

# STATEMENT BY ACTING DIRECTOR GENERAL

“ DEAR SHAREHOLDERS, PARTNERS AND COLLEAGUES,

In 2021, amid the new macroeconomic realities associated with a number of restrictions in the country and the region, the management of Rosseti Kuban, PJSC continued to implement anti-crisis measures in the Company. Internal and external business processes were re-engineered to achieve key production and financial targets, which ultimately enabled the Company to get through this challenging period without compromising the quality of its performance.



The important job of Rosseti Kuban was the uninterrupted power supply to consumers in the region and medical institutions receiving patients with COVID-19. In 2021, there were 30 medical institutions in the Krasnodar Territory and the Republic of Adygea (28 of them – in the Krasnodar Territory, and two – in the Republic of Adygea) equipped with medical ventilators for the treatment of patients with COVID-19. Eight of these institutions were connected to Rosseti Kuban's grids and provided with uninterrupted power supply.

Moreover, the Company provided reliable power supply to federal and regional resorts and infrastructure facilities (transport, communications, sports and cultural facilities), including in Sochi

during the Formula 1 Grand Prix of Russia. The Company ensured uninterrupted power supply to the Young Scientists' Congress infrastructure at the Sirius Science and Arts Park.

In total, operational measures under the maintenance and repair programme of the Company absorbed about RUB 3.3 bn in 2021.

The Company made successful preparations of the regional power grid complex for autumn-winter operations in 2021/2022 and received the highest rating from the Ministry of Energy of the Russian Federation, as well as a heating season readiness certificate.

As part of Rosseti Kuban's Year of Safe Work Culture announced in 2021, the Company continued its programme to develop workplace discipline and commitment to policies to prevent and reduce occupational injuries and illnesses in the workplace. Employees of the Company completed the curriculum of the Zero Injury Trainer programme. A corporate strategic session was held, which resulted in the approval of the passport (charter) of the Implementation of the Zero Injury Concept at Rosseti Kuban project.

In 2021, the Company got on with meeting the requirements of environmental laws, improving industrial and environmental safety and conducting effective efforts to reduce its negative environmental impact.

Based on the year-end results, the Company assimilated RUB 5.9 bn of capital investments. Capital investment funding for 2021 amounted to RUB 7.2 bn.

## 7.2 RUB bn

CAPITAL INVESTMENTS IN 2021

# 788 MW

TOTAL CONNECTED CAPACITY UNDER EXECUTED GRID CONNECTION AGREEMENTS

The investment activities covered the commissioning of 220 MVA of transformer capacity and 612 km of power transmission lines (PTL).

The construction of a 9.4 km 110 kV PTL to connect the consumer terminals of JSC Novoroslesexport became an important object of the investment programme in the reporting period. This project is designed to power the 110 kV Lesnoy Port substation and the future refrigeration yards with technological equipment on the territory of Novoroslesexport to increase the throughput capacity of the container terminal.

The 35 kV Kuzhorskaya substation and the 110 kV Adygeyskaya substation in the Republic of Adygea underwent the last stage of renovation in 2021, involving the replacement of transformers. These projects were implemented under an agreement concluded in 2020 between the Cabinet of Ministers of the Republic of Adygea, Rosseti Group and Rosseti Kuban, as well as in pursuance of directives of the Russian government to create affordable energy infrastructure for power supply to industrial and investment sites in the Republic of Adygea.

The bulk of investments planned under the long-term investment programme of Rosseti Kuban for 2022–2023 will be spent for grid connection (RUB 5.8 bn) and renovation & retrofitting of grid facilities (RUB 11.9 bn).

The connected capacity under the executed connection agreements in 2021 totalled 788 MW. The period-on-period increase was largely due to the easing of restrictive measures related to the spread of COVID-19 as well as the gradual adjustment of economic entities to the new macroeconomic realities. The approved targets for the grid connection procedure were over-achieved according to the results of the reporting period. Better quality of the services provided and further sophistication of the online services help to keep the demand for grid connection at a consistently high level.

The Company went ahead with the project to build a 110 kV cable and overhead line, as well as a new 110 kV substation in Novorossiysk. The aim of the project is to provide power to the Caspian Pipeline Consortium's oil pipeline system and to agribusiness enterprises in southern Russia, as well as to eliminate power shortages in the major industrial and residential centres of the territory – Krasnodar, Novorossiysk, and Tuapse.

In 2021, Rosseti Kuban signed more than 38,000 connection agreements with a total capacity of 931 MW. The Company's power grids are connected to the electric installations of such major applicants as JSC NESK Electroseti (75 MW), JSC Novoroslesexport (14 MW), Federal State-Funded Educational Institution All-Russian Children Centre Orlyonok (6 MW), LLC Slavyansk ECO (5 MW), etc.

The Company's electricity delivery to the grid exceeded 25 bn kWh, up 9.6% year-on-year.

The Energy Saving and Energy Efficiency Improvement Programme in 2021 resulted in a reduction of electricity losses by 127 mn kWh (RUB 720 mn).

Revenue from additional services in 2021 was RUB 796 mn, 48% above the 2020 target and revenue figures. The most in-demand non-tariff services provided by the Company were arrangement of telecommunications equipment, construction & installation works, line maintenance of consumer power facilities, and repair and maintenance of outdoor lighting networks.

Based on the year-end results, the Company made a profit of RUB 1.7 bn, mainly due to increased revenues from electricity transmission due to higher consumption.

In the reporting year, Rosseti Kuban started working on an integration solution project under the Unified Customer Relationship Platform of Rosseti Group, in pursuance of the requirements of Resolution No. 890 of the Government of the Russian Federation dated 19 June 2020 with regard to providing access to a minimum set of functions of smart electricity metering systems to electric power industry entities and electricity consumers, as well as with a view to improving the efficiency of inter-system interaction of information systems used in the Company.

Despite the effect of restrictive measures, changes in the economic situation and its impact on the infrastructure and, in particular, the power sector in 2021, the Company fulfilled its production plans to provide a reliable high-quality power supply to consumers in the Krasnodar Territory and the Republic of Adygea and enhanced its image as a company with a high level of social responsibility.

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