

APPENDIX NO. 4

Appendix 4
to Appendix 1 "Accounting (financial) statements: composition and approaches to disclosure"
to the Provision

FOR REFERENCE, prior to the application of FSBU 4/2023 "Accounting (financial) statements" (2024 Annual Reporting)

**TEMPLATE FOR COMPILING
CORPORATE ANNUAL ACCOUNTING (FINANCIAL) STATEMENTS REPORTING ON RAS**

Balance Sheet
as of December 31 2024

		Form as per OKUD		Codes	
		Date (day, month, year)		0710001	
Organization	"Rosseti Kuban" PJSC	as per OKPO	31 12 2024	12.1	39,896,608
Taxpayer identification number		as per INN	00104604	12.1	39,896,608
Type of economic activity	transmission of electricity and technological connection to distribution networks	as per OKVED 2	2309001660	12.1	36,330,046
Organizational and legal form/form of ownership			35.12	12.1	incl. Capital (before registration of changes)
Public joint stock company / private property		as per OKOPF/OKFS	12247 16	13101	-
Unit of measurement: thousand rubles		as per OKEI	384	1320	(48,630)

Location (address) 2A Stavropolskaya St., Krasnodar, 350033

Accounting statements are subject to mandatory audit YES NO

Name of the audit organization/last name, first name, patronymic (if any)

of the individual auditor Limited Liability Company

Center for Audit Technologies and Solutions - Audit Services

		INN	7709383532	
		OGRN/ OGRNIP	1027739707203	

Explanations	Index name	Code	As of December 31 2024	As of December 31 2023	As of December 31 2022
ASSET					
I. FIXED ASSETS					
1.1	Intangible assets	1110	499,601	41,199	52,643
1.2	Research and development results	1120	6,604	55,535	52,214
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
2.1-4.1	Property, plant and equipment	1150	100,956,044	87,123,570	78,118,655
	Profitable investments in material values	1160	-	-	-
9.1-9.5	Financial investments	1170	45,687	45,687	45,688
17.3	Deferred tax assets	1180	2,203,442	1,953,747	2,200,526
6	Other fixed assets	1190	89,979	380,064	154,746
	TOTAL Section I	1100	103,801,357	89,599,802	80,624,472
II. CURRENT ASSETS					
7	Inventories	1210	3,631,306	3,691,806	1,923,736
	Value added tax on acquired valuables	1220	646	3,103	1,433
11	Accounts Receivable	1230	6,945,474	6,443,929	7,626,134
	Financial investments (excluding cash equivalents)	1240	-	-	-
10	Cash and cash equivalents	1250	17,091,080	12,972,380	4,118,182
8	Other current assets	1260	4,038,459	3,669,436	1,573,337
	TOTAL Section II	1200	31,706,965	26,780,654	15,242,822
	BALANCE	1600	135,508,322	116,380,456	95,867,294

Explanations	Index name	Code	As of December 31 2024	As of December 31 2023	As of December 31 2022
LIABILITY					
III. CAPITAL AND RESERVES					
12.1	Authorized capital (joint capital, authorized fund, contributions of partners)	1310	39,896,608	39,896,608	36,330,046
12.1	incl. Capital (before registration of changes)	13101	-	6,430,824	2,864,262
	Own shares repurchased from shareholders	1320	(48,630)	(-)	(-)
	Revaluation of capital assets	1340	-	-	-
12.3	Additional capital (without revaluation)	1350	6,481,916	6,481,916	6,481,916
12.2	Reserve capital	1360	1,080,362	772,036	509,812
	Retained profit (uncovered loss)	1370	15,660,768	7,069,866	1,931,825
	TOTAL Section III	1300	63,071,024	54,220,426	45,253,599
IV. LONG-TERM LIABILITIES					
13.1-13.4	Borrowed funds	1410	9,466,172	15,880,000	16,931,543
17.3	Deferred tax liabilities	1420	6,207,279	4,212,557	3,746,979
15	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	10,115,633	13,746,293	4,070,948
	Total for Section IV	1400	25,789,084	33,838,850	24,749,470
V. SHORT-TERM LIABILITIES					
13.1-13.4	Borrowed funds	1510	15,072,940	4,308,840	3,990,281
14.1-14.2	Payables	1520	28,519,781	20,674,214	18,898,158
	Prepaid income	1530	950,401	729,944	549,634
15	Estimated liabilities	1540	1,737,348	2,323,469	2,358,399
	Other liabilities	1550	367,744	284,713	67,753
	Total Section V	1500	46,648,214	28,321,180	25,864,225
	BALANCE	1700	135,508,322	116,380,456	95,867,294

Head K.A. Iordanidi
(signature) (printed full name)

Chief Accountant L.V. Loskutova
(signature) (printed full name)

" 17 " of March 2025

Statement of Financial Results
for January - December 20 24

		Codes	
Form as per OKUD		0710002	
Date (day, month, year)		31	12 2024
as per OKPO		00104604	
INN		2309001660	
as per			
OKVED 2		35.12	
as per OKOPF/OKFS		12247	16
Unit of measurement: thousand rubles		as per OKEI	
		384	

Explanation s tions	Index name	Code	For January - December 20 24	For January - December 20 23
18.1	Revenue	2110	88,071,553	74,557,482
18.2	Prime cost of sales	2120	(69,794,038	(62,056,731
	Gross profit (loss)	2100	18,277,515	12,500,751
	Selling expenses	2210	(-	(-
	Management expenses	2220	(69,843	(60,788
	Profit (loss) due to sales	2200	18,207,672	12,439,963
	Income from participation in other organizations	2310	7,556	3,943
18.3	Interest receivable	2320	2,573,660	438,913
18.4	Interest payable	2330	(4,158,418	(2,346,000
18.5	Other income	2340	3,245,481	2,960,395
18.5	Other expenses	2350	(4,615,667	(4,949,797
	Profit (loss) before tax income	2300	15,260,284	8,547,417
	Profit tax	2410	(4,583,633)	(2,224,392)
17.1	including current profit tax	2411	(2,830,192	(1,516,833
17.3	deferred profit tax	2412	(1,753,441)	(707,559)
17.3	Other	2460	200,920	(156,505)
	Net income (loss)	2400	10,877,571	6,166,520

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Explanation	Index name	Code	For January - December 20 24	For January - December 20 23
	Result of revaluation of fixed assets, not included in the net profit (loss) of the period	2510	-	-
	Results from other operations, not included in the net profit (loss) of the period	2520	-	-
	Tax on profit from operations, the result of which is not included in the net profit (loss) of the period		-	-
	Cumulative financial result of the period	2500	10,877,571	6,166,520
12.5	For reference Underlying profit (loss) per share, rubles	2900	27.27	16.43
12.5	Diluted profit (loss) per share, rubles	2910	27.27	16.43

Head K.A. Iordanidi
(signature) (printed full name)

Chief Accountant L.V. Loskutova
(signature) (printed full name)

" 17 " of March 20 25

Statement of Changes in Equity
for 20 24

Codes	
Form as per OKUD	0710004
Date (day, month, year)	31 12 2024
is per OKPO	00104604
INN	2309001660

Codes	
per OKVED 2	35.12
per OKOPF/OKFS	12247
as per OKEI	384

Codes	
Form as per OKUD	0710004
Date (day, month, year)	31 12 2024
is per OKPO	00104604
INN	2309001660

Form 0710004 p. 2

1. Capital flow

Codes	
Form as per OKUD	0710004
Date (day, month, year)	31 12 2024
is per OKPO	00104604
INN	2309001660

Codes	
per OKVED 2	35.12
per OKOPF/OKFS	12247
as per OKEI	384

Form 0710004 p. 2

1. Capital flow

Codes	
Form as per OKUD	0710004
Date (day, month, year)	31 12 2024
is per OKPO	00104604
INN	2309001660

Form 0710004 p. 2

1. Capital flow

Codes	
Form as per OKUD	0710004
Date (day, month, year)	31 12 2024
is per OKPO	00104604
INN	2309001660

Form 0710004 p. 2

1. Capital flow

Codes	
Form as per OKUD	0710004
Date (day, month, year)	31 12 2024
is per OKPO	00104604
INN	2309001660

Form 0710004 p. 2

1. Capital flow

Codes	
Form as per OKUD	0710004
Date (day, month, year)	31 12 2024
is per OKPO	00104604
INN	2309001660

Form 0710004 p. 2

1. Capital flow

Codes	
Form as per OKUD	0710004
Date (day, month, year)	31 12 2024
is per OKPO	00104604
INN	2309001660

Form 0710004 p. 2

1. Capital flow

Effect of One-Time Interim Period Adjustment on Transition to FSBU 14/2022 "Intangible Assets"	3300	x	x	x	x	x	x	(33,652)	(33,652)
Equity as of January 1, 2024, taking into account the one-time interim period adjustment upon transition to FSBU 14/2022 "Intangible Assets"	3301	x	x	x	x	x	x	7,036,214	54,186,774
Capital increase - total:									
including:									
net profit	3311	x	x	x	x	x	x	10,877,571	10,877,571
property revaluation	3312	x	x	x	x	x	x	-	-
income that is attributable directly to capital increases	3313	x	x	x	x	x	x	-	-
additional issue of shares	3314	6,430,824	(6,430,824)	-	-	x	x	-	-
increase in the par value of shares	3315	-	-	-	-	x	x	-	x
reorganization of a legal entity	3316	-	-	-	-	-	-	-	-
Capital decrease - total:	3320	(-)	(-)	(48,630)	(-)	(-)	(-)	(1,944,691)	(1,993,321)
including:									
loss	3321	x	x	x	x	x	x	-	-
property revaluation	3322	x	x	x	x	x	x	-	-
expenses that are attributable directly to the capital decrease	3323	x	x	x	x	x	x	-	-
decrease in the par value of shares	3324	(-)	(-)	(48,630)	(-)	(-)	(-)	-	-
decrease in the number of shares	3325	(-)	(-)	(48,630)	(-)	(-)	(-)	(48,630)	(48,630)
reorganization of a legal entity	3326	-	-	-	-	-	-	-	-
dividends	3327	x	x	x	x	x	x	-	-
Change in additional capital	3330	x	x	x	x	x	x	-	-
Change in reserve capital	3340	x	x	x	x	x	x	308,326	(308,326)
The amount of capital as of December 31, 2024 ³	3300	39,896,606	-	(48,630)	6,481,916	1,080,302	15,660,768	63,071,024	63,071,024

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

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Index name		Code	As of December 31		Change in capital over 2023 ²		As of December 31 2023 ²
			2022 ¹	from net profit (loss)	due to other factors		
Capital - total							
before adjustments		3400	45,253,599	6,166,520	2,800,307	54,220,426	
adjustment due to:		3410	-	-	-	-	
change in accounting policy		3420	-	-	-	-	
error correction		3500	45,253,599	6,166,520	2,800,307	54,220,426	
including:							
retained profit (uncovered loss)							
before adjustments		3401	1,931,825	6,166,520	(1,028,479)	7,069,866	
adjustment due to:		3411	-	-	-	-	
change in accounting policy		3421	-	-	-	-	
error correction		3501	1,931,825	6,166,520	(1,028,479)	7,069,866	
other capital items subject to							
(by items)							
before adjustments		3402	43,321,774	-	3,828,786	47,150,560	
adjustment due to:		3412	-	-	-	-	
change in accounting policy		3422	-	-	-	-	
error correction		3502	43,321,774	-	3,828,786	47,150,560	
after adjustments							

3. Net assets

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Index name		Code	As of December 31		As of December 31 2023
			2024	2023	
Net assets		3600	64,021,425	54,950,370	45,803,233

Head _____

K.A. lordanidi

(printed full name)

Chief Accountant _____

(signature)

L.V. Loskutova

(printed full name)

Statement of Cash Flows
for January - December 2024

		Codes	
Form as per OKUD		0710005	
Organization Rosseti Kuban PJSC		31	12 2024
Taxpayer identification number		as per OKPO	
Type of economic activity		INN 00104604	
Organizational and legal form/form of ownership		2309001660	
Public joint stock company / private property		s per OKVED 2 35.12	
Unit of measurement: thousand rubles		rding to OKOPF/OKFS 12247 16	
		as per OKEI 384	

Index name	Code	For 2024	For 2023
Cash flows from current operations			
Proceeds - total	4110	84,023,388	74,538,586
including:			
from the sale of products, goods, works and services	4111	78,337,678	72,738,054
lease payments, license fees, royalties, commission and other similar payments	4112	98,497	57,500
from the resale of financial investments	4113	-	-
other proceeds	4119	5,587,213	1,743,032
Payments - total	4120	(63,336,931)	(53,750,939)
including:			
to suppliers (contractors) for raw materials, materials, works, services	4121	(43,420,018)	(36,487,890)
in connection with the remuneration of employees	4122	(7,931,987)	(7,060,757)
interest on debt obligations	4123	(3,988,601)	(2,085,946)
corporate profit tax	4124	(2,239,050)	(1,913,907)
other payments	4129	(5,757,275)	(6,202,439)
Balance of cash flows from current operations	4100	20,686,457	20,787,647

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Index name	Code	For 2024	For 2023
Cash flows from investment operations			
Proceeds - total	4210	1,063,784	1,261,047
including:			
from the sale of fixed assets (except for financial investments)	4211	9,901	649
from the sale of shares of other organizations (participation interests)	4212	-	-
from the return of borrowings 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
other proceeds	4219	1,053,883	857,227

Payments - total	4220	(19,978,518)	(15,150,218)
including:			
in connection with the acquisition, creation, modernization, reconstruction and preparation for the use of fixed assets	4221	(19,870,863)	(15,130,569)
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 borrowings to other persons	4223	(-)	(-)
interest on debt obligations included in the cost of an investment asset	4224	(96,326)	(2,980)
other payments	4229	(11,329)	(16,669)
Balance of cash flows from investment operations	4200	(18,914,734)	(13,889,171)
Cash flows from financial operations			
Proceeds - total	4310	10,119,930	12,184,626
including:			
obtaining loans and borrowings	4311	10,119,930	8,618,064
cash deposits of owners (participants)	4312	-	-
from issuance of shares, increase in participation interest	4313	-	3,566,562
from the issuance of bonds, promissory notes and other debt securities, etc.	4314	-	-
other proceeds	4319	-	-

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Index name	Code	For 2024	For 2023
Payments - total	4320	(7,772,953)	(10,228,904)
including:			
to owners (participants) in connection with the redemption of shares (participation interests) of the organization from them or their withdrawal from the membership	4321	(48,630)	(-)
for payment of dividends and other distribution payments profits in favor of the owners (participants)			
in connection with the redemption (repurchase) of promissory notes and other debt securities, repayment of loans and borrowings	4323	(5,779,854)	(9,361,511)
other payments	4329	(-)	(-)
Balance of cash flows from financial transactions	4300	2,346,977	1,955,722
Balance of cash flows for the reporting period	4400	4,118,700	8,854,198
Balance of cash and cash equivalents at the beginning of the reporting period	4450	12,972,380	4,118,182
Balance of cash and cash equivalents at the end of the reporting period	4500	17,091,080	12,972,380
The magnitude of the impact of changes in the foreign exchange rate against the ruble	4490	-	-

Head _____ **K.A. Iordanidi**
(printed full name)
Chief Accountant _____ **L.V. Loskutova**
(printed full name)

" 17 " " 21", 20 25

**NOTES TO THE BALANCE SHEET AND STATEMENT
OF FINANCIAL RESULTS
FOR 2024**

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These Notes are an integral part of the annual accounting (financial) statements of Rosseti Kuban PJSC (hereinafter referred to as the Company) for 2024, prepared in accordance with the rules for preparing accounting (financial) statements established in the Russian Federation.

I. General

Company Information

The main types of economic activity of Rosseti Kuban Public Joint Stock Company (Rosseti Kuban PJSC, hereinafter referred to as the Company) are the provision of services for the transmission and distribution of electric energy through electric networks and the provision of services for the technological connection of consumers to networks.

The main shareholder of the Company as of December 31, 2024, December 31, 2023 and December 31, 2022 is Federal Grid Company-Rosseti Public Joint Stock Company (hereinafter referred to as Rosseti PJSC or the Parent Company).

As of December 31, 2024, the share of Rosseti PJSC in the authorized capital of the Company amounted to 99.72% (as of December 31, 2023 - 99.72%, as of December 31, 2022 - 93.96%).

In pursuance of the decision of the annual General Meeting of Shareholders of the Company (minutes of June 17, 2024 No. 51), on December 13, 2024, the exchange circulation of shares of Rosseti Kuban PJSC was terminated.

As of December 31, 2024 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 Board of Directors of Rosseti Kuban PJSC was elected by the decision of the annual General Meeting of Shareholders of the Company (Minutes No. 51 dated June 17, 2024) in the amount of 11 people.

The Audit Commission of Rosseti Kuban PJSC was elected by the decision of the annual General Meeting of Shareholders of the Company (Minutes No. 51 dated June 17, 2024) in the amount of 5 people.

By the decision of the Board of Directors of Rosseti Kuban PJSC (Minutes No. 520/2023 dated June 8, 2023), the number of members of the Company's Management Board was determined to be 7 people.

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

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

The number of employees of the Company as of December 31, 2024 was 8,634 (as of December 31, 2023 – 8,881, as of December 31, 2022 – 9,106).

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.

Legal, tax and regulatory systems continue to develop and are subject to frequent changes, as well as admit the possibility of different interpretations.

Ongoing geopolitical tensions, as well as sanctions imposed by a number of countries on certain sectors of the Russian economy, Russian organizations and citizens, have led to increased economic uncertainty, including reduced liquidity and greater volatility in capital markets, volatility in the exchange rate of the Russian ruble and the key interest rate, as well as a significant decrease in the availability of debt financing sources. It is difficult to assess the long-term consequences of the imposed and possible additional sanctions, as sanctions can have a significant negative impact on the Russian economy.

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

Accounting (financial) statements are prepared in accordance with federal and industry accounting standards, the Federal Law *"On Accounting"* and other regulatory legal acts on accounting 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, accounts receivable regardless of the maturity date (except for advances issued for the acquisition of non-current assets), accounts payable, borrowed funds, lease obligations and estimated liabilities are classified as current 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

The Company reflects in the composition of intangible assets:

- results of intellectual activity (invention, industrial design, utility model, computer programs, databases);
- means of individualization, with the exception of those created by the Company itself;
- permits (licenses) for the implementation of certain types of activities;
- material carriers (things) in which the results of intellectual activity are expressed, and equivalent means of individualization, inseparable from the intangible asset;
- other objects that meet the criteria for classification as intangible assets.

When recognizing intangible assets, a maximum value of 100 thousand rubles per unit is applied, which is established by the Company taking into account the materiality of information about the objects. Expenses on the acquisition and creation of assets below the specified limit are recognized as expenses of the period in which they are incurred.

When accepting intangible assets for accounting, the Company determines their useful life. The useful life of intangible assets is checked by the Company for compliance with the conditions of use of intangible assets at the end of each reporting year and when circumstances arise indicating a possible change. Based on the results of such an audit, the Company, if necessary, makes a decision to change the corresponding depreciation elements. The resulting adjustments are reflected in accounting as changes in estimated values. Depreciation of intangible assets with a definite useful life is calculated using the straight-line method.

After recognition, intangible assets are measured at their original cost.

Intangible assets are checked for impairment and changes in the book value due to impairment are reflected in the manner established by the International Accounting Standard (IAS) 36 *"Impairment of Assets"*, introduced in the Russian Federation by Order of the Ministry of Finance of the Russian Federation dated December 28, 2015 No. 217n (see paragraph 8 of the section "Information on Accounting Policies").

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.

The costs of acquiring and creating such assets are recognized as expenses of the period in which they are 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 are also recognized as independent inventory items (elements of property, plant and equipment) for their restoration (repair, etc.), arising at certain long intervals (more than 12 months) during the service life of property, plant and equipment. Significant expenses are expenses exceeding 30% of the original cost of a homogeneous group of objects, which includes the item of property, plant and equipment being repaired.

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 initial cost of property, plant and equipment received under contracts providing for the fulfillment of obligations (payment) in non-cash funds is recognized as the fair value of the transferred property, property rights, works, services. Fair value is determined in the manner established by IFRS 13 *"Fair Value Measurement"*.

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 reflected in accounting as changes in estimated values.

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. Testing non-current assets for 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.

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.

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.

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. 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.

12. 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.

The amount of cash flows in foreign currency for presentation in the cash flow statement was converted into rubles at the official exchange rate of this foreign currency to the ruble set by the Central Bank of the Russian Federation on the date of making or receiving the payment. The difference arising in connection with the conversion of cash flows and balances of cash and their equivalents expressed in foreign currency at the rates on the dates of transactions in foreign currency and on the reporting dates is included in the line of the report "Amount of the impact of changes in the exchange rate of foreign currency in relation to the ruble".

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.

13. 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.

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.

14. 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.

The value of funds received from shareholders or participants in connection with an increase in the size of the authorized capital (prior to the registration of the relevant changes in the constituent documents) is reflected as a separate line in the "Capital and Reserves" section of the balance sheet.

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.

15. 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.

16. 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 stipulated by the legislation of the Russian Federation and (or) foreign states, providing for the termination of the creditor's claims.

The amounts of accounts payable for which the limitation period has expired are written off for each obligation based on inventory data, written justification and an order (instruction) of the head of the Company and are included in other income.

17. Estimated liabilities, contingent liabilities and contingent assets

Estimated liabilities

The Company reflects the estimated liability while complying with the recognition conditions set out in PBU 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;
- restructuring of the Company, sale or termination of any area of the Company's activities, closure of the Company's divisions or their relocation to another geographic region, etc.;
- 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.

18. Profit tax calculations

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

- in line 2412 "Deferred profit tax" in the consolidated amount of the change in deferred tax assets and deferred tax liabilities related to the results of operations included in the accounting profit (loss) of the reporting period, and written-off deferred tax assets and deferred tax liabilities due to a decrease in the probability of the Company receiving taxable profit both for the reporting period and for subsequent reporting periods;
- in line 2530 "Profit tax from operations, the result of which is not included in the net profit (loss) of the reporting period" – in the consolidated amount of the change in deferred tax assets and deferred tax liabilities not related to the results of operations included in the accounting profit (loss) of the reporting period;

The Company reflects in the balance sheet the amount of deferred tax asset and deferred tax liability, expanded as of the reporting date, as part of non-current assets and long-term liabilities, respectively.

19. Income

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

20. Expenses

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

21. Changes in accounting policy

Changes have been made to the Company's accounting policy for 2024 related to the beginning of the application of the FSBU 14/2022 standard *"Intangible Assets"* from January 1, 2024. The main provisions of the accounting policy for intangible assets are disclosed in paragraph 4 of this section.

Adjustments to the Company's accounting statements as a result of changes in accounting policy in 2024

The Company reflected the consequences of the change in accounting policy in connection with the commencement of the application of FSBU 14/2022 *"Intangible Assets"* in accordance with the transitional provisions provided for in paragraph 53 of the standard:

- without restating comparative indicators for periods preceding the reporting period.

The table below shows the impact of the changes in accounting policy in connection with the commencement of the application of FSBU 14/2022 "*Intangible Assets*", on balance sheet items at the beginning of the reporting period:

- in terms of adjustments;
- taking into account applicable changes in deferred tax liabilities.

Effect of the adjustments is also reflected in the Statement of Changes in Equity in Section 1 "Capital flow" in the lines:

- 3300, Effect of One-Time Interim Period Adjustment on Transition to FSBU 14/2022 *"Intangible Assets"*;
- 3301, "Equity as of January 1, 2024, Taking into Account One-Time Interim Period Adjustment".

Changes in accounting policy in 2025

The Company's accounting policy for 2025 has been amended due to the commencement of application of FSBU 4/2023 *"Accounting (Financial) Reporting"* from January 1, 2025, in terms of:

- the composition of accounting (financial) statements;
- the composition and content of information disclosed in the accounting (financial) statements;
- the conditions for the reliability of accounting (financial) statements;
- the approach to preparing interim accounting (financial) statements.

The interim accounting (financial) statements are prepared by the Company on a cumulative basis:

- from January 1 to March 31 of the reporting year;
- from January 1 to June 30 of the reporting year;
- from January 1 to September 30 of the reporting year.

In the interim accounting (financial) statements, the Company discloses information about significant business events that occurred during the interim reporting period, updating the information disclosed in the annual accounting (financial) statements for the year preceding the interim reporting period.

Changes were also made to the Company's accounting policy for 2025 related to the start of the application of FSBU 28/2023 *"Inventory"* from April 1, 2025 – parts of the general inventory requirements, cases of mandatory inventory.

The application of this standard will not have a direct impact on the preparation of accounting (financial) statements.

III. Disclosure of material indices

1. Intangible assets

1.1 Availability and movement of intangible assets

Index name	Period	Effect of One-Time Interim Period Adjustment		At the beginning of the period		Changes for the period		At the end of the period	
		Initial cost	Accumulated depreciation and impairment	Carrying value	Received	Revised	Initial value	Accumulated depreciation and impairment	Carrying value
1	2024	2 ²	3 ³	4 ⁴	5 ⁵	6 ⁶	7 ⁷	8 ⁸	9 ⁹
Intangible assets, total	2023	329,523	248	329,771	458,807	370,970	143,904	10	11
including:		–	–	–	221,504	(176,461)	45,143	14,930	(107,150)
results of intellectual activity: invention, industrial design, utility model	2024	(56)	56	–	22,072	(17,552)	4,520	–	–
	2023	–	–	–	24,479	(15,997)	8,482	–	(2,351)
results of intellectual activity: software – computer programs, databases	2024	321,717	–	321,717	417,516	(59,120)	358,306	134,616	–
	2023	–	–	–	158,438	(122,804)	35,634	14,930	(77,569)
Means of individualization: trade names, trademarks, service marks, name or place of origin of goods	2024	(192)	192	–	–	–	–	–	–
	2023	–	–	–	192	(192)	–	–	–
other objects that meet the criteria for classification as intangible assets	2024	8,054	–	8,054	19,219	(11,165)	8,054	9,288	–
	2023	–	–	–	38,395	(37,368)	1,027	–	(27,230)
							27,230	–	11,165
							(1,027)	–	(11,165)

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 Capital investments in intangible assets

Index name	Period	Effect of one-time inter-reporting period adjustment	At the beginning of the period (actual costs taking into account accumulated impairment)	Changes for the period				At the end of the period (actual costs taking into account accumulated impairment)
				Expenses for the period	Written off (retired) expenses and accumulated impairment	Accepted for accounting as intangible assets	Recognition (-) Reversal (+) of impairment	
1	2	3	4	5	6	7	8	9
Capital investments in the creation and improvement of intangible assets	2024	(3,405)	52,130	6,604	—	(52,130)	—	6,604
	2023	—	52,214	20,936	—	(17,615)	—	55,535
Capital investments for the acquisition of intangible assets	2024	45,364	45,364	152,751	—	(98,326)	—	99,789
	2023	—	7,500	—	(7,500)	—	—	—

There are no advances for capital investments in intangible assets as of December 31, 2024, December 31, 2023 and December 31, 2022.

2. Property, plant and equipment

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

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

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

Index name	Period	At the beginning of the period (-)	Change for the period			At the end of the period
			Received (-)	Retired (+)	Accrued for the period (-)	
1	2	3	4	5	6	7
Depreciation	2024	(79,817,068)	(14,312)	169,735	(5,737,512)	(85,299,157)
	2023	(74,969,865)	(4,218)	447,133	(5,290,118)	(79,817,068)
including:						
Buildings	2024	(6,477,110)	—	7,678	(260,074)	(6,729,506)
	2023	(6,238,064)	—	14,512	(252,638)	(6,477,110)
Facilities, except for power lines	2024	(3,332,342)	—	13,300	(224,852)	(3,343,894)
	2023	(3,087,324)	—	3,035	(248,053)	(3,332,342)
Electricity transmission lines and relevant devices	2024	(26,984,580)	—	47,496	(2,479,211)	(29,416,295)
	2023	(24,709,021)	—	41,524	(2,317,083)	(26,684,580)
Machines and equipment	2024	(42,981,987)	(14,312)	101,238	(2,770,650)	(45,665,711)
	2023	(40,897,227)	(4,090)	387,908	(2,468,578)	(42,981,987)
Production and household equipment, including other facilities	2024	(41,049)	—	23	(2,725)	(43,751)
	2023	(37,329)	(128)	154	(3,746)	(41,049)

2.3 Information regarding change in the cost of property, plant and equipment as a result of further construction, additional equipment, reconstruction and partial liquidation

Index name	thousand rubles			
	1	2024	2023	2022
	3	4	4	4
Increase in the cost of items of property, plant and equipment as a result of completion, additional equipment, reconstruction		4,152,898	3,114,521	2,436,601
Decrease in the value of fixed assets as a result of partial liquidation		91,792	63,719	67,551

2.4 Information on other use of property, plant and equipment

Index name	thousand rubles			
	1	December 31, 2024	December 31, 2023	December 31, 2022
	2	3	4	4
Leased-out property, plant and equipment on the balance sheet		128,106	143,356	115,551
Leased property, plant and equipment on the balance sheet		—	—	200
Leased property, plant and equipment off the balance sheet		3,402,003	3,329,069	3,316,107
Real estate items received into operation and actually used, which are in the process of state registration		3,126,050	3,054,637	3,388,838
Property, plant and equipment transferred for conservation		10,047	10,047	10,047
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 period (actual costs taking into account accumulated impairment)	Written off			Changes for the period			At the end of the period (actual costs taking into account accumulated impairment)
			Expenses for the period	Impairment	Accepted for accounting as fixed assets or increase in the cost of capital investments	(-)	Recognition of 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 including:	2024	8,418,881	22,442,754	(2,561,322)	—	(19,225,411)	—	—	9,074,902
	2023	7,125,396	15,088,544	(1,645,437)	—	(12,149,622)	—	—	8,418,881
construction in progress	2024	6,460,758	17,815,223	(196,218)	—	(17,587,489)	—	—	6,492,274
	2023	5,884,760	12,344,580	(91,023)	—	(11,677,559)	—	—	6,460,758
acquisition of fixed assets	2024	—	1,634,702	—	—	(1,634,702)	—	—	—
	2023	—	—	—	—	(471,967)	—	—	—
equipment for installation	2024	1,958,123	2,989,609	(2,365,104)	—	—	—	—	2,582,628
	2023	1,240,636	2,271,901	(1,554,414)	—	—	—	—	1,958,123
other	2024	—	3,220	—	—	(3,220)	—	—	—
	2023	—	96	—	—	(96)	—	—	—

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

Index name	Period	At the beginning of the period			Carrying value			At the end of the period for doubtful debts	Carrying value
		Accounted for under the terms of the agreement	Amount of the provision for doubtful debts	Carrying value	Accounted for under the terms of the agreement	Amount of the provision for doubtful debts	Carrying value		
1	2	3	4	5	6	7	8	2,053,318	2,053,318
Advances paid for capital construction and acquisition of property, plant and equipment	2024	1,614,412	(2,033)	1,612,379	2,055,330	(2,012)	—	—	—
	2023	465,074	(2,033)	463,041	1,614,412	(2,033)	—	—	1,612,379

4. Right-of-use assets and lease liabilities

Information on the availability and movement of rights to use assets is disclosed in the explanatory note to the table "Availability and movement of right-of-use assets".

4.1 Availability and Movement of Right-of-Use Assets

Index name	Period	At the beginning of the period			Changes for the period			At the end of the period			
		Initial cost	Accumulated depreciation and impairment	Residual value	Received	Retired	Change of agreement conditions	Accrued depreciation (including impairment)	Accumulated depreciation (including depreciation retired)	Change of agreement conditions	Recognition (-) of impairment
1	2	3	4	5	6	7	8	9	10	11	12
Right-of-use assets	2024	4427,192	(2,777,055)	1,650,137	216,838	(3,878,897)	324,129	(1,456,200)	3,829,311	—	—
	2023	4,558,105	(1,590,261)	2,967,844	191,640	(128,995)	6,442	(1,421,324)	34,530	—	—
including:											
land and buildings	2024	867,665	(522,794)	344,871	33,409	(612,124)	243,845	(275,325)	597,517	—	532,795
	2023	867,987	(265,825)	602,162	20,536	(31,220)	10,362	(265,727)	8,758	—	867,665
structures, except for power lines	2024	524,046	(347,713)	176,333	—	(511,770)	26,199	(174,905)	511,770	—	(522,794)
	2023	535,514	(178,190)	357,324	—	(11,451)	(177,269)	(177,269)	7,746	—	(54,448)
power lines and relevant devices	2024	1,958,215	(1,266,241)	691,974	63,230	(1,874,892)	12,379	(665,703)	1,887,472	—	524,046
	2023	1,920,337	(627,131)	1,293,206	58,598	(22,374)	1,654	(643,368)	4,196	—	158,932
machines and equipment	2024	1,071,029	(636,370)	434,659	120,199	(879,117)	34,945	(339,142)	861,567	—	1,266,241
	2023	1,027,947	(316,959)	710,988	112,506	(63,950)	(5,474)	(333,239)	13,828	—	691,974
production and household equipment, including other facilities	2024	6,237	(3,937)	2,300	—	(994)	6,761	(1,525)	985	—	12,004
	2023	6,320	(2,156)	4,164	—	(83)	(1,781)	(1,781)	—	—	6,237

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

4.2. Information about lease liabilities

Index name	Index code	December 31, 2024	December 31, 2023	December 31, 2022
1	2	3	4	5
Short-term lease liabilities	1520	258,106	1,533,808	1,461,754
Long-term lease liabilities	1450	508,602	252,013	1,624,891
Total lease liabilities		766,708	1,785,821	3,086,645

Interest on lease liabilities in the amount of 159,559 thousand rubles is included in the "Interest payable" indicator of line 2330 of the Statement of Financial Results for the year ended December 31, 2024 (in the amount of 248,026 thousand rubles for the year ended December 31, 2023).

Short-term lease expenses are included in expenses from ordinary activities in the amount of 91,410 thousand rubles for the year ended December 31, 2024 (in the amount of 62,492 thousand rubles for the year ended December 31, 2023).

5. Testing non-current assets for 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 Group tested property, plant and equipment for impairment as of December 31, 2024 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	As of December 31, 2024
Forecast period	Forecast cash flows for the period 2024–2028 are determined for the generating unit of Rosseti Kuban PJSC based on the management's best estimate of electricity transmission volumes, operating and capital costs, as well as tariffs approved by regulatory authorities for 2024.	Forecast cash flows for the period 2025–2029 are determined for the generating unit of Rosseti Kuban PJSC based on the management's best estimate of electricity transmission volumes, operating and capital costs, as well as tariffs approved by regulatory authorities for 2025.
Interest rate of net cash flow growth in the post-forecast period	4%	4%
Forecast of electricity transmission tariffs	Based on the tariff calculation methodology adopted by the regulatory authorities.	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).	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 (nominal discount rate determined for the purposes of the test based on the weighted average cost of capital after income tax)	11.97%	13.71%

Based on the results of the impairment test as of December 31, 2024 and December 31, 2023, no impairment was identified for recognition.

6. Other fixed assets

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

Index name	December 31, 2024	December 31, 2023	December 31, 2022
1	2	3	4
Software and licenses	—	289,354	103,997
Other	89,979	90,710	50,749
Total other fixed assets	89,979	380,064	154,746

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".

Advances to suppliers of materials as of December 31, 2024 amounted to 21,332 thousand rubles (as of December 31, 2023 - 19,853 thousand rubles, as of December 31, 2022 - 20,623 thousand rubles)

The Company does not have reserves in respect of which there are restrictions on property rights.

Index name	Period	At the beginning of the period		Changes for the period			Impairment losses	Turnover of inventories between groups (types) thereof	At the end of the period	Amount of provision for impairment
		Prime cost	Amount of provision for impairment	Proceeds and costs	Prime cost	Retired				
1	2	3	4	5	6	7	8	9	10	11
Inventories, total	2024	3,741,945	4,195,746	4,290,871	47,974	(13,349)	3,646,820	x	3,741,945	(50,139)
	2023	1,975,327	(51,591)	6,612,767	(4,846,149)	3,766	(2,314)	x	3,620,502	(2,601)
Raw and other materials	2024	3,735,900	(50,139)	4,169,428	(4,284,826)	47,974	(436)	—	3,735,900	(50,139)
	2023	1,975,327	(51,591)	6,606,722	(4,846,149)	3,766	(2,314)	—	2,517	—
Work in process	2024	6,045	—	2,517	(6,045)	—	—	—	6,045	—
	2023	—	—	—	—	—	—	—	23,801	(12,913)
Other inventories and expenses	2024	—	—	23,801	—	—	—	—	—	—
	2023	—	—	—	—	—	—	—	—	—

8. Other current assets

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

Index name	1	thousand rubles	
		2	3
Other current assets, including	4,038,459	3,669,436	1,573,337
VAT on advances received	3,656,496	3,233,363	1,369,300
VAT on advances paid for the acquisition of items of fixed assets	336,501	262,503	77,155
Future expenses	—	124,442	77,953
Other	45,462	49,128	48,929

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 period		Changes for the period				At the end of the period	
		Initial cost	Revaluation, reserve	Received	Initial cost retired	Revaluation, reserve retired	Revaluation, reserve	Initial cost	Revaluation, reserve
1	2	3	4	5	6	7	8	9	10
Long-term financial investments, total	2024	45,687	—	—	—	—	—	45,687	—
	2023	45,690	(2)	—	(3)	2	—	45,687	—
including:									
Contributions to other organizations (traded at the formal securities market)	2024	—	—	—	—	—	—	—	—
	2023	3	(2)	—	(3)	2	—	—	—
Contributions to other organizations (not traded at the formal securities market)	2024	—	—	—	—	—	—	—	—
	2023	—	—	—	—	—	—	—	—
Deposits	2024	—	—	—	—	—	—	—	—
	2023	—	—	—	—	—	—	—	—
Contributions to subsidiaries	2024	45,687	—	—	—	—	—	45,687	—
	2023	45,687	—	—	—	—	—	45,687	—
Bond loans	2024	—	—	—	—	—	—	—	—
	2023	—	—	—	—	—	—	—	—
Contributions to dependent companies	2024	—	—	—	—	—	—	—	—
	2023	—	—	—	—	—	—	—	—

9.2 Information on the initial and carrying value of financial investments

Name of the group of financial investments		December 31, 2024		December 31, 2023		December 31, 2022	
		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	45,687	45,687	45,690	45,688
	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 carrying value of financial investments by type

Index name		December 31, 2024		December 31, 2023		December 31, 2022	
1	2	3	4	5	6	7	8
Long-term financial investments, total	45,687	45,687	45,688				
including:							
Contributions to subsidiaries	45,687	45,687	45,687				
Contributions to dependent companies	–	–	–				
Contributions to other organizations	–	–	–				
Deposits	–	–	1				
Bond loans	–	–	–				
Borrowings granted	–	–	–				
Short-term financial investments, total	–	–	–				

9.4 Information on the provision for impairment of financial investments

Index name		December 31, 2024		December 31, 2023		December 31, 2022	
1	2	3	4	5	6	7	8
Provision for impairment of financial investments, total	–	–	2				
including:							
- on investments in the authorized capital of subsidiaries	–	–	–				
- on borrowings granted	–	–	–				
- on other financial investments	–	–	2				
Initial cost of financial investments for which provision for impairment has been created	–	–	–				

The Company does not have financial investments in respect of which there are restrictions on property rights.

10. Cash and cash equivalents

Composition of cash and cash equivalents

thousand rubles			
Index name	December 31, 2024	December 31, 2023	December 31, 2022
1	2	3	4
Cash in hand	–	–	–
Funds on current accounts	7,526,544	5,461,267	3,468,182
Funds on foreign currency accounts	–	–	–
Funds on special bank accounts	–	–	–
Transfers in transit	–	–	–
Total cash	7,526,544	5,461,267	3,468,182
Short-term bank deposits (with a placement period of up to three months)	9,564,536	7,511,113	650,000
Total cash equivalents	9,564,536	7,511,113	650,000
Total cash and cash equivalents	17,091,080	12,972,380	4,118,182

Deposit accounts are placed 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. Targeted funds in the Federal Treasury accounts as of December 31, 2024 amounted to 570,140 thousand rubles (as of December 31, 2023 - 1,912,245 thousand rubles, as of December 31, 2022 - 2,387,821 thousand rubles).

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

thousand rubles		
Index name	2024	2023
1	2	3
Other proceeds from current activities	5,587,213	1,743,032
Insurance claims receivable	646,507	188,355
Settlements on fines, penalties, and forfeits receivable	323,179	349,456
VAT	–	629,473
Interest on deposits (cash equivalents)	652,668	–
Interest on the minimum balance of funds in a bank account	1,885,352	–
Cash received in connection with the transfer and reconstruction of fixed assets	1,316,306	–
Other proceeds, including proceeds from the sale of inventory	763,201	575,748
Other payments for current activities	(5,757,275)	(6,202,439)
Payment of taxes (except VAT, income tax) and insurance premiums	(3,015,189)	(2,978,337)
Settlements on fines, penalties, and forfeits payable	(279,369)	(231,266)
VAT	(822,580)	–
Refund of advance payments under technological connection agreements	(136,075)	(509,548)
Refund of advance payments under contracts for the provision of additional services	(10,616)	(352,293)
Other payments, including social payments (financial assistance and other payments to employees)	(1,493,446)	(2,130,995)

11. Receivables

11.1 Existence of receivables

Index name	December 31, 2024	December 31, 2023	December 31, 2022	thousand rubles
1	2	3	4	
Receivables, total	6,945,474	6,443,929	7,626,134	
Long-term receivables	410,086	73,618	43,085	
Buyers and customers	310,678	707	1,241	
Other debtors:	99,408	72,911	41,844	
Settlements with notaries on public easements	61,582	47,557	22,436	
Other services	18,431	12,317	8,016	
Easement payment	15,422	8,974	5,829	
Settlements on non-contractual electricity consumption	2,879	2,737	4,185	
Other debtors	1,094	1,326	1,378	
Short-term receivables	6,535,388	6,370,311	7,583,049	
Buyers and customers	5,538,267	4,968,641	6,198,385	
Advances paid	192,956	162,244	78,313	
Other debtors:	804,165	1,239,426	1,306,351	
Settlements with the national budget on taxes and insurance premiums	323,356	1,057,002	717,191	
Settlements on interest (receivable)	64,339	31,820	267	
Settlements on non-contractual electricity consumption	39,089	31,174	37,442	
Settlements on claims, fines, penalties and forfeits	109,448	27,156	80,459	
Legal expense settlements	98,540	4,552	21,640	
Other debtors	169,393	87,722	449,352	

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

Index name	Period	At the beginning of the period	Accrued	Recovered	Used	At the end of the period	thousand rubles
1	2	3	4	5	6	7	
Provision for doubtful receivables	2024	2,782,619	475,619	(314,996)	(650,807)	2,292,435	
	2023	2,572,900	1,059,221	(813,999)	(35,503)	2,782,619	

11.3 Write-off of receivables

Index name	December 31, 2024	December 31, 2023	December 31, 2022	thousand rubles
1	2	3	4	
The amount of debt owed by insolvent debtors written off the balance sheet	199,330	183,165	452,081	

11.4 Overdue accounts receivable

Index name	December 31, 2024		December 31, 2023		December 31, 2022				
	Under the terms of the contract	Provision for doubtful debts	Carrying value	Under the terms of the contract	Provision for doubtful debts	Carrying value			
1	2	3	4	5	6	7	8	9	10
Total overdue accounts receivable, including:									
Buyers and customers	2,947,851	2,222,822	725,029	3,319,162	2,567,869	751,293	2,876,165	2,198,868	677,297
Advances paid	1,707,425	1,175,025	53,400	2,144,427	1,484,828	659,599	1,939,975	1,417,003	522,972
Other debtors	26,668	2,198	24,470	23,116	2,253	20,863	25,677	2,373	23,304
	1,213,758	1,045,599	1,151,619	1,080,788	70,831	910,513	779,492	131,021	

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 issued ordinary registered uncertified shares with a nominal value of 100 (one hundred) rubles 00 kopecks each in the amount of 398,966,076 pieces for a total of 39,896,608 thousand rubles.

Owners of ordinary shares have the right to vote on all issues on the agenda at the General Meetings of Shareholders of the Company, the right to receive dividends, in the manner determined by the legislation of the Russian Federation and the Charter of the Company, as well as other rights provided for by the Charter and the legislation of the Russian Federation.

In February 2021, the General Meeting of Shareholders of Rosseti Kuban PJSC decided to increase the authorized capital of the Company by placing additional ordinary shares in the amount of 69,583,132 pieces with a nominal value of 100 rubles, the total amount was 6,958,313,200 rubles (minutes of February 26, 2021 No. 44).

In April 2021, the Bank of Russia carried out state registration of this additional issue and registration of the prospectus of securities of Rosseti Kuban PJSC. The initial period for the placement of additional shares was one year from the date of state registration of the additional issue. On May 25, 2023, the Bank of Russia registered the prospectus of the Company's securities, which provides for an extension of the period for the placement of additional shares until April 1, 2024 by extending the period for collecting offers until March 1, 2024.

In the period from April 10, 2021 to February 3, 2022, shareholders exercised their preemptive right to purchase additional shares. On March 1, 2024, the deadline for accepting offers to purchase shares of the additional issue registered by the Bank of Russia on April 1, 2021 under registration number 1-02-00063-A ended.

On April 1, 2024, the placement of shares of the additional issue was completed. Payment for additional shares was made in cash in the amount of 6,430,824 thousand rubles for 64,308,239 shares.

On May 17, 2024, state registration of amendments to the charter of Rosseti Kuban PJSC was carried out in terms of increasing the authorized capital by the volume of additional shares placed.

Obligation to buy back own shares from shareholders

On June 17, 2024, the annual General Meeting of Shareholders decided to apply to the court with an application for delisting of shares of Rosseti Kuban PJSC. The number of shares, the owners of which had the right to demand a buyback, amounted to 1,116,973 shares. The repurchase price of one ordinary share of Rosseti Kuban PJSC at the request of shareholders was determined by the decision of the Board of Directors of the Company (minutes dated April 27, 2024 No. 555/2024) in the amount of 393.80 rubles.

123,488 shares of the Company were put up for repurchase. In fact, for 123,488 shares of Rosseti Kuban PJSC, shareholders were paid 48,630 thousand rubles.

On August 23, 2024, 123,488 shares of the Company were credited to the treasury account of Rosseti Kuban PJSC in the register of registered securities holders.

12.2 Reserve capital

According to the decision of the General Meeting of Shareholders, based on the results of the Company's work for 2023, the Company's net profit in the amount of 308,326 thousand rubles was assigned to the formation of a reserve fund. As of December 31, 2024, the value of the reserve fund amounted to 1,080,362 thousand rubles.

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.

Index name	December 31, 2024	December 31, 2023	December 31, 2022
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

12.3 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 14, 2024, it was decided to pay dividends on ordinary shares of the Company based on the financial and economic activities of Rosseti Kuban PJSC for 2023 in the amount of 1,944,691 thousand rubles (minutes of the Annual General Meeting of Shareholders dated June 17, 2024, No. 51). The amount of dividends was 4.874327 rubles per ordinary share of the Company.

12.4 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	2024	2023
1	2	3
Underlying profit for the reporting year, thousand rubles	10,877,571	6,166,520
Weighted average number of ordinary shares outstanding during the reporting year, thousand pieces	398,918	375,351
Underlying profit per share, rubles	27.27	16.43

13 Loans and borrowings

13.1 Information on the movement of borrowed funds

Index name	Long-term		Short-term		thousand rubles
	2024	2023	2024	2023	
1	2	3	4	5	
Balance of debt on borrowed funds at the beginning of the period	15,880,000	16,931,543	4,308,840	3,990,281	
Borrowed funds received in the reporting period (including overdraft)	9,652,605	8,618,064	467,325	–	
As a result of the transfer of long-term debt to short-term debt	(14,566,432)	(4,279,853)	14,566,432	4,279,853	
As a result of the transfer of short-term debt to long-term debt	–	–	–	–	
Accrued interest (including overdraft)	–	–	4,095,123	2,096,399	
Repaid in part of the principal amount of the debt (including overdraft)	(1,500,001)	(5,389,754)	(4,279,853)	(3,971,758)	
Repaid in terms of interest accrued (including overdraft)	–	–	(4,084,927)	(2,085,935)	
Balance of debt on borrowed funds at the end of the period	9,466,172	15,880,000	15,072,940	4,308,840	

13.2 Information on borrowed funds types

Index name	Long-term		Short-term		thousand rubles
	2024	2023	2024	2023	
1	2	3	4	5	
Loans and borrowings secured	–	–	–	–	
Loans and borrowings unsecured	9,466,172	15,880,000	15,033,757	4,279,853	
Bond loans secured	–	–	–	–	
Bond loans unsecured	–	–	–	–	
Interest payable	–	–	39,183	28,987	

As of December 31, 2024, the amount of the free limit on open but unused credit lines of the Company amounted to 80,862,571 thousand rubles (as of December 31, 2023 - 77,202,647 thousand rubles).

As of December 31, 2024, there are no active overdraft agreements (as of December 31, 2023 – 1,500,000 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.

13.3 Interest on borrowed funds

Index name	2024		2023		thousand rubles
	2024	2023	2024	2023	
1	2	3	4	5	
Interest included in the cost of investment assets on borrowed funds related to the acquisition, construction or manufacture of investment assets	96,326	2,980	–	–	
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	3,998,797	2,093,419	–	–	
Total interest accrued on borrowed funds	4,095,123	2,096,399	–	–	

13.4 Information on maturity dates of borrowed funds

thousand rubles

Index name	Remaining debt on borrowed funds	Including by 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	
Loans and borrowings secured	–	–	–	–	–	–	–
Loans and borrowings unsecured	24,499,929	15,033,757	3,974,455	5,491,717	–	–	–
Bond loans secured	–	–	–	–	–	–	–
Bond loans unsecured	–	–	–	–	–	–	–
Interest payable	39,183	39,183	–	–	–	–	–
Total as of December 31, 2024	24,539,112	15,072,940	3,974,455	5,491,717	–	–	–

Index name	Remaining debt on borrowed funds	Including by 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	
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	–	–	–

14 Payables

14.1 Availability of accounts payable

thousand rubles

Index name	December 31, 2024			December 31, 2023			December 31, 2022		
	1	2	3	4	5	6	7		
Payables, total		38,635,414		34,420,507		22,969,106			
Other liabilities (long-term payables)		10,115,633		13,746,293		4,070,948			
Suppliers and contractors		1,205,924		1,591,150		88,663			
Advances received		8,401,107		11,903,130		2,357,394			
Settlement of lease liabilities		508,602		252,013		1,624,891			
Short-term payables		28,519,781		20,674,214		18,898,158			
Suppliers and contractors		10,708,906		8,536,680		9,342,262			
Payables to employees		405,255		345,757		341,987			
Settlements with the national budget on taxes and insurance premiums:		646,369		1,499,965		1,168,754			
Property tax debt		155,550		158,906		155,389			
Insurance premiums debt		261,295		348,985		459,368			
Value added tax debt		177,812		942,069		465,644			
Debt on other taxes and fees		51,712		50,005		88,353			

Index name	December 31, 2024	December 31, 2023	December 31, 2022
1	2	3	4
Advances received	13,175,484	7,217,311	5,331,457
For technological connection	12,871,941	7,056,087	4,327,315
For electricity transmission services	14,240	15,845	47,358
Other advances	289,303	145,379	956,784
Other creditors:	3,323,535	1,539,235	1,150,266
Settlements under cost compensation agreements	2,920,915	1,206,505	828,437
Settlements under property lease agreements	178,436	175,709	157,112
Settlements on security payments	107,603	14,418	36,799
Other creditors:	116,581	142,602	127,918
Debt to participants (founders) for the payment of income	2,126	1,458	101,678
Settlement of lease liabilities	258,106	1,533,808	1,461,754

14.2 Overdue accounts payable

Index name	December 31, 2024	December 31, 2023	December 31, 2022
1	2	3	4
Total overdue accounts payable, including:	4,454,461	5,757,881	5,684,265
Suppliers and contractors	3,532,515	4,873,359	5,034,180
Advances received	753,711	798,790	427,795
Other creditors:	168,235	85,732	222,290

15. Estimated liabilities

The Company reflects the estimated liability while complying with the recognition conditions set out in PBU 8/2010 "Estimated liabilities, Contingent Liabilities and Contingent Assets".

Index name	Period	Balance at the beginning of the period	Accrued	Used	Recovered	Balance at the end of the period
1	2	3	4	5	6	7
Estimated liabilities, total	2024	2 323 469	1,819,477	(2,132,630)	(272,968)	1,737,348
	2023	2 358 399	1 711 509	(1,293,056)	(453,383)	2 323 469
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	2024	320,236	166,269	(51,961)	(43,721)	390,823
	2023	319,620	202,010	(83,843)	(117,551)	320,236
Estimated liabilities for vacation payment	2024	406,374	800,963	(744,434)	–	462,903
	2023	370,778	686,807	(651,211)	–	406,374
Estimated liability on payment of benefits (bonuses) to employees based on the results of work for the year;	2024	586,653	417,719	(539,382)	–	464,990
	2023	551,772	306,979	(271,758)	(340)	586,653
Estimated liability on excess profit tax	2024	200,065	–	(198,865)	(1,200)	–
	2023	–	200,065	–	–	200,065
Other estimated liabilities	2024	810,141	434,526	(597,988)	(228,047)	418,632
	2023	1,116,229	315,648	(286,244)	(335,492)	810,141

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.

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 management's assessment, the probability of an unfavorable outcome for the Company and the corresponding outflow of financial resources is low in relation to lawsuits in the amount of 1,230,971 thousand rubles as of December 31, 2024.

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

Index name	thousand rubles			
	2024		2023	
	Difference	Tax effect	Difference	Tax effect
1	2	3	4	5
Provisional expense for income tax	3,052,057		1,709,483	
Permanent tax expenses (PTE)				
For expenses not taken into account for tax purposes (expenses exceeding the established limits for classification as accepted for tax purposes, etc.)	–	–	–	–
For other grounds	3,515,771	703,154	2,649,725	529,945
including:				
Expenses for previous years	1,148,014	229,603	119,651	23,930
Financial assistance and compensation	409,058	81,811	366,933	73,387
Remuneration, bonuses, contributions to mandatory social insurance	276,429	55,286	348,394	69,679
Other	1,682,270	336,454	1,814,747	362,949
Total PTE	3,515,771	703,154	2,649,725	529,945
Permanent tax income (PTI)				
For income not accounted for tax purposes	–	–	–	–
For other grounds	(462,494)	(92,499)	(75,182)	(15,036)
including:				
For income of previous periods	(454,582)	(90,917)	(42,305)	(8,461)
For income from participation in other organizations (dividends)	(7,556)	(1,511)	(3,943)	(789)
For court costs and administrative fines	–	–	(28,857)	(5,771)
Other	(356)	(71)	(77)	(15)
Total PTI	(462,494)	(92,499)	(75,182)	(15,036)
Deferred tax assets (DTA)				
DTA accrual	2,522,341	504,468	2,049,715	409,943
On property, plant and equipment, including differences in the amounts of depreciation of property, plant and equipment in accounting and tax accounting	230,591	46,118	236,779	47,356
On estimated liabilities	299,574	59,915	412,061	82,412
On provisions for doubtful debts	402,020	80,404	724,279	144,856
For other grounds	1,590,156	318,031	676,596	135,319
including:				
On lease liabilities	789,964	157,993	213,705	42,741
Other	800,192	160,038	462,891	92,578
Payment of DTA	(3,274,730)	(654,946)	(3,118,069)	(623,614)
Differences in depreciation amounts of property, plant and equipment in accounting and tax accounting	(115,260)	(23,052)	(97,379)	(19,476)
On estimated liabilities	(617,285)	(123,457)	(446,991)	(89,398)
On provisions for doubtful debts	(652,385)	(130,477)	(479,055)	(95,811)
For other grounds	(1,889,800)	(377,960)	(2,094,644)	(418,929)
including:				
On lease liabilities	(1,638,650)	(327,730)	(1,620,870)	(324,174)
Other	(251,150)	(50,230)	(473,774)	(94,755)
Total DTA change for the purposes of calculating profit tax	(752,389)	(150,478)	(1,068,354)	(213,671)
Deferred tax liabilities (DTL)				
DTL accrual	(5,857,672)	(1,171,534)	(5,240,912)	(1,048,182)
On property, plant and equipment, including differences in the amounts of depreciation of property, plant and equipment in accounting and tax accounting	(5,418,186)	(1,083,637)	(5,052,099)	(1,010,420)
On the expenditure of paying interest on loans used for the acquisition (construction) of property, plant and equipment	(96,326)	(19,265)	(2,980)	(596)
For other grounds	(343,160)	(68,632)	(185,833)	(37,166)
including:				
Interest on lease liabilities	(274,565)	(54,913)	(112,841)	(22,568)
Other	(68,595)	(13,719)	(72,992)	(14,598)
Repayment of DTL	2,447,460	489,492	2,771,473	554,294
On property, plant and equipment, including differences in the amounts of depreciation of property, plant and equipment in accounting and tax accounting	2,234,490	446,898	2,145,454	429,091
On the expenditure of paying interest on loans used for the acquisition (construction) of property, plant and equipment	20,830	4,166	3,777	755
For other grounds	192,140	38,428	622,242	124,448
including:				
Interest on lease liabilities	105,627	21,125	308,705	61,741
Other	86,513	17,303	313,537	62,707

Index name	2024		2023	
	Difference	Tax effect	Difference	Tax effect
1	2	3	4	5
Total DTL change for the purposes of calculating profit tax	(3,410,212)	(682,042)	(2,469,439)	(493,888)
Taxable profit			14,150,960	7,584,167
Use of tax losses from previous years			–	–
Taxable profit after using tax losses of previous years			14,150,960	7,584,167
Current profit tax	(2,830,192)	(1,516,833)		

17.2 Applicable profit tax rates

On July 12, 2024, Federal Law No. 176-FZ "On Amendments to Parts One and Two of the Tax Code of the Russian Federation, Certain Legislative Acts of the Russian Federation and Recognition of Certain Provisions of Legislative Acts of the Russian Federation as Invalid" was adopted, providing for an increase in the income tax rate from 20% to 25% from January 1, 2025.

In connection with the adoption of the said law, the following is reflected in these accounting (financial) statements:

- an increase in deferred tax assets by 420,352 thousand rubles and an increase in deferred tax liabilities by 1,241,456 thousand rubles;
- recognition of an additional deferred tax expense related to the recalculation of deferred tax assets and liabilities at new rates that will be effective in the periods of reimbursement of such assets and liabilities after January 1, 2025, in the amount of 821,104 thousand rubles (line 2412 "Deferred income tax" of the Statement of Financial Results).

This change in law does not affect current income tax rates for 2024.

The income tax rates applicable to the Company were 20% in 2024 and 20% in 2023.

17.3 Deferred tax change

Index name	2024	2023
1	2	3
Deferred tax assets		
At the beginning of the reporting year (line 1180 of the balance sheet)	2,036,507	2,200,526
Accrued in the reporting year on operations, the result of which is included in the net profit (loss) of the period (line 2412 of the Statement of Financial Results)	504,468	409,943
Accrued in the reporting year on operations the result of which is not included in the net profit (loss) of the period (line 2530 of the Statement of Financial Results)	–	–
Repaid in the reporting year (line 2412 of the Statement of Financial Results)	(654,946)	(623,614)
Written off in the reporting year (including due to a decrease in the likelihood of the Company receiving taxable profit in subsequent reporting periods)	(102,939)	(33,108)
A deferred tax asset previously written off due to the absence of a recoverable profit and loss account has been recovered (line 2412 of the Statement of Financial Results)	–	–
The amount of accrued deferred tax assets as a result of an increase in the income tax rate from the next reporting year (line 2412 of the Statement of Financial Results)	420,352	–
At the end of the reporting year (line 1180 of the balance sheet)	2,203,442	1,953,747
Deferred tax liabilities		
At the beginning of the reporting year (line 1420 of the balance sheet)	4,286,903	3,746,979
Accrued in the reporting year on operations, the result of which is included in the net profit (loss) of the period (line 2412 of the Statement of Financial Results)	1,171,534	1,048,182
Accrued in the reporting year on operations the result of which is not included in the net profit (loss) of the period (line 2530 of the Statement of Financial Results)	–	–
Repaid in the reporting year (line 2412 of the Statement of Financial Results)	(489,492)	(554,294)
Written off in the reporting year	(3,122)	(28,310)
The amount of accrued deferred tax liabilities as a result of an increase in the income tax rate from the next reporting year (line 2412 of the Statement of Financial Results)	1,241,456	–
At the end of the reporting year (line 1420 of the balance sheet)	6,207,279	4,212,557

17.4 Other Taxes and Levies

Index name	2024	2023
1	2	3
Other Taxes and Levies		
property tax	635,554	588,463
personal income tax	1,109,887	971,494
other	14,355	112,064

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:

Index name	2024	2023
1	2	3
Revenue (net) from the sale of goods, products, works, services (less value added tax)		
electricity transmission services	80,126,368	71,207,120
technological connection services	6,661,902	2,437,913
rental income	630,663	199,485
other activities	652,620	712,964

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:

Index name	2024	2023
1	2	3
Prime cost of goods, products, works, and services sold		
electricity transmission services	67,602,677	60,497,075
technological connection services	988,581	720,031
rental income	588,710	169,545
other activities	614,070	670,080
Management expenses	69,843	60,788

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

Index name	2024	2023
1	2	3
Material costs		
Labor costs	16,023,259	13,561,307
Compulsory insurance premiums, insurance against accidents and fire protection	7,432,802	6,570,925
Depreciation	2,197,020	1,954,721
Depreciation of the right-of-use asset	5,815,252	5,259,304
Other costs	1,453,763	1,421,324
Total by elements	69,794,038	62,056,731
Change in balances (increase [–], decrease [+]): work in progress, finished products, etc.	–	–
Total expenses for ordinary activities	69,794,038	62,056,731

18.3 Interest receivable

Index name	thousand rubles	
	2024	2023
1	2	3
Interest on bank deposits	677,293	247,751
Interest on borrowings granted	–	–
Other interest receivable	1,896,367	191,162
Total for line "Interest receivable" of the Statement of Financial Results	2,573,660	438,913

18.4 Interest payable

Index name	thousand rubles	
	2024	2023
1	2	3
Interest on loans received	3,814,332	1 952 755
Interest on borrowings received	184,465	140,664
Interest on lease liabilities	159,559	248,026
Other interest	62	4,555
Total for line "Interest payable" of the Statement of Financial Results	4,158,418	2 346 000

18.5 Other income and expenses

Index name	2024		2023	
	Income	Expenses	Income	Expenses
1	2	3	4	5
Other income/expenses from the sale of property, plants and equipment, except apartments	–	–	3,406	–
Other income/expenses from the sale of inventories	92,987	(87,150)	35,757	(31,364)
Other income/expenses from full or partial termination of the lease agreement/modification of the lease agreement	4,761	(197)	4,769	–
Profit/loss for 2023, identified in the reporting period	217,588	(562,655)	–	–
Profit/loss for 2022, identified in the reporting period	190,203	(314,164)	163,927	(206,584)
Profit/loss for 2021, identified in the reporting period	27,418	(45,524)	44,786	(80,425)
Profit/loss till January 1, 2021, revealed in the reporting period	19,372	(225,671)	99,974	(283,620)
Penalties, fines and forfeits recognized or those, for which decisions of the court (arbitration court) on their recovery have been received	294,667	(70,350)	349,332	(133,956)
Recording of surpluses, write-off of shortages and losses identified as a result of inventory	2,149	–	2,332	–
Provision for doubtful debts	314,996	(475,621)	813,999	(1,059,221)
Provision for impairment of inventories value	61,756	(13,361)	17,147	(2,314)
Estimated liabilities	272,968	(172,636)	453,383	(216,474)
Impairment (recovery of impairment) of property, plant and equipment and right-of-use assets	–	–	–	–
Income from detected non-contractual electricity consumption	103,898	–	92,572	–
Income from gratuitously received fixed assets, which is determined in the prescribed manner	44,007	–	26,082	–
Provision for impairment of financial investments	–	–	2	(1)
Insurance claims receivable	647,932	–	228,978	–
Other operations	950,779	(2,648,338)	623,949	(2,935,838)
Total other income/expenses	3 245,481	(4,615,667)	2 960 395	(4,949,797)

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 legislation. Transactions with related parties are carried out at regulated rates or on normal commercial terms. The main form of settlements with related parties is cash.

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

Information on remuneration paid to key management personnel is presented in Section 19.5 "Remuneration of Key Management Personnel".

Information on transactions with non-state pension funds acting in the interests of the Company's employees is presented in Section 19.6 "Relationships with a Non-State Pension Fund".

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

Index name	thousand rubles	
	2024	2023
1	2	3
Electricity transmission services:	3,074	2,408
including the parent company	–	–
including subsidiaries	3,074	2,408
including other related companies	–	–
Total for electricity transmission services	3,074	2,408
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:	269,027	126,004
including the parent company	258,359	101,823
including subsidiaries	5,405	18,713
including other related companies	5,263	5,468
Total for other revenue types	269,027	126,004
TOTAL revenue from sales to related parties	272,101	128,412

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

thousand rubles		
Index name	2024	2023
1	2	3
Works and services of production nature, incl.:		
from the parent company	11,569,238	10,148,102
from subsidiaries	469,204	199,601
from other related companies	21,936	3,557
Total works and services of production nature	12,060,378	10,351,260
Communication services, including:		
from the parent company	—	—
from subsidiaries	—	—
from other related companies	41,959	38,008
Total for communication services	41,959	38,008
Information services and software, including:		
from the parent company	14,884	11,026
from subsidiaries	—	—
from other related companies	225,014	79,710
Total information services and software, including:	239,898	90,736
Consulting services, including:		
from the parent company	—	—
from subsidiaries	—	—
from other related companies	—	—
Total consulting services, including:	—	—
Property lease, including:		
from the parent company	230	219
from subsidiaries	608	167
from other related companies	—	—
Total property lease	838	386
Other services, including:		
from the parent company	36,377	36,101
from subsidiaries	34,596	46,709
from other related companies	25	8,457
Total other services	70,998	91,267
Total prime cost of purchases from related parties	12,414,071	10,571,657

19.3 Status of settlements with related parties
Accounts receivable and debt investments of related parties

thousand rubles						
Index name	December 31, 2024		December 31, 2023		December 31, 2022	
	Debt	Reserve	Debt	Reserve	Debt	Reserve
1	2	3	4	5	6	7
Receivables from buyers and customers, including:						
309,878	—	—	11,506	10,762	33,556	32,403
to parent company	308,562	—	4	—	—	—
subsidiaries	1,316	—	740	—	392	—
other related parties	—	—	10,762	10,762	33,164	32,403
Advances paid, including:	422,545	—	213,422	—	127,448	—
parent company	10,489	—	10,489	—	—	—
subsidiaries	408,371	—	190,397	—	127,448	—
other related parties	3,685	—	12,536	—	—	—

Index name	December 31, 2024		December 31, 2023		December 31, 2022	
	Debt	Reserve	Debt	Reserve	Debt	Reserve
1	2	3	4	5	6	7
Other receivables, including:	114,173	19,587	86,773	38,354	73,764	36,021
to parent company	63,859	—	32,212	—	—	—
subsidiaries	—	—	—	—	—	—
other related parties	50,314	19,587	54,561	38,354	73,764	36,021
Total receivables of related parties	846,596	19,587	311,701	49,116	234,768	68,424
Long-term loans issued, including:	—	—	—	—	—	—
to parent company	—	—	—	—	—	—
to subsidiaries	—	—	—	—	—	—
to other related parties	—	—	—	—	—	—
Short-term loans issued, including:	—	—	—	—	—	—
to parent company	—	—	—	—	—	—
to subsidiaries	—	—	—	—	—	—
to other related parties	—	—	—	—	—	—
Total amount of debt investments in related parties	—	—	—	—	—	—

Accounts payable to related parties and loans received from related parties

Index name	December 31, 2024		December 31, 2023		December 31, 2022	
	1	2	3	4	5	6
Settlements with suppliers and contractors, including:		81,298	85,053	88,663		
with the parent company	—	—	—	—	—	—
with subsidiaries	—	—	—	—	—	—
with other related parties	81,298	—	85,053	—	88,663	—
Settlements of advances received, including:		—	—	—		
with the parent company	—	—	—	—	—	—
with subsidiaries	—	—	—	—	—	—
with other related parties	—	—	—	—	—	—
Other accounts payable, including:		—	—	—		
with the parent company	—	—	—	—	—	—
with subsidiaries	—	—	—	—	—	—
with other related parties	—	—	—	—	—	—
TOTAL long-term payables to related parties	81,298	85,053	88,663			
Settlements with suppliers and contractors, including:		1,398,085	1,411,299	1,840,046		
with the parent company	1,040,120	—	1,024,885	—	—	—
with subsidiaries	323,712	—	364,885	—	683,027	—
with other related parties	34,253	—	21,529	—	1,157,019	—
Settlements of advances received, including:		5,250	36	685,922		
with the parent company	—	—	36	—	—	—
with subsidiaries	—	—	—	—	182	—
with other related parties	5,250	—	—	—	685,740	—

Index name	December 31, 2024	December 31, 2023	December 31, 2022
1	2	3	4
Other accounts payable, including:	182,793	180,532	60,455
with the parent company	14,706	17,913	19,926
with subsidiaries	6,086	4,342	20,801
with other related parties	162,001	158,277	19,728
TOTAL short-term payables to related parties	1,586,128	1,591,867	2,586,423
Long-term loans received, including:		1,868,440	1,418,169
from the parent company	–	1,418,440	1,418,169
from subsidiaries	–	–	–
from other related parties	–	450,000	–
Short-term loans received, including:	1,868,982	–	–
from the parent company	1,418,982	–	–
from subsidiaries	–	–	–
from other related parties	450,000	–	–
Total borrowings from related parties	1,868,982	1,868,440	1,418,169

19.4 Cash flows from operations with related parties

	thousand rubles	
Index name	For 2024	For 2023
1	2	3
Cash flows from current operations:		
Proceeds from the sale of products, including:	16,587	44,657
parent company	–	10,305
subsidiaries	3,226	2,604
other related parties	13,361	31,748
Proceeds from lease payments, including:	4,775	1,854
parent company	–	–
subsidiaries	4,775	1,321
other related parties	–	533
Other proceeds, including:	340,337	198,514
parent company	–	99,354
subsidiaries	268	13
other related parties	340,069	99,147
Payments to suppliers for raw materials, works, services, including:	(13,862,645)	(11,870,343)
parent company	(11,600,992)	(11,291,807)
subsidiaries	(555,987)	(325,587)
other related parties	(1,705,666)	(252,949)
Interest payments on debt obligations, including:	(183,923)	(140,393)
parent company	(98,709)	(98,709)
subsidiaries	–	–
other related parties	(85,214)	(41,684)
Other payments, transfers, including:	(186,711)	(403,065)
parent company	–	(238)
subsidiaries	(167,140)	(44,679)
other related parties	(19,571)	(358,148)
Cash flows from investment operations		
Proceeds from sale of non-current assets (except financial investments), including:	2,834	–
parent company	–	–
subsidiaries	–	–
other related parties	2,834	–
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:	–	–
parent company	–	–
subsidiaries	–	–
other related parties	–	–
Payments in connection with the acquisition, creation, modernization, reconstruction and preparation for the use of fixed assets, including:	(1,153,107)	(1,297,548)
parent company	–	–

Index name	For 2024	For 2023
1	2	3
subsidiaries	(1,126,556)	(1,095,077)
other related parties	(26,551)	(202,471)
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:		
Receipts of borrowed funds, including:	–	450,000
parent company	–	–
subsidiaries	–	–
other related parties	–	450,000
Repayment of borrowed funds, including:	–	3,566,562
parent company	–	3,566,562
subsidiaries	–	–
other related parties	–	–
For the payment of dividends and other payments for the distribution of profits in favor of the owners (participants), including:	(1,939,239)	(863,601)
parent company	(1,939,239)	(863,601)
subsidiaries	–	–
other related parties	–	–

19.5 Remuneration of Key Management Personnel

In 2024, the Company accrued remuneration to key management personnel (members of the Board of Directors, Management Board) in the amount of 20,662 thousand rubles, in addition, insurance premiums in the amount of 6,148 thousand rubles were accrued for these payments (for 2023 - 14,424 thousand rubles, in addition, insurance premiums in the amount of 3,283 thousand rubles were accrued).

Remuneration of members of the Audit Commission

In 2024, the Company accrued remuneration to members of the Audit Commission in the amount of 795 thousand rubles, in 2023 - 792 thousand rubles.

19.6 Relationships with a Non-State Pension Fund

Expenses on the Company's contributions to non-state pension funds are reflected in expenses for ordinary activities. Contributions to the Non-State Pension Fund for voluntary pension insurance of the Company's employees were not made during 2024 and 2023.

There are no balances on settlements with the Non-State Pension Fund as of December 31, 2024 and December 31, 2023.

20. 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

Index name	December 31, 2024	December 31, 2023	December 31, 2022
1	2	3	4
Received, total	3,892,199	2,629,601	1,781,328
Bank guarantees	3,784,301	2,629,601	1,781,328
Surety agreements	–	–	–
Property pledge agreement	–	–	–
Other	107,898	–	–
Issued under own obligations, total	750,165	–	–
Bank guarantees	750,165	–	–

21. Information on budget funds received

Index name	2024	2023
1	2	3
Budget funds received - total	8,414	5,188
Including:		
for financing capital expenditures	–	–
for financing current expenses	8,414	5,188

22. Segment Information

The Company's internal management reporting system is built according to segments (industries formed on a territorial basis) associated with the transmission and distribution of electrical energy, as well as technological connection to electrical networks on the territory of the constituent entities of the Russian Federation.

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

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

For the years ended December 31, 2024 and December 31, 2023, 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 Counterparty 1 for 2024 amounted to 24,955,676 thousand rubles, or 28.34% of the Company's total revenue (in 2023 - 22,014,240 thousand rubles, or 29.53%).

The total amount of revenue received from Counterparty 2 for 2024 amounted to 37,012,101 thousand rubles, or 42.03% of the Company's total revenue (in 2023 - 33,223,931 thousand rubles, or 44.56%).

Index name	Period	Electric power transmission	Grid connection	Other	Total
1	2	3	4	8	9
Revenue from external consumers	2024	80,126,368	6,661,902	1,283,283	88,071,553
	2023	71,207,120	2,437,913	912,449	74,557,482
Sales proceeds between segments	2024	–	–	–	–
	2023	–	–	–	–
Total segment revenue	2024	80,126,368	6,661,902	1,283,283	88,071,553
	2023	71,207,120	2,437,913	912,449	74,557,482
including					
- transmission revenue	2024	80,126,368	–	–	80,126,368
	2023	71,207,120	–	–	71,207,120
- revenue from technological connection	2024	–	6,661,902	–	6,661,902
	2023	–	2,437,913	–	2,437,913
- revenue from the sale of electricity	2024	–	–	–	–
	2023	–	–	–	–
- other revenue	2024	–	–	1,283,283	1,283,283
	2023	–	–	912,449	912,449
Interest receivable	2024	–	–	2,573,660	2,573,660
	2023	–	–	438,913	438,913
Interest payable	2024	4,158,418	–	–	4,158,418
	2023	2,346,000	–	–	2,346,000
Profit tax expense	2024	2,870,853	1,015,141	496,719	4,382,713
	2023	2,110,143	245,473	25,281	2,380,897
Segment profit/(loss)	2024	3,823,783	4,690,639	2,363,149	10,877,571
	2023	4,344,057	1,457,878	364,385	6,166,520
Assets of segments	2024	107,717,046	23,841,248	3,950,028	135,508,322
	2023	102,172,509	12,807,894	1,440,747	116,421,150
including non-current assets					
Segment liabilities	2024	93,644,580	8,665,614	1,491,163	103,801,357
	2023	85,252,915	3,445,066	1,066,957	89,764,938
Depreciation	2024	103,586,179	27,522,117	4,400,026	135,508,322
	2023	92,153,701	22,165,405	2,102,044	116,421,150
Amount of impairment losses recognized (recovered) in the reporting period	2024	5,324,673	442,454	85,448	5,852,575
	2023	5,070,087	175,197	63,708	5,308,992

23. Business Risk Information

The Company has a risk management and internal control system (hereinafter referred to as the RMICS), the purpose of which is to ensure the implementation and maintenance of an effective RMICS that complies with generally accepted practices and standards of activity in the field of risk management and internal control, the requirements of regulatory and supervisory authorities, facilitating the achievement of the operational goals of the financial and economic activities of the Company, as well as ensuring reasonable confidence in the achievement of the goals set by the Company and the development strategy of the Rosseti group of companies, including in terms of ensuring reliable, high-quality and affordable energy supply to consumers.

The risk management process of the Company is carried out by the Board of Directors, the authorized committee of the Board of Directors, the Audit Commission of the Company, the executive bodies of the Company, the managers and employees of all levels of the Company's management, the internal control and risk management directorate, the internal audit directorate and includes the identification and analysis of risks, risk assessment, risk response, as well as the implementation of control procedures that provide a reasonable guarantee of achieving the goals of the Company.

In order to ensure the functioning of the RMICS in the Company, the Board of Directors approved the Risk Management and Internal Control Policy, hereinafter referred to as the "Risk Management and Internal Control Policy" (minutes No. 521/2023 dated June 16, 2023). Risk Management and Internal Control Policy is an internal document of the Company that defines its attitude to risks, establishes the general principles of the functioning of the RMICS, its goals and objectives, general approaches to the organization and functioning of the RMICS, forms of assessing the effectiveness of the RMICS, the distribution of responsibility and authority between the participants of the RMICS and the nature of their interaction.

The main principles of the RMICS are:

1. risk management and internal control is a continuous, constantly functioning process carried out at all levels of the Company's management. Systematic, regular, consistent management of all types of risks is carried out in all key areas of activity;
2. the functioning of the RMICS contributes to the achievement of the goals set in the strategic and operational planning documents;
3. the RMICS is an integral part of the strategic planning and decision-making system in the Company at all levels of management;
4. the Company applies uniform approaches to the organization of the RMICS, which are in effect in the Rosseti group of companies;
5. the activities implemented within the framework of the RMICS are aimed at ensuring a sufficiently high, but not absolute guarantee of achieving the Company's goals;
6. the RMICS functions and develops taking into account changes in external and internal environmental factors;
7. the RMICS is based on the principle of efficiency (effectiveness and economy) in the implementation of risk management processes and control procedures;
8. reasonable and sufficient documentation and formalization of the main processes of risk management and internal control to ensure the effective functioning of the RMICS;

9. risk management and internal control in the Company is a dynamic and responsive process;
10. the RMICS operates on the basis of the best available information;
11. the RMICS development priorities and resource allocation within the RMICS are determined taking into account the materiality of the risks;
12. the RMICS participants are responsible for identifying, assessing, analyzing and continuously monitoring risks within their activities, developing and implementing the necessary risk management measures and tools, applying them within their competence, continuously monitoring the effectiveness of risk management measures and tools;
13. the powers and responsibilities of the RMICS participants are distributed in such a way as to minimize the risks of errors, corruption risks and other offenses;
14. risk management processes and control procedures affecting several areas of activity (business processes) or the activities of several structural divisions are based on collective decisions made jointly on the basis of information available to various structural divisions, taking into account the opinions of all stakeholders;
15. the Company ensures continuous improvement and development of the RMICS, taking into account the need to solve new problems and changes in the internal and external conditions of the Company's functioning.

The Company collects and analyzes quarterly information characterizing external and internal factors that can negatively affect the achievement of the Company's goals. To minimize the consequences of risk realization, the Company developed and executed measures aimed at preventing the occurrence of negative consequences; at the same time, there are political and economic factors affecting the activities of Rosseti Kuban PJSC, in respect of which the Company cannot guarantee that measures aimed at overcoming possible negative situations can lead to correction of the situation, since these risk factors are beyond the control of the Company.

Industry risks

Risk of increased costs for power transmission services of other grid organizations

In conditions of limited tariff growth, the regional regulator accepted significant revenue growth for individual network organizations by reducing revenue (or by maintaining the same level) from Rosseti Kuban PJSC in favor of an increase in other network organizations.

The subjective approach of the regional regulator to the distribution of the network component among network organizations in the region of presence, the non-revision of tariff decisions for individual network organizations during several periods of regulation, the inclusion of the investment component for individual network organizations, or as a result of compliance with the FAS of Russia and court decisions can lead to the realization of risk. The risk is assessed by the Company as "moderate" with an average level of consequences from implementation. In order to minimize this risk and mitigate the consequences of its implementation, the Company provides to the Department of State Regulation of Tariffs of the Krasnodar Territory - the executive authority of the Krasnodar Territory in the field of state regulation of tariffs - substantiating materials confirming the level of economically justified expenses, and also defends positions on the need for advanced growth of expenses of the Company as a systemically forming company, "boiler holder" of the Krasnodar Territory and the Republic of Adygea. There are no territorial network organizations in the region that could influence the realization of this risk.

Risk of an increase in the price of electricity purchased to compensate for losses

Free pricing in the wholesale market of electric energy (power), where the purchase of electric energy (power) is carried out in order to compensate for the technological consumption (loss) of electric energy during the transmission of electricity through networks is a factor for the realization of this risk. If the risk is realized, there may be a change in the value of net profit, the total volume of uncontrolled expenses, the debt burden. The risk is assessed by the Company as "moderate" with an average level of consequences from implementation. In order to minimize this risk and mitigate the consequences of its implementation, the shortfall in income on exceeding the weighted average non-regulated price of wholesale market for electricity and power in fact in relation to the decision adopted in the tariff and balance sheet decision is stated to the regulator in order to compensate in the future regulation period.

Country and regional risks

Risks associated with adverse weather conditions leading to technological disturbances

The actual value for achieving the reliability indicator of electricity transmission services in indicative terms did not exceed the planned values. Risk is assessed as "moderate" with an average level of impact from implementation. To identify the causes of major technological disturbances (accidents), accident investigations are organized in accordance with the requirements of the Decree of the Government of the Russian Federation dated 28.10.2009 No. 846 "On Approval of the Rules for Investigating the Causes of Accidents in the Electric Power Industry" (as amended). Based on the results of investigations, emergency response measures are being developed in order to minimize the consequences of the realization of the risk and prevent the occurrence of similar cases henceforth and cover the above factors.

Drastic changes of regional scale (environmental, political, demographic, social) are unlikely, but their emergence will certainly affect the activities of the Company. Given the sufficient level of development of the transport infrastructure of the region, the risks of termination of transport communication due to inaccessibility and remoteness are minimal.

The Company estimates that the situation in the region will have a favorable impact on its activities, and there is no reason to expect that the current changes in the situation in the region will entail non-fulfillment of the Company's obligations.

Financial Risks

Risk of increased inflation

The current inflation rate may affect the financial position of the Company. According to Rosstat, annual inflation in the Russian Federation for 2024 corresponds to the level of 9.52%, which turned out to be higher than the official forecast indicators and 2.04% higher than in 2023 (7.48%). The Central Bank published inflation expectations until the end of 2025 at the level of 7-8%, and the average annual value is up to 10%.

In order to minimize financial risks, risks associated with inflationary processes and affecting financial results, the Company implements a set of measures to effectively manage material resources, increase labor productivity, implement the Company's procurement policy in repair and other operational activities, and optimize costs through the rational use of material and labor resources. Measures are also taken to analyze financial risks, plan and evaluate the actual profitability of the work, determine profitability indicators indicating the level of profitability of the Company, normative values of financial coefficients characterizing solvency and liquidity, which makes it possible to quickly identify shortcomings in the work and take measures to eliminate them. In addition, according to the Decree of the Government of the Russian Federation of December 29, 2011 No. 1178 *"On pricing in the field of regulated prices (tariffs) in the electric power industry"*, when regulating electricity tariffs, the inflation rate (consumer price index) determined in the forecast of the socio-economic development of the Russian Federation is taken into account. Thus, the Company estimates this risk as "significant".

Risk of increasing interest rates on credits and loans

The Company attracts short-term and long-term borrowing from the Russian financial market. The increase in inflation in the Russian Federation is one of the factors for the overall increase in interest rates. A significant increase in interest rates on credits and loans may lead to an increase in the cost of servicing the Company's debt. Currently, the risk of rising interest rates on loans is estimated as "significant". In order to manage this risk, the Company optimizes the structure of the debt portfolio, reduces the cost of servicing it. In addition, the Company seeks to use credits and loans with a fixed interest rate. Proposed actions of the Company in case of negative impact of changes in interest rates on its activities: attracting loans for longer periods in order to prevent negative impact of short-term fluctuations in interest rates, diversification of sources of financing, negotiation with creditor banks, sending letters on the possibility of reducing interest rates on loans.

Legal Risks

Risk of issuing legal acts (dispute resolution) on collection of debts for power transmission services not in favor of the Company

The absence of documents confirming actual performance by the Company of obligations, services and incurred costs, including insufficient or poor quality of substantiating materials, inconsistency of actions of structural divisions may lead to negative financial consequences for the Company when performing court acts (dispute resolution) on collection of debts for power transmission services not in favor of the Company, recovery of court costs. Risk is assessed as "significant" with an average level of impact from implementation.

The Company participates in litigation, the results of which may significantly affect the Company's financial and economic activities. The Company constantly monitors the judicial practices, which allows to use this information to achieve positive court decisions in its favor.

Impossibility of timely land registration (by priority objects)

The Company's exposure to the risk of late land registration is assessed as "moderate". The risks of late registration of land relations are minimal and do not significantly affect electricity transmission activities, however, timely registration of land relations directly affects the implementation of the investment program, which directly affects the reliability of electricity supply. The Company implements interaction with regional/republican/local authorities, with land rights holders. In addition, the actions of contracting organizations performing work on the land registration are monitored. In case of changes and/or demands, deliberate creation of obstacles to the registration of property rights by the relevant authorities, inconsistency of actions of the Company's employees, the Company will take the necessary measures to complete the relevant documentation.

Strategic Risks

The Company, being part of a single distribution electric grid complex in Russia, strives to achieve the goals defined at the state level. By order of the Government of Russia dated 03.04.2013 No. 511-r, the Strategy for the Development of the Electric Grid Complex of the Russian Federation was approved. The Company is a subsidiary of Rosseti PJSC, the largest strategic electric grid company in Russia, respectively, the Company participates in the implementation of strategies and programs in the areas of activity (business processes) of Rosseti PJSC. The goal of this Strategy is to ensure reliable, high-quality and affordable energy supply to consumers by organizing the most efficient and world-standard network infrastructure. To ensure the implementation of the tasks and achievement of the goals defined in the Development Strategy of Rosseti PJSC and its subsidiaries and affiliates until 2030, as well as the tasks set for the electric grid complex at the federal level, the Long-Term Development Program of Rosseti PJSC and its subsidiaries and affiliates (Rosseti Group of Companies) until 2030 was approved. These documents define, among other things, the main risks that the Company may face in implementing the strategy. The list of these risks includes:

- reduction of revenue from electric power transmission;
- failure to adopt regulatory initiatives to improve pricing in the industry;
- implementation of large-scale projects for the construction of network infrastructure that do not provide the necessary level of return on invested capital;
- cyber attacks on network infrastructure.

Decisions on the start of implementation of a specific strategy (program) in the Company's activities are made by its Board of Directors.

The probability of realization of the Company's risk of losses as a result of errors (deficiencies) made in the management decisions determining the Company's business and development strategy is assessed as low.

Measures to prevent the occurrence of this risk are:

- elaboration of proposals and scenarios to improve the implementation of a specific strategy and programme;
- analysis of the effectiveness of implementation of the Company's specific strategy, making management decisions based on the analysis results;
- development and implementation of key performance indicators for strategy achievement, their linkage with the Company managers award;
- continuous monitoring by the Company's structural subdivisions of the ratio of the costs of implementing a specific strategy to the benefit received and submission to the Board of Directors of the Company of this information for making management decisions (including determining the quantity and quality of resources).

Operational Risks

Risk of reduction of electric power transmission services to consumers connected to regional distribution networks

The decrease in electricity consumption may be due to external factors such as macroeconomic fluctuations in energy consumption: economic crises and a decline in the production of goods, the construction by consumers of their own generation, weather anomalies, industrial accidents, man-made disasters, a pandemic and the observance of quarantine regime by both individuals and legal entities. Internal risk factors include power outage due to power interruptions. The potential impact of these factors may affect the decrease in the volume of electricity transmission services and, accordingly, changes in the Company's revenue. At the moment, the risk is assessed as "moderate" with an average level of consequences from implementation.

However, in accordance with the forecast for the energy system of the Republic of Adygea and the Krasnodar Territory, developed by Russian Power System Operator JSC as part of the "Scheme and Program for the Development of the Unified Energy System of Russia for 2021-2027", demand for electric energy and capacity will increase. The Company participates in the formation of the Scheme and Program for the Development of the Electric Power Industry of the Krasnodar Territory, on the basis of which the Company's investment program is formed, the purpose of which is to expand the potential market for services and increase the number of connected consumers. The Company monitors and predicts electric consumption by voltage levels, by which the price (tariff) for electric energy transmission services is differentiated, and by categories of consumers, as well as monitoring the physical parameters of the balance of electric energy and power, carrying out work to increase the accuracy and reliability of demand planning for electric energy and power. The current and forecast economic situation in the region and in the whole country is also monitored, preparatory work is underway for the proper functioning of energy equipment in the corresponding seasons of the year, maintenance and repair of energy facilities is carried out.

Bankruptcy and liquidation of counterparties under contracts for the provision of electricity transmission services

The economic crisis, weakening of the country's economy, declining living standards, declining payment discipline of electricity consumers, and changes in the legislative framework are the main factors leading to bankruptcy and the inability of counterparties to fulfill their obligations under contracts for the provision of electricity transmission services. This risk is assessed as "significant" with a high level of consequences from its implementation.

Possible consequences of risk implementation include: negative financial consequences for the Company: an increase in losses/bad accounts receivable by the amount of the bankrupt's outstanding debt to the Company, the Company's failure to fulfill its obligations to counterparties due to a decrease in cash flow, an increase in accounts payable and the costs of servicing it.

In order to reduce the consequences of risk realization, the Company takes measures to send timely appeals to the court for the inclusion of the Company's claims in the register of creditors, and the initiators of judicial work prepare documents confirming the actual fulfillment by the Company of obligations, services rendered and expenses incurred.

The risk of failure by counterparties to fulfill their obligations to pay for electricity transmission services within the timeframes established by the agreement/contract and/or in part

As a result of the risk of non-fulfillment by counterparties of obligations to pay for services, the Company's accounts receivable index is subject to the greatest influence in the Company's reporting due to the inability of counterparties to pay for services of the Company. The risk is due to the insufficient performance of mechanisms for increasing payment discipline in the market for the provision of electricity transmission services, the consumer's lack of incentive to timely payments for electric energy transmission services. The deterioration of the economic situation in Russia may affect the increase in the costs of transmitting electricity through the Company's electric networks, which, while maintaining the established tariffs, will lead to a reduction in profits. As a result of this, disputed and overdue receivables for power transmission services arise, which leads to a decrease in liquidity and financial stability of the Company. To reduce this risk, the Company carries out work on receivables management aimed at optimizing its size and repayment of debts. The Company assesses the risk as "significant" with an average level of impact from the sale.

Risk of changing network configuration and operation modes

The change in the network operation mode, the presence of transit flows with intersystem regions, the presence of emergency modes, the consolidation of electrical network property, as a result, the increase in load losses are the main factors in the realization of this risk. The consequences of realization of this risk may be exceeding the established level of power losses laid down by the Company's business plan for the current year. The Company estimates the risk as "moderate" with a low level of consequences from implementation.

In order to prevent the realization of this risk, the Company monitors and predicts electric consumption by voltage levels, by which the price (tariff) for electric energy transmission services is differentiated, and by categories of consumers, as well as monitoring the physical parameters of the balance of electric energy and power, and conducting work to increase the accuracy and reliability of planning demand for electric energy and power. In addition, data on loss volumes and prices for electric energy used by last resort suppliers in calculating the cost of loss of electric energy are monitored.

Risk of undue impact on the facilities of the electric grid complex and their information and telecommunication systems (terrorist, sabotage, criminal and other), including using information technologies

The attractiveness of the facility for terrorist groups (the facility, during the failure of which the restriction of the power supply of large electricity consumers is introduced) and, as a result, the failure of the equipment, the disconnection of electricity consumers for a long time is the main factor for the realization of the risk. The risk is assessed by the Company as "significant" with a high level of consequences from implementation.

The Company works on:

- installation of engineering security equipment, video surveillance systems, access control system, security alarm at electric power facilities;
- reconstruction of engineering and technical means of protection at fuel and energy facilities in accordance with the investment program of the Company;
- organization of physical protection of the Company's most important fuel and energy facilities;
- inclusion of information security requirements in technical specifications for the creation of information infrastructure facilities and telecommunication systems of electrical network facilities;
- implementation of means of information protection at objects of information infrastructure in accordance with technical assignments for their creation;
- monitoring the actions of the Company's employees using information security systems. External information security events are monitored and analyzed, certified information security tools are used.

Investment risks

Implementation of the Company's investment program requires attracting significant financial resources, both own and borrowed, on conditions that meet the parameters of the tariff system.

The main investment risks are the risk of increasing the volume of financing of the investment program as a whole and/or by individual titles (in relation to established limits), which are assessed as "significant". The remaining identified investment risks (non-compliance by contractors with the deadlines for design, delivery, construction, commissioning of facilities, late inclusion of innovative projects in the investment program, lack of a contractor, available equipment that meets the necessary requirements for the implementation of innovative projects) are assessed as "moderate".

The sources of risk may be an increase in the cost of materials, equipment and work for objective reasons (financial crisis, inflation, foreign economic changes, natural disasters, etc.), the refusal of contractors to participate in procurement procedures for the implementation of an innovative project.

To minimize the risks of late and low-quality execution of the investment program:

- inclusion in the investment program of only those projects for which there are applicant organizations that meet the necessary requirements for the implementation of innovative projects;
- timely submission of proposals during the formation and adjustment of the investment program;
- control of implementation of investment projects by cost and terms;
- control over the fulfillment of contractual obligations by contractors.

24. Events after the reporting date

On January 24, 2025, the reference to the public status was removed from the name, the new name is Rosseti Kuban Joint Stock Company. From this date, the Company has been exempt from disclosure in accordance with Article 30 of Federal Law No. 39-FZ dated April 22, 1996 *"On the Securities Market"*.

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 17, 2025.

APPENDIX NO. 5