

BUSINESS MODEL

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

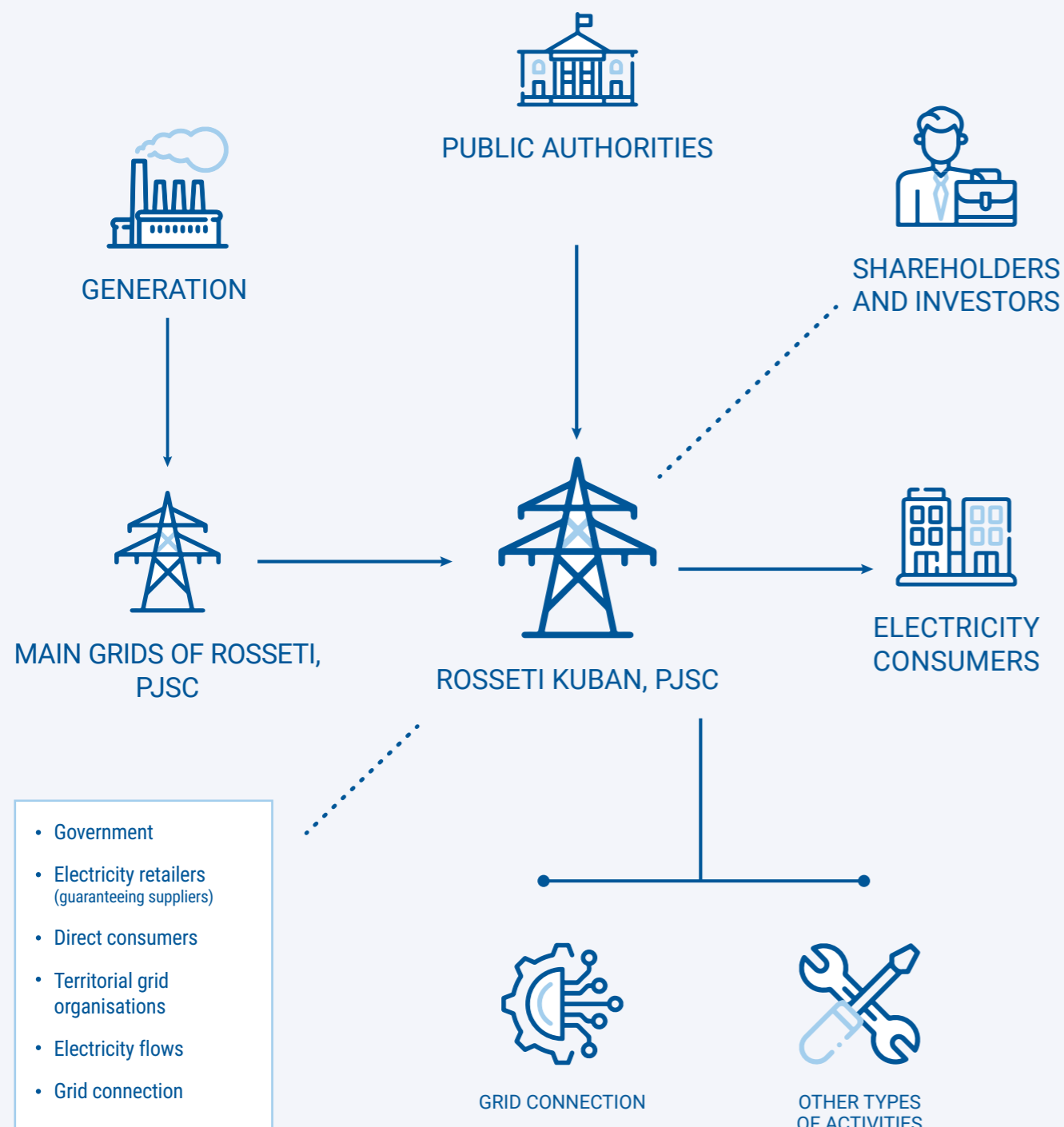
In its day-to-day operations, Rosseti Kuban balances out interests and creates values for all stakeholders, contributes to the economic growth of the regions where it operates, adheres to the idea of sustainable development, and ensures reliable and affordable energy supply to consumers.

Change in the cost of capitals over 2023



	FINANCIAL	PRODUCTION	INTELLECTUAL	HUMAN	SOCIAL AND REPUTATIONAL	ENVIRONMENTAL
CAPITALS as at 31 December 2022	<ul style="list-style-type: none"> Net profit — RUB 5,244.5 mln Year-end net asset value — RUB 45,803.2 mln EBITDA — RUB 16,141 mln 	<ul style="list-style-type: none"> Total number of 35–220 kV substations, 6–10(35)/0.4 kV transformer substations — 25,690 Length of PTLs — 93,600 km Installed capacity of 35–110 kV substations — 11,826.4 MVA Installed capacity of substations in the 10–6/0.4 kV distribution grid — 5,978.038 MVA System average interruption duration index for a point of supply (Isaidi), hour — 2.8424 h System average interruption frequency index, per point of delivery (Isaifi), interruptions — 1.2195 interruptions 	<ul style="list-style-type: none"> Actual value of R&D expenditure ($I_{R\&D}$) indicator — 0.21% of own revenues, with the plan of 0.15%. Actual value of the Innovative Products (Goods, Works, Services) Procurement Indicator ($I_{INNOVATIONS}$) — 3.46 %, with the plan of 4.7% 	<ul style="list-style-type: none"> Average headcount — 8,767 people Staffing level at the end of the year — 93.9%. Workers with higher vocational education — 52.7% and with primary/secondary vocational education — 35.7%. Annual acquisition order for working wear and shoes was fully completed. The Company's workers received compensation payments, including the provision of voluntary health insurance services 	<ul style="list-style-type: none"> High degree of social responsibility. High level of business transparency: <ul style="list-style-type: none"> Company's website; mass media; Internet; congress and exhibition events. 	<ul style="list-style-type: none"> The Stockholm Convention on Persistent Organic Pollutants' requirements are followed.
HOW WE CREATED VALUE in the reporting year	<ul style="list-style-type: none"> Revenue in 2023 — RUB 74,558 mln, up RUB 10,819 mln year-on-year EBITDA in 2023 — RUB 17,574 mln, up RUB 1,433 mln year-on-year The increase in indicators is mainly due to the growth in the volume of services provided, as well as an increase in revenue from grid connections 	<ul style="list-style-type: none"> RUR 12,579 mln of capital investment (excl. VAT) assimilated Renewal of the following energy assets is underway: <ul style="list-style-type: none"> Commissioning of new, renovated and upgraded facilities, including under grid connection of consumers, renovation and upgrade of equipment Consolidation of grid assets within the Company Write-off of obsolete equipment Transfer to reserve or decommissioning of equipment Electricity transmission services — 22,624.4 mln kWh, up 3.1% year-on-year (revenue — RUB 71,207.1 mln) Number of grid connections in 2023 — more than 35,000 for a total capacity of 845 MW (revenue — RUB 2,438 mln) 	<ul style="list-style-type: none"> Delivery of the R&D Programme, integration of equipment and devices developed under R&D Introduction of innovative technologies and solutions 	<ul style="list-style-type: none"> 10,319 people were trained (118% of the average headcount). Training costs amounted to RUB 89.9 mln Occupational health and safety costs in 2023 amounted to RUB 422.7 mln, up 16.4% year-on-year. The comprehensive programmes to reduce the risks of electric shock injuries to the Company's personnel and third parties at the Company's power grid facilities planned for 2023 were fully implemented. To preserve workers' health and life, the Company purchased necessary safeguards and safety equipment in 2023 	<ul style="list-style-type: none"> Raising public awareness on the Company's activities: about 30,000 publications related to the Company's activities were made in the federal and regional media, as well as on social media resources in 2023 	<ul style="list-style-type: none"> The Company set up a phased decommissioning of trichlorodiphenyl-containing equipment and ensured its secure disposal.
2023 RESULTS	<ul style="list-style-type: none"> Profit of RUB 6,166.5 mln, up RUB 922 mln year-on-year due to an increase in revenue from electricity transmission and revenue from grid connections Year-end net asset value — RUB 54,950 mln The increase in net assets for the year totalled RUB 9,147 mln due to an increase in equity attributable to year-end profit, as well as an year-on-year increase in cash balance 	<ul style="list-style-type: none"> Total number of 35–220 kV substations, 6–10(35)/0.4 kV transformer substations — 26,570 substations Length of PTLs — 94,520 km Installed capacity of 35–110 kV substations — 12,080.3 MVA Installed capacity of substations in the 10–6/0.4 kV distribution grid — 6,307.5 MVA System average interruption duration index per point of supply (Isaidi) — 3.3403 h, up 17.5% year-on-year. System average interruption frequency index, per point of delivery (Isaifi), interruptions — 1.3099 interruptions, up 7.4 % year-on-year. Reliability indicators were achieved with an allowable deviation. The number of accidents in the 0.4 kV and above grid dropped by 3.2% as compared to the previous year 	<ul style="list-style-type: none"> Actual value of R&D expenditure ($I_{R\&D}$) indicator — 0.15% of own revenues, with the plan of 0.15% Actual value of the Innovative Products (Goods, Works, Services) Procurement Indicator ($I_{INNOVATIONS}$) — 6.5%, with the plan of 4.8% 	<ul style="list-style-type: none"> Average headcount — 8,753 people. Staffing level at the end of the year — 91.6%. Employees with higher vocational education — 52.6% and with primary/secondary vocational education — 34.4%. Annual acquisition order for working wear and shoes was fully completed. The Company's workers received compensation payments, including the provision of voluntary health insurance services 	<ul style="list-style-type: none"> Accumulation of reputation capital. Number of positive and neutral information statements about the activities of Rosseti Kuban initiated by the Company's PR units was 92% 	<ul style="list-style-type: none"> Under the contract concluded with the Federal Environmental Operator, 932 trichlorodiphenyl capacitors (44.80 tonnes of waste) were decommissioned and prepared for transfer for treatment in 2023. In addition, 731 trichlorodiphenyl capacitors (34.26 tonnes of waste) removed in 2022 were transferred for treatment.

Business model Rosseti Kuban, PJSC



The core business of the Company is electricity transmission and distribution services

95.5%
of the revenues in the reporting year

71,207.1
RUB mln

revenue from sales of electricity transmission services.
(+ 15.9% vs. 2022)

22,624.4
mln kWh

volume of electricity transmission services
(+ 3.1% vs. 2022)

The Company offers prompt and reasonably priced connections to its power grids in order to guarantee the growth of the Republic of Adygeya and the Krasnodar Territory.

