-compliance is time-limited. The Company plans to achieve compliance with this recommendation of the Code in the future, subject to a relevant shareholder decision. Criterion 3 is not applicable in 2023 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

¹ If the tasks of the nominations committee are implemented within another committee, state its name.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 partially complied with 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 nomination committee (or the relevant committee with a combined function) were chaired by independent directors in the reporting period. 2. The company's internal documents (policies) contain provisions whereby persons who are not members of the audit committee, the nomination 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 partially complied with not complied with	Criterion 1 was only met for the Audit Committee in the period until 1 August of the reporting year. The Company has no opportunity to affect the compliance with the criterion. 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 partially complied with 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 of the board of directors, its committees and members, whether their work meets the company's development needs, as well as 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. 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. 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 partially complied with not complied with	Criterion 1 is complied with. Criterion 2 is partially complied with. In the reporting year, a self-assessment of the quality of the Board's performance for the 2022–2023 corporate year was carried out, which included an assessment of the performance of the Board as a whole, its Chair and each committee. There was no individual assessment of the Board members, except for the Chair. 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 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. Non-compliance is time-limited. The Company plans to achieve compliance with this recommendation of the Code from 2024 onwards
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 partially complied with not complied with	The Company did not engage an external organisation (consultant) to carry out an independent assessment of the quality of work of the Board of Directors in the last three reporting periods, as the self-assessment of the quality of work of the Board of Directors for the 2022–2023 corporate year took place for the second time in 2023. Non-compliance is time-limited. The company plans to engage an external consultant to conduct an independent assessment of the Board's work quality for 2023–2024
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 his or her duties; he or she 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 partially complied with not complied with	

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 his or her tasks	<ol style="list-style-type: none"> 1. The company adopted and disclosed an internal document: the regulations on the corporate secretary. 2. The board of directors approves the candidate for the position of corporate secretary, terminates his/her powers and considers the payment of additional remuneration to him/her. 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 partially complied with 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 comparable companies	complied with partially complied with 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 partially complied with 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 partially complied with not complied with	

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 partially complied with not complied with	
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. 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. 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 partially complied with 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 partially complied with 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 partially complied with 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. 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. 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 partially complied with not complied with	

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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	complied with partially complied with not complied with	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 partially complied with 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 organizing 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 partially complied with not complied with	
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 partially complied with 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. 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 partially complied with 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. 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 partially complied with not complied with	

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 partially complied with 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. 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 partially complied with 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 . 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 partially complied with 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. The Company discloses information on its corporate governance system and general corporate governance principles used by it, including disclosure on the company's website. 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). 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 partially complied with 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. 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. 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 partially complied with not complied with	Criterion 1 is complied with. Criteria 2 and 3 are not applicable to the Company.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations 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	<ol style="list-style-type: none"> 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. The company discloses information on its capital structure in the annual report and on its website, in accordance with Recommendation 290 of the Code. 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. 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 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criteria 1 and 2 are complied with.</p> <p>Criterion 3 is not applicable to the Company due to the absence of subsidiaries and affiliates that are significant to the Company.</p> <p>Criterion 4 is not complied with due to the absence of statutory requirements. The Annual Report for 2023 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.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the elements of the Code in the future</p>
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	<ol style="list-style-type: none"> 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. The company's annual report contains information on the company's environmental and social policy 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
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	<ol style="list-style-type: none"> 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. 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 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
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	<ol style="list-style-type: none"> 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. In the cases stipulated by the company's information policy, shareholders are informed that the information is confidential and undertake to keep it confidential 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
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 partially complied with 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. 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. 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 partially complied with not complied with	This procedure is not set out in the internal documents of the Company. The Company has no opportunity to affect the compliance with the criterion. The Company will include provisions in the Articles of Association and internal documents of the Company regulating the possibility for independent directors to declare their position on material corporate actions prior to their approval, provided that there is a corresponding position of the majority shareholder
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. 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. 2. During the reporting period, all significant corporate actions were approved prior to their implementation	complied with partially complied with 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	complied with partially complied with not complied with	

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
7.2.2	The rules and procedures for the implementation of significant corporate actions are set forth in the company's internal documents	<ol style="list-style-type: none"> 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. 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. 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 	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criteria 1 and 2 are complied with.</p> <p>Criterion 3 is not complied with.</p> <p>The company will consider a possibility of corresponding changes development in case of necessity.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.</p> <p>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.</p> <p>Given the nature of the activities of Rosseti Group, which includes the Company, transactions with legal entities controlled by Rosseti Kuban, PJSC, as well as with the Company's controlling entity (Rosseti, PJSC) and other entities controlled by Rosseti, PJSC, are related-party transactions.</p> <p>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 recognized as related-party transactions. Thus, Federal Law No. 343-FZ dated 3 July 2016 introduced since 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".</p> <p>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 recognized as related-party transactions.</p> <p>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"</p>

APPENDIX 2

Approved by
resolution of the Board of Directors
of Rosseti Kuban, PJSC
dated 8 May 2024 (Minutes No. 556/2024) dated 08.05.2024)

Data were validated
by resolution of the Auditing Commission
Rosseti Kuban, PJSC
dated 4 April 2024
(Minutes No. 4/2024 dated 26.04.2024)

Acting General Director
Rosseti Kuban, PJSC
B. Ebzeev

Krasnodar
2024

REPORT ON RELATED-PARTY TRANSACTIONS CONCLUDED BY ROSSETI KUBAN IN 2023

Sr. No.	Transaction	Date of transaction	Material conditions of the transaction (parties, subject, price ¹ , period of validity)	Person(s) who is/are interested in 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	Agreement on rendering a range of communication services No. RTs-04-1614-23/407/30-1541	04.09.2023	<p>Parties to the Agreement:</p> <ul style="list-style-type: none"> Rosseti Kuban, PJSC (Customer) Rosseti Digital, JSC (Operator) <p>Subject of the Agreement:</p> <p>The Operator undertakes to render services to the Customer, and the Customer undertakes to accept and pay for the services rendered in accordance with the terms and conditions of the Agreement. The range and list of services, as well as additional rights and obligations of the Parties, are defined by supplementary agreements and service order forms to such supplementary agreements.</p> <p>Consent between the Parties on rendering a particular service shall be deemed to have been reached on the date of signing of the supplementary agreement hereto. If a supplementary agreement provides for signing an order form to it, consent between the Parties on rendering the specific service shall be deemed to be reached the moment the order form to such a supplementary agreement is signed.</p> <p>Price of the Agreement:</p> <p>The maximum price of services hereunder, including all and any supplementary agreements and order forms thereto, may not exceed RUB 242,518,445 (Two hundred forty-two million five hundred eighteen thousand four hundred forty-five) 76 kopecks, including all taxes and fees payable under the laws of the Russian Federation.</p> <p>Term of service under the Agreement:</p> <p>The term of service will be specified in supplementary agreements and/or service order forms hereunder.</p> <p>The term of service specified in a supplementary agreement (the relevant service order form) will be automatically extended for each subsequent year within the validity period of the Agreement until the Customer or the Operator notifies the other Party in writing of the termination of the next annual service period, 30 calendar days prior to the expected date of termination.</p> <p>Validity period of the Agreement:</p> <p>The Agreement enters into force from the date of its signing by both Parties, extends to the Parties' relations arising starting from 18.05.2023 and is valid for 5 years.</p>	<ol style="list-style-type: none"> Rosseti, PJSC is the controlling party of Rosseti Kuban, PJSC and Rosseti Digital, JSC, which are parties to the transaction Konstantin Kravchenko, a member of the Board of Directors of Rosseti Kuban, PJSC, who is also a member of the Board of Directors of Rosseti Digital, PJSC Alexey Molsky, a member of the Board of Directors of Rosseti Kuban, PJSC, who is also a member of the Board of Directors of Rosseti Digital, PJSC Vladimir Kharitonov, a member of the Board of Directors of Rosseti Kuban, PJSC, who is also a member of the Board of Directors of Rosseti Digital, PJSC 	dated 18.08.2023 No. RK/1200/246-rs	The issue of consent to enter into a transaction planned to be concluded on the terms specified in the Notice was not brought before the Board of Directors of the Company due to the fact that the Company had not received a claim to that effect.

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".

APPENDIX 3

INFORMATION ON NON-CORE ASSETS OF ROSSETI KUBAN, PJSC PARTICIPATION OF ROSSETI KUBAN, PJSC 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 7 March 2024 (Minutes No. 547/2024 dated 7 March 2024), 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 27 March 2023 (Minutes No. 514/2023 dated 28 March 2023), subject to amendments approved by resolution of the Company's Board of Directors dated 7 June 2023 (Minutes No. 520/2023 dated 8 June 2023) and 24 November 2023 (Minutes No. 540/2023 dated 27 November 2023), the non-core asset register of Rosseti Kuban, PJSC was approved to be effective in 2023.

In the reporting year, the Company did not dispose of non-core assets due to the absence of bids on the electronic trading platform of Roseltorg, JSC.

Participation of Rosseti Kuban in Commercial Organisations

As of 31 December 2023, Rosseti Kuban owned stakes in three joint stock companies, including two subsidiaries.

Information on Participation in Subsidiaries, Affiliates and Other Business Entities (Commercial Organisations) in 2023

Abbreviated corporate name of a company	Region of operation	Core business	Purpose of participation	Rosseti Kuban's share in the authorised capital of the company as at 31.12.2023	Financial performance for 2023		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 Territory	Design, installation and commissioning of metering units for electricity, gas and process equipment, hot and cold water supply	Holding of shares	100	1,722,494	15,112	3,943
Non-core companies							
Energetik Health Resort, JSC	Krasnodar Territory	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	118,710	6,316	0
RITEK-SOYUZ, JSC (The legal entity is declared insolvent (bankrupt), with insolvency proceedings instituted against it)	Krasnodar Territory	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
Turbogaz, CJSC (dissolved, excluded from the Unified State Register of Legal Entities on 24.11.2023)	Krasnodar Territory	Development of energy saving technologies; manufacturing, operation, maintenance and repair of power plants; production and sale of electricity	Holding of shares	4	0	0	0

In the reporting year, a long-term financial investment in Turbogaz, CJSC in the amount of RUB 2,000 was written off the Company's balance sheet due to the termination of its activity according to the entry in the Unified State Register of Legal Entities No. 2232301588320 dated 24 November 2023.

Blocks of shares of the above joint stock companies, other than Turbogaz, CJSC, 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, PJSC 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, PJSC, 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, PJSC
- Position of Rosseti Kuban, PJSC 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 representatives of Rosseti Kuban

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, PJSC 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 2021–2023

Sr. No.	Name	2021 ¹	2022	2023
1	Revenue, RUB '000	88,411	91,458	118,710
2	Gross profit, RUB '000	–651	4,069	8,780
3	Net profit (retained profit / uncovered loss), RUB '000	2,968	2,220	6,316
4	Return on equity (ROE) ² , %	9.18	5.84	14.95
5	Return on total assets (ROTA) for profit before tax ³ , %	6.6	6.3	14.3
6	Net profitability index, %	3.4	2.4	5.3
7	Product (sales) profitability, %	–0.7	4.4	7.4
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 The figures for 2021 are based on the balance sheet for 2022 (As at 31 December 2021 column), the income statement for January — December 2022 (For January — December 2021 column).

² Return on equity (ROE) is calculated under the following methodology: return on equity (ROE) = net profit / average equity * 100%.

³ Return on total assets (ROTA) on profit before tax is calculated under the following methodology: return on total assets (ROTA) on profit before tax = profit before tax / average total assets * 100%.

Information on material transactions made by Energetik Health Resort, JSC in 2023

In 2023, 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 2023.

Data on activities of Energoservice Kuban, JSC in the reporting year

Changes of financial and economic indicators of Energoservice Kuban, JSC for 2021–2023

Sr. No.	Name	2021 ¹	2022	2023
1	Revenue, RUB '000	1,738,640	2,035,829	1,722,494
2	Gross profit, RUB '000	145,853	143,960	132,522
3	Net profit (retained profit / uncovered loss), RUB '000	877	7,886	15,112
4	Return on equity (ROE) ² , %	1.1	10.9	18.4
5	Return on total assets (ROTA) for profit before tax ³ , %	1.5	1.1	1.9
6	Net profitability index, %	0.1	0.4	0.9
7	Product (sales) profitability, %	3.0	1.7	1.5
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 2021 are based on the balance sheet for 2022 (As at 31 December 2021 column), the income statement for January — December 2022 (For January — December 2021 column).

² Return on equity (ROE) is calculated under the following methodology: return on equity (ROE) = net profit / average equity * 100%.

³ Return on total assets (ROTA) on profit before tax is calculated under the following methodology: return on total assets (ROTA) on profit before tax = profit before tax / average total assets * 100%.

Information on material transactions made by Energoservice Kuban, JSC in 2023

In 2023, 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 Kuban, 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.

In the reporting year, Energoservice Kuban, JSC entered into three transactions with the property of Energoservice Kuban, JSC (including interrelated transactions), the value of which exceeds the amount specified in the Articles of Association of S&As or which is of material importance for the economic activities of S&As:

1. Bank guarantee agreement No. 540H00IH8 dated 10 May 2023 between Energoservice Kuban JSC and Sberbank, PJSC on the following material terms and conditions:

Parties to the agreement:

- Energoservice Kuban, JSC — the Principal
- Sberbank, PJSC — the Guarantor

Subject of the Agreement:

Provision of an agreement/contract performance guarantee; advance payment guarantee; tender guarantee; quality guarantee, including in accordance with the requirements of Federal Law No. 44-FZ dated 5 April 2013 "On Contractual System in Procurement of Goods, Works, Services for State and Municipal Needs", in accordance with the requirements of Federal Law No. 223-FZ dated 18 July

2011 "On Procurement of Goods, Works, Services by Certain Types of Legal Entities" with the limit not exceeding RUB 120,000,000.00 during the term of the Agreement.

Agreement Price: The sum of simultaneously effective guarantees (Limit) may not exceed RUB 120,000,000.00. The Guarantor's fee is 2.5% per annum.

Validity of the Limit: from the date of the Agreement until 8 May 2026.

Conclusion of the Agreement was approved by the decision of the Board of Directors of Energoservice Kuban, JSC, Minutes No. 135/2023 dated 2 October 2023.

2. Supplementary Agreement No. 3 dated 24 April 2023 to the agreement on bank guarantees No. 5400/744 dated 28 April 2021 concluded between Energoservice Kuban, JSC and Sberbank, PJSC, hereinafter referred to as the Agreement, on the following material terms and conditions:

Parties to Supplementary Agreement No. 3:

- Energoservice Kuban, JSC — the Principal
- Sberbank, PJSC — the Guarantor

The subject matter and price of the Agreement, as amended

by Supplementary Agreement No. 3: The Guarantor providing security for the performance of the Principal's obligations under Agreement No. 407/30-196 dated 24 February 2021 for the performance of works, services for the construction/renovation of the facility of Sochi Power Grids, a branch of Rosseti Kuban, PJSC "Renovation of Kudepsta 110 kV substation with replacement of transformers from 2x16 MVA to 2x25 MVA" (hereinafter referred to as the Agreement), and security for the Principal's refund of advance payments under the Agreement.

Agreement price:

During the term of the Agreement, the total amount of the simultaneously valid Guarantees (hereinafter – the Limit) may not exceed RUB 146,435,897.49.

Validity of the Limit: from the date of the Agreement until 29 June 2023.

Conclusion of the Supplementary Agreement was approved by the decision of the Board of Directors of Energoservice Kuban, JSC, Minutes No. 128/2023 dated 29 May 2023.

3. Revolving Credit Line Agreement No. 153/23-VKL dated 11 December 2023 between Energoservice Kuban, JSC and RNKB Bank (PJSC) on the following material terms and conditions:

Parties to the agreement:

- Energoservice Kuban, JSC — the Borrower
- RNKB Bank (PJSC) — Lender, Bank

Subject of the Agreement:

Opening of a revolving credit line (hereinafter referred to as the Credit Line) with a debt limit of RUB 100,000,000.00 (One hundred million roubles 00 kopecks) (hereinafter referred to as the Debt Limit) within 18 months from the date of the Agreement.

- Credit amount: RUB 100,000,000.00 (One hundred million roubles 00 kopecks)
- Form of crediting: revolving credit line;
- Intended use of the loan: replenishment of working capital and financing of current operations, including investment activities;

Term of the credit line: 18 months;

Agreement price (loan interest rate):

the key rate of the Bank of Russia + 3% per annum, but not more than 16% per annum for the loan period or RUB 24,000,000.00 (Twenty-four million) (VAT exempt).

Conclusion of the Agreement was approved by the decision of the Board of Directors of Energoservice Kuban, JSC, Minutes No. 138/2023 dated 27 November 2023.

No Energoservice Kuban's controlled legal entities that are material to Energoservice Kuban's operations were established in 2023.

Participation of Rosseti Kuban in Non-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). Core activities: <ul style="list-style-type: none"> meeting the needs of Rosseti Kuban's specialists in obtaining knowledge about the latest achievements in the electric power industry, advanced domestic and Western experience in the electric power industry; organising and delivering advanced training and professional retraining for Rosseti Kuban's specialists; organising and holding scientific research, scientific-technical and experimental work, consulting activities; scientific expertise of programmes, projects, recommendations, other materials and materials by the job scope 	Providing Rosseti Kuban, PJSC 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: <ul style="list-style-type: none"> 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; To improve the quality of construction, renovation, and capital repair of capital construction facilities; 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. Quarterly additional targeted membership fee for NOSTROI needs is RUB 1,700.
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. Quarterly targeted membership fee for NOPRIZ ² needs is RUB 1,625 thousand.
4	All-Russian Branch Association of Employers of the Electric Power Industry "Energy Employment Organisation Association of Russia" (ERA of Russia Association)	Main goals: <ul style="list-style-type: none"> To defend and promote the interests of electric power employers, including in relations with government authorities and trade unions, and to consolidate the aggregate resource of the Association's members to influence the state's socio-economic policy; To regulate social and labour relations in the electric power industry, improve the efficiency of social partnership, contribute to maintaining social stability in the work teams of electric power organisations, improve the efficiency of human resources management, and enhance the return on investment in personnel and the development of human capital; To contribute to the creation of favourable conditions for doing business in general and the development of the electric power industry in particular, to participate in the development and implementation of projects to improve the economic efficiency of electric power organisations and increase labour productivity; To develop the national system of professional qualifications and its sectoral segment, to promote the development of sectoral vocational education, to fulfil employers' needs in training skilled personnel, etc. 	<ul style="list-style-type: none"> To promote the Company's interests, including in relations with public authorities and trade unions; To improve the effectiveness of social partnership, to help maintain social stability in work teams; To foster labour and other socio-economic cooperation with other organisations 	The annual membership fee is RUB 2.0 mln

¹ NOSTROI — the National Association of Builders.

² NOPRIZ — the National Association of Surveyors and Designers.

Sr. No.	Non-commercial organisation	Organisation details	Purpose of participation	Financial parameters
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 specialized 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. The quarterly current (regular) membership fee is RUB 100,000.
6	Union "Chamber of Commerce and Industry of the Krasnodar Territory"	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 Territory 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 Territory	<ul style="list-style-type: none"> Representation of interests in co-operation with the administration of the Krasnodar Territory, Krasnodar, and the administrations of cities and districts of the Territory; Cultivation 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: <ul style="list-style-type: none"> To ensure the functioning of the commercial infrastructure of the market; To ensure effective interconnection of the wholesale and retail markets; To create favourable conditions for attracting investments in the electric power industry 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; 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 compliance of Rosseti Kuban, PJSC with the requirements of the wholesale market in the event that the functions of a guaranteeing supplier are assigned to Rosseti Kuban, PJSC	The amount of the entrance fee (one-time fee) is RUB 1 million. The amount of quarterly current (regular) membership fee is to be determined by the Supervisory Board of NPP Market Council Association. In 2023, it was RUB 330,000 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. Currently, SROs: <ul style="list-style-type: none"> Provides services on expert examination and registration of reporting documentation based on the results of energy audits; Actively contributes to the development of energy conservation and energy efficiency improvement at Rosseti's S&As; Develops regulatory technical documentation Develops promising areas, including the implementation of Russia's environmental policy and environmental laws regarding the assessment of the carbon footprint of enterprises. 	Possibility to carry out energy inspection activities. Receives from the SRO: <ul style="list-style-type: none"> Assistance in the development of energy saving and energy efficiency improvement Regulatory Technical Documentation 	The quarterly current (regular) membership fee is RUB 240,000.

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.

APPENDIX 4

ANNUAL FINANCIAL STATEMENTS OF ROSSETI KUBAN, PJSC FOR 2023 UNDER RAS AND THE AUDITOR'S REPORT ON ITS RELIABILITY

The audit report
of an independent auditor
regarding the
accounting (financial) statements of the **Public Joint Stock Company**

Rosseti Kuban for 2023

March 2024

**Independent Auditor's
Report
on accounting (financial) statements
of "Rosseti Kuban" Public Joint-Stock Company**



"TSATR - Audit Services" Limited Liability Company
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INN: 7709383532
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**Independent Auditor's
Report**

To the Shareholders and the Board of Directors
of the Public Joint Stock Company
Rosseti Kuban

Opinion

We have audited the accounting (financial) statements of Public Joint Stock Company Rosseti Kuban (hereinafter referred to as the "Company"), consisting of

- ▶ the balance sheet as of December 31, 2023;
- ▶ the statement of financial results for 2023;
- ▶ appendices to the Balance Sheet and the Statement of Financial Results:
 - ▶ statement of changes in equity for 2023;
 - ▶ statement of Cash Flows for 2023;
 - ▶ Notes to the Balance Sheet and the Statement of Financial Results including a significant accounting policies.

In our opinion, the attached accounting (financial) statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, as well as its financial results and cash flows for 2023 in accordance with the rules for the preparation of accounting (financial) statements established in the Russian Federation.

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 "Auditor's responsibility for the audit of accounting (financial) statements" section of our opinion.

We are independent of the Company 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 accounting (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 accounting (financial) statements for the current period. These issues were considered in the context of our audit of the accounting (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.

We have fulfilled the responsibilities described in the Auditor's Responsibility for the Audit of the Accounting (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 accounting (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 accounting (financial) statements.

Key audit issue	How the relevant key issue was addressed in our audit
Recognition and measurement of revenue from transmission services	
<p>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 accounting (financial) statements of the Company. 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 Company.</p> <p>Information on revenue from electricity transmission services is disclosed in paragraph 18.1 of the Notes to the balance sheet and income statement.</p>	<p>We reviewed the accounting policy applied with respect to the recognition of revenue from 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 transmission of electricity, 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 transmitted electricity.</p>
Impairment of receivables	
<p>The issue of impairment of receivables was one of greatest importance for our audit due to the material balances of receivables as of December 31, 2023, as well as the fact that management's assessment of the possibility of recovering these receivables is based on assumptions, in particular, on the forecast of the solvency of the Company's customers.</p> <p>Information on the impairment of receivables is disclosed in paragraph 11.2 of the Notes to the balance sheet and income statement</p>	<p>We studied the Company's accounting policy in relation to receivables to determine impairment allowance, and also reviewed the assessment procedures made by the Company's management, including analysis of the payment of trade receivables, analysis of dates of maturity and delinquency, and analysis of customer solvency.</p> <p>We conducted audit procedures in relation to the information used by the Company to determine the impairment of receivables, as well as the structure of receivables by terms of maturity, and tested the calculation of accrued provisions.</p>



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 power grid and energy retail companies) were among the most significant issues of our audit due to the fact that they require significant judgments of 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. Information on reserves and contingent liabilities is disclosed in paragraph 15 and 16 of the Notes to the balance sheet and income statement.

The audit procedures included an analysis of decisions made by courts of various instances and consideration of management's judgments regarding the assessment of the likelihood of an outflow of economic resources due to the resolution of disputes, an examination of the compliance of the prepared documentation with the provisions of existing contracts and legislation, an analysis of disclosures in the Notes to the balance sheet and income statement on contingent and estimated liabilities.

Impairment of property, plant and equipment

In accordance with clause 38 of FSBI 6/2020, "Fixed Assets", the Company conducted, as of December 31, 2023, an impairment test in the manner prescribed by International Financial Reporting Standard (IAS) 36, "Impairment of Assets", entered into force on the territory of the Russian Federation by order of the Ministry of Finance of the Russian Federation dated December 28, No.217n (registered by the Ministry of Justice of the Russian Federation on February 2, 2015, registration No.40940). The value in use of property, plant and equipment representing a significant share of the Company's capital assets as of December 31, 2023 was determined using the method of forecasting cash flow. 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 Company 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 or economic conditions in the Russian Federation, including such as long-term growth rates of tariffs and discount rate. The Company disclosed the information on the deliverables of the analysis of fixed assets for impairment in clause 5 of the "Notes to the balance sheet and income statement".

As part of our audit procedures, we have, among other things, estimated the Company's assumptions and techniques, in particular those relating to projected electricity transmission revenues, tariff solutions, operating and capital costs, long-term growth rates of tariffs and discount rate. We have tested 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 evaluation experts to analyze the model used to determine recoverable amount in the impairment test of property, plant and equipment. We also reviewed the sensitivity of the model to changes in key measurement indicators and the disclosures of the Company about the assumptions on which impairment testing results are most dependent.



Other information included in the Annual Report for 2023

Other information includes information contained in the annual report 2023, but does not include the accounting (financial) statements and our audit report thereon. Management is responsible for other information. The annual report 2023 is expected to be provided to us after the date of this audit report.

Our opinion on the accounting (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 accounting (financial) statements, it is our responsibility to familiarize ourselves with the other information and in this case to consider whether there are material inconsistencies between the other information and the accounting (financial) statements or our knowledge obtained during the audit and whether the other information contains any other material misstatement. If, based on our work, we conclude that such other information contains a material misstatement, we are required to report that fact. We have no knowledge of such facts.

The responsibility of the management and Audit Committee of the Board of Directors for the accounting (financial) statements

Management is responsible for the preparation and fair presentation of these accounting (financial) statements in accordance with the accounting (financial) reporting rules established in the Russian Federation, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the accounting (financial) statements, management is responsible for assessing the Company'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 management intends to liquidate the Company, cease activities, or management has no realistic alternative to such activities.

The Audit Committee of the Board of Directors is responsible for supervision over the preparation of the Company's accounting (financial) statements.

Auditor's Responsibility for the Audit of the Accounting (Financial) Statements

Our objectives are to obtain reasonable assurance that the accounting (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 accounting (financial) statements.



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 accounting (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;
- ▶ delve into the internal control system that is relevant to the audit for the purpose of developing audit procedures that are appropriate in the circumstances, rather than for the purpose of expressing an opinion on the effectiveness of the Company's internal control system;
- ▶ 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw, in our auditor's report, attention to the related disclosures in the financial statements; or, if such disclosure is inappropriate, we shall 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 Company to be unable to continue as a going concern;
- ▶ evaluate the presentation of the accounting (financial) statements in general, and its structure and content in particular, including information disclosure, and we also evaluate whether the accounting (financial) statements present underlying transactions and events in such a way that their fair presentation is ensured.

We maintain communication with the Audit Committee of the Board of Directors, bringing to its attention, among other things, information about the planned volume and timing of the audit, as well as substantive audit remark, including significant deficiencies in the internal control system, if we identify them during the audit process.

We also provide the Audit Committee of the Board of Directors with a statement that we have observed all relevant ethical requirements related to independence and have informed these individuals of all relationships and other matters that may reasonably be considered to influence the independence of the auditor and, where appropriate, of actions taken to address threats or precautions.



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 accounting (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, - Tatyana Leonidovna Okolotina.

<signature>

Tatyana Leonidovna Okolotina,
acting on behalf of the Limited Liability Company
Center for Audit Technologies and Solutions - Audit Services
on the basis of the unnumbered power of attorney dated January 18, 2024,
head of the audit, which resulted in the auditor's report
(ORNZ 21906110171)

March 15, 2024

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 assigned the state registration number 1027739707203.
Location: 115035, Russia, Moscow, Sadovnicheskaya embankment, 77, bld. 1.
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 audited entity

Name: "Rosseti Kuban" Public Joint Stock Company
The entry was made in the Unified State Register of Legal Entities on September 17, 2022, and the state registration number assigned is: 1022301427268.
Location: 2a Stavropolskaya street, Krasnodar, Krasnodar Territory, Russia, 350033.

Balance sheet As of December 31, 2023

		Codes		
		OKUD form 0710001		
Date (day, month, year) according to OKPO		31	12	2023
Organization "Rosseti Kuban" PJSC		00104604		
Taxpayer Identification Number		2309001660		
		to		
Type of economic activity transmission of electricity and technological connection to distribution networks		OKVED 2 35.12		
Organizational and legal form/form of ownership Public Joint Stock Company		according to OKOPF/OKFS 12247 15		
Unit of measurement: thousand rubles		according to OKEI 384		
Location (address) 2A Stavropolskaya St., Krasnodar, 350033				
Accounting statements are subject to mandatory audit		<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		
Name of the audit organization/last name, first name, patronymic (if any) of the individual auditor		"TSATR - Audit Services" Limited Liability Company		
Identification number of the taxpayer of the audit organization/individual auditor		TIN 7709383532		
Main state registration number of the audit organization/individual auditor		OGRN / OGRNIP 1027739707203		

Notes	Name of indicator	Code	As of December 31 2023	As of December 31 2022	As of December 31 2021
	ASSET				
	I. FIXED ASSETS				
1.1	Intangible assets	1110	41,199	52,643	92,247
1.2	Research and development results	1120	55,535	52,214	21,578
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
2.1-4.1	Fixed assets	1150	87,123,570	78,118,655	71,345,800
	Profitable investments in material values	1160			
9.1-9.5	Financial investments	1170	45,687	45,688	39,840
17.2	Deferred tax assets	1180	1,953,747	2,200,526	2,429,612
6	Other fixed assets	1190	380,064	154,746	1313,158
	Total for Section I	1100	89,599,802	80,624,472	74,062,235
	II. CURRENT ASSETS				
7	Inventories	1210	3,691,806	1,923,736	1,924,864
	Value added tax on acquired valuables	1220	3,103	1,433	5,007
11.1	Accounts receivable	1230	6,443,929	7626,134	6,547,358
	Financial investments (excluding cash equivalents)	1240			
10	Cash and cash equivalents	1250	12,972,380	4,118,182	1,964,719
8	Other current assets	1260	3,669,436	1,573,337	974,558
	Total for Section II	1200	26,780,654	15,242,822	11,416,506
	BALANCE	1600	116,380,456	95,867,294	85,478,741

Statement of Changes in Equity
For 2023

Organization	"Rosseti Kuban" PJSC	OKUD form	0710002
Taxpayer Identification Number		Date (day, month, year) according to OKPO	31 12 2023
Type of economic activity	transmission of electricity and technological connection to distribution networks	TIN	00104604 2309001660
Organizational and legal form/form of ownership	Public Joint Stock Company	to OKVED 2	35.12
Public Joint Stock Company		according to OKOPF/OKFS	12247
Unit of measurement: thousand rubles		according to OKEI	16 384

1. Capital flow

Name of indicator	Code	Authorized capital	Own shares repurchased from shareholders	Extra capital	Reserve capital	Retained profit (uncovered loss)	Total
The amount of capital as of December 31, 20 21 for 2022	3100	34,182,568	(-)	6,481,916	424,221	(351 364)	40,737,341
Capital increase - total:	3210	2,147,478				5,244,548	7,392,026
including net profit:	3211	X	X	X		5,244,477	5,244,477
property revaluation	3212	X	X			-	
income that is attributable directly to capital increases	3213	X	X			71	71
additional issue of shares	3214	2,147,478				X	2,147,478
increase in the par value of shares	3215	-	-			-	X
reorganization of a legal entity	3216	-	-			-	X

Name of indicator	Code	Authorized capital	Own shares repurchased from shareholders	Extra capital	Reserve capital	Retained profit (uncovered loss)	Total
Capital decrease - total:	3220	(-)		(-)		(2,875,768)	(2,875,768)
including loss:	3221	X	X	X		(-)	(-)
property revaluation	3222	X	X			(-)	(-)
expenses that are attributable directly to the capital decrease	3223	X	X			(-)	(-)
decrease in the par value of shares	3224	(-)				(-)	(-)
reduction in the number of shares	3225	(-)				(-)	(-)
reorganization of a legal entity	3226					(-)	(-)
dividends	3227	X	X	X		(2,875,768)	(2,875,768)
Change in additional capital	3230	X	X			X	X
Change in reserve capital	3240	X	X	X	85,591	(85 591)	X
The amount of capital as of December 31, 2023 For 2023	3200	36,330,046	(-)	6,481,916	509,812	1,931,825	45,253,599
Capital increase - total:	3310	3,566,562				6,166,765	9,733,327
including net profit:	3311	X	X	X		6,166,520	6,166,520
property revaluation	3312	X	X				
income that is attributable directly to capital increases	3313	X	X			245	245

Name of indicator	Code	As of December 31 2021	Change in capital for 2022 from net profit (loss)	due to other factors	As of December 31 for 2022
additional issue of shares	3314	3,566,562		X	X 3,566,562
increase in the par value of shares	3315	-		X	X
reorganization of a legal entity	3316	-			
Capital decrease - total:	3320	(-)	(-)	(-)	(766,500)
including loss:	3321	X	X	X	(-)
property revaluation	3322	X	X		(-)
expenses that are attributable directly to the capital decrease	3323	X	X		(-)
decrease in the par value of shares	3324	(-)			(-)
reduction in the number of shares	3325	(-)			(-)
reorganization of a legal entity	3326				(-)
dividends	3327	X	X	X	(766,500)
Change in additional capital	3330	X	X		X
Change in reserve capital	3340	X	X	262,224	(262 224)
The amount of capital as of December 31, 20 23	3300	39,896,608	6,481,916	772,036	7,069,866
					54,220,426

2. Adjustments due to changes in accounting policies and correction of errors

Name of indicator	Code	As of December 31 2021	Change in capital for 2022 from net profit (loss)	due to other factors	As of December 31 for 2022
Capital - total					
before adjustments	3400	41,088,705		2,233,069	43,321,774
adjustment due to:	3410				
change in accounting policy	3420	-			
error fixes	3500	41,088,705		2,233,069	43,321,774
after adjustments					
including:					
Retained profit (uncovered before adjustments	3401	(351 364)	5,244,477	(2 961 288)	1,931,825
adjustment due to:	3411				
change in accounting policy	3421	-			
error fixes	3501	(351 364)	5,244,477	(2 961 288)	1,931,825
after adjustments					
other capital items subject to (by items)					
before adjustments	3402	41,088,705		2,322,069	43,321,774
adjustment due to:	3412				
change in accounting policy	3422	-			
error fixes	3502	41,088,705		2,322,069	43,321,774
after adjustments					

3. Net assets

Name of indicator	Code	At 31 December 2023	As of December 31 2022	As of December 31 2021
Net assets	3600	54 950 370	45 803 233	41 029 511

<seal> Head _____ K.A. Iordanidi
(signature) _____ (printed full name)
Chief Accountant _____ L.V. Loskutova
(signature) _____ (printed full name)
« 15 » _____ March _____ 2024

Notes
1. Indicate the year preceding the previous one.
2. Indicate the previous year.
3. Indicate the reporting year.

Statement of Cash Flows
for January-December 2023

Organization "Rosseti Kuban" PJSC
Taxpayer Identification Number _____
Type of economic activity transmission of electricity and technological connection to distribution networks
Organizational and legal form/form of ownership Public Joint Stock Company
Unit of measurement: thousand rubles

OKUD form 0710005
Date (day, month, year) 31 12 2023 according to OKPO
TIN 00104604
2309001660
to OKVED 2 35.12
according to OKOPF/OKFS 12247 16
according to OKEI 384

Codes		
OKUD form	0710005	
Date (day, month, year)	31	12 2023
according to OKPO	00104604	
TIN	2309001660	
to OKVED 2	35.12	
according to OKOPF/OKFS	12247	16
according to OKEI	384	

Name of indicator	Code	For January - December 2023	For January - December for 2022
Cash flows from current operations			
Income - total	4110	74,538,586	55,852,392
including:			
from the sale of products, goods, works and services	4111	72,738,054	54,658,297
lease payments, license payments, royalties, commissions and other similar payments	4112	57,500	51,522
from the resale of financial investments	4113	-	-
other income	4119	1,743,032	1,142,573
Payments - total	4120	(53,750,939)	(43,765,402)
including:			
to suppliers (contractors) for raw materials, materials, works, services	4121	(36,487,890)	(28,851,519)
in connection with the remuneration of employees	4122	(7,060,757)	(6,321,114)
interest on debt obligations	4123	(2,085,946)	(2,352,859)
corporate income tax	4124	(1,913,907)	(1,850,641)
other payments	4129	(6,202,439)	(4,389,269)
Balance of cash flows from current operations	4100	20,787,647	12,086,990

Name of indicator	Code	For January - December 2023	For January - December for 2022
Cash flows from investment operations			
Income - total	4210	1,261,047	668,398
including:			
from the sale of non-current assets (except for financial investments)	4211	649	54,899
from the sale of shares of other organizations (participatory interests)	4212	-	-
from the return of loans 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	104,103
other income	4219	857,227	509,396
Payments - total	4220	(15,150,218)	(10,020,904)
including:			
in connection with the acquisition, creation, modernization, reconstruction and preparation for the use of fixed assets	4221	(15,130,569)	(9,954,239)
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 loans to other persons	4223	11	(-)

interest on debt obligations included in the cost of an investment asset	4224	(2,980)	(41,980)
other payments	4229	(16,669)	(24,685)
Balance of cash flows from investment operations	4200	(13 889 171)	(9 352 506)
Cash flows from financial transactions Income - total	4310	12,184,626	17,787,403
including:			
obtaining credits and loans	4311	8,618,064	15,683,201
cash deposits of owners (participants)	4312	-	
from issuance of shares, increase in participation	4313	3,566,562	2,104,202
from the issuance of bonds, promissory notes and other debt securities, etc.	4314		
other income	4319	-	-

**NOTES TO THE BALANCE SHEET AND STATEMENT
OF FINANCIAL RESULTS
FOR 2023**

Name of indicator	Code	For January - December 2023	For January - December for 2022
Payments - total	4320	(10,228,904)	(18,368,423)
including:			
to owners (participants) in connection with the redemption of shares (participatory interests) of the organization from them or their withdrawal from the membership	4321	(-)	(-)
for the payment of dividends and other payments for the distribution of profits in favor of the owners (participants)	4322	(867,393)	(2,752,208)
in connection with the redemption (repurchase) of promissory notes and other debt securities, repayment of credits and loans	4323	(9,361,511)	(15616,215)
other payments	4329	(-)	(-)
Balance of cash flows from financial transactions	4300	1,955,722	(581,020)
Balance of cash flows for the reporting period	4400	8,854,198	2,153,464
Balance of cash and cash equivalents at the beginning of the reporting period	4450	4,118,182	1,964,718
Balance of cash and cash equivalents at the end of the reporting period	4500	12,972,380	4118182
The magnitude of the impact of changes in the foreign exchange rate against the ruble	4490	-	-

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Head	<signature> (signature)	K.A. Iordanidi (printed full name)
Chief Accountant	<signature> (signature)	L.V. Loskutova (printed full name)

« 15 » March 2024

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I. General

Company Information

The principal activity of "Rosseti Kuban" Public Joint Stock Company ("Rosseti Kuban" PJSC hereinafter referred to as the "Company") is the provision of services related to the electricity transmission and distribution through electrical networks and the provision of services related to the technological connection of consumers to the networks.

Address (location): 2A Stavropolskaya Street, Krasnodar, Russian Federation, 350033

The Company's principal shareholder as of December 31, 2023, December 31, 2022 and December 31, 2021 is "Rossiyskie Seti" Public Joint Stock Company (hereinafter referred to as "Rosseti" PJSC or the "Parent Company").

As of December 31, 2023, the participation of "Rosseti" PJSC in the Company's authorised capital was 99.72% (93.96% as of December 31, 2022 and 93.58% as of December 31, 2021).

As of December 31, 2023 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 number of employees of the Company as of December 31, 2023 was 8,881 (December 31, 2022 - 9,106, December 31, 2021 - 8,981).

The Board of Directors of "Rosseti Kuban" PJSC was elected by resolution of the Annual General Meeting of Shareholders of the Company (Minutes No. 50 dated June 21, 2023) with 11 members.

The Audit Commission of "Rosseti Kuban" PJSC was elected by resolution of the Annual General Meeting of Shareholders of the Company (Minutes No. 50 dated June 21, 2023) with 5 members.

The Board of Directors of "Rosseti Kuban" PJSC (Minutes No. 520/2023 dated June 8, 2023) determined the number of members of the Management Board of the Company to be 7 persons.

The sole executive body of the Company in accordance with the Charter is the General Director.

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. The country's economy is especially sensitive to oil and gas prices. Legal, tax and regulatory systems continue to develop and are subject to frequent changes, as well as admit the possibility of different interpretations.

External sanctions against Russian companies and individuals continue in 2023. These circumstances have resulted in volatility in the Russian ruble exchange rate, increased volatility in the financial and commodity markets, and have significantly increased the level of uncertainty in the environment in which businesses operate in the Russian Federation. The extent and duration of these events remain uncertain and may affect the Company's financial position and results of operations. The future economic situation in the Russian Federation is dependent on external factors and measures undertaken by the Government of the Russian Federation.

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

The accounting statements have been prepared 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 December 6, 2011, federal accounting standards and other accounting regulations 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, receivables, payables, liabilities regarding loans and borrowings, lease liabilities, and estimated liabilities are classified as short-term 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

Intangible assets (IA) include:

- exclusive right to an invention, industrial design, utility model;
- exclusive right to computer programmes, databases (software);
- exclusive right to a trade mark, name of place of origin for goods;
- other items that fulfil the criteria for classification as IA.

The useful life of IA is reviewed by the Company on an annual basis to determine whether it needs to be updated. In the event of a material change in the duration of the period during which the Company intends to use the asset, its useful life is subject to clarification. If the useful life is changed, the new depreciation rate is based on the remaining useful life.

The depreciation of intangible assets is performed on a straight-line basis - based on the actual (original) cost of intangible assets on a straight-line basis over the useful life of the asset.

Adjustments arising from changes in useful lives or depreciation methods are accounted for and reported as changes in estimates.

Intangible 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").

Intangible assets are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment.

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.

Expenses on acquisition, creation of assets below the limit are recognised as an expense in the period in which it is 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 on restoration of property, plant and equipment (repairs, etc.) occurring at certain long time intervals (more than 12 months) during the useful life of an item of property, plant and equipment are also recognised as independent inventory items (components of property, plant and equipment). Significant expenses are expenses exceeding 30% of the initial cost of similar items in the group to which the item of property, plant and equipment being repaired belongs.

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 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 recognised in the accounting records as changes in estimates.

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. Verification of fixed assets in respect of 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.

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. At the same time, for investments in the authorized capitals of limited liability companies, deposits, loans issued, investments in joint activities, their value at disposal is determined based on an estimate determined by the method of the initial cost of each unit.

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.

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 valued 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. Future expenses

Expenses incurred by the Company in the reporting year, but related to the following reporting periods (one-time payments for software licenses, other types of expenses) are reflected as future expenses. These expenses are written off on a straight-line basis over the periods to which they relate.

Future expenses related to periods beginning after the end of the year following the reporting year are shown in the balance sheet as long-term assets on line 1190 "Other fixed assets", and related to the year following the reporting year – on line 1260 "Other current assets".

12. 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.

13. 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.

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.

14. 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.

Long-term assets for sale are presented as part of line 1260 "Other current assets" in the balance sheet.

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.

15. 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.

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.

16. 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.

17. 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 provided for by the legislation of the Russian Federation, which cause the termination of the creditor's claims.

The amounts of payables for which the limitation period has expired are written off for each obligation on the basis of a written justification and an order (order) from the head of the Company and are included in other income.

18. Estimated liabilities, contingent liabilities and contingent assets

Estimated liabilities

The Company reflects the estimated liability while complying with the recognition conditions set out in RAR 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;
- 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.

19. Profit tax calculations

The amounts of accrued, repaid and written off deferred tax assets and deferred tax liabilities are included in the statement of financial results:

- in line 2412 "Deferred profit tax" – in the aggregated amount of changes in deferred tax assets and deferred tax liabilities related to the results of operations included in the accounting profit (loss) of the reporting period;
- in line 2460 "Other" – in the aggregated amount of deferred taxes on profits and losses, including in connection with a decrease in the probability that the Company will receive taxable profit in subsequent reporting periods;
- in line 2530 "Profit tax on operations the result of which is not included in the net profit (loss) of the reporting period" – in the aggregated amount of changes in deferred tax assets and deferred tax liabilities that are not related to the results of operations included in the accounting profit (loss) of the reporting period.

20. Income

Income accounting is regulated by the Russian Accounting Regulation *"Income of the Company"* (RAR 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 use by the bank of funds held in the Company's account with this bank. The Company reflects this 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"* (RAR 9/99), as it is formed (identified).

21. Expenses

Expense accounting is regulated by the Russian Accounting Regulation *"Expenses of the Company"* (RAR 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*" (RAR 22/2010));
- charity expenses;
- other expenses, according to RAR 10/99.

22. Changes in accounting policy

Changes in accounting policy in 2023

No significant changes were made to the accounting policy of the Company in 2023.

Adjustments to the Company's accounting statements as a result of changes in accounting policy in 2023

There are no adjustments to comparative data for previous years in the accounting statements.

Changes in accounting policy in 2024

From January 1, 2024, RAR 14/2007 "*Accounting for Intangible Assets*" becomes invalid. The Federal Accounting Standard (FAS) 14/2022 "*Intangible Assets*" becomes mandatory for use, starting with accounting (financial) statements for 2024.

The Company does not apply FAS 14/2022 "*Intangible Assets*" ahead of schedule and intends to reflect the consequences of changes in accounting policy in connection with the beginning of the application of this standard in accordance with the transitional provisions provided for in paragraph 53 – without recalculation of comparative indices for the periods preceding the reporting period.

The following main changes will be reflected in the Company's accounting statements for 2024:

- reclassification of items that meet the criteria for recognition of intangible assets from prepaid expenses to intangible assets and capital investments in intangible assets;
- one-time write-off (allocation to retained profit) of the carrying value of capital investments related to the performance of research and development work related to the research stage;
- one-time write-off (allocation to retained profit) of the carrying value of objects accepted for accounting as intangible assets before the application of FAS 14/2022 "*Intangible Assets*", but which are not such according to the new rules, and taking into account the limit set by the Company;
- one-time write-off (allocation to retained profit) of items from prepaid expenses that do not meet the criteria for recognition of intangible assets.

23. Adjustments to the indicators of accounting (financial) statements in connection with the correction of significant errors of previous years in the reporting period.

The Statement of Cash Flows for line 4329 "Other payments" reflected operations for the transfer of funds into cash equivalents. Due to the adjustment of this significant error, the following indices of the Statement of Cash Flows have been changed:

thousand rubles

Line	Item of the Statement of Financial Results	Impact of error adjustment for 2022	For 2022 (before recalculation)	For 2022 (after recalculation)
4329	Other payments	650,000	(650,000)	-
4300	Balance of cash flows from financial operations	650,000	(1,231,020)	(581,020)
4400	Balance of cash flows for the reporting period	650,000	1,503,464	2,153,464
4500	Balance of cash and cash equivalents at the end of the reporting period	650,000	3,468,182	4,118,182

III. Disclosure of material indices

1. Intangible assets

1.1 Availability and movement of intangible assets

thousand rubles

Index name	Period	At the beginning of the year		Changes for the period			At the end of the year			
		Initial cost	Depreciation	Received	Retired	Depreciation accrual	Initial value	Depreciation	Carrying value	
		3	4	6	7	8	9	10	11	12
I	2023	221,504	(176,361)	14,930	(107,150)	107,150	(18,874)	129,284	(88,085)	41,199
	2022	218,576	(133,829)	2,928	—	—	(42,532)	221,504	(176,361)	45,143
Including:										
Exclusive right to an invention, industrial design, utility model	2023	24,479	(15,997)	—	(2,351)	2,351	(3,962)	22,128	(17,608)	4,520
	2022	24,479	(11,858)	—	—	—	(4,139)	24,479	(15,997)	8,482
Exclusive right to computer programmes, databases (software)	2023	158,438	(122,804)	14,930	(77,569)	77,569	(13,885)	95,799	(59,120)	36,679
	2022	155,510	(91,999)	2,928	—	—	(30,805)	158,438	(122,804)	35,634
Exclusive right to a trade mark, name of place of origin for goods	2023	192	(192)	—	—	—	—	192	(192)	—
	2022	192	(192)	—	—	—	—	192	(192)	—
Other items that fulfil the criteria for classification as IA	2023	38,395	(37,368)	—	(27,230)	27,230	(1,027)	11,165	(11,165)	—
	2022	38,395	(29,780)	—	—	—	(7,588)	38,395	(37,368)	1,027

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 Information on in-progress and unreformed R&D and in-progress operations for the acquisition of intangible assets

thousand rubles

Index name	Period	At the beginning of the year	Changes for the period			At the end of the period
			Expenses for the period	Expenses were written off as not having a positive result	Accepted for accounting as IA or R&D	
1	2	3	4	5	6	7
Pending in-progress R&D expenses	2023	52,214	20,936	—	(17,615)	55,535
	2022	21,578	37,632	—	(6,996)	52,214
In-progress operations for the acquisition of intangible assets	2023	7,500	—	(7,500)	—	—
	2022	7,500	—	—	—	7,500

The costs of in-progress and unreformed R&D and unfinished operations for the acquisition of intangible assets are reflected in line 1100 "Intangible assets" of the balance sheet.

2. Property, plant and equipment

Information on the availability and movement of property, plant and equipment is provided in table explanation 2.1. "Availability and movement of property, plant and equipment" There are no property, plant and equipment pledged.

2.1 Availability and movement of property, plant and equipment (excluding the right-of-use assets)

thousand rubles

Index name	Period	At the beginning of the period		Carrying value	Changes for the period				At the end of the period				
		Initial cost	Depreciation and impairment accrued		Received	Retired	Depreciation and impairment accrued	Recognition (+) of impairment	Initial cost	Depreciation and impairment accrued	Carrying value		
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Property, plant and equipment	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:	2022	131,274,030	(70,277,846)	60,996,184	8,917,641	(7,803)	(258,743)	203,724	(4,887,940)	—	139,932,928	(74,969,865)	64,963,063
Buildings	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	2022	12,431,267	(6,020,224)	6,411,043	126,837	—	(41,887)	32,707	(251,447)	—	12,516,217	(6,238,964)	6,277,253
Electricity transmission lines and relevant devices	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
Machines and equipment	2022	5,436,893	(2,846,951)	2,589,942	397,303	(7,803)	(14,774)	12,853	(245,423)	—	5,819,422	(3,087,324)	2,732,098
Production and household equipment, including other facilities	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
Land plots and objects of nature management	2022	57,146,169	(22,606,782)	34,539,387	3,695,401	—	(95,317)	69,698	(2,171,937)	—	60,746,253	(24,709,021)	36,037,232
Investment property	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
	2022	56,078,539	(38,769,027)	17,309,512	4,697,517	—	(106,762)	88,464	(2,216,664)	—	60,669,294	(40,897,227)	19,772,067
	2023	45,094	(37,329)	7,765	4,621	(128)	(154)	154	(3,746)	—	49,561	(41,049)	8,512
	2022	44,600	(34,862)	9,738	497	—	(3)	2	(2,469)	—	45,094	(37,329)	7,765
	2023	136,648	—	136,648	96	—	—	—	—	—	136,744	—	136,744
	2022	136,562	—	136,562	86	—	—	—	—	—	136,648	—	136,648
	2023	—	—	—	—	—	—	—	—	—	—	—	—
	2022	—	—	—	—	—	—	—	—	—	—	—	—

2.2 Depreciation of property, plant and equipment (excluding depreciation of impairment)

thousand rubles

Index name	Period	At the beginning of the year (-)		Change for the period		At the end of the period	
		Received (-)	Retired (-)	Accrued for the period (-)	Retired (-)	Accrued for the period (-)	Retired (-)
1	2	3	4	5	6	7	8
Depreciation	2023	(74,969,865)	(4,218)	447,133	(5,290,118)	(79,817,068)	(79,817,068)
	2022	(70,277,846)	(7,803)	203,724	(4,887,940)	(74,969,865)	(74,969,865)
Including:							
Buildings	2023	(6,238,964)	—	14,512	(252,658)	(6,477,110)	(6,477,110)
Facilities, except for power lines	2022	(6,020,224)	—	32,707	(251,447)	(6,238,964)	(6,238,964)
Electricity transmission lines and relevant devices	2023	(3,087,324)	—	3,035	(248,053)	(3,332,342)	(3,332,342)
Machines and equipment	2022	(2,846,951)	(7,803)	12,853	(245,423)	(3,087,324)	(3,087,324)
Production and household equipment, including other facilities	2023	(24,709,021)	—	41,524	(2,317,083)	(26,984,580)	(26,984,580)
	2022	(22,606,782)	—	69,698	(2,171,937)	(24,709,021)	(24,709,021)
	2023	(40,897,227)	(4,090)	387,908	(2,468,578)	(42,981,987)	(42,981,987)
	2022	(38,769,027)	—	88,464	(2,216,664)	(40,897,227)	(40,897,227)
	2023	(37,329)	(128)	154	(3,746)	(41,049)	(41,049)
	2022	(34,862)	—	2	(2,469)	(37,329)	(37,329)

2.3 Impairment of property, plant and equipment

The verification of the Company's property, plant and equipment for impairment as at December 31, 2022, and as at December 31, 2023 showed no impairment.

2.4 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	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Increase in the cost of items of property, plant and equipment as a result of completion, additional equipment, reconstruction	3 114 521	2 436 601	1 163 450
Decrease in the value of fixed assets as a result of partial liquidation	(63 719)	(67 551)	(99 320)

2.5 Information on other use of property, plant and equipment

thousand rubles

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Leased-out property, plant and equipment on the balance sheet	143,356	115,551	101,182
Leased property, plant and equipment on the balance sheet	–	200	–
Leased property, plant and equipment off the balance sheet	3 329 069	3 316 107	3 325 277
Real estate items received into operation and actually used, which are in the process of state registration	3 054 637	3 388 838	3 339 062
Property, plant and equipment transferred for conservation	10,047	10,047	10,115
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

Index name	Period	At the beginning of the year	Expenses for the period	Changes for the period				At the end of the period					
				Written off		Accepted for accounting as fixed assets or increase in the cost of capital investments			Recognition (-) Recovery (+) of impairment				
				Initial cost	Impairment	Initial cost	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	2023	7 125 396	15 088 544	(1 645 437)	–	(12 149 622)	–	–	–	–	–	–	8 418 881
Including:	2022	4 052 784	13 402 718	(1 429 550)	–	(8 900 556)	–	–	–	–	–	–	7 125 396
Construction in progress	2023	5 884 760	12 344 580	(91 023)	–	(11 677 559)	–	–	–	–	–	–	6 460 758
Acquisition of property, plant and equipment	2022	3,110,852	11,344,559	(38,767)	–	(8,531,884)	–	–	–	–	–	–	5 884 760
Equipment for installation	2023	1,240,636	2,271,901	(1,554,414)	–	(471,967)	–	–	–	–	–	–	–
Other	2022	941,932	1,689,487	(1,390,783)	–	(368,589)	–	–	–	–	–	–	1,958,123
	2023	–	96	(96)	–	(96)	–	–	–	–	–	–	1,240,636
	2022	–	83	(83)	–	(83)	–	–	–	–	–	–	–

thousand rubles

3.2 Advances paid for capital construction and acquisition of property, plant and equipment

Index name	Period	At the beginning of the year		At the end of the period			
		Accounted for under the terms of the agreement	Amount of the provision for doubtful debts	Accounted for under the terms of the agreement	Amount of the provision for doubtful debts		
1	2	3	4	5	6	7	8
Advances paid for capital construction	2023	465,074	(2,033)	463,041	(2,033)	1,614,412	1,612,379
	2022	765,453	(2,033)	763,420	(2,033)	465,074	463,041

thousand rubles

4. Right-of-use assets and lease liabilities

Information on the availability and movement of right-of-use assets is disclosed as part of table explanation 4.1. "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 year					Changes for the period					At the end of the period				
	2023	2022	Initial cost	Accumulated depreciation and impairment	Residual value	Received	Retired	Change of agreement conditions	Depreciation accrued (with impairment)	Depreciation retired (with impairment)	Change of depreciation agreement conditions	Recognition (+), recovery (-) of impairment	Initial cost	Accumulated depreciation and impairment	Residual value		
1	2023	2022	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		
			4,228,736	—	4,228,736	156,094	(28,907)	2,182	(1,393,316)	3,055	—	—	4,358,105	(1,390,261)	2,967,844		
Including:																	
Land and buildings	2023	2022	867,987	(265,825)	602,162	20,536	(31,220)	10,362	(265,727)	8,758	—	—	867,665	(522,794)	344,871		
	2022	2021	857,986	—	857,986	31,864	(7,493)	(14,370)	(267,097)	1,272	—	—	867,987	(265,825)	602,162		
Electricity transmission lines and relevant devices	2023	2022	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		
	2022	2021	1,886,254	—	1,886,254	39,454	(7,333)	1,962	(628,062)	931	—	—	1,920,337	(627,131)	1,293,206		
Machines and equipment	2023	2022	794,524	(238,521)	556,003	103,298	(63,923)	(6,412)	(257,227)	13,801	—	—	827,487	(481,947)	345,540		
	2022	2021	700,117	—	700,117	83,643	(694)	11,458	(238,873)	352	—	—	794,524	(238,521)	556,003		
Other	2023	2022	775,257	(258,784)	516,473	9,208	(11,478)	838	(255,062)	7,773	—	—	773,825	(506,073)	267,752		
	2022	2021	784,379	—	784,379	1,133	(13,387)	3,132	(259,284)	500	—	—	775,257	(258,784)	516,473		

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The main objects of the Company's lease are electricity transmission facilities.

Information about lease liabilities:

thousand rubles

Index name	Index code	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4	5
Short-term lease liabilities	1520	1,533,808	1,461,754	1,384,223
Long-term lease liabilities	1450	252,013	1,624,891	2,844,513
Total lease liabilities		1,785,821	3,086,645	4,228,736

Interest on lease liabilities in the amount of 248,026 thousand rubles is included in the "Interest payable" index of line 2330 of the Statement of Financial Results for the year ended December 31, 2023 (in the amount of 325,381 thousand rubles for the year ended December 31, 2022).

Expenses related to operating leases are included in expenses for ordinary activities in the amount of 62,492 thousand rubles for the year ended December 31, 2023 (in the amount of 48,213 thousand rubles for the year ended December 31, 2022).

5. Verification of fixed assets in respect of 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 Company verified property, plant and equipment for impairment as of December 31, 2023 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
Forecast period	Forecast cash flows were determined for the 2024-2028 period for a generating unit "Rosseti Kuban" PJSC based on 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%
Forecast of electricity transmission tariffs	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).
Discount rate (The nominal discount rate determined for the purposes of the test based on the weighted average cost of capital before profit tax)	11.97%

According to the results of the impairment verification, as of December 31, 2023, no impairment was detected.

6. Other fixed assets

Line 1190 "Other fixed assets" of the Balance Sheet reflects:

thousand rubles

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Software and licenses	289,354	103,997	133,158
Other	90,710	50,749	—
Total other fixed assets	380,064	154,746	133,158

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". There are no inventories pledged.

Information on the availability and movement of inventories by group:

Index name	Period	At the beginning of the year		Proceeds and costs	Changes for the period		Turnover of inventories between groups (types) thereof	At the end of the period		
		Cost	Amount of provision for impairment		Cost	Provision for impairment		Cost	Amount of provision for impairment	
1	2	3	4	5	6	7	8	9	10	11
Inventories, total	2023	1,975,327	(51,591)	6,612,767	(4,846,149)	3,766	(2,314)	x	3,741,945	(50,139)
	2022	1,926,407	(1,543)	3,849,479	(3,800,559)	668	(50,716)	x	1,975,327	(51,591)
Raw and other materials	2023	1,975,327	(51,591)	6,606,722	(4,846,149)	3,766	(2,314)	—	3,735,900	(50,139)
	2022	1,926,407	(1,543)	3,849,479	(3,800,559)	668	(50,716)	—	1,975,327	(51,591)
Work in process	2023	—	—	6,045	—	—	—	—	6,045	—
	2022	—	—	—	—	—	—	—	—	—
Other inventories and expenses	2023	—	—	—	—	—	—	—	—	—
	2022	—	—	—	—	—	—	—	—	—

thousand rubles

8. Other current assets

Line 1260 "Other current assets" of the Balance Sheet reflects:

Index name	thousand rubles			
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2021
	2	3	4	4
Other current assets, including	3,669,436	1,573,337	974,558	974,558
VAT on advances received	3,233,363	1,369,300	700,138	700,138
VAT on advances paid for the acquisition of items of fixed assets	262,503	77,155	125,914	125,914
Future expenses	124,442	77,953	106,219	106,219
Other	49,128	48,929	42,287	42,287

9. Financial investments

9.1 Availability and movement of financial investments

Movement of long-term financial investments

Index name	Period	At the beginning of the year		Changes for the period			At the end of the year		
		Initial cost	Revaluation, reserve	Initial cost retired	Revaluation, reserve	Initial cost	Revaluation, reserve		
	2	3	4	5	6	7	8	9	10
Long-term financial investments, total	2023	45,690	(2)	—	(3)	2	—	45,687	—
	2022	45,690	(5,850)	—	—	—	5,848	45,690	(2)
Including:	2023	—	—	—	—	—	—	—	—
Contributions to other organizations (traded at the formal securities market)	2023	—	—	—	—	—	—	—	—
Contributions to other organizations (not traded at the formal securities market)	2023	3	(2)	—	(3)	2	—	—	—
Deposits	2023	3	(2)	—	—	—	—	3	(2)
	2022	—	—	—	—	—	—	—	—
Contributions to subsidiaries	2023	45,687	—	—	—	—	—	45,687	—
	2022	45,687	(5,848)	—	—	—	5,848	45,687	—
Bond loans	2023	—	—	—	—	—	—	—	—
	2022	—	—	—	—	—	—	—	—
Contributions to dependent companies	2023	—	—	—	—	—	—	—	—
	2022	—	—	—	—	—	—	—	—

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9.2 Information on the initial and carrying value of financial investments

thousand rubles

Name of the group of financial investments	December 31, 2023		December 31, 2022		December 31, 2021		
	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	45,690	45,688	45,690	39,840
	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 revaluation of financial investments for which the current market value is determined

There are no financial investments that determine the current market value.

9.4 Information on the carrying value of financial investments by type.

thousand rubles

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Long-term financial investments, total	45,687	45,688	39,840
Including:			
Contributions to subsidiaries	45,687	45,687	39,839
Contributions to dependent companies	—	—	—
Contributions to other organizations (traded at the formal securities market)	—	—	—
Contributions to other organizations (not traded at the formal securities market)	—	1	1
Deposits	—	—	—
Bond loans	—	—	—
Borrowings granted	—	—	—
Short-term financial investments	—	—	—

9.5 Information on the provision for impairment of financial investments

thousand rubles

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Provision for impairment of financial investments, total	—	2	5,850
Including:			
- on investments in the authorized capital of subsidiaries	—	—	—
- on borrowings granted	—	—	—
- on other financial investments	—	2	5,850
Initial cost of financial investments for which provision for impairment has been created	—	—	—

10. Cash and cash equivalents

Composition of cash and cash equivalents

thousand rubles

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Cash in hand	–	–	–
Funds on current accounts	5,461,267	3,468,182	1,964,718
Funds on foreign currency accounts	–	–	–
Funds on special bank accounts	–	–	1
Total cash	5,461,267	3,468,182	1,964,719
Short-term bank deposits (with a placement period of up to three months)	7,511,113	650,000	–
Total cash equivalents	7,511,113	650,000	–
Total cash and cash equivalents	12,972,380	4,118,182	1,964,719

The Company places deposits 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.

As of December 31, 2023 The Company placed the following deposits in the Southern Branch of "PROMSVYAZBANK" PJSC: 1) deposit in the amount of 3,822,113 thousand rubles, with the placement date of December 18, 2023, 2) deposit in the amount of 3,689,000 thousand rubles, with the placement date of December 28, 2023. Date of repayment of deposits is January 9, 2024.

Details of the lines "Other proceeds" and "Other payments" of the Statement of Cash Flows

thousand rubles

Index name	2023	2022
1	2	3
Other proceeds from current activities	1,743,032	1,142,573
Insurance claims receivable	188,355	563,497
Settlements on fines, penalties, and forfeits receivable	349,456	352,459
Value added tax	629,473	36,934
Other proceeds*	575,748	189,683
Other payments for current activities	(6,202,439)	(4,389,269)
Payments on taxes (excluding VAT, profit tax) and funds	(2,978,337)	(2,327,281)
Settlements on fines, penalties, and forfeits payable	(231,266)	(52,832)
Refund of advance payments under technological connection agreements	(509,548)	(23,771)
Refund of the advance payment under the agreement of additional non-tariff services	(352,293)	–
Other payments**	(2,130,995)	(1,985,385)

* The line includes proceeds from the sale of inventories, proceeds from the assignment agreement, and other proceeds from current activities.

** The line includes payments for reforestation, social payments (other financial assistance and other payments to employees), and other payments for current activities.

11. Receivables

11.1 Existence of receivables

thousand rubles

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Receivables, total	6,443,929	7,626,134	6,547,358
Long-term receivables	73,618	43,085	19,042
Buyers and customers	707	1,241	1,819
Other debtors:	72,911	41,844	17,223
Settlements with notaries on public easements	47,557	22,436	–
Other services	12,317	8,016	6,036
Easement payment	8,974	5,829	885
Settlements on non-contractual electricity consumption	2,737	4,185	5,964
Other debtors	1,326	1,378	4,338
Short-term receivables	6,370,311	7,583,049	6,528,316
Buyers and customers	4,968,641	6,198,385	5,863,976
Advances paid	162,244	78,313	43,534
Other debtors:	1,239,426	1,306,351	620,806
Settlements with the national budget on taxes and insurance premiums	1,057,002	717,191	276,037
Settlements on interest (receivable)	31,820	267	184
Settlements on non-contractual electricity consumption	31,174	37,442	31,287
Settlements on claims, fines, penalties and forfeits	27,156	80,459	99,868
Other debtors	92,274	470,992	213,430

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 year	Accrued	Recovered	Used	At the end of the year
1	2	3	4	5	6	7
Provision for doubtful receivables	2023	2,572,900	1,059,221	813,999	35,503	2,782,619
	2022	2,492,334	787,528	636,088	70,874	2,572,900

The amount of debt written off for the balance sheet of insolvent debtors as of December 31, 2023 is 183,165 thousand rubles (as of December 31, 2022 – 452,081 thousand rubles; as of December 31, 2021 – 627,744 thousand rubles).

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 placed ordinary registered non-documentary shares with a nominal value of 100 (One hundred) rubles 00 kopecks each in the amount of 334,657,837 pieces for a total amount of 33,465,784 thousand rubles.

The receipt of deposits from the founders (in cash) before the state registration of changes in the constituent documents is reflected in the balance sheet in the section "Capital and Reserves" in the amount of 6,430,824 thousand rubles.

In the reporting period, the placement of additional issue shares continued, the state registration of which was carried out by the Bank of Russia on April 1, 2021 (state registration number 1-02-00063-A).

The maximum volume of placement of additional shares of this issue is 69,583,132 shares with a nominal value of 100 rubles each for a total amount of 6,958,313.2 thousand rubles.

The date of completion of the placement of these securities (taking into account the extension of the placement period provided for by the listing prospectus of "Rosseti Kuban" PJSC, registered by the Bank of Russia on 2May 25, 2023) - is the earliest of the following dates:

24. date of placement of the last security of this additional issue;
25. 3 years from the date of state registration of this additional issue of securities, that is, April 1, 2024.

As of December 31, 2023, 64,308,239 additional shares were placed.

Since the placement of additional shares has not been completed as of the end of the reporting year, the state registration of amendments to the Company's Charter in connection with the increase in the authorized capital has not been carried out.

Preferred shares were not issued by the Company.

12.2 Reserve capital

According to the decision of the General Meeting of Shareholders, based on the results of the Company's work for 2022, the Company's net profit in the amount of 262,224 thousand rubles was assigned to the formation of a reserve fund. As of December 31, 2023, the value of the reserve fund amounted to 772,036 thousand rubles.

12.3 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, 2023	December 31, 2022	December 31, 2021
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

12.4 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 16, 2023, it was decided to pay dividends on ordinary shares of the Company based on the results of 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 amounted to 2.0022935 rubles per ordinary share of the Company.

12.5 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	2023	2022
1	2	3
Underlying profit (loss) for the reporting year, thousand rubles	6,166,520	5,244,477
Weighted average number of ordinary shares outstanding during the reporting year, thousand pieces	375,351	347,126
Underlying profit (loss) per share, rubles	16.4287	15,1080

13. Loans and borrowings

13.1 Information on the movement of borrowed funds

thousand rubles

Index name	Long-term		Short-term	
	2023	2022	2023	2022
1	2	3	4	5
Balance of debt on borrowed funds at the beginning of the year	16,931,543	16,036,315	3,990,281	4,834,192
Borrowed funds received in the reporting year (including overdraft)	8,618,064	14,682,503	–	1,000,698
As a result of the transfer of long-term debt to short-term debt	(4,279,853)	(7,725,548)	4,279,853	7,725,548
As a result of the transfer of short-term debt to long-term debt	–	–	–	–
Interest accrued (including overdraft)	–	–	2,096,399	2,379,171
Repaid in part of the principal amount of the debt (including overdraft)	(5,389,754)	(6,061,727)	(3,971,758)	(9,554,489)
Repaid in terms of interest accrued (including overdraft)	–	–	(2,085,935)	(2,394,839)
Balance of debt on borrowed funds at the end of the year	15,880,000	16,931,543	4,308,840	3,990,281

13.2 Information on borrowed funds types

thousand rubles

Index name	Long-term		Short-term	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
1	2	3	4	5
Loans and borrowings secured	–	–	–	–
Loans and borrowings unsecured	15,880,000	16,931,543	4,279,853	3,971,758
Bond loans secured	–	–	–	–
Bond loans unsecured	–	–	–	–
Interest payable	–	–	28,987	18,523

As of December 31, 2023, the amount of the free limit on open but unused credit lines of the Group amounted to 77,202,647 thousand rubles (as of December 31, 2022: 58,342,200 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. There is no non-fulfillment or partial non-fulfillment of obligations by the lender for the reporting period and as of December 31, 2023.

Interest on borrowed funds

thousand rubles

Index name	2023	2022
1	2	3
Interest included in the cost of investment assets on borrowed funds related to the acquisition, construction or manufacture of investment assets	2,980	41,980
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	2,093,419	2,337,191
Total interest accrued on borrowed funds	2,096,399	2,379,171

13.3 Information on maturity dates of borrowed funds

thousand rubles

Index name	Balance of debt on borrowed funds	Including 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	8
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	–	–	–

Index name	Balance of debt on borrowed funds	Including 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	8
Loans and borrowings secured	–	–	–	–	–	–	–
Loans and borrowings unsecured	20,903,300	3,971,757	4,279,853	12,651,690	–	–	–
Bond loans secured	–	–	–	–	–	–	–
Bond loans unsecured	–	–	–	–	–	–	–
Interest payable	18,524	18,524	–	–	–	–	–
Total as of December 31, 2022	20,921,824	3,990,281	4,279,853	12,651,690	–	–	–

14. Payables

thousand rubles

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Payables, total	34,420,507	22,969,106	17,034,864
Other liabilities (long-term payables)	13,746,293	4,070,948	4,295,806
Suppliers and contractors	1,591,150	88,663	92,134
Advances received	11,903,130	2,357,394	1,359,159
Settlement of lease liabilities	252,013	1,624,891	2,844,513
Short-term payables	20,674,214	18,898,158	12,739,058
Suppliers and contractors	8,536,680	9,342,262	6,861,390
Payables to employees	345,757	341,987	299,668
Settlements with the national budget on taxes and insurance premiums	1,499,965	1,168,754	916,152
Property tax debt	158,906	155,389	159,376
Insurance premiums debt	348,985	459,368	157,707
Value added tax debt	942,069	465,644	536,089
Profit tax debt	–	–	–
Debt on other taxes and fees	50,005	88,353	62,980
Advances received	7,217,311	5,331,457	2,290,864
For technological connection	7,056,087	4,327,315	2,066,738
For electricity transmission services	15,845	47,358	81,365
Other advances	145,379	956,784	142,761
Other creditors:	1,539,235	1,150,266	986,417
Settlements under cost compensation agreements	1,206,505	828,437	604,959
Settlements under property lease agreements	175,709	157,112	155,028
Other creditors:	157,021	164,717	226,430
Debt to participants (founders) for the payment of income	1,458	101,678	344
Settlement of lease liabilities	1,533,808	1,461,754	1,384,223

15. Estimated liabilities

The Company reflects the estimated liability while complying with the recognition conditions set out in RAR 8/2010 "Estimated Liabilities, Contingent Liabilities and Contingent Assets". No discounting of the value of the estimated liabilities recognized by the Company was made, since the expected performance period does not exceed 12 months after the reporting date.

thousand rubles

Index name	Period	Balance at the beginning of the year	Accrued	Use	Recovered	Balance at the end of the period
1	2	3	4	5	6	7
Estimated liabilities, total	2023	2 358 399	1 711 509	(1 293 056)	(453 383)	2 323 469
	2022	2 802 883	1 846 346	(1 414 770)	(876,060)	2 358 399
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	2023	319,620	202,010	(83 843)	(117 551)	320,236
	2022	276,278	221,867	(22 274)	(156 251)	319,620
Estimated liabilities for vacation payment	2023	370,778	686,807	(651 211)	–	406,374
	2022	330,958	599,208	(559 388)	–	370,778
Estimated liability on payment of benefits (bonuses) to employees based on the results of work for the year;	2023	551,772	306,979	(271,758)	(340)	586,653
	2022	415,390	464,941	(328,559)	–	551,772
Estimated liability on excess profit tax	2023	–	200,065	–	–	200,065
	2022	–	–	–	–	–
Other estimated liabilities	2023	1,116,229	315,648	(286,244)	(335,492)	810,141
	2022	1,780,257	560,330	(504,549)	(719,809)	1,116,229

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.

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 Company. The Company's Management does not exclude the risk of an outflow of resources, while the risk of such a development is not assessed as probable.

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 the Management, the probability of an unfavorable outcome for the Company and the corresponding outflow of financial resources is not high with respect to lawsuits in the amount of 725,971 thousand rubles as of December 31, 2023. 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	2023		2022	
	Difference	Tax effect	Difference	Tax effect
1	2	3	4	5
Contingent profit tax expense / (contingent profit tax income)	–	1,709,483	–	1,436,086
Permanent tax expenses (PTE)				
Including:				
Expenses for previous years	119,651	23,930	955,988	191,198
Financial assistance and compensation	366,933	73,387	343,178	68,635
Remuneration, bonuses, contributions to mandatory social insurance	348,394	69,679	318,592	63,718
Other	1,814,747	362,949	1,594,310	318,862
Total PTE	2,649,725	529,945	3,212,068	642,413
Permanent tax income (PTI)				
For income not accounted for tax purposes	–	–	–	–
For other grounds	–	–	–	–
Including:				
For income of previous periods	(42,305)	(8,461)	(435,599)	(87,120)
For income from participation in other organizations (dividends)	(3,943)	(789)	–	–
For court costs and administrative fines	(28,857)	(5,771)	(27,247)	(5,449)

Index name	2023		2022	
	Difference	Tax effect	Difference	Tax effect
1	2	3	4	5
Other	(77)	(15)	(25,941)	(5,188)
Total PTI	(75,182)	(15,036)	(488,787)	(97,757)
Deferred tax assets (DTA)				
DTA accrual	2,049,715	409,943	2,555,787	511,158
On property, plant and equipment, including differences in the amounts of depreciation of property, plant and equipment in accounting and tax accounting	236,779	47,356	244,576	48,915
On estimated liabilities	412,061	82,412	697,528	139,506
On provisions for doubtful debts	724,279	144,856	674,950	134,990
For other grounds	676,596	135,319	938,733	187,747
Including:	—	—	—	—
On lease liabilities	213,705	42,741	252,583	50,517
Other	462,891	92,578	686,150	137,230
Payment of DTA	(3,118,069)	(623,614)	(3,595,872)	(719,175)
Differences in depreciation amounts of property, plant and equipment in accounting and tax accounting	(97,379)	(19,476)	(81,005)	(16,201)
On estimated liabilities	(446,991)	(89,398)	(1,142,015)	(228,403)
On provisions for doubtful debts	(479,055)	(95,811)	(525,993)	(105,199)
For other grounds	(2,094,644)	(418,929)	(1,846,859)	(369,372)
Including:				
On lease liabilities	(1,620,870)	(324,174)	(1,654,130)	(330,826)
Other	(473,774)	(94,755)	(192,729)	(38,546)
Total DTA change for the purposes of calculating profit tax	(1,068,354)	(213,671)	(1,040,085)	(208,017)
Deferred tax liabilities (DTL)				
DTL accrual	(5,240,912)	(1,048,182)	(1,683,583)	(336,716)
On property, plant and equipment, including differences in the amounts of depreciation of property, plant and equipment in accounting and tax accounting	(5,052,099)	(1,010,420)	(1,305,850)	(261,170)
On the expenditure of paying interest on loans used for the acquisition (construction) of property, plant and equipment	(2,980)	(596)	(41,980)	(8,396)
For other grounds	(185,833)	(37,166)	(335,753)	(67,151)
Including:				
Interest on lease liabilities	(112,841)	(22,568)	(36,704)	(7,341)
Other	(72,992)	(14,598)	(299,049)	(59,810)
Repayment of DTL	2,771,473	554,294	984,091	196,818
On property, plant and equipment, including differences in the amounts of depreciation of property, plant and equipment in accounting and tax accounting	2,145,454	429,091	614,039	122,808
On the expenditure of paying interest on loans used for the acquisition (construction) of property, plant and equipment	3,777	755	49,103	9,820
For other grounds	622,242	124,448	320,949	64,190
Including:				
Interest on lease liabilities	308,705	61,741	319,012	63,802
Other	313,537	62,707	1,937	388
Total DTL change for the purposes of calculating profit tax	(2,469,439)	(493,888)	(699,492)	(139,898)
Taxable profit	7,584,167		8,164,133	
Use of tax losses from previous years	—		—	
Taxable profit after using tax losses of previous years	7,584,167		8,164,133	
Current profit tax	(1,516,833)		(1,632,827)	

17.2 Applicable profit tax rates

The amounts of the temporary differences that arose led to the recognition of deferred tax assets and deferred tax liabilities in accounting and reporting based on the profit tax rate applicable to the Company: 20% in 2023, 20% in 2022.

Deferred tax change

thousand rubles

Index name	2023	2022
1	2	3
Deferred tax assets		
At the beginning of the reporting year (line 1180 of the balance sheet)	2,200,526	2,429,612
Accrued in the reporting year on operations, the result of which is included in the net profit (loss) of the period (line 2412)	409,943	511,158
Accrued in the reporting year on operations the result of which is not included in the net profit (loss) of the period (line 2530)	—	—
Repaid in the reporting year (line 2412)	(623,614)	(719,175)
Written off in the reporting year (line 2460)	(33,108)	(21,069)
A deferred tax asset previously written off due to the absence of a recoverable profit and loss account has been recovered (line 2412)	—	—
Amount of accrued/(written off) deferred tax assets as a result of an increase/decrease in the profit tax rate from the next reporting year (line 2412)	—	—
At the end of the reporting year (line 1180 of the balance sheet)	1,953,747	2,200,526
Deferred tax liabilities		
At the beginning of the reporting year (line 1420 of the balance sheet)	3,746,979	3,610,868
Accrued in the reporting year on operations, the result of which is included in the net profit (loss) of the period (line 2412)	1,048,182	336,716
Accrued in the reporting year on operations the result of which is not included in the net profit (loss) of the period (line 2530)	—	—
Repaid in the reporting year (line 2412)	(554,294)	(196,818)
Written off in the reporting year (line 2460)	(28,310)	(3,787)
Amount of accrued/(written off) deferred tax liabilities as a result of an increase/decrease in the profit tax rate from the next reporting year (line 2412)	—	—
At the end of the reporting year (line 1420 of the balance sheet)	4,212,557	3,746,979

17.3 Excess Profit Tax

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, the Company is a taxpayer for excess profit tax.

The amount of the estimated excess profit tax liability, calculated at a rate of 5% (taking into account the payment of the security payment within the time limits established by the Law), amounted to 200,065 thousand rubles and is included in line 2460 "Other" of the Statement of Financial Results. The security payment for the excess profit tax as of December 31, 2023 was paid in the amount of 203,106 thousand rubles and included in line 1230 "Receivables" of the Balance Sheet.

17.4 Other Taxes and Levies

In 2023, the following taxes and levies were accrued: VAT – 4,426,311 thousand rubles, property tax – 588,463 thousand rubles, transport tax – 8,873 thousand rubles, personal income tax – 971,494 thousand rubles, land tax – 3,836 thousand rubles, other taxes – 99,355 thousand rubles.

In 2022, the following taxes and levies were accrued: VAT – 3,386,255 thousand rubles, property tax – 643,796 thousand rubles, transport tax – 8,904 thousand rubles, personal income tax – 871,991 thousand rubles, land tax – 2,797 thousand rubles, other taxes – 22,192 thousand rubles.

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	2023	2022
1	2	3
Revenue (net) from the sale of goods, products, works, services (less value added tax)	74 557 482	63,738,857
Electricity transmission services	71 207 120	61,452,874
Technological connection services	2 437 913	1,282,050
Lease income	199,485	148,909
Other activities	712,964	855,024

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	2023	2022
1	2	3
Prime cost of goods, products, works, and services sold	62 056 731	52 991 184
Electricity transmission services	60 497 075	51 354 745
Technological connection services	720,031	721,400
Lease income	169,545	111,769
Other activities	670,080	803,270
Management expenses	60,788	162,561

Distribution of the Company's expenses by cost elements recognized in the Statement of Financial Results:

thousand rubles

Index name	2023	2022
1	2	3
Material costs	13 561 307	11 567 990
Labor costs	6,570,925	6 086 158
Compulsory insurance premiums, insurance against accidents and fire protection	1 954 721	1 774 480
Depreciation	5 259 304	4,904,610
Depreciation of the right-of-use asset	1 421 324	1 393 316
Other costs	33 289 150	27 264 630
Total by elements	62 056 731	52 991 184
Change in balances (increase [-], decrease [+]): work in progress, finished products, etc.	–	–
Total expenses for ordinary activities	62 056 731	52 991 184

18.3 Interest receivable

thousand rubles

Index name	2023	2022
1	2	3
Interest on bank deposits	247,751	62,635
Interest on borrowings granted	–	–
Other interest receivable	191,162	46,775
Total for line "Interest receivable" of the Statement of Financial Results	438,913	109,410

18.4 Interest payable

thousand rubles

Index name	2023	2022
1	2	3
Interest on loans received	1 952 755	1 743 236
Interest on borrowings received	140,664	593,955
Interest on lease liabilities	248,026	325,381
Other interest	4,555	–
Total for line "Interest payable" of the Statement of Financial Results	2 346 000	2 662 572

18.5 Other income and expenses

thousand rubles

Index name	2023		2022	
	Income	Expenses	Income	Expenses
1	2	3	2	3
Other income/expenses from the sale of property, plants and equipment, except apartments	3,406	–	52,281	(11 580)
Other income/expenses from the sale of inventories	35,757	(31 364)	9,841	(8 112)
Other income/expenses from full or partial termination of the lease agreement/modification of the lease agreement	4,769	–	262	(5)
Profit/loss 2022, revealed in the reporting period	163,927	(206 584)	–	–
Profit/loss 2021, revealed in the reporting period	44,786	(80 425)	199,492	(382 270)

Index name	2023		2022	
	Income	Expenses	Income	Expenses
1	2	3	2	3
Profit/loss 2020, revealed in the reporting period	56,987	(163 969)	28,068	(163 150)
Profit/loss till January 1, 2020, revealed in the reporting period	42,987	(119 651)	227,071	(410 566)
Penalties, fines and forfeits recognized or those, for which decisions of the court (arbitration court) on their recovery have been received	349,332	(133 956)	468,105	(42 093)
Recording of surpluses, write-off of shortages and losses identified as a result of inventory	2,332	–	188	–
Provision for doubtful debts	813,999	(1 059 221)	636,088	(787 528)
Provision for impairment of inventories value	17,147	(2 314)	676	(121 696)
Estimated liabilities	453,383	(216 474)	876,060	(241 557)
Impairment (recovery of impairment) of property, plant and equipment and right-of-use assets	–	–	–	–
Provision for impairment of financial investments	2	(1)	5,848	–
Insurance claims receivable	228,978	–	566,521	–
Other operations	742,603	(2 935 838)	487,239	(2 240 704)
Total other income/expenses	2 960 395	(4 949 797)	3 557 740	(4 409 261)

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 accounting legislation.

For the purposes of information disclosure, the Company's related parties include its subsidiaries, the parent company - "Rosseti" PJSC, subsidiaries of "Rosseti" PJSC, key management personnel, as well as non-governmental pension funds acting in the interests of the Company's employees.

Information on benefit paid to key management personnel is provided in section 19 "Benefit Paid to Members of the Management Board, Board of Directors, and Audit Commissions".

Information on operations with non-governmental pension funds acting in the interests of the Company's employees is provided in section 21 "Relations with Non-Governmental Pension Funds".

In accordance with paragraph 16 of RAR 11/2008, information about related parties is disclosed to a limited extent. 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	2023	2022
1	2	3
Electricity transmission services:	2,408	1,493
- including the parent company	–	–
- including subsidiaries	2,408	1,493
-including other related companies	–	–
Total for electricity transmission services	2,408	1,493
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:	126,004	18,721
- including the parent company	101,823	1,185
- including subsidiaries	18,713	10,871
-including other related companies	5,468	6,665
Total for other revenue types	126,004	18,721
Total revenue from sales to related parties	128,412	20,214

19.2 The cost of purchased goods, products, works, and services provided by related parties amounted to:

thousand rubles

Index name	2023	2022
1	2	3
Works and services of production nature, incl.:		
- from the parent company	10,148,102	8,327,814
- from subsidiaries	199,601	351,265
- from other related companies	3,557	1,987
Total works and services of production nature	10,351,260	8,681,066
Communication services, including:		
- from the parent company	–	–
- from subsidiaries	–	–
- from other related companies	38,008	35,591
Total for communication services	38,008	35,591
Information services and software, including:		
- from the parent company	11,026	–
- from subsidiaries	–	–
- from other related companies	79,710	41,632
Total information services and software, including:	90,736	41,632
Consulting services, including:		
- from the parent company	–	–
- from subsidiaries	–	–
- from other related companies	–	4,426
Total consulting services, including:	–	4,426
Property lease, including:		
- from the parent company	219	60
- from subsidiaries	167	–
- from other related companies	–	–
Total property lease	386	60
Other services, including:		
- from the parent company	36,101	126,093

Index name	2023	2022
1	2	3
- from subsidiaries	46,709	80,999
- from other related companies	8,457	10,073
Total other services	91,267	217,165
Total prime cost of purchases from related parties	10,571,657	8,979,940

Purchases from related parties were conducted on normal commercial terms.

19.3 Status of settlements with related parties, as well as information on debt financial investments

Receivables

thousand rubles

Index name	December 31, 2023		December 31, 2022		December 31, 2021	
	Debt	Reserve	Debt	Reserve	Debt	Reserve
1	2	3	4	5	6	7
Receivables from buyers and customers, including:	11,506	10,762	33,556	32,403	64,597	62,308
Parent company	4	–	–	–	–	–
Subsidiaries	740	–	392	–	926	–
Other related parties	10,762	10,762	33,164	32,403	63,675	62,308
Advances paid, including:	213,422	–	127,448	–	211,818	–
Parent company	10,489	–	–	–	–	–
Subsidiaries	190,397	–	127,448	–	211,818	–
Other related parties	12,536	–	–	–	–	–
Other receivables, including:	86,773	38,354	73,764	36,021	75,880	42,085
Parent company	32,212	–	–	–	–	–
Subsidiaries	–	–	–	–	–	–
Other related parties	54,561	38,354	73,764	36,021	75,880	42,085
Total receivables of related parties	311,701	49,116	234,768	68,424	352,295	104,393

19.4 Payables

thousand rubles

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Settlements with suppliers and contractors, including:	85,053	88,663	92,134
Parent company	–	–	–
Subsidiaries	–	–	–
Other related parties	85,053	88,663	92,134
Settlements of advances received, including:	–	–	–
Parent company	–	–	–
Subsidiaries	–	–	–
Other related parties	–	–	–
Other receivables, including:	–	–	–
Parent company	–	–	–
Subsidiaries	–	–	–
Other related parties	–	–	–
Total long-term payables to related parties	85,053	88,663	92,134
Settlements with suppliers and contractors, including:	1 411 299	1 840 046	1,597,148
Parent company	1,024,885	–	–
Subsidiaries	364,885	683,027	487,352
Other related parties	21,529	1 157 019	1,109,796
Settlements of advances received, including:	36	685,922	602

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Parent company	36	–	–
Subsidiaries	–	182	566
Other related parties	–	685,740	36
Other receivables, including:	180,532	60,455	110,535
Parent company	17,913	19,926	62,710
Subsidiaries	4,342	20,801	5,901
Other related parties	158,277	19,728	41,924
Total short-term payables to related parties	1 591 867	2 586 423	1 708 285

19.5 Cash flows from operations with related parties

thousand rubles

Index name	For 2023	For 2022
1	2	3
Cash flows from current operations		
Proceeds from the sale of products, including:	44,657	573,430
Parent company	10,305	–
Subsidiaries	2,604	2,010
Other related parties	31,748	571,420
Proceeds from lease payments, including:	1,854	1,649
Parent company	–	–
Subsidiaries	1,321	1,649
Other related parties	533	–
Other proceeds, including:	198,514	16,567
Parent company	99,354	–
Subsidiaries	13	10
Other related parties	99,147	16,557
Payments to suppliers for raw materials, works, services, including:	(11 870 343)	(756 837)
Parent company	(11 291 807)	(124 535)
Subsidiaries	(325 587)	(373 228)
Other related parties	(252 949)	(259 074)
Interest payments on debt obligations, including:	(140 393)	(624 483)
Parent company	(98 709)	(600 829)
Subsidiaries	–	–
Other related parties	(41 684)	(23 654)
Other payments, transfers, including:	(403 065)	(83 588)
Parent company	(238)	–
Subsidiaries	(44 679)	(79 748)
Other related parties	(358 148)	(3 840)
Cash flows from investment operations		
Proceeds from the sale of fixed assets (other than financial investments), including:	–	49,900
Parent company	–	–
Subsidiaries	–	–
Other related parties	–	49,900
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:	–	665
Parent company	–	–
Subsidiaries	–	–
Other related parties	–	665

Index name	For 2023	For 2022
1	2	3
Payments in connection with the acquisition, creation, modernization, reconstruction and preparation for the use of fixed assets, including:	(1 297 548)	(1 225 015)
Parent company	–	–
Subsidiaries	(1 095 077)	(1 016 035)
Other related parties	(202 471)	(208 980)
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		
Proceeds from loans and borrowings, including:	450,000	–
Parent company	–	–
Subsidiaries	–	–
Other related parties	450,000	–
From issuance of shares, increase in participation interest:	3,566,562	2,104,202
Parent company	3,566,562	2,104,202
Subsidiaries	–	–
Other related parties	–	–
For the payment of dividends and other payments for the distribution of profits in favor of the owners (participants), including:	(863 601)	(872 691)
Parent company	(863 601)	(872 691)
Subsidiaries	–	–
Other related parties	–	–
In connection with the redemption (repurchase) of promissory notes and other debt securities, repayment of loans and borrowings:	–	(4 800 000)
Parent company	–	(4 200 000)
Subsidiaries	–	–
Other related parties	–	(600 000)

20. Benefit paid to members of the Management Board, the Board of Directors, and Audit Commissions

In 2023, the Company accrued benefit in the amount of 14,424 thousand rubles to the members of the Board of Directors and the Management Board, in addition, insurance premiums were accrued for these payments in the amount of 3,283 thousand rubles (for 2022 – 19,079 thousand rubles, in addition, insurance premiums 5,604 thousand rubles).

In 2023, the Company accrued benefit to the members of the audit commission in the amount of 792 thousand rubles, in addition, insurance premiums of 241 thousand rubles. (for 2022 – 793 thousand rubles, in addition, insurance premiums of 241 thousand rubles).

21. 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, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Received, total	2 629 601	1,781,328	1 770 906

Index name	December 31, 2023	December 31, 2022	December 31, 2021
1	2	3	4
Bank guarantees	2 629 601	1,781,328	1 770 906
Surety agreements	–	–	–
Property pledge agreement	–	–	–
Other	–	–	–
Issued under own obligations, total	–	–	–
Surety	–	–	–

22. Relations with a non-governmental pension fund

Contributions to the Non-Governmental Pension Fund for voluntary pension insurance of the Company's employees were not made during 2023 (for 2022 – 21,543 thousand rubles, for 2021 – 20,734 thousand rubles).

23. Segment Information

The Company's internal management reporting system is based on segments related to electricity transmission and distribution, technological connection to electric networks in the regions of the Russian Federation.

In accordance with the requirements of RAR 12/2010 "Segment Information", the Company has defined the following composition of reporting segments:

- 1) electricity transmission;
- 2) technological connection to electrical networks.

The Company discloses information in accounting (financial) statements only for the above reporting segments. The remaining segments are reported as other segments. As part of the information on the reporting segments, the Company does not disclose cash flows from current, investment and financial operations due to the practical labor intensity of its presentation in the accounting (financial) statements.

For the years ended December 31, 2023 and December 31, 2022, 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 the Counterparty 1 for 2023 amounted to 22,014,240 thousand rubles, or 29.53% of the Company's total revenue (in 2022: 19,531,366 thousand rubles or 30.64%).

The total amount of revenue received from the Counterparty 2 for 2023 amounted to 33,223,931 thousand rubles, or 44.56% of the Company's total revenue (in 2022: 28,913,339 thousand rubles, or 45.36%).

thousand rubles

Index name	Period	Electricity transmission	Technological connection	Reporting segment name 5	Reporting segment name 6	Reporting segment name 7	Other	Total
1	2	3	4	5	6	7	8	9
Revenue from external consumers	2023	71,207,120	2,437,913	—	—	—	912,449	74,557,482
	2022	61,452,874	1,282,050	—	—	—	1,003,933	63,738,857
Sales proceeds between segments	2023	—	—	—	—	—	—	—
	2022	—	—	—	—	—	—	—
Total segment revenue	2023	71,207,120	2,437,913	—	—	—	912,449	74,557,482
	2022	61,452,874	1,282,050	—	—	—	1,003,933	63,738,857
Including								
- transmission revenue	2023	71,207,120	—	—	—	—	—	71,207,120
	2022	61,452,874	—	—	—	—	—	61,452,874
- revenue from technological connection	2023	—	2,437,913	—	—	—	—	2,437,913
	2022	—	1,282,050	—	—	—	—	1,282,050
- revenue from the sale of electricity	2023	—	—	—	—	—	—	—
	2022	—	—	—	—	—	—	—
- other revenue	2023	—	—	—	—	—	912,449	912,449
	2022	—	—	—	—	—	1,003,933	1,003,933
Interest receivable	2023	—	—	—	—	—	438,913	438,913
	2022	—	—	—	—	—	109,410	109,410
Interest payable	2023	2,346,000	—	—	—	—	—	2,346,000
	2022	2,662,572	—	—	—	—	—	2,662,572
Profit tax expense	2023	2,110,143	245,473	—	—	—	25,281	2,380,897
	2022	1,704,481	172,051	—	—	—	59,420	1,935,952
Segment profit/(loss)	2023	4,344,057	1,457,878	—	—	—	364,585	6,166,520
	2022	4,725,107	448,133	—	—	—	71,237	5,244,477
Assets of segments	2023	102,138,000	12,803,359	—	—	—	1,439,097	116,380,456
	2022	92,107,730	1,978,808	—	—	—	1,780,756	95,867,294
Including fixed assets	2023	85,099,564	3,436,424	—	—	—	1,063,814	89,599,802
	2022	77,618,628	1,723,676	—	—	—	1,282,168	80,624,472
Segment liabilities	2023	92,114,838	22,164,062	—	—	—	2,101,556	116,380,456
	2022	84,352,393	8,666,498	—	—	—	2,848,403	95,867,294
Depreciation of property, plant and equipment and intangible assets	2023	5,070,087	175,197	—	—	—	63,708	5,308,992
	2022	4,728,044	98,092	—	—	—	78,474	4,904,610
Amount of impairment losses recognized (recovered) in the reporting period	2023	—	—	—	—	—	—	—
	2022	—	—	—	—	—	—	—

24. Business Risk Information

In the course of business activities, the Company is exposed to various risks that can significantly affect the financial position and financial results of the Company's activities.

Uninterrupted supply of electric energy to industrial consumers and the public is a national task. Federal Law No. 35-FZ "On Electric Power Industry" establishes that the electric power industry is the basis for the functioning of the economy and life support, therefore, coordination of the activities of interested parties should be carried out taking into account the achievement of the necessary balance of interests between investors and the state.

Based on the strategic purpose of the industry, the Company is constantly working to identify and assess risks, to develop and implement risk response measures in order to maintain its effectiveness and manage business continuity.

Country and regional risks

Since 2022, the conditions for the functioning of the Russian economy have changed significantly (see the section "The economic environment in which the Company operates").

Due to the specifics of the Company's activities and its resistance to the external environment, the impact of changes in business conditions directly on the Company is limited. The Company will continue to carry out continuous activities to ensure reliable, high-quality and affordable power supply and technological connection of consumers in the territory of the Russian Federation.

The Company is taking measures to optimize operating and investment expenses, and to implement a balanced policy in the field of liquidity management.

The Company focuses on strengthening measures in the field of ensuring information security and protection of electric grid infrastructure facilities, protecting the health and social well-being of employees.

Taking into account the current conditions, the Company is taking measures to improve the state of anti-terrorist and anti-sabotage protection of facilities, strengthen the protection of facilities. The Company's anti-terrorist policy is carried out in strict accordance with the requirements of Federal Law No. 256-FZ dated July 21, 2011 "On the Safety of Fuel and Energy Complex Facilities", the requirements of the Decree of the Government of the Russian Federation dated September 19, 2015 No. 993 "On Approval of Requirements for Ensuring the Safety of Linear Facilities of the Fuel and Energy Complex".

Industry risks. Risks associated with the Company's activities.***Risks of reducing electricity consumption***

Given the macroeconomic situation that has developed as a result of the growing sanctions pressure on the Russian Federation, the risks of deterioration in the industry are primarily associated with a decrease in electricity consumption by industrial companies. In order to reduce the possible consequences of this risk, the Company carries out business planning taking into account possible fluctuations in the volume of services provided, implements a set of measures to reduce technological losses of electricity and optimize the investment program.

Risks of tariff regulation

The main activities of the Company (the sale of services for the electricity transmission and the implementation of technological connection to electric networks) are regulated by the state by setting tariffs for the services provided. The main risk factors of state regulation include, in particular, the discrepancy between the growth rate of the electricity transmission tariff and the actual inflation rate, the establishment of a fee for technological connection that does not fully compensate the Company's expenses. The Company implements measures aimed at improving the efficiency of operating and investment activities, consistent implementation of approved tariff regulation parameters and preparation of balanced and economically reasonable proposals for their adjustment and establishment.

Operational and technological risks

Operational and technological risks are associated with physical and moral deterioration of electrical network assets, violation of operating conditions and operating modes of electrical network equipment, damage to equipment, improper operation of relay protection of automatic devices and emergency automatic devices, failure to complete the repair plan to the required extent. In order to minimize operational and technological risks, the Company carries out its activities in accordance with the Regulation on the Unified Technical Policy in the Electric Network Complex.

The Company pays great attention to ensuring transparency and reliability of procedures for controlling the expenditure of funds within the framework of the implementation of the Company's investment program.

Risk associated with non-payments for services rendered for the electricity transmission by consumers of services

In order to minimize the risk of non-payments, the Company approved the Rules of Work with Receivables for Services Rendered in Electricity Transmission and the Rules of Work with Receivables for Electricity Supplied, provided control over the implementation of measures provided for in the Rules - quarterly at meetings of the Board of Directors of the Company action plans to reduce overdue debts are approved and reports on their implementation are considered.

The Company follows the methodological recommendations of the parent company "Rosseti" PJSC on the preparation of materials in relation to counterparties who maliciously evade debt repayment, for organizing a pre-investigation check on the signs of a crime under Article 177 of the Criminal Code of the Russian Federation, methodological recommendations on the procedure for sending appeals, applications and petitions to the Federal Bailiff Service and its territorial authorities, methodological recommendations on the procedure for interaction with Interregional departments of Rosfinmonitoring for conducting financial investigations.

In order to reduce the risks of non-payments caused by disagreements, the Company implements measures to develop and improve electricity metering systems.

Financial risks

In the course of its normal financial and business activities, the Company is exposed to a variety of financial risks, including, but not limited to, the following: credit risk, liquidity risk, and market risk (currency risk, interest rate risk, and price risk).

Credit risk

Credit risk is the risk that the Company will incur a financial loss caused by the buyer or counterparty's failure to fulfill its contractual obligations in full and on time. Credit risk relates mainly to the Company's receivables, bank deposits, cash and cash equivalents.

Taking into account the structure of the Company's counterparties, the Company's exposure to credit risk mainly depends on the individual characteristics of each counterparty.

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.

The carrying amount of receivables, net of expected credit loss provisions, represents the maximum amount exposed to credit risk. Although the collection of receivables may be influenced by economic and other factors, there is no significant risk of losses exceeding the provision created.

For effective management of receivables, the Company monitors changes in the volume of receivables and its structure by allocating current and overdue accounts. In order to minimize credit risk, the Company 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.

Liquidity risk

Liquidity risk is the risk that the Company 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 Company 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 Company's approach to liquidity management is to ensure that the Company has sufficient liquidity to meet its obligations on time without incurring illegible losses or exposing to risk the Group's reputation.

Information on the amounts of the free limit on the Company's open but unused loan lines as of the reporting date is provided in the section "Loans and Borrowings". The Company has a chance to raise additional funding within the relevant limits, including to ensure the fulfillment of its short-term obligations.

The Company 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 Company applies limits, including the categories of capital leverage, debt coverage, and debt servicing coverage.

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 Company's financial performance. The purpose of market risk management is to control market risk exposure and keep it within acceptable limits, while optimizing the return on investment.

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.

The Company attracts borrowed funds for the purposes of debt refinancing, financing investment and operating activities. The Company does not adhere to any established rules when determining the ratio between loans and borrowings at fixed and floating rates and analyzes the exposure to interest rate risks in dynamics.

The Company's debt portfolio is formed from instruments with both fixed and floating interest rates for the purpose of risk diversification in case of market fluctuations. 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 Company for the entire settlement period until maturity.

The principles of state regulation in the electric power industry assume that economically reasonable costs are taken into account when setting tariffs, which in the long term allows taking into account the market level of interest rates when setting tariffs. Due to the above factors, as well as taking into account the moderate debt burden of the Company, the impact of changes in the level of market interest rates on the financial condition of the Company is limited.

Legal risks

In order to minimize various types of legal risks, the Company necessarily carries out a preliminary legal analysis of planned legislative initiatives, corporate procedures, transactions concluded, and other aspects of financial and economic activities provided for by current legislation and/or the Company's Charter.

Risks associated with changes in legislation on taxes and fees

The Company belongs to the category of the largest taxpayers. The Company's activities are based on the principles of integrity and openness to tax authorities. The Company constantly monitors changes in legislation and takes measures to obtain information about possible changes at the stage of their preliminary discussion. The Company does not see in the short term any significant risks arising in its financial and economic activities related to fundamental changes in tax legislation.

Risks associated with changes in licensing requirements for the Company's principal activity

There are no legal risks of the Company related to changes in licensing requirements for its principal activity, as the Company's principal activity is not licensed.

Risks associated with antimonopoly regulation

The Company has adopted a number of organizational and administrative documents regulating activities for the prevention and combating of corruption, which have been developed and approved taking into account the current requirements of anti-corruption legislation. The Company is working on the prevention of corruption, legal education and the formation of the foundations of law-abiding behavior of employees and many other anti-corruption procedures.

The new version of the Anti-Corruption Policy of "Rosseti" PJSC and subsidiaries of "Rosseti" PJSC was approved by the decision of the Board of Directors of "Rosseti" PJSC (extract from the Minutes No. 620/2 dated June 7, 2023). The document defines a unified approach to the implementation of the requirements of Article 13.3 of Federal Law No. 273-FZ dated December 25, 2008 "*On Combating Corruption*", concerning the obligation of "Rosseti" PJSC and its subsidiaries to develop and take measures to prevent and combat corruption: identification and subsequent elimination of the causes of corruption (prevention of corruption); identification, prevention and suppression of corruption and other offenses; minimization and (or) elimination of the consequences of corruption and other offenses, including those provided for in Art. 19.28 "liability for illegal benefit on behalf of a legal entity" of the Administrative Code of the Russian Federation.

The Code of Corporate Ethics and Official Conduct of Employees has been approved, developed taking into account the best practices in the field of corporate governance and aimed at improving the level of corporate culture of employees. The Code of Corporate Ethics defines the basic norms and rules of individual and collective behavior of employees, members of the Company's management and control bodies.

In order to comply with the anti-corruption legislation of the Russian Federation and improve anti-corruption activities in the Company, an Anti-Corruption Clause has been approved, which is included in all agreements concluded. By signing it, a counterparty confirms that the Anti-Corruption Charter of Russian Business, the Anti-Corruption Policy of "Rosseti" PJSC / subsidiaries of "Rosseti" PJSC has been read and understood by it, certifying that it fully accepts its provisions and undertakes to ensure compliance with the requirements of the Anti-Corruption Policy.

The Company has implemented an interactive channel of interaction with applicants through a corporate website, a telephone hotline for reports of corruption.

Risk of information security

The risk of information security is associated with the implementation of information threats, including those caused by the lack (vulnerability) of the information technologies used.

The information security system of the Company is created taking into account the critical infrastructure facilities operated in the structural divisions of the Company, and includes a set of measures necessary to ensure the continuity of their functioning.

Risks associated with geographical and climatic features. Environmental risk

Climatic, seismic and other natural conditions of the regions where the production assets of the Company's structural divisions engaged in electricity transmission activities are located are risk factors for the Company's activities. In particular, natural phenomena caused by temperature changes, such as a hurricane, flooding, heavy snowfall and freezing rain, can cause damage to the Company's production assets, primarily electricity transmission lines.

The possibility of natural phenomena affecting electrical network facilities, as well as factors of remoteness and (or) inaccessibility, are taken into account at the planning and design stages and when determining the composition of protective equipment. During the construction of electric network facilities, design solutions are used to protect facilities from the negative effects of natural factors, the placement of repair bases and emergency provisions is carried out taking into account the remoteness of electric network facilities.

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. The probability of damage (compensation for harm) associated with the negative impact of the Company's production and economic activities on the environment is assessed as insignificant, since the Company does not operate production facilities that have a significant negative impact on the environment. With the existing control system and current legislation, there are no probable liabilities that may have a significant negative impact on the Company due to environmental risks.

Other risks

In order to manage risks, the Company pays great attention to other risks. The Company constantly implements a set of measures designed to monitor risks and reduce the probability and severity of possible adverse consequences, including liability distribution, control, diversification and insurance.

25. Events after the reporting period.

There are no events after the reporting date that have or may have an impact on the financial condition, cash flows or results of operations of the Company and that took place between the reporting date and the date of signing the accounting statements for the reporting year.

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 15, 2024

APPENDIX 5

CONSOLIDATED IFRS FINANCIAL STATEMENTS FOR 2023 WITH THE AUDITOR'S REPORT

ООО «ЦАТР — аудиторские услуги»
Прошито и пронумеровано 75 листа(ов)

Independent Auditor's
Report
on Consolidated Financial Statements
**of Public Joint-Stock Company
Rosseti Kuban
and its subsidiaries**
for 2023
March 2024

**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 Shareholders and the Board of Directors
of "Rosseti Kuban" Public Joint-Stock Company

Opinion

We have conducted an audit of the Consolidated Financial Statements of Rosseti Kuban Public Joint Stock Company and its affiliates (the "Company", "Group"), consisting of the Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2023, the Consolidated Statement of Financial Position as of December 31, 2023, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for 2023, and Notes to the Consolidated Financial Statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying Consolidated Financial Statements fairly represents in all material respects the Consolidated Financial Position of the Group as of December 31, 2023, as well as its Consolidated Financial Results and Consolidated Cash Flows for 2023, in accordance with International Financial Reporting Standards (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.



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 electrical network, 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. The 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.

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, 2023, 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.

The provision for expected credit losses on trade receivables is disclosed in clause 20 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.

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.

Key audit issue	How the relevant key issue was addressed in our audit
<p>Recognition, measurement and disclosure of provisions and contingent liabilities</p> <p>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.</p> <p>Information on provisions and contingent liabilities is disclosed in clauses 31 and 34 of the Notes to the Consolidated Financial Statements.</p> <p>Impairment of capital assets</p> <p>Due to indicators of impairment of capital assets as of December 31, 2023, 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, 2023 was determined using the method of forecasting cash flow.</p> <p>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, electricity transmission tariffs, as well as operating and capital expenditures, which depend on the expected future market and economic conditions in the Russian Federation.</p> <p>Information on the analysis of capital assets for impairment was disclosed by the Group in clause 13 of the Notes to the Consolidated Financial Statements.</p>	<p>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.</p> <p>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 evaluation officers to analyze the model used to determine recoverable amount in the impairment test of property, plant and equipment. 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.</p>

Other information included in the Annual Report for 2023

Other information includes information contained in the Annual Report for 2023, but does not include the consolidated financial statements and our audit report thereon. The management is responsible for other information. The Annual Report 2023 is expected to be provided to us after the date of this Audit 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, it is our responsibility to familiarize ourselves with the above-mentioned other information when it is provided to us and in this case to consider whether there are material inconsistencies between the other information and the Consolidated Financial Statements or our knowledge obtained during the audit and whether the other information contains any other material misstatement.

The responsibility of the management and Audit Committee of the Board of Directors for the Consolidated Financial Statements.

The management is responsible for the preparation and fair presentation of these Consolidated Financial statements in accordance with IFRS and for the internal control system that management considers necessary for the preparation of the Consolidated Financial Statements that are free from material misstatements, 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 supervision over 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.



As part of an audit in accordance with International Auditing Standards, 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;
- ▶ delve into the internal control system that is relevant to the audit for the purpose of developing audit procedures that are appropriate in the circumstances, rather than for the purpose of expressing an opinion on the effectiveness of the Group's internal control system;
- ▶ 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, in our auditor's report, attention to the related disclosures in the Consolidated Financial Statements; or, if such disclosure is inappropriate, we shall 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;

We maintain communication with the Audit Committee of the Board of Directors, bringing to its attention, among other things, information about the planned volume and timing of the audit, as well as substantive audit remark, including significant deficiencies in the internal control system, if we identify them during the audit process.

We also provide the Audit Committee of the Board of Directors with a statement that we have observed all relevant ethical requirements related to independence and have informed these individuals of all relationships and other matters that may reasonably be considered to influence the independence of the auditor and, where appropriate, of actions taken to address threats or precautions.



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,
- Tatyana Leonidovna Okolotina.

Tatyana Leonidovna Okolotina,
acting on the behalf of "Center for Audit Technologies and Solutions - Audit Services"
Limited Liability Company
on the basis of power of attorney w/o no. dated January 18, 2024,
head of audit, based on the results of which an audit report was drawn up (ORNZ 21906110171)

March 15, 2024

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: 77 Bldg. 1, Sadovnicheskaya nab., Moscow, 115035, Russia
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" Public Joint Stock Company
The entry was made in the Unified State Register of Legal Entities on September 17, 2022, and the state registration number assigned is: 1022301427268.
Location: 2a Stavropolskaya street, Krasnodar, Krasnodar Territory, Russia, 350033.

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	
		2023	2022
Revenue	6	75,079,292	64,243,200
Operating expenses	9	(65,137,893)	(55,394,850)
Accrual of provision for expected credit losses		(321,817)	(625,294)
Net (impairment)/reversal of loss on property, plant and equipment, intangible assets and right-of-use assets	13, 14, 15	—	—
Other income	7	1,278,964	1,792,581
Other expenses	8	(91,951)	(115,294)
Operating profit		10,806,595	9 900 343
Financial income	11	691,823	123,324
Financial expenses	11	(2,166,920)	(2,473,317)
Total finance (expenses)		(1,475,097)	(2,349,993)
Profit before tax		9,331,498	7,550,350
Profit tax expense	12	(2,313,191)	(1,851,980)
Excess profit tax expense	12	(200,065)	—
Total profit tax expense	12	(2,513,256)	(1,851,980)
Profit for period		6,818,242	5,698,370
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income		(1)	—
Revaluation of defined benefit pension plan liabilities	27	(93,769)	(54,109)
Profit tax on other comprehensive income	12	18,754	10,822
Total items that will not be reclassified to profit or loss		(93,770)	(54,109)
Other comprehensive expenses for the period, net of profit tax		(75,016)	(43,287)
Total comprehensive income for the period		6,743,226	5,655,083
Profit attributable to:			
Owners of the Company		6,818,242	5,698,370
Total comprehensive loss attributable to:			
Owners of the Company		6,743,226	5,655,083
Earnings per share			
Basic and diluted earnings per share (rub.)	24	17.89	16.28

These Consolidated Financial Statements were approved by management on March 15, 2024 and signed on behalf of management by the following persons:

Deputy General Director
for Economics and Finance
*(according to the power of attorney dated November 20, 2023
in the register No. 23/256-н/23-2023-32-573)*

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	December 31
		2023	2022
Assets			
Fixed assets			
Property, plant and equipment	13	80,129,480	69,358,559
Intangible assets	14	433,208	202,638
Right-of-use assets	15	2,167,437	3,397,399
Trade and other receivables	20	59,027	32,935
Assets related to employee benefits	27	290,712	302,550
Other financial fixed assets	16	—	1
Deferred tax assets	17	75,478	76,001
Advances paid and other fixed assets	21	12,674	8,129
Total fixed assets		83,168,016	73,378,212
Current assets			
Inventories	19	3,813,295	2,033,586
Other financial current assets	16	—	—
Prepayment of current profit tax		848,704	706,228
Security payment of excess profit tax	12	203,106	—
Trade and other receivables	20	5,181,974	6,853,100
Cash and cash equivalents	22	13,116,681	4,160,721
Advances issued and other current assets	21	170,236	131,821
Total current assets		23,333,996	13,885,456
Assets classified as held for sale	18	28,255	20,403
Total current assets		23,362,251	13,905,859
Total assets		106,530,267	87,284,071
Equity and liabilities			
Equity			
Authorized capital	23	33,465,784	33,465,784
Share premium		6,481,916	6,481,916
Share issue provision	23	6,430,824	2,864,262
Other provisions		(504,822)	(429,806)
Retained earnings / (cumulative loss)		4,000,005	(2,051,982)
Total equity attributable to the owners of the Company		49,873,707	40,330,174
Non-controlling interests		—	—
Total equity		49,873,707	40,330,174
Long-term liabilities			
Long-term borrowings	25	16,740,873	19,305,894
Long-term trade and other payables	28	1,365,507	93,604
Long-term advances received	30	9,919,938	1,973,121
Employee benefit liabilities	27	762,865	621,344
Deferred tax liabilities	17	1,215,987	393,341
Total long-term liabilities		30,005,170	22,387,304
Short-term liabilities			
Short-term borrowings and current portion of long-term borrowings	25	6,033,261	5,582,398
Trade and other payables	28	10,373,874	11,079,936
Taxes payable other than profit tax	29	1,566,363	1,231,772
Advances received	30	7,314,868	5,208,893
Estimated liabilities	31	1,160,021	1,460,893
Current profit tax debt		2,938	2,701
Excess profit tax debt	12	200,065	—
Total short-term liabilities		26,651,390	24,566,593
Total liabilities		56,656,560	46,953,897
Total equity and liabilities		106,530,267	87,284,071

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	
		2023	2022
Cash flows from operating activities			
Profit (loss) for period		6,818,242	5,698,370
<i>Adjustments:</i>			
Impairment of property, plant and equipment, intangible assets and right-of-use assets	9	6,548,876	6 198 911
Net (impairment)/reversal of loss on property, plant and equipment, intangible assets and right-of-use assets	13, 14, 15	–	–
Accrual of provision for expected credit losses		321,817	625,294
Financial expenses	11	2,166,920	2,473,317
Financial income	11	(691,823)	(123,324)
Loss on disposal of property, plant and equipment	8	91,951	72,087
Loss on disposal of an intangible asset		(16,517)	–
Recovery of provision for impairment of inventories		(1,452)	50,057
Write-off of bad debts		101,925	499,599
Write-off of payables		(11,546)	(57,629)
Change in government subsidies		–	(370)
Change of estimated liabilities		(3,522)	(101,251)
Other non-cash transactions		(787,913)	(374,997)
Profit tax expense	12	2 513 256	1,851,980
Total effects of adjustments		10,231,972	11,113,674
Change in assets related to employee benefit liabilities		11,838	6,108
Change in employee benefit liabilities		(12,153)	(20,146)
Change in long-term trade and other receivables		40,454	(88,549)
Change in long-term advances paid and other fixed assets		(4,545)	(1,788)
Change in long-term trade and other payables		718,271	(7,648)
Change in long-term advances received		7,946,817	839,179
Cash flows from operating activities before changes in working capital and estimated liabilities		25,750,896	17,539,200
<i>Changes in operating assets and liabilities</i>			
Change in trade and other receivables		1,483,498	(1,335,773)
Change in advances paid and other assets		(38,782)	134,466
Inventory change		(1,778,257)	97,556
Change in trade and other payables		632,615	409,002
Change in advances received		2,112,142	3,272,213
Use of estimated liabilities		(383,552)	(557,745)
Cash flows from operating activities before profit tax and interest		27,778,560	19,558,919
Profit tax paid		(1,917,229)	(1,851,429)
Security payment of excess profit tax	12	(203,106)	–
Interest paid on leasing contracts		(259,924)	(341,457)
Interest paid		(2,090,271)	(2,408,038)
Net cash from operating activities		23,308,030	14,957,995

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	
		2023	2022
Cash flows from investment activities			
Acquisition of property, plant and equipment and intangible assets		(15,198,527)	(10,955,854)
Proceeds from the sale of property, plant and equipment and intangible assets		692	–
Interest received		434,855	106,369
Net cash used in investment activities		(14,762,980)	(10,849,485)
Cash flows from financial activities			
Borrowing funds		8,618,064	15,683,201
Repayment of borrowed funds		(9,461,511)	(15,616,215)
Proceeds from issue of shares	23	3,566,562	2,104,202
Dividends paid to the owners of the Company		(866,475)	(2,774,363)
Payments under lease obligations		(1,445,730)	(1,328,971)
Net cash received / (used) from/(in) financial activities		410,910	(1,932,146)
Net increase in cash and cash equivalents		8,955,960	2,176,364
Cash and cash equivalents at the beginning of the reporting period	22	4,160,721	1,984,357
Cash and cash equivalents at the end of the reporting period	22	13,116,681	4,160,721

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	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 12)	—	—	—	18,754	—	18,754
Total comprehensive income for the period	—	—	—	(75,016)	6,818,242	6,743,226
Share issue (Note 23g)	—	—	3,566,562	—	—	3,566,562
Declared dividends (Note 23v)	—	—	—	—	(766,500)	(766,500)
Write-off of unclaimed debt on previously declared dividends (Note 23v)	—	—	—	—	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.

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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	Other provisions	Uncovered loss	Total equity
Balance as of January 1, 2022	33,465,784	6,481,916	760,060	(386,519)	(4,874,655)	35,446,586
Profit for period	—	—	—	—	5,698,370	5,698,370
Other comprehensive income	—	—	—	—	—	—
Revaluation of net liabilities (assets) of pension liabilities	—	—	—	(54,109)	—	(54,109)
Profit tax on other comprehensive income (Note 12)	—	—	—	10,822	—	10,822
Total comprehensive income/(expense) for the period	—	—	—	(43,287)	5,698,370	5,655,083
Share issue (Note 23g)	—	—	2,104,202	—	—	2,104,202
Declared dividends (Note 23v)	—	—	—	—	(2,875,768)	(2,875,768)
Write-off of unclaimed debt on previously declared dividends (Note 23v)	—	—	—	—	71	71
Balance as of December 31, 2022	33,465,784	6,481,916	2,864,262	(429,806)	(2,051,982)	40,330,174

The accompanying notes form an integral part of these Consolidated Financial Statements.

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Rosseti Kuban PJSC

*Notes to the Consolidated Financial Statements
for the year ended December 31, 2023
(in thousands of Russian rubles, unless otherwise specified)*

1 General**(a) The Group and its activities**

The principal activity of "Rosseti Kuban" Public Joint Stock Company ("Rosseti Kuban" PJSC hereinafter referred to as the "Company") and its subsidiaries (hereinafter referred to as "the Group" or "the Rosseti Kuban Group of Companies") is the provision of services related to the electricity transmission and distribution through electrical networks and the provision of services related to the technological connection of consumers to the networks.

Revenue and operating expenses from these activities are disclosed in Notes 6 "Revenue" and 9 "Operating Expense".

The Rosseti Kuban Group of Companies consists of "Rosseti Kuban" PJSC and its subsidiaries with 100% participation in their authorized capital, namely, P/O Energetik JSC and Energoservice Kuban JSC.

Information on the Group's relationship with other related parties is provided in Note 35 "Transactions with Related Parties".

Location of "Rosseti Kuban" PJSC: 2A Stavropolskaya street, Krasnodar, Krasnodar Territory, Russia, 350033

(b) 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 main shareholder of the parent company.

As of December 31, 2023, the share of the Russian Federation in the authorized capital of the parent company "Rosseti" PJSC was 88.04%; 88.89% in ordinary voting shares; 7.01% in preferred shares.

The Extraordinary General Meeting of Shareholders of "Rosseti" PJSC, which was held on September 16, 2022, decided to reorganize "Rosseti" PJSC in the form of a merger with "Federal Grid Company - Rosseti", in the manner and on the terms stipulated by the merger agreement.

"Federal Grid Company of the Unified Energy System" Public Joint Stock Company was renamed as "Federal Grid Company - Rosseti" Public Joint Stock Company (abbreviated as "Rosseti" PJSC). The corresponding changes were made to the Unified State Register of Legal Entities on October 12, 2022.

On January 9, 2023, information was entered into the Unified State Register of Legal Entities on the termination of the activities of "Rosseti" PJSC through reorganization in the form of a merger with the "Federal Grid Company of the Unified Energy System" Public Joint Stock Company, which is the universal successor of "Rosseti" PJSC. As a result of the reorganization, the share of participation of the Russian Federation in the authorized capital of the parent company of the "Federal Grid Company of the Unified Energy System" Public Joint Stock Company amounted to 75.000048 %.

Rosseti Kuban PJSC

*Notes to the Consolidated Financial Statements
for the year ended December 31, 2023
(in thousands of Russian rubles, unless otherwise specified)*

(b) 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. The country's economy is especially sensitive to oil and gas prices. Legal, tax and regulatory systems continue to develop and are subject to frequent changes, as well as admit the possibility of different interpretations. The ongoing geopolitical tension and sanctions imposed by a number of countries on certain sectors of the Russian economy, Russian organisations and individuals continue to have a negative impact on the Russian economy.

External sanctions against Russian companies and individuals continue in 2023. These circumstances have resulted in volatility in the Russian ruble exchange rate, increased volatility in the financial and commodity markets, and have significantly increased the level of uncertainty in the environment in which businesses operate in the Russian Federation. The extent and duration of these events remain uncertain and may affect the Group's financial position and results of operations. The future economic situation in the Russian Federation is dependent on external factors and measures undertaken by the Government of the Russian Federation. 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**(a) 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.

(b) 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.

(b) Functional and presentation currency

The national currency of the Russian Federation is the Russian Ruble ("ruble" or "rub."), which is used by the companies of the Group as the functional currency and presentation currency of these Consolidated Financial Statements. All numerical indices in Russian rubles were rounded to the nearest thousand, unless otherwise specified.

Rosseti Kuban PJSC

Notes to the Consolidated Financial Statements
for the year ended December 31, 2023
(in thousands of Russian rubles, unless otherwise specified)

(r) New standards, clarifications and amendments to effective standards

The Group has applied all of the new standards and amendments thereto, which are effective from January 1, 2023.

A number of new standards and interpretations have been published and are mandatory for annual periods beginning on or after January 1, 2024. The Group intends to adopt the standards and amendments for use as soon as they become effective; no significant impact on the Group's consolidated financial statements is expected:

- "Classification of Liabilities in Short-Term and Long-Term"; Amendments to IAS 1 (issued on January 23, 2020, and effective for annual periods beginning on or after January 1, 2022; the effective date was subsequently shifted to January 1, 2024 by the Amendments to IAS 1).
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets in Transactions between an Investor and its Associate or Joint Venture" (issued on September 11, 2014, and effective for annual periods that begin on or after a date to be determined by the IFRS/IAS Board).
- "Lease Commitments on Sale and Leaseback", Amendments to IFRS 16 (issued on September 22, 2022, and effective for annual periods that begin on or after January 1, 2024).
- "Long-Term Liabilities with Covenants", Amendments to IAS 1 (issued on October 31, 2022, and effective for annual periods that begin on or after January 1, 2024).
- "Supply Financing (Reverse Factoring) Transactions", Amendments to IAS 7 and IFRS 7 (issued on May 25, 2023 and effective for annual periods that begin on or after January 1, 2024).
- "Lack of Currency Convertibility", Amendments to IAS 21, "Effects of Changes in Foreign Exchange Rates" (issued on August 15, 2023 and effective for annual periods that begin on or after January 1, 2025).

(d) 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. All reclassifications carried out are immaterial.

(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.

Rosseti Kuban PJSC

Notes to the Consolidated Financial Statements
for the year ended December 31, 2023
(in thousands of Russian rubles, unless otherwise specified)

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.

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.

Liabilities under non-state pension plans

The costs associated with the defined benefit pension plan and the corresponding pension plan expenses are determined using actuarial calculations. Actuarial valuations envisage use of assumptions regarding demographic and financial data. Since this plan is a long-range one, there are material uncertainties about such valuations.

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

Rosseti Kuban PJSC

*Notes to the Consolidated Financial Statements
for the year ended December 31, 2023
(in thousands of Russian rubles, unless otherwise specified)*

The accounting policies described below have been applied consistently in all reporting periods presented in these Consolidated Financial Statements.

Amendments to standards in force effective for annual periods beginning on January 1, 2023 did not have a material impact on the Group's Consolidated Financial Statements.

(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.

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.

(6) 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.

Rosseti Kuban PJSC

*Notes to the Consolidated Financial Statements
for the year ended December 31, 2023
(in thousands of Russian rubles, unless otherwise specified)*

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;
- 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.

In the category of financial assets at fair value through other comprehensive income, the Group includes equity instruments of other entities that are:

- not classified as at fair value through profit or loss; and
- do not provide the Group with control, joint control or material influence over the investee company.

When equity instruments of other companies classified at the Group's discretion as measured at fair value through other comprehensive income are derecognized, previously recognised components of other comprehensive income are transferred from the fair value provision to retained profit.

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.

Rosseti Kuban PJSC

*Notes to the Consolidated Financial Statements
for the year ended December 31, 2023
(in thousands of Russian rubles, unless otherwise specified)*

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. As a result of the reversal, the book value of the asset should not exceed its value at which it would have been reflected in the Consolidated Statement of Financial Position had the impairment loss not been recognised.

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:

- loans and borrowings (borrowed funds);
- trade and other payables.

Loans and borrowings (borrowed funds) are initially recognised at fair value including transaction costs directly attributable to the attraction of 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 get 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 borrowing costs, reduced by the amount of investment income from temporary investment 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.

(B) Property, plant and equipment**i. Recognition and measurement**

Items of property, plant and equipment are stated at initial cost of acquisition or construction less accumulated depreciation and impairment losses. The cost of property, plant and equipment as of January 1, 2007 (date of transition to IFRS) was determined based on its fair value (deemed 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).

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Amounts written off as goodwill impairment loss are not reversed. For other assets at each reporting date, an analysis is made of the impairment loss recognised in one of the prior periods to determine whether there is any indication that the loss should be reduced or no longer recognized.

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.

(r) 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.

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(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.

(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

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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.

(н) Employee benefits**i. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company makes fixed contributions to a separate (independent) fund and has no further obligation (either legal or constructive) to pay additional amounts. 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 net liability in respect of long-term employee benefits other than defined benefit pension plan payments represents the amount of future benefits that employees have earned in the current and past 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

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there is a high probability of outflow of economic benefits.

(к) Profit tax

Profit tax expense includes income tax of the current period and deferred tax. Current and deferred income tax is recognised as part of profit or loss for the period, with the exclusion of the portion of it that relates to business combinations, transactions recognised in other comprehensive income or directly in equity.

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 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:

- temporary differences arising from the initial recognition of assets and liabilities as a result of a transaction that is not a business combination transaction and does not affect either accounting or taxable profit or tax loss;
- temporary differences relating to investments in subsidiaries and associates to the degree that the Group is able to control the timing of the reversal of those temporary differences and it is probable that those temporary differences will not be reversed in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

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.

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.

Excess Profit Tax

Excess profit tax falls within the scope of IAS 12 "Profit Taxes", is a current profit tax and is subject to the relevant accounting policies for current profit tax as described above.

Excess profit tax is a tax of a one-off nature. The excess profit tax liability and expense are to be recognised in the consolidated financial statements from the date on which the relevant Federal Law is substantively enacted. Unpaid amounts of current excess profit tax are recognised as a liability. The liability and expense for current excess profit tax are measured at the amount that the Group expects to pay to the tax authorities, calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the

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reporting period.

In calculating the expected excess profit tax rate, the Group took into account the intention and ability to make the security payment.

In the Consolidated Statement of Financial Position, the security payment was recorded gross of the excess profit tax liability until the entity has a legally enforceable right of set-off, which will arise from January 1, 2024. The outstanding balance of the security payment as at December 31, 2023 was presented as a separate line item within current assets in the Consolidated Statement of Financial Position. In the Consolidated Statement of Cash Flows, the amount of the excess profit tax security payment is shown in a separate line "Security payment for excess profit tax" following the line "Profit tax paid". In the Consolidated Statement of Profit or Loss, the amount of accrued excess profit tax expense is recognised in a separate line "Excess profit tax" following the line "Profit tax".

(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. Amounts reflecting "discount depreciation" are recognized as finance expenses.

(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.

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(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".

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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.

(o) 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.

(n) 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.

(p) 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.

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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.

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.

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.

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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, 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
<i>Including</i>			
<i>Electricity transmission</i>	71,207,120	–	71,207,120
<i>Technological connection to networks</i>	2,437,913	–	2,437,913
<i>Other revenue</i>	712,964	1,824,682	2,537,646
<i>Revenue from lease agreements</i>	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
<i>Including property, plant and equipment and construction in progress</i>	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

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As of and for the year ended December 31, 2022:

	Rosseti Kuban	Other	Total
Revenue from external consumers	63 732 569	487,978	64,220,547
Sales proceeds between segments	6,288	1,639,309	1,645,597
Segment revenue	63,738,857	2,127,287	65,866,144
<i>Including</i>			
<i>Electricity transmission</i>	61,452,874	–	61,452,874
<i>Technological connection to networks</i>	1,282,050	–	1,282,050
<i>Other revenue</i>	855,024	2,112,992	2,968,016
<i>Revenue from lease agreements</i>	148,909	14,295	163,204
Prime cost of the technological connection to networks	721,400	–	721,400
Financial income	109,410	2,665	112,075
Financial expenses	(2,662,572)	(13,199)	(2,675,771)
Depreciation	(6,309,573)	(32,145)	(6,341,718)
Segment's profit before taxation	7,180,429	14,863	7,195,292
EBITDA	16,152,574	60,207	16 212 781
Assets of segments	95,867,294	1,174,198	97,041,492
<i>Including property, plant and equipment and construction in progress</i>	78,118,655	78,210	78,196,865
Capital investments	12,772,201	6,436	12,778,637
Segment liabilities	50,613,695	1,058,630	51,672,325

(6) 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	
	2023	2022
Reportable segment revenue	76,398,686	65,866,144
Exclusion of sales revenue between segments	(1,200,305)	(1,645,597)
Revenue adjustment for other reasons	(119,089)	22,653
Revenue in the Consolidated Statement of Profit or Loss and other comprehensive income	75,079,292	64,243,200

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Reconciliation of EBITDA of reportable segments:

	For the year ended December 31	
	2023	2022
EBITDA of reportable segments	17,672,313	16 212 781
Adjustment for provision for expected credit losses	152,445	508,567
Recognition of pension and other long-term liabilities to employees	314	14,038
Adjustment of the cost of property, plant and equipment	(50,413)	(31,610)
Adjustment for estimated liabilities	200,065	–
Adjustment of the value of intangible assets	80,550	77,900
Discounting of payables	225,644	–
Adjustment for payables	180,310	257,836
Discounting of receivables	1,897	2,179
Adjustment for disputed receivables	(76,474)	(472,706)
Adjustment for lease	121,619	91,893
Adjustment for accrued provisions for unused vacations and bonuses	(26,628)	(20,969)
Adjustment for taxes	(201,803)	(171,610)
Adjustment for intragroup transactions	(81,628)	(11,182)
Other adjustments	(150,917)	(234,539)
EBITDA	18,047,294	16,222,578
Depreciation of property, plant and equipment, right-of-use assets and intangible assets	(6,548,876)	(6,198,911)
Interest expense on financial liabilities carried at depreciable cost	(1,870,183)	(2,122,299)
Interest expenses on lease liabilities	(296,737)	(351,018)
Profit tax expense and excess profit tax expense	(2,513,256)	(1,851,980)
Consolidated profit/(loss) for the period in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	6,818,242	5,698,370

Reconciliation of the total assets of the reportable segments:

	For the year ended December 31	
	2023	2022
Total segment assets	117,412,374	97,041,492
Settlements between segments	(538,776)	(803,438)
Intragroup financial assets	(45,687)	(45,687)
Adjustment of the cost of property, plant and equipment	(5,173,470)	(5,661,697)
Adjustment of right-of-use assets	527,469	429,555
Recognition of assets related to employee benefit liabilities	290,712	302,550
Adjustment of provision for expected credit losses	85,297	9,326
Adjustment of deferred tax assets	(1,952,636)	(2,199,610)
Discounting of receivables	(2,361)	(3,053)
Reduction of receivables on VAT advances from advances paid	(3,233,363)	(1,369,300)
Reclassification of the lease agreement to lease liabilities	(13,832)	(13,048)
Write-off of receivables	(115,377)	(25,619)
Adjustment of the value of intangible assets	(74,805)	(80,442)
Reduction of the amount of VAT recoverable by the amount of VAT on advances received	(304,548)	(85,912)
Exclusion of current RP from capital expenditures	(225,838)	(169,780)
Write-off of current assets	(11,471)	(13,976)
Other adjustments	(93,421)	(27,290)
Total assets in the Consolidated Statement of Financial Position	106,530,267	87,284,071

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Reconciliation of total liabilities of reportable segments:

	For the year ended December 31	
	2023	2022
Total segment liabilities	63,058,895	51,672,325
Settlements between segments	(554,553)	(826,082)
Setoff of payables and receivables	–	–
Adjustment of deferred liabilities	(3 001 357)	(3 357 412)
Recognition of pension and other long-term liabilities to employees	762,865	621,344
Recognition of lease liabilities	811,541	779,824
Estimated liabilities and other accruals	(200,065)	–
Discounting of payables	(225 644)	(2)
Reclassification of payables for lease IFRS 16	(141 027)	(130 389)
Adjustment for accrued provisions for unused vacations and bonuses	225,763	199,135
Reduction of other payables in the amount of VAT on advances received	(3,233,363)	(1,369,300)
Write-off of prepaid income	(729 944)	(549 634)
Reduction of spayable on advances received by the amount of VAT on advances received	(304,548)	(85,912)
Other adjustments	187,997	–
Total liabilities in the Consolidated Statement of Financial Position	56,656,560	46 953 897

(b) Significant buyer

For the years ended December 31, 2023 and December 31, 2022, the Group had 2 (two) largest counterparties, each of which accounted for over 10% of the Group's total revenue. The revenue received from these counterparties is reflected in the statements of the operating segment of "Rosseti Kuban".

The total amount of revenue received from the Counterparty 1 for 2023 amounted to 33,223,931 thousand rubles, or 44.25% of the Group's total revenue (in 2022: 28,84,928 thousand rubles, or 44.89%).

The total amount of revenue received from the Counterparty 2 for 2023 amounted to 22,014,240 thousand rubles, or 29.32% of the Group's total revenue (in 2022: 19,531,366 thousand rubles or 30.40%).

6 Revenue

	For the year ended December 31	
	2023	2022
Electricity transmission	71,114,954	61,451,381
Technological connection to electrical networks	2,437,913	1,282,050
Other revenue	1,327,802	1,362,736
Revenue from contracts with customers	74,880,669	64,096,167
Revenue from lease agreements	198,623	147,033
	75,079,292	64,243,200

Other revenue includes revenue from the sale of additional (non-tariff) services provided by the Group and not related to its principal activities: technical and maintenance services, diagnostics and testing, consulting and organizational and technical services.

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7 Other income

	For the year ended December 31	
	2023	2022
Income from detected non-contractual electricity consumption	92,572	38,905
Income in the form of fines and penalties under business contracts	366,902	490,474
Income from compensation for losses in connection with disposal/liquidation of electrical network property	354,824	295,225
Insurance indemnity	188,762	566,626
Write-off of payables	11,546	57,629
Income from the termination of lease agreement	40,798	11,004
Other income	222,868	289,511
Income from the disposal of property, plant and equipment from sale operations	692	43,207
	1,278,964	1 792 581

8 Other expenses

	For the year ended December 31	
	2023	2022
Loss on disposal of property, plant and equipment	91,951	115,294
	91,951	115,294

9 Operating expenses

	For the year ended December 31	
	2023	2022
Employee benefits expenses	9,979,213	9 114 859
Depreciation of property, plant and equipment	5,049,415	4,696,801
Depreciation of intangible assets	93,787	126,499
Depreciation of right-of-use assets	1,405,674	1,375,611
<i>Tangible expenses, incl.</i>		
Electricity to compensate for technological losses	10,768,903	9 280 483
Purchased electricity and heat for own needs	120,097	122,314
Other tangible expenses	2,915,358	2 543 547
<i>Works and services of production nature, incl.</i>		
Electricity transmission services	28,571,199	23 567 601
Repair and maintenance services	1,888,724	804,735
Other works and services of production nature	474,571	266,178
Taxes and charges other than profit tax	588,513	685,496
Short-term lease	17,088	5,862
Insurance	141,139	139,917
<i>Other services of third parties, incl.:</i>		
Communication services	110,523	90,288
Security services	293,696	236,336
Consulting, legal and audit services	164,605	101,790
Software and maintenance costs	201,855	122,814
Transport services	30,533	16,553
Other services of third parties	1 375 682	1 165 453
<i>Other expenses, incl.:</i>		
Business trip expenses	156,959	195,086
Estimated liabilities	(3,522)	(101 251)
Expenses associated with property upkeep	97,986	158,215
Costs for services related to the organization, operation and development of the UES	8,678	110,819
Expenses recognized in the form of fines, penalties, forfeits for breach of contract	135,082	41,776
Other operating expenses	552,135	527,068
	65,137,893	55,394,850

10 Employee benefits expenses**Rosseti Kuban PJSC**

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	For the year ended December 31	
	2023	2022
Salary	7,098,042	6,629,834
Social security contributions	2,242,681	2 014 537
Expenses related to defined benefit plans	27,600	24,302
Other	610,890	446,186
	9,979,213	9 114 859

During the year ended December 31, 2022, the amount of contributions under defined contribution plans amounted to 39,752 thousand rubles (for the year ended December 31, 2022: 44,448 thousand rubles).

The amounts of benefit to key management personnel are disclosed in Note 35 "Related Party Operations".

11 Financial income and expenses

	For the year ended December 31	
	2023	2022
Financial income		
Interest income on loans issued, bank deposits, promissory notes and bank account balances	439,448	106,190
Depreciation of discount on financial assets	1,897	2,179
Effect of discounting financial liabilities at initial recognition	225,644	–
Interest income on assets related to employee benefit liabilities	20,645	9,070
Other financial income	4,189	5,885
	691,823	123,324

	For the year ended December 31	
	2023	2022
Financial expenses		
Interest expense on financial liabilities carried at depreciable cost	1,804,517	2 079 232
Interest expenses on lease liabilities	296,737	351,018
Effect of discounting financial assets at initial recognition	1,205	972
Interest expense on long-term employee benefit liabilities	59,904	42,072
Depreciation of discount on financial liabilities	2	23
Other financial expenses	4,555	–
	2,166,920	2 473 317

12 Profit tax

	For the year ended December 31	
	2023	2022
Current profit tax		
Current tax accrual	(1 721 429)	(1 636 355)
Tax adjustment for prior periods	50,096	233,682
Total	(1 671 333)	(1 402 673)
Deferred profit tax	(841 923)	(449 307)
Accrual and recovery of temporary differences	–	–
Total profit tax expense	(2,513,256)	(1,851,980)

For the year ended December 31, 2023, 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, the profit tax overcharged in previous periods amounted, according to the updated tax returns submitted to the tax authorities, to 50,096 thousand rubles.

Excess profit tax expense

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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 the liability and expense for the excess profit tax calculated at the rate of 10% is 400,130 thousand rubles. The Group made a security payment to the budget for excess profit tax in the amount of 203,106 thousand rubles, which is presented in the Consolidated Statement of Cash Flows as a separate line "Security payment for excess profit tax". 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, 2023			For the year ended December 31, 2022		
	Before taxation	Profit tax	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	(93,769)	18,754	(75,015)	(54,109)	10,822	(43,287)
	(93,770)	18,754	(75,016)	(54,109)	10,822	(43,287)

As of December 31, 2023 and December 31, 2022, deferred profit tax assets and liabilities are calculated at a rate of 20 percent, which is expected to be applicable when the respective assets and liabilities are realized.

Before-tax profit relates to profit tax expense as follows:

	For the year ended December 31	
	2023	2022
Profit before tax	9,331,498	7 550 350
Theoretical amount of profit tax expense at the rate of 20%	(1,866,300)	(1,510,070)
Effect of applying a lower tax rate	–	–
Tax effect of items not taxable or deductible for tax purposes	(697,052)	(575,592)
Adjustments for prior periods	50,096	233,682
	(2,513,256)	(1,851,980)

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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, 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)
<i>Depreciation (with depreciation of impairment)</i>	<i>(452,004)</i>	<i>(2,331,691)</i>	<i>(1,380,206)</i>	<i>(885,514)</i>	–	<i>(5,049,415)</i>
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
Initial / deemed cost						
As of January 1, 2022	10,422,357	50,198,747	24,013,105	11,061,007	5,862,802	101,558,018
Reclassification between groups	1,224,936	(242,453)	439,581	(1,422,064)	–	–
Proceeds	19,876	261,851	236,478	52,631	13,126,839	13,697,675
Commissioning	535,222	3,310,946	3,047,514	1,600,983	(8,494,665)	–
Disposals	(10,070)	(37,530)	(95,592)	(1,767,449)	(50,032)	(1,960,673)
As of December 31, 2022	12,192,321	53,491,561	27,641,086	9,525,108	10,444,944	113,295,020
Depreciation accumulated						
As of January 1, 2022	(3,241,592)	(15,512,424)	(10,654,113)	(7,183,554)	–	(36,591,683)
Reclassification between groups	(745,231)	149,891	(397,566)	992,906	–	–
Depreciation accrued	(446,552)	(2,321,652)	(1,509,482)	(730,240)	–	(5,007,926)
Disposals	7,494	21,426	78,596	1,428,158	–	1,535,674
Reclassification to assets held for sale	–	–	–	–	–	–
As of December 31, 2022	(4,425,881)	(17,662,759)	(12,482,565)	(5,492,730)	–	(40,063,935)
Impairment accumulated						
As of January 1, 2022	(676,843)	(2,745,890)	(693,535)	(33,102)	(39,194)	(4,188,564)
Reclassification between groups	1,026	(1,734)	(7,876)	8,584	–	–
Proceeds	–	–	–	–	–	–
Introduction into property, plant and equipment (carry forward of impairment losses)	(1,987)	(35)	(4,636)	–	6,658	–
Depreciation of impairment	38,070	154,798	111,245	7,012	–	311,125
Recognition of impairment losses/ recovery of previously recognized impairment losses	–	–	–	–	–	–
Disposals	218	505	1,258	2,613	319	4,913
Reclassification to assets held for sale	–	–	–	–	–	–
As of December 31, 2022	(639,516)	(2,592,356)	(593,544)	(14,893)	(32,217)	(3,872,526)
<i>Depreciation (with depreciation of impairment)</i>	<i>(408,482)</i>	<i>(2,166,854)</i>	<i>(1,398,237)</i>	<i>(723,228)</i>	–	<i>(4,696,801)</i>
Residual value						
As of January 1, 2022	6,503,922	31,940,433	12,665,457	3,844,351	5,823,608	60,777,771
As of December 31, 2022	7,126,924	33,236,446	14,564,977	4,017,485	10,412,727	69,358,559

As of December 31, 2023, construction in progress includes advances for the acquisition of property, plant and equipment in the amount of 1,388,903 thousand rubles (as of December 31, 2022: 436,340 thousand rubles),

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as well as materials for the construction of property, plant and equipment in the amount of 3,939,555 thousand rubles (as of December 31, 2022: 2,711,827 thousand rubles).

For the year ended December 31, 2023, capitalized interest amounted to 297,349 thousand rubles (for the year ended December 31, 2022: 316,051 thousand rubles rub.), the capitalization rate was 10.96% (for the year ended December 31, 2022: 11.51%).

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 facilities (including depreciation charges of property, plant and equipment of 0 thousand rubles, intangible assets of 2,024 thousand rubles, right-of-use assets of 83 thousand rubles).

For the year ended December 31, 2022, depreciation charges in the amount of 1,874 thousand rubles were capitalized in the cost of capital construction facilities (including depreciation charges of property, plant and equipment of 0 thousand rubles, intangible assets of 1,746 thousand rubles, right-of-use assets of 128 thousand rubles).

As of December 31, 2023, the cost of fully depreciated property, plant and equipment amounted to 9,426,064 thousand rubles (as of December 31, 2022: 9,269,926 thousand rubles)

As of December 31, 2023 and December 31, 2022, 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.

The Group tested property, plant and equipment for impairment as of December 31, 2023 in relation to a generating unit of "Rosseti Kuban".

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The following basic assumptions were used in assessing the recoverable amount of assets of generating units:

Basic assumption	As of December 31, 2023
Forecast period	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%
Forecast of electricity transmission tariffs	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 (at the level of the last year of the business planning period).
Discount rate (The nominal discount rate determined for the purposes of the test based on the weighted average cost of capital before profit tax)	11.97%

According to the results of impairment testing, the recoverable value of fixed assets of the tested CGUs amounted to 131,444,126 thousand rubles as of December 31, 2023.

According to the results of testing, as of December 31, 2023, no impairment of property, plant and equipment was revealed.

14 Intangible assets

	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	—	—	—	—	—
<i>Depreciation (with depreciation of impairment)</i>	<i>(90,847)</i>	<i>(2,327)</i>	<i>—</i>	<i>(2,637)</i>	<i>(95,811)</i>
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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As of January 1, 2022	850,194	10,746	21,275	78,195	960,410
Reclassification between groups	–	–	–	–	–
Proceeds	69,429	2,029	3,325	–	74,783
Disposals	–	–	(4,070)	–	(4,070)
As of December 31, 2022	919,623	12,775	20,530	78,195	1,031,123
Depreciation accumulated					
As of January 1, 2022	(630,025)	(10,195)	–	(60,020)	(700,240)
Reclassification between groups	–	–	–	–	–
Depreciation accrued	(111,990)	(1,965)	–	(14,290)	(128,245)
Disposals	–	–	–	–	–
As of December 31, 2022	(742,015)	(12,160)	–	(74,310)	(828,485)
Impairment accumulated					
As of January 1, 2022	–	–	–	–	–
Reclassification between groups	–	–	–	–	–
Depreciation of impairment	–	–	–	–	–
Recognition of impairment losses/ recovery of previously recognized impairment losses	–	–	–	–	–
Disposals	–	–	–	–	–
As of December 31, 2022	–	–	–	–	–
<i>Depreciation (with depreciation of impairment)</i>	<i>(111,990)</i>	<i>(1,965)</i>	–	<i>(14,290)</i>	<i>(128,245)</i>
Residual value					
As of January 1, 2022	220,169	551	21,275	18,175	260,170
As of December 31, 2022	177,608	615	20,530	3,885	202,638

Depreciation amount of intangible assets included in operating expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive income amounted to 93,787 thousand rubles (for the year ended December 31, 2022: 126,499 thousand rubles).

Intangible assets are depreciated on a straight-line basis.

For the year ended December 31, 2023, capitalized depreciation amounted to 2,024 thousand rubles (for the year ended December 31, 2022: 1,746 thousand rubles).

Other intangible assets include research and development costs recognized as part of operating expenses as at December 31, 2023 in the amount of 3,885 thousand rubles (as at December 31, 2022: 2,930 thousand rubles).

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15 Right-of-use assets

	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	–	–	–	–	–
<i>Depreciation (with depreciation of impairment)</i>	<i>(467,088)</i>	<i>(611,946)</i>	<i>(251,341)</i>	<i>(75,382)</i>	<i>(1,405,757)</i>
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

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	Land and buildings	Electricity transmission networks	Equipment for electricity transmission	Other	Total
Initial cost					
As of January 1, 2022	2,606,702	2,931,821	1,081,193	385,857	7,005,573
Reclassification between groups	(9,340)	–	11,926	(2,586)	–
Proceeds	136,341	39,865	85,317	1,161	262,684
Changes in the terms of lease agreements	(30,449)	1,157	9,251	32,149	12,108
Disposal or termination of lease agreements	(27,641)	(14,499)	(6,292)	(933)	(49,365)
As of December 31, 2022	2,675,613	2,958,344	1,181,395	415,648	7,231,000
Depreciation accumulated					
As of January 1, 2022	(790,459)	(1,122,615)	(429,434)	(150,535)	(2,493,043)
Reclassification between groups	2,550	–	(3,972)	1,422	–
Depreciation accrued	(463,781)	(603,632)	(221,969)	(86,357)	(1,375,739)
Changes in the terms of lease agreements	10,717	358	66	(7,862)	3,279
Disposal or termination of lease agreements	12,857	12,893	5,497	655	31,902
As of December 31, 2022	(1,228,116)	(1,712,996)	(649,812)	(242,677)	(3,833,601)
Impairment accumulated					
As of January 1, 2022	–	–	–	–	–
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, 2022	–	–	–	–	–
<i>Depreciation (with depreciation of impairment)</i>	(463,781)	(603,632)	(221,969)	(86,357)	(1,375,739)
Residual value					
As of January 1, 2022	1,816,243	1,809,206	651,759	235,322	4,512,530
As of December 31, 2022	1,447,497	1,245,348	531,583	172,971	3,397,399

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, 2023 is disclosed in Note 13 "Property, Plant and Equipment".

16 Other financial assets

	December 31, 2023	December 31, 2022
Fixed		
<i>Financial assets measured at fair value through other comprehensive income</i>		
Investments in unquoted equity instruments	–	1
	–	1

17 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

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purposes, on the other.

(a) Deferred tax assets and liabilities recognized

Deferred tax assets and liabilities relate to the following items:

	Assets		Liabilities		Net	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Property, plant and equipment	73,641	66,372	(2,393,373)	(1,561,172)	(2,319,732)	(1,494,800)
Intangible assets	9,224	9,295	–	–	9,224	9,295
Right-of-use assets	–	–	(435,521)	(679,480)	(435,521)	(679,480)
Financial assets measured at fair value through other comprehensive income	–	–	(9,137)	(9,138)	(9,137)	(9,138)
Financial assets measured at fair value through other profit or loss	–	–	–	–	–	–
Inventories	45,157	52,591	–	–	45,157	52,591
Trade and other receivables	576,436	518,527	(17,206)	(4,531)	559,230	513,996
Advances paid and other assets	4	2,129	(1,238)	–	(1,234)	2,129
Lease liabilities	162,308	155,965	–	–	162,308	155,965
Loans and borrowings	–	–	–	–	–	–
Estimated liabilities	232,004	292,179	(5,670)	(961)	226,334	291,218
Employee benefit liabilities	60,681	26,320	–	–	60,681	26,320
Trade and other payables	568,176	491,560	–	–	568,176	491,560
Advances received	–	–	–	–	–	–
Tax losses to be carried forward	152	1,231	–	–	152	1,231
Assets held for sale	–	–	(5,651)	(4,081)	(5,651)	(4,081)
Other	9,858	331,822	(10,354)	(5,968)	(496)	325,854
Tax assets/(liabilities)	1,737,641	1,947,991	(2,878,150)	(2,265,331)	(1,140,509)	(317,340)
Credit for tax	(1,662,163)	(1,871,990)	1,662,163	1,871,990	–	–
Deferred tax assets not recognized	–	–	–	–	–	–
Net tax assets/(liabilities)	75,478	76,001	(1,215,987)	(393,341)	(1,140,509)	(317,340)

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(6) Movement of deferred tax assets and liabilities during the year

	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)

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022
Property, plant and equipment	(1,080,102)	(414,698)	–	(1,494,800)
Intangible assets	2,775	6,520	–	9,295
Right-of-use assets	(902,506)	223,026	–	(679,480)
Financial assets measured at depreciated value	–	–	–	–
Financial assets measured at fair value through other comprehensive income	(9,138)	–	–	(9,138)
Financial assets measured at fair value through other profit or loss	–	–	–	–
Inventories	21,824	30,767	–	52,591
Trade and other receivables	509,601	4,395	–	513,996
Advances paid and other assets	2,077	52	–	2,129
Lease liabilities	988,642	(832,677)	–	155,965
Loans and borrowings	–	–	–	–
Estimated liabilities	417,458	(126,240)	–	291,218
Employee benefit liabilities	9,330	6,168	10,822	26,320
Trade and other payables	158,890	332,670	–	491,560
Advances received	–	–	–	–
Tax losses to be carried forward	1,630	(399)	–	1,231
Assets held for sale	(4,102)	21	–	(4,081)
Other	4,766	321,088	–	325,854
Deferred tax assets not recognized	–	–	–	–
	121,145	(449,307)	10,822	(317,340)

18 Assets qualified as held for sale

	December 31, 2023	December 31, 2022
As part of current assets		
Assets classified as held for sale - short-term	28,255	20,403
	28,255	20,403

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It is expected that the sale of a non-core asset classified as held for sale will take no more than one year.

Immediately before classifying the objects as assets for sale, an estimate of the recoverable amount was made. As of December 31, 2023, 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.

19 Inventories

	December 31, 2023	December 31, 2022
Raw and other materials	1,459,748	975,506
Provision for impairment of raw and other materials	(49,327)	(51,238)
Other inventories	2,403,686	1,109,671
Provision for impairment of other inventories	(812)	(353)
	3,813,295	2,033,586

As of December 31, 2023, inventories intended to ensure the prevention and elimination of accidents (emergencies) at electrical network facilities (emergency provision) amount to 631,162 thousand rubles (as of December 31, 2022: 582,625 thousand rubles).

As of December 31, 2023 and December 31, 2022, the Group did not have reserves that would be pledged under loan or other agreements.

For the year ended December 31, 2023, inventories in the amount of 2,915,358 thousand rubles were recognized as expenses (for the year ended December 31, 2022: 2,543,547 thousand rubles) as part of operating expenses under the item "Other material expenses".

20 Trade and other receivables

	December 31, 2023	December 31, 2022
Long-term trade and other receivables		
Trade receivables	395	32,748
Provision for expected credit losses on trade receivables	–	(31,958)
Other receivables	58,632	66,035
Provision for expected credit losses on other receivables	–	(33,890)
	59,027	32,935
Short-term trade and other receivables		
Trade receivables	6,611,360	7,935,420
Provision for expected credit losses on trade receivables	(1,549,243)	(1,703,166)
Other receivables	1,263,035	1,410,852
Provision for expected credit losses on other receivables	(1,143,178)	(790,006)
	5,181,974	6,853,100
	5,241,001	6,886,035

21 Advances paid and other assets

	December 31, 2023	December 31, 2022
Fixed		
Advances paid	12,267	7,722
Provision for impairment of advances paid	–	–
VAT on advances received	407	407
	12,674	8,129
Current		
Advances paid	101,795	92,408
Provision for impairment of advances paid	(4,613)	(4,246)
VAT recoverable	5,753	(12,192)
VAT on advances received and VAT on advances paid for the purchase	57,667	41,707

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of property, plant and equipment
Prepayment for taxes other than profit tax

9,634	14,144
170,236	131,821
182,910	139,950

22 Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash in bank accounts and cash on hand	5 578 347	3 510 721
Cash equivalents	7 538 334	650,000
	13 116 681	4,160,721

As of December 31, 2023 and December 31, 2022, all balances and cash equivalents are nominated in rubles.

Cash equivalents as at December 31, 2023 and December 31, 2022 include short-term investments in bank deposits. Deposits were placed in 2023 at interest rates from 16.15% to 16.40% per annum (in 2022: from 7.12 to 8.03% per annum).

23 Equity**(a) Authorized capital**

	Ordinary shares	
	December 31, 2023	December 31, 2022
Nominal value per one share	100 rubles	100 rubles
In circulation as of January 1, pieces	363,300,457	342 258 436
In circulation at the end of the year and fully paid, pieces	398,966,076	363 300 457

(b) Ordinary shares

In accordance with the Charter, as of December 31, 2022, and December 31, 2023, the authorized capital of the Company is 33,465,783,700 rubles, which is divided into 334,657,837 ordinary registered non-documentary shares with a nominal value of 100 rubles 00 kopecks each.

The total number of outstanding shares of the Company as of December 31, 2023 amounted to 398,966,076 shares.

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(b) 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 16, 2023, it was decided to pay dividends on ordinary shares of the Company based on the results of 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 amounted to 2.0022935 rubles per ordinary share of the Company.

For the year ended December 31, 2023, dividends accrued to the Company's owners amounted to 766,500 thousand rubles by the end of 2022, including 764,260 thousand rubles to the parent company, "Rosseti" PJSC (for the year ended December 31, 2022: 2,774,363 thousand rubles, including 2,695,919 thousand rubles for the parent company, "Rosseti" PJSC).

As of December 31, 2023, the debt for the payment of dividends to other shareholders amounted to 1,458 thousand rubles, the debt to the parent company "Rosseti" PJSC, for the payment of dividends was repaid (as of December 31, 2022: the debt for the payment of dividends to other shareholders amounted to 101,678 thousand rubles, and the debt to the parent company, "Rosseti" PJSC, the debt regarding dividends has been repaid).

As of December 31, 2023, the amount of unclaimed dividends, which were restored to the retained profit of previous years due to the expiration of the limitation period for the payment of dividends, amounted to 245 thousand rubles (as of December 31, 2022: 71 thousand rubles).

(r) 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 a securities prospectus that contained the terms and conditions for the placement of additional shares.

On April 1, 2021, the Bank of Russia registered this additional issue and the registration of the securities prospectus of "Rosseti Kuban" PJSC. The additional issue of securities was assigned state registration number 1 02 00063-A. The initial term for the placement of additional shares is one year from the date of state registration of the additional issue. On April 25, 2022, the Bank of Russia registered the Company's securities prospectus, which provides for the extension of the period for the placement of additional shares until April 1, 2023 by extending the deadline for collecting offers until March 2, 2023. On May 25, 2023, the Bank of Russia registered a prospectus for the issue of securities of the Company, providing for the extension of the period for the placement of additional shares until April 1, 2024 by extending the deadline for collecting offers until March 1, 2024.

Within the period from April 10, 2021 to February 3, 2022, the shareholders exercised their pre-emptive right to acquire additional shares. The Company offered to purchase 60,579,604 pieces remaining for placement after the exercise of the pre-emptive right by shareholders on February 10, 2022, to an unlimited number of persons by open subscription. On March 1, 2024, the deadline for collecting offers for the purchase of shares of an additional issue registered by the Bank of Russia on April 1, 2021 with registration number 1-02-00063-A, ended.

Payment for additional shares is made in cash. As of December 31, 2023, the Company collectively received payment for additional issue shares in the amount of 6,430,824 thousand rubles for 64,308,239 additional issue shares (including for the 12 months of 2023: in the amount of 3,566,562 thousand rubles for 35,665,619 shares). Registration of the relevant amendments to the Company's Charter has not been made as of December 31, 2023.

The Group's Management classified the cash received for additional outstanding unregistered shares in the

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amount of 6,430,824 thousand rubles as part of the Capital elements under the line "Share Issue Provision" of the Consolidated Statement of Financial Position as of December 31, 2023.

24 Earnings per share

The calculation of earnings per share for the year ended December 31, 2023 and December 31, 2022 is based on earnings payable to ordinary shareholders and the weighted average number of outstanding ordinary shares. The Company does not have dilutive financial instruments.

In thousands of shares

	2023	2022
Ordinary shares as of January 1	363,300	342,258
Effect of the share placing	35,666	21,042
Weighted average number of shares for the period ended December 31	381,034	349,986

For the year ended December 31

	2023	2022
Weighted average number of outstanding shares for the period (in thousand pieces)	381,034	349,986
Profit for the period, which is attributable to the owners of the Company	6,818,242	5,698,370
Basic and diluted earnings per share (in Russian rubles)	17.89	16.28

25 Borrowed funds**Long-term liabilities**

Loans and borrowings unsecured
Lease liabilities
Less: current portion of long-term lease liabilities
Less: current portion of long-term loan liabilities

	December 31, 2023	December 31, 2022
Loans and borrowings unsecured	20,159,853	21 003 300
Lease liabilities	2,585,294	3 866 469
Less: current portion of long-term lease liabilities	(1 724 421)	(1 492 118)
Less: current portion of long-term loan liabilities	(4,279,853)	(4,071,757)
16 740 873	19 305 894	

Short-term liabilities

Loans and borrowings unsecured
Current portion of long-term lease liabilities
Current portion of long-term loan liabilities

Loans and borrowings unsecured	28,987	18,523
Current portion of long-term lease liabilities	1 724 421	1 492 118
Current portion of long-term loan liabilities	4,279,853	4 071 757
6 033 261	5 582 398	

Including:

Interest payable on loans and borrowings

Interest payable on loans and borrowings	28,987	18,523
28,987	18,523	

As of December 31, 2023, and December 31, 2022, all balances of loans and borrowings are denominated in rubles, respectively.

Long-term and short-term loan and borrowing liabilities, including interest, as at December 31, 2023 and December 31, 2022 amounted to 20,188,840 thousand rubles and 21,021,823 thousand rubles (excluding long-term and short-term lease liabilities).

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	December 31, 2023	December 31, 2022
Loans and borrowings unsecured		
Unsecured loans	LR+1,25% – LR+1,55%	LR+1,35% – LR+2,75%
Unsecured loans	LR+1,20% – LR+2,10%	LR+1,10% – LR+1,33%
Borrowings unsecured	8,95-8,95%	7,07-7,07%
Lease liabilities	8,99-16,41%	8,85-14,37%
Total liabilities	20,188,840	21,021,823
	2,585,294	3,866,469
	22,774,134	24,888,292

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 32 "Financial Risk and Capital Management".

26 Changes in liabilities caused by financial activities

	December 31, 2023	December 31, 2022
As of January 1, 2023		
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	-	-
Interest paid (operating activities, for reference)	-	(2,090,271)
Dividends paid	-	-
Total	3,228,310	(2 090 271)
Non-cash changes		
Reclassification	(4,279,853)	-
Capitalized interests	-	1,131
Interest expenses	-	296,737
Proceeds from lease agreements	-	254,864
Dividends accrued	-	-
Discounting	-	(128,253)
Other changes, net	-	-
Total	(4,279,853)	424,479
As of December 31, 2023	15,880,000	2,585,294
	4,071,757	3,866,469
	18,523	101,678
	4,279,853	766,255
	4,279,853	(866,475)
	4,279,853	(866,475)
	4,279,853	1,458

	Borrowed funds		Short-term	Interest payable on borrowed funds (excluding % under lease agreements)	Lease liabilities	Dividends payable
	Long-term					
As of January 1, 2022	16,136,314	4,800,000	4,800,000	34,192	4,943,208	344
Changes due to cash flows from financial activities						
Borrowing funds	14,682,503	1,000,698		-	-	-
Repayment of borrowed funds	(9,815,517)	(5,800,698)		-	-	-
Lease payments	-	-		(2,408,038)	(1,328,971)	-
Interest paid (operating activities, for reference)	-	-			(341,457)	-
Dividends paid	-	-			-	(2,774,363)
Total	4,866,986	(4,800,000)	(4,800,000)	(2,408,038)	(1,670,428)	(2,774,363)
Non-cash changes						
Reclassification	(4,071,757)	4,071,757		-	-	-
Capitalized interests	-	-		313,137	2,914	-
Interest expenses	-	-		2,079,232	351,017	-
Proceeds from lease agreements	-	-		-	262,684	-
Dividends accrued	-	-		-	-	2,875,768
Discounting	-	-		-	(22,926)	(71)
Other changes, net	-	-		-	593,689	2,875,697
Total	(4,071,757)	4,071,757	4,071,757	2,392,369	593,689	(71)
As of December 31, 2022	16,931,543	4,071,757	4,071,757	18,523	3,866,469	101,678

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27 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, 2023	December 31, 2022
Net cost of liabilities regarding post-employment benefit plans	762,865	621,344
Net cost of liabilities regarding other long-term employee benefit plans	-	-
Total net value of liabilities	762,865	621,344
Change of value of assets related to employee benefit liabilities:		
	2023	2022
Value of assets as of January 1	302,550	308,658
Income on plan assets	20,645	9,070
Employer's contributions	-	21,543
Other account movements	1,056	(198)
Payment of benefits	(33,539)	(36,523)
Value of assets as of December 31	290,712	302,550

Assets associated with defined benefit pension plans are administered by the NPF Otkrytie JSC Non-Governmental Pension Fund. 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:

	2023		2022	
	Post-employment benefits	Other long-term benefits	Post-employment benefits	Other long-term benefits
Defined benefit plan liabilities as of January 1	621,344	-	545,309	-
Cost of current services	27,600	-	24,302	-
Cost of past services and sequestration	-	-	-	-
Interest expense on liabilities	59,904	-	42,072	-
Effect of revaluation:				
- loss from changes in demographic actuarial assumptions	102,021	-	-	-
- profit from change in financial actuarial assumptions	(88,633)	-	(33,424)	-
- loss from experience adjustment	80,381	-	87,533	-
Plan contributions	(39,752)	-	(44,448)	-
Defined benefit plan liabilities as of December 31	762,865	-	621,344	-

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Expenses recognized in profit or loss for the period:

	For the year ended December 31	
	2023	2022
Cost of employee services	27,600	24,302
Revaluation of liabilities for other long-term employee benefits	—	—
Interest expenses	59,904	42,072
Total expenses recognized in profit or loss	87,504	66,374

Loss recognized in other comprehensive income for the period:

	For the year ended December 31	
	2023	2022
Loss from changes in demographic actuarial assumptions	102,021	—
Profit from change in financial actuarial assumptions	(88,633)	(33,424)
Loss from experience adjustment	80,381	87,533
Total expenses recognized in other comprehensive income	93,769	54,109

Change in the reserve for revaluation of liabilities in other comprehensive income during the reporting period:

	2023	2022
Revaluation as of January 1	537,255	483,146
Revaluation change	93,769	54,109
Revaluation as of December 31	631,024	537,255

Main actuarial assumptions:

	December 31, 2023	December 31, 2022
Financial assumptions		
Discount rate	11.8%	10.3%
Future salary increase	6.1%	6.1%
Inflation rate	5.6%	5.6%
Demographic assumptions		
Expected retirement age		
• Men	65	65
• Women	60	60
Average employee turnover rate	7.2%	9.5%

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 (3.3%)
Future salary growth	Growth/decrease by 0.5%	Change by 3.1%
Future benefit growth (inflation)	Growth/decrease by 0.5%	Change by 0.6%
Employee turnover rate	Growth/decrease by 10%	Change by (1.2%)
Mortality rate	Growth/decrease by 10%	Change by (0.8%)

The amount of expected payments under long-term employee benefit plans for 2024 is 225,611 thousand rubles, including: for defined benefit plans, including non-state pension provision for employees, 255,611 thousand rubles.

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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 a defined benefit liability is 8 years as of December 31, 2023 (7 years as of December 31, 2022).

28 Trade and other payables

	December 31, 2023	December 31, 2022
Long-term debt		
Trade payables	1,365,506	93,604
Other payables	1	—
	1,365,507	93,604
Short term debt		
Trade payables	8,619,522	9,337,701
Other payables and expenses accrued	187,960	171,424
Payables to employees	1,564,934	1,469,133
Dividends payable	1,458	101,678
	10,373,874	11,079,936
	11,739,381	11,173,540

The Group's exposure to liquidity risk in respect of accounts payable is disclosed in Note 32 "Financial Risk and Capital Management".

29 Taxes payable other than profit tax

	December 31, 2023	December 31, 2022
VAT	998,920	514,660
Property tax	159,026	155,499
Social security contributions	358,226	473,181
Other taxes payable	50,191	88,432
	1,566,363	1,231,772

30 Advances received

	December 31, 2023	December 31, 2022
Long-term		
Advances for technological connection to electrical networks	9,916,835	1,971,783
Other advances received	3,103	1,338
	9,919,938	1,973,121
Short-term		
Advances for technological connection to electrical networks	5,880,623	3,598,783
Other advances received	1,434,245	1,610,110
	7,314,868	5,208,893
	17,234,806	7,182,014

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31 Estimated liabilities

	2023	2022
Balance as of January 1	1,460,893	2,084,450
Accrual (increase) for the period	449,521	774,809
Recovery (decrease) for the period	(453,043)	(876,060)
Use of estimated liabilities	(383,552)	(557,745)
Capitalized	86,202	35,439
Balance as of December 31	1,160,021	1,460,893

The estimated liabilities mainly relate to lawsuits and claims filed against the Group for ordinary activities, as well as estimated liabilities related to unresolved tax disputes of the Group at the reporting date as at December 31, 2023 and December 31, 2022 in the amounts of 142,134 thousand rubles and 173,376 thousand rubles, respectively.

32 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 35 "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.

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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:

	Carrying value	
	December 31, 2023	December 31, 2022
Trade and other receivables (net of expected credit loss provisions)	5,241,001	6,886,035
Cash and cash equivalents	13,116,681	4,160,721
	18,357,682	11,046,756

As of the balance sheet date, the maximum level of credit risk in terms of trade receivables by groups of buyers was:

	December 31, 2023			December 31, 2022		
	Total nominal value	Expected credit loss provision	Carrying value	Total nominal value	Expected credit loss provision	Carrying value
Buyers of electricity transmission services	6,236,163	(1,419,407)	4,816,756	7,667,559	(1,597,134)	6,070,425
Buyers of services of technological connection to networks	38,922	(24,783)	14,139	38,043	(27,797)	10,246
Other buyers	336,670	(105,053)	231,617	262,566	(110,193)	152,373
	6,611,755	(1,549,243)	5,062,512	7,968,168	(1,735,124)	6,233,044

The carrying amount of trade receivables attributable to the Group's ten largest debtors as of December 31, 2023 was 4,280,884 thousand rubles (December 31, 2022: 5,570,634 thousand rubles).

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The distribution of trade and other receivables by limitation term is presented below:

	December 31, 2023			December 31, 2022		
	Total nominal value	Expected credit loss provision	Carrying value	Total nominal value	Expected credit loss provision	Carrying value
Undue debt	4,776,040	(91,285)	4,684,755	6,616,159	(274,759)	6,341,400
Overdue by less than 3 months	275,746	(26,624)	249,122	377,971	(77,116)	300,855
Overdue for more than 3 months and less than 6 months	273,391	(60,486)	212,905	287,666	(203,910)	83,756
Overdue for more than 6 months and less than a year	481,860	(417,933)	63,927	320,674	(216,882)	103,792
Overdue for more than a year	2,126,385	(2 096 093)	30,292	1 842 585	(1 786 353)	56,232
	7 933 422	(2 692 421)	5,241,001	9 445 055	(2 559 020)	6,886,035

The flow of the expected credit loss provisions on trade and other receivables is presented below:

	2023	2022
Balance as of January 1	2 559 020	2 515 156
Increase in provision for the period	705,949	723,282
Recovery of provision amounts for the period	(384 132)	(97 988)
Amounts of trade and other receivables written off from provision previously accrued	(188 416)	(581 430)
Reclassification over the period	—	—
Balance as of December 31	2,692,421	2 559 020

As of December 31, 2023 and December 31, 2022, the Group has no contractual basis for offsetting financial assets and financial liabilities, and the management of the Group does not anticipate future offsetting based on supplementary agreements.

(6) 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.

As of December 31, 2023, the amount of the free limit on open but unused credit lines of the Group amounted to 77,202,647 thousand rubles (as of December 31, 2022: 58,342,200 thousand rubles) The Group has a chance to raise additional funding within the relevant limits, including to ensure the fulfillment of its short-term obligations.

Below is information on the contractual maturity of financial liabilities, taking into account expected interest payments and excluding the effect of offsets. With respect to cash flows included in the analysis of the payment due dates, it is not assumed that they may occur much earlier in time or in significantly different amounts:

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
December 31, 2022	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	21,021,823	25,070,389	5,794,646	5,736,563	13,539,180	—	—	—
Financial lease liabilities	3 866 469	5 486 316	1 708 122	1 689 798	168,786	122,272	92,238	1 705 100
Trade and other payables	11,173,540	11 723 176	11 629 572	8,551	3,755	3,905	4,061	73,332
	36 061 832	42 279 881	19 132 340	7 434 912	13 711 721	126,177	96,299	1,778,432

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(B) 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 Group 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, 2023, the Group's financial liabilities with floating interest rates amounted to 16,380,000 thousand rubles (as of December 31, 2022: 13,083,980 thousand rubles).

A possible increase in interest rates by 100 basis points would reduce the amount of profit before income tax for 2023 by 192,416 thousand rubles. (December 31, 2022: 199,150 thousand rubles).

A possible decrease in interest rates by 100 basis points would increase the amount of profit before income tax for 2023 by 192,416 thousand rubles. (December 31, 2022: 199,150 thousand rubles).

This analysis was conducted on the assumption that all other variables remain unchanged and interest expenses are not capitalized.

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(r) Fair and carrying value

A comparison of the fair values and carrying values of the Group's financial instruments is set out below:

Financial instruments	Note	December 31, 2023		Level of the fair value hierarchy		
		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
		December 31, 2022		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	32,935	32,935	–	–	32,935
Financial assets measured at fair value through other comprehensive income						
Investments in equity instruments (unquoted)	16	1	1	–	–	1
Financial liabilities measured at depreciated value						
Loans and borrowings	25	21,003,300	21,003,300	–	21,003,300	–
Long-term payables	28	93,604	93,604	–	–	93,604
		21 129 840	21 129 840	–	21 003 300	126,540

The fair value of short-term receivables and payables and other current financial assets approximates their carrying values.

The interest rate used to discount expected future cash flows on long-term receivables for the purposes of determining the disclosed fair value as of December 31, 2023, was 8.23%...12.48% (December 31, 2022: 8.85%...13.15%).

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The interest rate used to discount expected future cash flows on long-term payables for the purposes of determining the disclosed fair value as of December 31, 2023, was 8.23%...12.48% (December 31, 2022: 8.85%...13.15%).

The interest rate used to discount expected future cash flows on long- and short-term borrowings for the purposes of determining the disclosed fair value as of December 31, 2023, was LR +1.20% - LR +2.10% (December 31, 2022: LR +1.35% - LR +2.75%).

For the year ended December 31, 2023, no transfers were made between levels of the fair value hierarchy.

(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.

33 Capital commitments

Group's capital covenants under contracts for the acquisition and construction of property, plant and equipment amounted to 3,484,156 thousand rubles, including VAT, as of December 31, 2023 (December 31, 2022: 1,147,198 thousand rubles, VAT included).

34 Contingent liabilities**(a) 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.

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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.

(б) 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 the Management, the probability of an unfavorable outcome for the Group and the corresponding outflow of financial resources is not high with respect to lawsuits in the amount of 725,971 thousand rubles as of December 31, 2023

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.

(r) 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.

35 Related Party Operations**(a) 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.

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The main related parties of the Group for the year ended December 31, 2023 and December 31, 2022, as well as at December 31, 2023 and December 31, 2022, were the parent company, its subsidiaries, key management personnel, and companies associated with the principal shareholder of the parent company.

(6) Operations with the parent company, its subsidiaries

	Transaction amount for the year ended December 31		Carrying value	
	2023	2022	December 31, 2023	December 31, 2022
Revenue, other income, financial income				
Parent company				
Other revenue	101,823	1,185	5,289	–
Enterprises under common control of the parent company				
Other revenue	344,738	103,971	60,012	84,960
Other income	11,842	1,326	18,005	5,469
Interest income	4,189	5,885	11,205	7,016
Income from the sale of FA	2,834	35,236	3,401	–
	465,426	147,603	97,912	97,445
Provision for expected credit losses on trade receivables and other receivables	19,308	35,969	(49 116)	(68 424)
Receivables less provision for expected credit losses	–	–	48,796	29,021

	Transaction amount for the year ended December 31		Carrying value	
	2023	2022	December 31, 2023	December 31, 2022
Operating expenses, financial expenses				
Parent company				
Electricity transmission services	10,144,719	–	1,012,700	–
Services for technological connection to electrical networks	3,382	–	12,800	–
Other works and services of production nature	26,820	–	–	–
Expenses for services for the organization and development of the UES	8,678	110,819	–	19,926
Software and maintenance costs	11,026	–	10,163	–
Other services, expenses	1,077	–	1,958	–
Interest expense on financial liabilities carried at depreciable cost	98,980	570,300	18,440	18,169
Interest expense on lease	173,132	–	–	–
Capitalized expenses for works and services	1,187	–	12,185	–
Enterprises under common control of the parent company				
Electricity transmission services	–	8,324,432	–	879,062
Services for technological connection to electrical networks	8	39	–	9162
Software and maintenance costs	79,710	41,632	9,444	3401
Repair and maintenance services	1,979	1,903	–	–
Interest expense on lease	11,058	18,624	–	–
Estimated liabilities	–	–	–	–
Other expenses	54,274	51,118	29,423	9,838
Interest expense on financial liabilities carried at depreciable cost	41,684	23,654	–	–
Capitalized expenses for works and services	162,881	105,988	106,165	366,666
	10,820,595	9,248,509	1,213,278	1,306,224

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	Carrying value	
	December 31, 2023	December 31, 2022
Parent company		
Advances paid	22,756	–
Borrowed funds	1,400,000	1 400 000
Advances received	31	–
Lease liabilities	169,861	–
Enterprises under common control of the parent company		
Advances paid	12,536	7,722
Borrowed funds	450,000	–
Advances received	37,293	571,445
Lease liabilities	1 508 559	235,543

As of December 31, 2023, there is no debt to the parent company for the payment of dividends.

(b) 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	
	2023	2022
Short-term employee benefits	134,072	231,010
	134,072	231,010

As of December 31, 2023, the present value of liabilities under defined benefit and defined contribution plans and other post-employment benefits reflected in the Consolidated Statement of Financial Position includes liabilities for key management personnel in the amount of 0 thousand rubles (as of December 31, 2022: 0 thousand rubles).

(r) Operations with companies associated with the principal shareholder of the parent company

As part of its operating performance, the Group enters into operations with other companies associated with the principal shareholder of the parent company. These operations are carried out at regulated rates or at market prices. Raising and investing funds in financial institutions associated with the principal shareholder of the parent company is carried out at market interest rates. Taxes are assessed and paid in accordance with Russian tax law.

Revenue from companies associated with the principal shareholder of the parent company was:

- 1.88% of the Group's total revenue for the year ended December 31, 2023 (for the year ended December 31, 2022: 1.29%);
- 1.27% of the Group's electricity transmission revenue for the year ended December 31, 2023 (December 31, 2022: 0.86%).

Electricity transmission expenses and expenses for the purchase of electricity to compensate for technological losses, for companies associated with the principal shareholder of the parent company, amounted to 4.66% of the total expenses of electricity transmission and compensation for technological losses for the year ended December 31, 2023 (for the year ended December 31, 2022: 4.72%).

Interest accrued on loans and borrowings from banks associated with the principal shareholder of the parent company for the year ended December 31, 2023 amounted to 1,757,249 thousand rubles. (for the year ended

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December 31, 2022: 1,532,550 thousand rubles).

As of December 31, 2023, loans and borrowings from banks associated with the principal shareholder of the parent company amounted to 12,979,853 thousand rubles (as of December 31, 2022: 18,019,319 thousand rubles)

As of December 31, 2023, the balance of deposits with an initial placement period of more than three months placed with banks associated with the principal shareholder of the parent company amounted to 0 thousand rubles (as of December 31, 2022: 0 thousand rubles)

As of December 31, 2023, the balance of cash and cash equivalents placed with banks associated with the principal shareholder of the parent company amounted to 13,043,725 thousand rubles (as of December 31, 2022: 3,509,687 thousand rubles)

As of December 31, 2023, lease liabilities for companies associated with the principal shareholder of the parent company amounted to 514,065 thousand rubles (as of December 31, 2022: 3,229,417 thousand rubles).

36 Events after the reporting period

In the opinion of Management, there are no other significant events that have had or may have an impact on the financial condition, cash flows or results of operations of the Group that occurred between the reporting date and the date of signing of the Consolidated Financial Statements of the Group for the year ended December 31, 2023, prepared in accordance with IFRS.

ООО «ЦАТР — аудиторские услуги»
Прошито и пронумеровано 66 листа(ов)

APPENDIX 6

INDICATORS

OF GRID CONNECTION (GC)

OF CONSUMERS

FOR 2021–2023

No.	Indicators	UoM	2021	2022	2023	Change 2023/2022, %
GC:						
1	GC applications (including carry-over applications, excluding generation and temporary GC)	–	47,348	46,493	45,664	–1.8
2	GC applications (including carry-over applications, excluding generation and temporary GC)	kW	2,019,067	2,138,895	1,960,058	–8.4
3	GC agreements concluded (excluding generation and temporary GC)	–	38,065	35,213	32,163	–8.7
4	GC agreements concluded (excluding generation and temporary GC)	kW	881,993	917,785	813,158	–11.4
5	GC agreements completed (excluding generation and temporary GC)	–	33,740	36,809	34,925	–5.1
6	GC agreements completed (excluding generation and temporary GC)	kW	782,054	786,474	730,203	–7.2
7	GC agreements completed (generation only)	–	3	21	67	219.0
8	GC agreements completed (generation only)	kW	4,577	3,980	108,423	2,624.2
9	Existing GC agreements	–	18,465	15,952	12,786	–19.8
10	Existing GC agreements	kW	1,346,556	1,395,476	1,354,569	–2.9

No.	Indicators	UoM	2021	2022	2023	Change 2023/2022, %
Structure of completed agreements by applicant category:						
11	Up to 15 kW inclusive	–	31,832	34,234	32,183	–6.0
12	Over 15 kW and up to 150 kW inclusive	–	1,591	2,272	2,437	7.3
13	Over 150 kW and up to 670 kW	–	189	197	217	10.2
14	At least 670 kW	–	128	106	88	–17.0
15	Generation	–	3	21	67	219.0
16	Up to 15 kW inclusive	kW	414,958	445,915	393,486	–11.8
17	Over 15 kW and up to 150 kW inclusive	kW	102,652	145,857	164,542	12.8
18	Over 150 kW and up to 670 kW	kW	46,170	44,427	47,119	6.1
19	At least 670 kW	kW	218,275	150,275	125,056	–16.8
20	Generation	kW	4,577	3,980	108,423	2,624.6
Revenue from GC activities by applicant category:						
21	Up to 15 kW inclusive	RUB mln	151.30	305.77	1,017.13	232.6
22	Over 15 kW and up to 150 kW inclusive	RUB mln	94.20	165.25	239.53	45.0
23	Over 150 kW and up to 670 kW	RUB mln	114.08	153.26	361.77	136.0
24	At least 670 kW	RUB mln	1,979.75	638.42	487.16	–23.7
25	Generation	RUB mln	7.13	14.82	325.39	2,095.9
Structure of completed agreements by sectors:						
26	Individuals	–	27,506	29,269	28,758	–1.7
27	Agriculture, forestry and fisheries	–	925	1,146	856	–25.3
28	Industry	–	209	178	167	–6.2
29	Production and distribution of electricity, gas and water	–	107	111	63	–43.2
30	Construction	–	1,911	2,947	2,422	–17.8
31	Trade	–	660	710	636	–10.4
32	Transport and communications	–	636	565	450	–20.4
33	Health, education, social services	–	102	84	61	–27.4
34	Miscellaneous	–	1,687	1,820	1,579	–13.2
35	Individuals	kW	361,219	381,232	350,668	–8.0
36	Agriculture, forestry and fisheries	kW	42,257	54,021	46,524	–13.9
37	Industry	kW	23,373	17,826	17,186	–3.6
38	Production and distribution of electricity, gas and water	kW	91,942	51,802	123,594	138.6
39	Construction	kW	133,110	155,174	170,564	9.9
40	Trade	kW	21,931	24,185	25,119	3.9
41	Transport and communications	kW	33,568	26,042	19,581	–24.8
42	Health, education, social services	kW	6,845	5,051	10,856	114.9
43	Miscellaneous	kW	72,386	75,121	74,534	–0.8
44	GC cost by revenue (excluding generation and temporary GC)	RUB/kW	2,978	1,606	2,884	79.6
45	Deadlines for GC of up to 150 kW (agreement – notice)	days	3,865,271	4,789,206	4,421,408	–7.7

APPENDIX 7

CONCLUSION OF THE AUDITING COMMISSION

Auditing Commission of Rosseti Kuban, PJSC

Approved by
the Auditing Commission
of PJSC Rosseti Kuban
(Minutes No. 4 dated 26 April 2024)

CONCLUSION OF THE AUDITING COMMISSION

Public Joint Stock Company
Rosseti Kuban

2023

1. INTRODUCTION

INFORMATION ON THE COMPOSITION OF THE AUDITING COMMISSION

The members of the Auditing Commission were elected by the resolution of the General Meeting of Shareholders	The Resolution of the annual General Meeting of Shareholders of Rosseti Kuban dated 16 June 2023 (Minutes No. 50 dated 21 June 2023)
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 Rosseti Kuban, PJSC No. 1 dated 28 June 2023
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	Elena Roptanova Olga Ostroukhova

Duration of the audit: Pursuant to the Work Plan of the Auditing Commission for the corporate year 2023–2024 (Minutes of Meeting of the Auditing Commission of Rosseti Kuban, PJSC No. 2 dated 22 November 2023), the audit of the financial and business activities of Rosseti Kuban, PJSC for 2023 was conducted in the period from March to June 2024.

Grounds for the audit: Federal Law No. 208-FZ dated 26 December 1995 “On Joint Stock Companies”, Articles of Association of Rosseti Kuban, PJSC, Regulations on the Auditing Commission of Rosseti Kuban, PJSC, Resolution of the Auditing Commission of Rosseti Kuban, PJSC (Minutes of Meeting No. 2 dated 22 November 2023).

Objective of the audit: to control over the financial and business activities of Rosseti Kuban, PJSC, to confirm the reliability of data contained in the 2023 Annual Report, accounting (financial) statements of Rosseti Kuban, PJSC for 2023, and the report on related-party transactions entered into by Rosseti Kuban, PJSC in 2023 (hereinafter referred to as the Reporting).

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 PJSC 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 PJSC Rosseti Kuban, the executive body of PJSC Rosseti Kuban is responsible for organisation, condition and reliability of the accounting process at PJSC Rosseti Kuban and timely submission of accounting (financial) statements.

Audited period: 01.01.2023 to 31.12.2023.

Object of the audit: Annual Report for 2023, accounting (financial) statements for 2023, resolutions of management bodies, local regulations and organisational and administrative documents of Rosseti Kuban, PJSC, roadmaps, accounting registers, primary accounting documents and other documentation of financial and economic activities of Rosseti Kuban, PJSC.

COMPANY DETAILS

Full title	Public Joint Stock Company Rosseti Kuban (hereinafter referred to as the Company)
Abbreviated company name	Rosseti Kuban, PJSC (hereinafter referred to as the Company)
Location (registered office)	2A Stavropolskaya Street, Krasnodar, Krasnodar Region, 350033, Russian Federation
State registration (Primary State Registration Number (OGRN), date)	1022301427268 dated 17.09.2002
TIN	2309001660
Branches and specialised subdivisions	<ul style="list-style-type: none"> - Krasnodar Power Grids - Sochi Power Grids - Armavir Power Grids - Adygeyan Power Grids - Timashevsk Power Grids - Tikhoretsk Power Grids - Leningrad Power Grids - Slavyansk Power Grids - South-West Power Grids - Labinsk Power Grids - Ust-Labinsk Power Grids
Sole Executive Body	Boris Ebzeev, Acting General Director since 18 May 2021
Chief Accountant	Lyudmila Loskutova, Chief Accountant – Head of Accounting and Tax Reporting Department since 1 February 2022
Average headcount in 2023	8,753 people
Key shareholders	Rosseti, PJSC 99.72%
Main areas of 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 2023, the reliability and completeness of information disclosure in the annual report for 2023.

In evaluating the reliability of the accounting (financial) statements for 2023, the Auditing Commission relied on the opinion of the Company's auditor, Company

Audit Technology and Solutions Centre – Auditing Services, LLC (TsATR – Auditing Services) (member of the self-regulated organisation of auditors Association Sodruzhestvo, ORNZ 12006020327), expressed in its auditor's report dated 15 March 2024.

In the opinion of the Company's auditor, TsATR – Auditing Services, LLC:

“the accounting (financial) statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, as well as its financial performance and cash flows in 2023, in compliance with the accounting (financial) reporting standards set in the Russian Federation”.

The accounting (financial) statements are prepared in accordance with the laws of the Russian Federation and local regulations of the Company, in all material respects.

In the course of the audit, the annual accounting (financial) statements and the annual report of the Company for the year 2023 were reconciled on a random basis. As part of the work done, the Auditing Commission did not find any material misstatements in the financial information contained in the Company's Annual Report for 2023.

The Company's Annual Report to be submitted for approval by the Annual General Meeting of Shareholders contains information as required by Bank of Russia Regulation No. 714-P dated 27 March 2020 on Disclosure of Information by Issuers of Equity Securities. At the time of issuing this Opinion, the Annual Report 2023, which is to be submitted to the Annual General Meeting of Shareholders for approval, has not been approved by the Company's Board of Directors.

The Auditing Commission checked the accuracy of information in the report on the related-party transactions concluded in 2022 for compliance with the requirements of Federal Law No. 208-FZ dated 26 December 1995 on Joint Stock Companies and the Bank of Russia Instruction No. 4335-U dated 31 March 2017 on Establishing the Limits for the Amount of Transactions of Joint Stock Companies and Limited Liability Companies, Above Which Such Transactions May Be Recognised as Related-Party Transactions. There were no facts of distortion of the information contained in the report on interested party transactions concluded in 2023. At the time this Opinion was given, the report on related-party transactions concluded in 2023 has not been yet approved by the Board of Directors of the Company.

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.

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 2023, express an opinion on the reliability of information, in all material respects, contained in the Company's annual report for 2023 and annual financial statements for 2023.

Composition of the statements of Rosseti Kuban, PJSC 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 2023	15.03.2024	2
2.	Report on Financial Performance for 2023	15.03.2024	1
3.	Statement of Changes in Equity for 2023	15.03.2024	3
4.	Cash Flow Statement for January to December 2023	15.03.2024	2
5.	Explanatory Note to the Balance Sheet and Financial Performance of Rosseti Kuban, PJSC for 2023, in narrative and tabular formats	15.03.2024	59
6.	Annual Report of Rosseti Kuban, PJSC for 2023 (with appendices, incl. Report on Related-Party Transactions Concluded by PJSC Rosseti in 2023)	—	407

This Opinion of the Auditing Commission should be read in conjunction with all the supporting accounting (financial) statements and notes to the balance sheet and income statement for 2023, with the Company's annual report for 2023 and with the report on related-party transactions entered into in 2023.

Chairman of
the Auditing Commission

A. Ulianov

Members of the Auditing Commission

V. Tsarkov
S. Trishina
E. Roptanova
O. Ostroukhova