

FINANCIAL (ACCOUNTING) STATEMENTS OF PJSC ROSSETI KUBAN



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The Accounting (Financial) Statement of PJSC Rosseti Kuban for 2021 was prepared under the existing laws of the Russian Federation. The Company received the Auditor’s report that the statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, as well as its financial performance and consolidated cash flows in 2021, in compliance with the Russian Federation rules for financial statements”.

Lyudmila Loskutova

General Accountant – Head of the
Accounting and Tax Accounting
Department, Rosseti Kuban, PJSC

The financial statements of PJSC Rosseti Kuban were drawn up in accordance with the standards and procedures concerning accounting and reporting (hereinafter — RAS) in place in the Russian Federation:

- Federal Law No. 402-FZ dated 6 December 2011 On Accounting
- Order of the Ministry of Finance of the Russian Federation (hereinafter — the Ministry of Finance of Russia) No. 66n dated 2 July 2010 On Accounting Forms of Organisations
- The Order of the Ministry of Finance of the Russian Federation No.124n dated 5 October 2011 On Amendments Being Made to the Accounting Forms of Organisations as Approved by the Order of the Ministry of Finance of the Russian Federation No. 66n dated 2 July 2010
- Order No. 34n of the Finance Ministry of Russia dated 29 July 1998 On the Ratification of Regulations for Accounting and Reporting in the Russian Federation

- The chart of accounts for financial and business operations accounting approved by Order No. 94n of the Ministry of Finance of the Russian Federation dated 31 October 2000
- Accounting Regulations (PBU 1/2008) on Accounting Policies of an Organisation approved by Order No. 106n of the Ministry of Finance of Russia dated 6 October 2008

The annual RAS financial statements of PJSC Rosseti Kuban for 2021 include (please see Appendix 4):

- Balance Sheet
- Profit and Loss Statement
- Statement of Changes in Equity
- Statement of Cash Flows
- Representations
- Auditor’s Report

In accordance with the opinion of the internal audit of the Company on assessment of efficiency and quality of the external audit process of the financial statements of Rosseti Kuban for 2021:

- the procedures performed by LLC Ernst & Young in the course of the external audit of the RAS compliant financial statements of the Company for 2021 comply with the terms of the Contract and the requirement of Federal Law On Auditing No. 307-FZ dated 30 December 2008
- The independent auditor's report on the Company's 2021 financial statements was prepared in accordance with Federal Law On Auditing No. 307-FZ dated 30 December 2008 and international auditing standards; the report contains an opinion on the entity audited (Rosseti Kuban) expressed in a prescribed form

BASIC FRAMEWORK OF THE ACCOUNTING POLICY OF PJSC ROSSETI KUBAN

The Company maintains accounting of fixed assets in compliance with Accounting Regulations "Accounting for Fixed Assets" (PBU 6/01) approved by Order of the Ministry of Finance of Russia No.26n dated 30 March 2001. Asset depreciation was incurred by the straight-line method depending on the useful life. The depreciation was not charged for the fully depreciated (worn-out) assets.

The advance payments linked with the future acquisition of a capital asset, as well as raw materials and other materials to be used in the production of fixed assets are shown in line 1150 — Fixed Assets.

Immovable properties, which are actually in use, do not require any further capital investments and have the source documents ready, are included for accounting purposes as fixed assets and put in a separate sub-account for the Properties Without Registered Ownership Rights. Depreciation for such properties is charged under the standard procedure since the first day of the month following the month of commissioning.

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

The Company has made estimated liabilities in view of the following:

- Possible payments of compensation for unused leave
- Unsettled claims of electricity suppliers for compensation of losses and electricity transmission services
- Litigation
- Other employee benefits in accordance with PBU 8/2010 "Estimated Liabilities, Contingent Liabilities and Contingent Assets" approved by Order No. 167n of the Ministry of Finance of Russia dated 13 December 2010

The Company reserves doubtful accounts receivable that are outstanding or highly unlikely to be repaid on time and are not secured by relevant guarantees.

The Company holds a reserve to mitigate the impairment of financial investments in case of their significant depreciation.

PRIOR ADJUSTMENTS

There are no prior adjustments in the financial statements for 2021.

CONSOLIDATED FINANCIAL STATEMENTS OF ROSSETI KUBAN, PJSC FOR 2021

The Company drafted consolidated financial statements in compliance with the requirements of Federal Law No.208-FZ On Consolidated Financial Statements dated 27 July 2010 (please see Appendix 5).

The consolidated financial statements of Rosseti Kuban and its subsidiaries for the year ended on 31 December 2021 were prepared in accordance with Federal Law On Consolidated Financial Statements No. 208-FZ dated 27 July 2010. Subject to the requirements of the International Financial Reporting Standards IAS 1 (Presentation of Financial Statements), IFRS 10 (Consolidated Financial Statements) related to the preparation of financial statements, the latter shall include:

- Consolidated statement of profit or loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows

- Consolidated statement of changes in equity
- Notes to the consolidated financial statements comprising a summary of significant accounting policies and other explanatory information
- Independent auditor's report

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



DETAILS OF THE AUDITOR

PJSC Rosseti conducted an electronic tender on behalf of the Company for the right to conclude an agreement for the provision of services for the mandatory annual audit of 2021 RAS and IFRS statements of subsidiaries and affiliates of PJSC Rosseti. LLC Ernst & Young, leader of the collective purchase, was declared the winner (Minutes of the Tender Commission No. 6/416r dated 18 March 2021). LLC Ernst & Young is a member of the Self-Regulating Organisation of Auditors — Commonwealth

Association; it is included in the Register of Auditors and Audit Organisations of the said association under the primary registration number 12006020327.

The Auditor was approved by the resolution of the Annual General Meeting of Shareholders of Rosseti Kuban (Minutes No. 45 dated 4 June 2021).

DETAILS ABOUT THE COMPANY'S AUDITOR IN 2021

Full name of the auditor company:	Ernst & Young Limited Liability Company
Abbreviated name of the auditor company:	LLC Ernst & Young
Location and postal address	77 bldg, 1 Sadovnicheskaya nab., Moscow, 115035, Russia
Tel/Fax	+7 (495) 755-97-00 / +7 (495) 755-97-01
Email address	rfp@ru.ey.com

Cost of services of the Company's auditor LLC Ernst & Young in 2021 for the audit of the RAS financial statements and the audit of the IFRS Consolidated Financial Statements of the Company will be RUB 5,704,400.00, including 20% VAT of RUB 950,733. There are no deferred and overdue payments for the auditor's services.

During 2021, LLC Ernst&Young did not provide any related services for PJSC Rosseti Kuban.

