

Financial (Accounting) Statements of Rosseti Kuban, PJSC



The accounting (financial) statement of Rosseti Kuban for 2023 was prepared under the laws of the Russian Federation. The Company received the auditor's opinion that the 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.

LYUDMILA LOSKUTOVA

Chief Accountant — Head of the Department of Financial Records, Accounts and Tax Returns

The financial statements are compiled 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 6 December 2011, federal accounting standards and other accounting regulations approved by the Ministry of Finance of the Russian Federation.

The annual accounting (financial) statements of Rosseti Kuban, PJSC for 2023 prepared under RAS include (please see [Appendix 4](#)):

- Balance Sheet
- Profit and Loss Statement
- Statement of Changes in Equity
- Statement of Cash Flows
- Explanatory Notes to the Balance Sheet and Statement of Financial Results
- Auditor's opinion

In accordance with the opinion of the internal audit of the Company on assessment of efficiency and quality of the external audit process of the financial (accounting) statements of Rosseti Kuban, PJSC for 2023:

- Procedures conducted by TsATR — Auditing Services, LLC in the course of the external audit of the RAS financial (accounting) statements of the Company for 2022 comply with the terms of the Agreement and the requirement of Federal Law "On Auditing" No. 307-FZ dated 30 December 2008
- Independent auditor's report on the Company's 2023 financial (accounting) statements was prepared in accordance with Federal Law "On Auditing" No. 307-FZ dated 30 December 2008 and international auditing standards; the report contains an opinion on the entity audited (Rosseti Kuban, PJSC) expressed in the prescribed form

Basic Provisions of the Accounting Policy of Rosseti Kuban, PJSC

The Company maintains its accounting records of fixed assets in accordance with Federal Accounting Standard FAS 6/2020 "Fixed Assets" approved by Order of the Russian Ministry of Finance No. 204n dated 17 September 2020. Items of fixed assets are entered into the books at their historical cost, which is determined according to the method of receipt, i.e., purchase for a fee, creation using own resources, construction, free of charge, etc.

Borrowing costs related to the formation of an investment asset (items of fixed assets, property complexes and other similar assets that require a large amount of time and expense to acquire and/or build) are included in the value of the depreciable asset.

Items of fixed assets are depreciated on a straight-line basis over their useful lives.

Profit or loss from the disposal, write-off and gratuitous transfer of fixed assets is recorded in the Profit and Loss Statement, within other income and expenses.

Fixed assets include the lease rights in accordance with the Federal Accounting Standard on Lease Accounting (FAS 25/2018), taking into account exemptions for leases with a term of less than 12 months or lease items with a market value of not exceeding RUB 300,000. The useful lives of the lease rights are determined on the basis of the lease terms.

Stock accounting of the Company is in accordance with the Federal Accounting Standard on FAS 5/2019 "Stocks" approved by Order of the Ministry of Finance of the Russian Federation No. 180n dated 15 November 2019.

The accounting of revenue and other earnings is maintained by the Company in compliance with Accounting Regulations (PBU 9/99) "Income of the Organisation" approved by the Order of the Ministry of Finance of Russia No. 32n dated 6 May 1999.

The Company prepared provisions resulted from potential compensation payments for carry-over vacations, unsettled claims from power suppliers to compensate for losses and electricity transmission services, judicial proceedings and other payments to employees in accordance with PBU 8/2010 "Provisions, Contingent Liabilities and Contingent Assets" approved by Order of the Ministry of Finance of Russia No. 167n dated 13 December 2010.

The Company makes provisions for doubtful accounts receivable that are outstanding or highly unlikely to be repaid when due under the contract and are not secured by relevant guarantees.

The Company holds a reserve for the impairment of financial investments in case of their sustained considerable decline in their value.

Prior Adjustments

In the Statement of Cash Flows for 2022, line 4329 "Other Payments" reflected transactions involving the conversion of cash into cash equivalents. To correct this material error, the figures in the Statement of Cash Flows for 2022 were modified.



The Company prepared consolidated financial statements in compliance with the requirements of Federal Law No. 208-FZ "On Consolidated Financial Statements" dated 27 July 2010 ([Appendix No. 5](#)).

The consolidated financial statements of Rosseti Kuban and its subsidiaries for the year ended 31 December 2022 were prepared in accordance with Federal Law No. 208-FZ dated 27 October 2010 "On Consolidated Financial Statements and in accordance with International Financial Reporting Standards IAS 1 "Presentation of Financial Statements" and IFRS 10 "Consolidated Financial Statements":

- Consolidated statement of profit or loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information
- Independent auditor's report

The consolidated financial statements include through consolidation two subsidiaries with 100% share of Rosseti Kuban in their authorised capital: Energoservice Kuban, JSC, Energetik Health Resort, JSC.

Auditor's details

Rosseti PJSC, on behalf of the Company, held a tender in electronic form for the right to contract for services related to the mandatory annual audit of RAS statements and audit of IFRS statements of Rosseti subsidiaries and affiliates for 2023. Following the tender, it was decided to conclude the contract with the sole admitted participant — Leader of the collective participant — "Center for Audit Technologies and Solutions — Audit Services" Limited Liability Company" (INN 7709383532), Legal address: 77 Sadovnicheskaya Nab., bld. 1, Moscow, Russian Federation, 115035, Member of the collective participant — Crowe Audex, LLC (INN 1655301258), Legal address: 8 Safyan St., Kazan, room 24, Republic of Tatarstan, Russian Federation, 420021 (Minutes of the Summary Tender Committee meeting No. 3/58r dated 24 April 2023).

The leader of the collective participant — TsATR — audit services, LLC, member of the collective participant — Crowe Audits, LLC is a member of Self-Regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS) included in the master copy of the register of auditors and audit organisations of SRO AAS under the main registration number 12006020327. The Auditor was approved by the resolution of the annual General Meeting of Shareholders of Rosseti Kuban, PJSC (Minutes No. 50 dated 21 June 2023).

Full name of the audit firm:
Limited Liability Company Audit Technology and Solutions Centre — Audit Services.

Abbreviated name of the audit firm:
TsATR — Audit Services, LLC.

Location and postal address:
77 Sadovnicheskaya Nab., bld. 1,
Moscow, 115035, Russia.

Tel./fax: +7 (495) 755-97-00.

Website: b1.ru.

The cost of services rendered by the Company's auditor — TsATR — Audit Services, LLC in 2023 for the audit of the Company's RAS accounting (financial) statements and the audit of the Company's IFRS consolidated financial statements totalled RUB 5,111,625.00, including VAT (20%). There are no deferred and overdue payments for services rendered by the auditor.

During 2023, TsATR — Audit Services, LLC did not provide any services to Rosseti Kuban, PJSC that were not related to audit activities.